

**PRINCIPAL FTSE CHINA 50 ETF**

**ANNUAL REPORT**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

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## INVESTORS' LETTER

Dear Valued Investor,

Global equity markets had mixed performance in July 2021 with the developed markets maintaining their uptrend while the Asia-Pacific markets were mixed to lower. The Standard & Poor's 500 ("S&P 500") and STOXX Europe 600 rose 2.3% and 2.0% respectively while the best performing Asian markets were Singapore (1.2%), and India (0.2%).

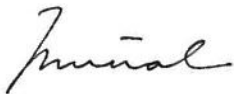
Our team of fund managers, investment professionals, customer service staff and advisors have remained dedicated to helping you navigate through these uncertain times, and managing investments based on your long-term goals. We are positive on Asian equities on a long-term basis and have added more ASEAN names on anticipation of a broader recovery which would be enhanced by the greater availability of Coronavirus Disease 2019 ("COVID-19") vaccines.

We continue to receive recognitions and awards including Best Online & Mobile Platform (Asset Manager), Best Fund with the optimal Sharpe ratio and Best Fund Manager for Pension Mandates & Private Retirement Schemes ("PRS") at Alpha Southeast Asia's 12<sup>th</sup> Fund Management Awards 2021.

During this difficult period, we have explored new ways to ensure you are equipped with information to help you make informed decisions and we've transformed many of our business processes digital to help improve your experience. For further investing and retirement education, and our latest market commentary and insights, please visit our website ([www.principal.com.my](http://www.principal.com.my)), like our Facebook page (@PrincipalAssetMY) and follow us on our latest social media asset, our Instagram account (principalassetmanagement\_my).

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

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



**Munirah Khairuddin**  
Chief Executive Officer

## MANAGER'S REPORT

### FUND OBJECTIVE AND POLICY

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

The Fund aims to provide investment results that closely correspond to the performance of the Financial Times Stock Exchange ("FTSE") China 50 Index ("Benchmark Index"), regardless of its performance.

#### **Has the Fund achieved its objective?**

For the financial year under review, the Fund has met its objective to closely correspond to the performance of the Benchmark Index.

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

A passive strategy whereby the Manager may adopt either a Replication Strategy or a Representative Sampling Strategy.

#### Replication Strategy

In managing the Fund, the Manager will generally adopt a Replication Strategy. Using a Replication Strategy, the Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Benchmark Index (to the extent possible). If the Manager is of the opinion there exists liquidity constraints with the Index Securities, the Fund may substitute the Index Securities (in part or in whole) with one or more derivatives of the Index Securities which are likely to behave in a manner consistent with the investment objective of the Fund as determined by the Manager.

#### Representative Sampling Strategy

The Manager may decide to adopt a Representative Sampling Strategy if various circumstances make it impossible or impracticable to adopt a Replication Strategy.

#### **Fund category/type**

Exchange-traded Fund ("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 2021?**

RM8.07 million (4.55 million units)

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

The Benchmark Index or such replacement index as may be determined by the Manager, subject to the approval of the Securities Commission Malaysia ("SC").

#### **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 2021?**

There was no distribution made for the financial year ended 30 June 2021.

**PERFORMANCE DATA**

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

	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
	%	%	%
Quoted securities			
- Basic Materials	1.54	1.38	1.24
- Consumer Products	35.83	9.57	7.52
- Energy	3.17	7.78	9.93
- Finance	28.10	45.35	43.85
- Health Care	7.47	1.49	-
- Industrials	1.13	1.79	4.39
- Real estate	3.84	8.24	9.46
- Technology	4.13	2.77	1.84
- Telecommunications	13.64	18.67	19.32
- Utilities	-	1.47	1.47
Cash and other assets	2.33	2.48	1.78
Liabilities	(1.18)	(0.99)	(0.80)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
Total asset value (RM Million)	8.17	9.48	11.61
Net Asset Value ("NAV") (RM Million)	8.07	9.38	11.52
Units in circulation (Million)	4.55	5.85	7.15
NAV per Unit (RM)	1.7742	1.6041	1.6109
Market Price per Unit (RM)	1.7850	1.6050	1.5850
Highest NAV per Unit (RM)	2.0387	1.6813	1.7051
Lowest NAV per Unit (RM)	1.5504	1.3507	1.4214
Highest Market Price per Unit (RM)	1.9000	1.6700	1.6900
Lowest Market Price per Unit (RM)	1.5300	1.3000	1.4500
Total return (%) <sup>^</sup>	10.70	(0.51)	3.53
- Capital growth (%)	10.70	(0.51)	3.53
- Income distribution (%)	-	-	-
Management Expenses Ratio ("MER") (%) *	1.53	1.19	1.18
Portfolio Turnover Ratio ("PTR") (times) #	0.82	0.27	0.52

<sup>^</sup> based on NAV per unit

\* The Fund's MER increased from 1.19% to 1.53% due to decrease in average NAV during the financial year under review.

# During the financial year under review, the Fund's PTR was 0.82 times, higher compared to the same period last year which was at 0.27 times, due to more trading activities from portfolio rebalancing within the reporting period.

**PERFORMANCE DATA (CONTINUED)**

	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2018</b>	<b>30.06.2017</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Annual total return	10.70	(0.51)	3.53	5.00	27.21

(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 2020 TO 30 JUNE 2021)**

The Chinese market generated a robust return in July 2020, outperforming most other Asian and developed world markets. Despite further acceleration in new COVID-19 cases and an escalation in US-China tensions, the market benefited from an improvement in economic data. Hong Kong recorded a negative return as the recent tightening of national security laws and the loss of its favoured trading nation status from the US impacted sentiment towards the market. Taiwan was the best-performing index market, led higher by technology stocks.

In August 2020, both the China and Hong Kong markets performed well, aided by hopes of a COVID-19 vaccine, falling virus infection rates, ongoing economic recovery, and US Dollar (“USD”) weakness. In China, upside surprises in second-quarter earnings’ results boosted sentiment, and exports expanded strongly, though there were rising tensions with the US. Although China’s commitment to phase one of the US-China trade deal was a positive, other tensions brewed, including US sanctions on Chinese technology giant Huawei Technologies Co Ltd (“Huawei”). Conversely, the Taiwanese market finished in negative territory. Taiwanese equities fell due to lower returns from Information Technology (“IT”) stocks. Apple Inc supply-chain stocks, in particular, were negatively impacted by the US-China tensions.

Chinese equities were strong in September 2020, as economic data signaled ongoing recovery and second-quarter of 2020 corporate earnings results were positive. However, tensions with the US escalated, including new restrictions on Chinese telecommunications company Huawei. In addition, President Donald Trump signed an executive order to prevent US companies from doing business with Chinese-owned TikTok and WeChat.

The China market delivered a positive return in October 2020, comfortably outperforming the MSCI World Index and regional indices. Recovering economic performance, hopes of a win by the Democrats’ Joe Biden in the US election and potentially a smoother road forward for US-China relations supported Chinese equities. The performance of its internet companies and several positive third-quarter earnings surprises further aided sentiment. Taiwan finished in positive territory but underperformed the Index. Earnings forecasts for Taiwan’s companies increased as the outlook for growth improved. Hong Kong equities fell but still outperformed global equities, in aggregate.

The MSCI China Index rose over the month of November 2020 as the news regarding the impending production and distribution of COVID-19 vaccines across the globe boosted investor sentiment. However, China, which has outperformed significantly on a year-to-date (“YTD”) basis, underperformed other Asian and global markets amid a rotation in market leadership. The Hong Kong market, which has been a distinct laggard in the, rose strongly in November 2020 and outperformed China. Taiwanese equities were also very strong.

Greater China equities rose strongly in the December 2020 as optimism regarding the new COVID-19 vaccines boosted sentiment. Across the strait in Taiwan, the economy appears to have enjoyed a sweet spot over the past few quarters, amid the US-China tariff war. Its successful containment of COVID-19 has also supported the economy and market sentiment.

**MARKET REVIEW (1 JULY 2020 TO 30 JUNE 2021) (CONTINUED)**

Chinese equities performed strongly in the first month of 2021, as the country continues to recover from COVID-19 ahead of most other economies around the globe. China was the best performing major Pacific market while Taiwan was also strong, driven by continued strength in its technology sector. Economic growth in China is set to accelerate as the recovery continues, and the impact of stimulus measures, launched last year, feed through. Across the strait in Taiwan, the economy has enjoyed a sweet spot over the past few quarters, amid the US-China tariff war. Taiwan’s successful containment of COVID-19 has supported the economy and stock market sentiment.

Chinese equities fell just over 1% in February 2021, amid weakness from internet stocks. Economic growth in China is set to accelerate as the normalization of activity continues and the impact of stimulus measures, launched last year, feed through. Such economic growth is likely to be broad-based: sectors exposed to structural growth themes should continue to outperform, while the broad global economic recovery should support cyclical sectors. Across the strait in Taiwan, the economy appears to have enjoyed a sweet spot over the past few quarters, amid the US-China tariff war. The country’s successful containment of COVID-19 has also supported the economy and stock market.

Chinese equity returns were mildly negative over the quarter till March 2021. Expectations of policy normalisation, together with regulatory uncertainty for certain industries and ongoing geopolitical concerns, dampened sentiment somewhat. Meanwhile, Hong Kong and Taiwan equities rose, with strong performance from IT stocks supporting gains.

The Chinese market rose in April 2021, after two consecutive monthly declines, on the back of solid 2020/21 earnings. Taiwan was the strongest Index market and outperformed, led by strong gains in non-technology stocks. Hong Kong also achieved modest gains during the month.

Chinese equities rose mildly in May 2021. The slow rollout of COVID-19 vaccines and regulatory concerns over the country’s technology sector limited gains. Hong Kong equities also rose, ahead of mainland shares. Taiwan was weak due to the spike in domestic COVID-19 cases. Across the strait in Taiwan, the economy appears to have enjoyed a sweet spot over the past few quarters amid the US-China tariff war. The recent pick-up in COVID-19 cases has, however, resulted in sharp corrections in the equity markets.

In June 2021, the Chinese and Hong Kong markets achieved modest gains. Meanwhile, Taiwan was one of the strongest Asian markets during the quarter despite trending lower in May 2021 amid concerns from rising COVID-19 cases and water supply shortage leading to power outages. The China market experienced significant volatility in the first half of 2021, driven by expectations of reflation, regulatory tightening, and the anticipation of a slowdown in the economy due to policy normalisation.

**FUND PERFORMANCE**

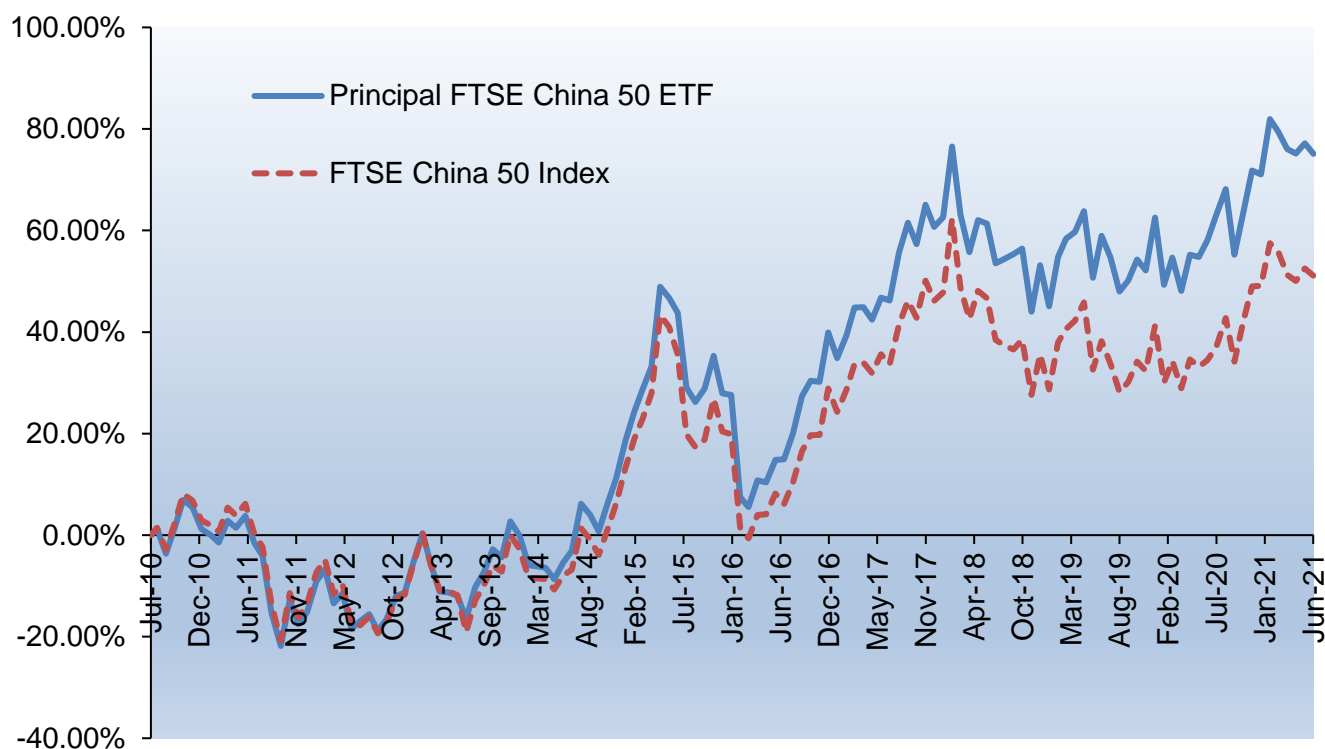
	<b>1 year to 30.06.2021</b>	<b>3 years to 30.06.2021</b>	<b>5 years to 30.06.2021</b>	<b>Since inception to 30.06.2021</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Income Distribution	-	-	-	-
Capital Growth <sup>^</sup>	10.70	14.03	52.31	75.08
Total Return <sup>^</sup>	10.70	14.03	52.31	75.08
Average Total Return <sup>^</sup>	10.70	4.47	8.78	5.23
Benchmark	12.34	9.11	42.38	51.06
Changes in Market Price per Unit	11.21	15.91	53.88	75.00

<sup>^</sup> based on NAV per Unit

**FUND PERFORMANCE (CONTINUED)**

For the financial year under review, the Fund increased by 10.70%, underperforming the benchmark which increased by 12.34%.

The last available published market price of the Fund quoted on Bursa Malaysia was up from RM1.6050 to RM1.7850 during the financial year under review, representing an increase of 11.21%.



**Changes in NAV**

	30.06.2021	30.06.2020	Changes %
NAV (RM Million)	8.07	9.38	(13.97)
NAV/Unit (RM)	1.7742	1.6041	10.60

For the 1-year period, the Fund’s NAV was lower at RM8.07 million as at 30 June 2021 compared to RM9.38 million on 30 June 2020. On the other hand, the NAV per unit increased to RM1.7742 per unit from RM1.6041 per unit due to the positive investment performance during the financial year.

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)	30.06.2021	30.06.2020
Quoted securities	98.85	98.51
Cash and other assets	2.33	2.48
Liabilities	(1.18)	(0.99)
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

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

### MARKET OUTLOOK\*

While economic growth in the remainder of 2021 may slow due to higher base effects, this could, however, leave room for the China Government to bolster its fiscal policy. Consumption growth is also expected to recover thanks to the rapid rollout of COVID-19 vaccines. Despite the sharp de-rating in the first quarter, the China market does not appear to be undervalued. It is expected it to stabilise at the current level. Against such a valuation backdrop, the market should remain earnings-driven in the second half of this year.

\* 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 an ETF, the Fund will continue to remain fully invested in the Benchmark Index stocks with minimal cash kept for liquidity purposes in order to track the performance of the benchmark.

### UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 30 June 2021 were as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
Less than 100	6	0.00*	0.00
100 to 1,000	145	0.07	1.54
1,001 to 10,000	136	0.53	11.65
10,001 to 100,000	54	1.54	33.85
100,001 to less than 5% of approved fund size	3	0.61	13.41
5% and above the approved fund size	3	1.80	39.55
<b>Total</b>	<b>347</b>	<b>4.55</b>	<b>100.00</b>

Note: 0.00\* denotes unit count less than 0.01 million.

## SOFT COMMISSIONS AND REBATES

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

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

## ADDITIONAL INFORMATION

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

No.	Name	Date of resignation	Designation
1.	A.Huzaima Bin Dato’ Abdul Hamid	1 August 2020  1 August 2020	Independent Non-Executive Director of Principal Asset Management Bhd  Investment Committee Member of Principal Asset Management Bhd
2.	Paul Wong Chee Kin	29 January 2021	Non-Independent and Non-Executive Director of Principal Asset Management Bhd
3.	Pedro Esteban Borda	16 April 2021	Non-Executive Director of Principal Asset Management Bhd
4.	Peter James Warnes	6 April 2021	Investment Committee Member of Principal Asset Management Bhd

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

No.	Name	Date of appointment	Designation
1.	Mohd Haniz Mohd Nazlan	3 June 2021	Non-Independent Non-Executive Director of Principal Asset Management Bhd
2.	Dato' Jaganath Derek Steven Sabapathy	10 September 2020	Independent Non-Executive Director of Principal Asset Management Bhd
3.	Liew Swee Lin	21 August 2020	Independent Non-Executive Director of Principal Asset Management Bhd
4.	Lai Mee Fong	3 June 2021	Alternate Director to Effendy bin Shahul Hamid
5.	Datin Zameema Banu Mohamad Ariff	11 January 2021	Investment Committee Member of Principal Asset Management Bhd
6.	Juan Ignacio Eyzaguirre Baraona	11 January 2021	Investment Committee Member of Principal Asset Management Bhd

**ADDITIONAL INFORMATION (CONTINUED)**

**Key Personnel of the Manager**

There are eleven (11) members sitting on the Board of Directors of Principal Malaysia including two (2) Alternate Directors and four (4) 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:

<b>Name:</b>	<b>Cheong Wee Yee, Thomas (Chairman)</b>
<b>Age:</b>	53
<b>Nationality:</b>	Singaporean
<b>Designation:</b>	Chairman, Non-Independent Non-Executive Director
<b>Qualifications:</b>	<ul style="list-style-type: none"> <li>• Masters in Business Administration degree from Olin Business School, Washington University in St. Louis.</li> <li>• Inducted to Beta Gamma Sigma Honorary Business School Society.</li> <li>• Bachelor's Degree in Econometrics from the London School of Economics, University of London (First Class honors).</li> </ul>
<b>Experience:</b>	<p>Thomas Cheong is currently Executive Vice President of Principal Financial Group® and President of Principal Asia. 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.</p> <p>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. 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.</p>
<b>Date appointed to Board:</b>	8 November 2019
<b>Details of Membership of any Board Committee:</b>	Member of the Audit Committee
<b>Directorship of other public companies:</b>	None
<b>Family relationship with any Director:</b>	None
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None
<b>Number of board meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	6 out of 7

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**ADDITIONAL INFORMATION (CONTINUED)**
**Key Personnel of the Manager (continued)**

<b>Name:</b>	<b>Effendy Shahul Hamid</b>
<b>Age:</b>	47
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Non-Independent Non-Executive Director
<b>Qualifications:</b>	<ul style="list-style-type: none"> <li>• Honours in Electronic Engineering with Optoelectronics, University College London, United Kingdom.</li> <li>• Digital Business Leadership Programme, Columbia Business School, Columbia University.</li> <li>• CIMB-INSEAD Leadership Programme, INSEAD.</li> </ul>
<b>Experience:</b>	<p>Effendy was appointed Non-Independent Non-Executive Director at Principal Asset Management Berhad on 17 Aug 2015. He brings with him over two decades of experience that includes areas of corporate advisory, investment banking, private equity and portfolio investments, as well as digital payments and financial services.</p> <p>Effendy currently serves as Chief Executive Officer of CIMB Digital Assets, through which he oversees all of CIMB Group's investments, partnerships and value creation activities in the digital space including CIMB's digital banking franchises in Philippines and Vietnam. He is also Group CEO of Touch 'n Go Group and is responsible for managing the day-to-day functions of the Group's businesses, in addition to serving as Executive Director of Touch 'n Go and Chairman of TNG Digital, the operator of the Touch 'n Go eWallet.</p> <p>Having spent the last 18 years at CIMB Group, Effendy was previously CEO of Group Ventures &amp; Partnerships, where he was responsible for the development of CIMB Group's new and disruptive revenue and value creation streams, with a focus on cultivating new-age partnerships at scale, venturing through selective strategic investments in platform-based businesses, and managing its digital banking franchises. At the same time, he was also responsible for CIMB Group's asset management and investments business across both public and private markets, including its regional asset management business, its private equity fund management business and proprietary equity investments portfolio.</p> <p>Prior to that, Effendy was CEO, Group Commercial Banking at CIMB Group, managing the Group's regional banking businesses for the small and medium enterprise and mid-sized corporate segment, with a key focus on creating differentiated propositions and executing long term growth strategies. Preceding that, he was Group Chief Marketing and Communications Officer, managing the CIMB Group's entire marketing and communications initiatives and lead franchise-wide efforts to ensure a consistent and differentiated CIMB brand for all of the CIMB Group's businesses across the region. Before that, he served as a Director in the CIMB Group's Investment Banking Division, primarily focusing on corporate advisory and origination.</p> <p>Prior to joining CIMB Group, Effendy spent the early years of his career in several international companies in a corporate development capacity, mostly involved in private equity, merger and acquisition activities across Asia Pacific and general business expansion initiatives. Effendy's other Board responsibilities include serving as Chairman of CIMB Vietnam and as an Independent Director at Financial Park Labuan. He is also a member of the Board of the International School of Kuala Lumpur.</p>

## ADDITIONAL INFORMATION (CONTINUED)

## Key Personnel of the Manager (continued)

<b>Name:</b>	<b>Effendy Shahul Hamid (continued)</b>
<b>Date appointed to Board:</b>	17 August 2015
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies:</b>	CIG Bhd
<b>Family relationship with any Director:</b>	None
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None
<b>Number of board meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	5 out of 7
<b>Name:</b>	<b>Juan Ignacio Eyzaguirre Baraona</b>
<b>Age:</b>	63
<b>Nationality:</b>	Chilean
<b>Designation:</b>	Executive Director/ Chief Executive Officer, ASEAN Region
<b>Qualifications:</b>	<ul style="list-style-type: none"> <li>• Civil Engineering Degree from the Universidad de Chile.</li> <li>• Degree in Philosophy from the Universidad de Los Andes.</li> </ul>
<b>Experience:</b>	<p>Juan has more than 30 years of experience in various senior positions in asset management, banking, insurance and fund management. In 2008, Juan founded Vistage Chile, a business coaching and management development consultancy headquartered in San Diego, California. Prior to this, Juan served as an Executive of Principal Latin America where he drove regional business growth and strategy and led teams in Argentina, Chile and within Principal's joint venture in Brazil.</p>
<b>Date appointed to Board:</b>	13 May 2019
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies:</b>	None
<b>Family relationship with any Director:</b>	None
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None
<b>Number of board meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	7 out of 7

## ADDITIONAL INFORMATION (CONTINUED)

## Key Personnel of the Manager (continued)

<b>Name:</b>	<b>Munirah Khairuddin</b>
<b>Age:</b>	46
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Chief Executive Officer/Executive Director
<b>Qualifications:</b>	<ul style="list-style-type: none"> <li>• Bachelor of Arts (Honours) in Accounting &amp; Financial Analysis, University of Newcastle Upon Tyne, UK.</li> <li>• Chartered Financial Analyst Charterholder.</li> <li>• Capital Markets Services Representative's License holder for fund management.</li> </ul>
<b>Experience:</b>	<p>Munirah joined Principal Asset Management Berhad on 1 November 2006 and was appointed as Deputy CEO in November 2008. She previously 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.</p> <p>Munirah was appointed as Executive Director of the Company on 31 January 2012 and took on the role as CEO as well on 15 May 2013. She has been instrumental in helping the Company to grow its Assets Under Management, both in retail, institutional and corporate business. In retail, she has deepened the Company's market share and leadership with new focus and success in digital business, banking distribution for mass and high net worth and agency distribution. In retirement, she has significantly contributed in forming and growing the voluntary pension through Private Retirement Scheme ("PRS") and deep investment management contribution to institutional clients. In the corporate space, she has grown the investment management substantially with a breadth of clients such as insurance, corporate treasury clients as well as medium sized companies. Under her ambit, the Company has also acquired niche international client base, listed ETF in Malaysia and Singapore, developed products for regional distribution and spearhead Environmental, Social, and Corporate Governance ("ESG") and sustainability efforts in investment management.</p> <p>She was also named the CEO of the Year, Malaysia in the Asia Asset Management's 2015 Best of the Best Awards for the second year in a row. Munirah was also selected as one of the recipients for the "Top 25 Women of Asset Management" award by AsianInvestor in 2014.</p>
<b>Date appointed to Board:</b>	31 January 2012
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies:</b>	CIMB Wealth Advisors Bhd
<b>Family relationship with any Director:</b>	None
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None
<b>Number of board meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	7 out of 7

## ADDITIONAL INFORMATION (CONTINUED)

## Key Personnel of the Manager (continued)

<b>Name:</b>	<b>Mohd Haniz Mohd Nazlan</b>
<b>Age:</b>	38
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Non-Independent Non-Executive Director
<b>Qualifications:</b>	<ul style="list-style-type: none"> <li>• Bachelor of Science (Hons) in Actuarial Science, London School of Economics and Political Science.</li> <li>• Masters and Postgraduate Diploma in Applied Finance &amp; Investment, both from the Financial Services Institute of Australasia.</li> <li>• Certified Financial Technician (CFTe), International Federation of Technical Analysts (IFTA)</li> <li>• Diploma in Technical Analysis, Australian Technical Analysts Association</li> <li>• Program for Leadership Development, Harvard Business School.</li> </ul>
<b>Experience:</b>	<p>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.</p> <p>Haniz has over 15 years of experience in areas of corporate strategy, corporate finance, mergers &amp; acquisitions, project management, portfolio and asset management, global equities and real estate investments. 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&amp;A transactions for the PNB Group, both locally and abroad.</p>
<b>Date appointed to Board:</b>	3 June 2021
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies:</b>	None
<b>Family relationship with any Director:</b>	None
<b>Conflict of interest with the Fund:</b>	None

## ADDITIONAL INFORMATION (CONTINUED)

## Key Personnel of the Manager (continued)

<b>Name:</b>	<b>Mohd Haniz Mohd Nazlan (continued)</b>
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None
<b>Number of board meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	1 out of 1 (since appointment to the Board)
<b>Name:</b>	<b>Wong Joon Hian*</b>
<b>Age:</b>	71
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Independent Non-Executive Director
<b>Qualifications:</b>	<ul style="list-style-type: none"> <li>• Member of the Malaysian Institute of Accountants.</li> <li>• life member of The Malaysian Institute of Certified Public Accountants</li> <li>• Life member of the Institute of Chartered Accountants in England and Wales.</li> </ul>
<b>Experience:</b>	<p>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 &amp; 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. 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. After Mayban 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>
<b>Date appointed to Board:</b>	22 August 2007
<b>Details of Membership of any Board Committee:</b>	Chairman of Audit Committee
<b>Directorship of other public companies:</b>	<ul style="list-style-type: none"> <li>• SFB Auto Bhd</li> <li>• SIBB Bhd</li> </ul>
<b>Family relationship with any Director:</b>	None
<b>Conflict of interest with the Fund:</b>	None



## ADDITIONAL INFORMATION (CONTINUED)

## Key Personnel of the Manager (continued)

<b>Name:</b>	<b>Wong Joon Hian* (continued)</b>
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None
<b>Number of board meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	7 out of 7
<b>Name:</b>	<b>Hisham Zainal Mokhtar*</b>
<b>Age:</b>	59
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Independent Non-Executive Director
<b>Qualifications:</b>	<ul style="list-style-type: none"> <li>• Master in Business Administration, Massachusetts Institute of Technology, under the Sloan Fellow Program at the MIT Sloan School of Management</li> <li>• Master of Science (MS) Mathematics, Illinois State University</li> <li>• Bachelor of Science (BS) Mathematics, Illinois State University</li> </ul> Chartered Financial Analyst (“CFA”) Charter Holder.
<b>Experience:</b>	<p>Hisham began his career in the insurance industry at Universal Life and General Insurance in 1987. He joined William M Mercer Sdn Bhd in 1988 before becoming an investment analyst with Crosby Research (M) Sdn Bhd in 1991. He joined Barings Research (Malaysia) Sdn Bhd in 1994 and UBS Research (Malaysia) Sdn Bhd in 1996. He became a financial consultant at Sithe Pacific LLC in 1998, a regional independent power producer, and later ventured out to setup a boutique investment advisory firm, KE Malaysia Capital Partners Sdn Bhd.</p> <p>He served Tricubes Bhd as an Executive Director and Vice President of Corporate and Financing Planning from April 2001 to April 2005. He then joined Khazanah Nasional Bhd in May 2005 and later served as a Director in the Investment Division from April 2009 to June 2014. He was Chief Operating Officer with Astro Overseas Limited from July 2014 until June 2018 and after that a Director in the Group Managing Director’s Office at Malaysian Industrial Development Finance Bhd from July 2018 until March 2019.</p> <p>Hisham is a Business Coach at the Asia School of Business since August 2018.</p>
<b>Date appointed to Board:</b>	11 February 2015
<b>Details of Membership of any Board Committee:</b>	Member of the Audit Committee.
<b>Directorship of other public companies:</b>	<ul style="list-style-type: none"> <li>• Telekom Malaysia Bhd</li> <li>• VADS Bhd</li> <li>• KPJ Healthcare Berhad</li> </ul>
<b>Family relationship with any Director:</b>	None
<b>Conflict of interest with the Fund:</b>	None

## ADDITIONAL INFORMATION (CONTINUED)

## Key Personnel of the Manager (continued)

<b>Name:</b>	<b>Hisham Zainal Mokhtar* (continued)</b>
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None
<b>Number of board meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	7 out of 7
<b>Name:</b>	<b>Dato' Jaganath Derek Steven Sabapathy*</b>
<b>Age:</b>	64
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Independent Non-Executive Director
<b>Qualifications:</b>	Master of Arts majoring in Corporate Finance and International Trade from Edinburgh University, United Kingdom
<b>Experience:</b>	<p>Upon graduation in 1981, Dato' Jaganath Derek Steven Sabapathy ("Dato' Jagan") joined a leading London firm of chartered accountants, Price Waterhouse.</p> <p>When he returned to Malaysia in 1984, he joined KPMG Peat Marwick and 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.</p> <p>Dato' Jagan left KPMG Malaysia in late 1994 and joined Benta Plantation Berhad as an Executive Director. He was appointed a Director of Austral Lao Power Co Ltd in 1995. In 1997, he took up the position as Managing Director of both Prime Utilities Berhad and Indah Water Konsortium Sdn Bhd, Malaysia's privatised national wastewater utility. From 1999 until his retirement in end 2013, Dato' Jagan served as the Chief Executive Officer/ Director of Bandar Raya Developments Berhad Group which also included listed Mico Chipboard Berhad.</p> <p>Dato' Jagan is currently the Founder and Chief Executive Officer/ Director of Tribeca Real Estate Asset Management Sdn Bhd, a niche property development company.</p>
<b>Date appointed to Board:</b>	10 September 2020
<b>Details of Membership of any Board Committee:</b>	Member of the Audit Committee
<b>Directorship of other public companies:</b>	<ul style="list-style-type: none"> <li>• Sime Darby Property Berhad</li> <li>• Microlink Solutions Berhad</li> <li>• Omesti Berhad</li> </ul>
<b>Family relationship with any Director:</b>	None
<b>Conflict of interest with the Fund:</b>	None

## ADDITIONAL INFORMATION (CONTINUED)

## Key Personnel of the Manager (continued)

<b>Name:</b>	<b>Dato' Jaganath Derek Steven Sabapathy* (continued)</b>
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None
<b>Number of board meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	5 out of 6 (since appointment to the Board)
<b>Name:</b>	<b>Liew Swee Lin*</b>
<b>Age:</b>	52
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Independent Non-Executive Director
<b>Qualifications:</b>	<ul style="list-style-type: none"> <li>• Master of International Marketing from the University of Strathclyde, United Kingdom.</li> <li>• Completed the Stanford Executive Programme at Stanford Graduate School of Business.</li> </ul>
<b>Experience:</b>	<p>Swee Lin is a senior board level executive with more than 28 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.</p> <p>Currently she is an External Advisor to Bain &amp; Company, a global consulting firm and was most recently attached to Astro Malaysia Holdings Bhd, ASEAN's leading consumer media company as its Group Chief Operating Officer. 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 e-commerce which she set up as its pioneer management team in 2015.</p> <p>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 played an instrumental role in spearheading its retail banking transformation and successfully reshaped its business operating model which set it on a new growth trajectory. 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 FMCG, 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. A keen champion of entrepreneurship, she is part of Endeavor Global Inc.'s mentor network with presence in 40 countries, which is dedicated to global entrepreneurship by driving economic expansion via active mentorship.</p>

## ADDITIONAL INFORMATION (CONTINUED)

## Key Personnel of the Manager (continued)

<b>Name:</b>	<b>Liew Swee Lin* (continued)</b>
<b>Experience (continued):</b>	A native of Malaysia, she graduated from University of Strathclyde (UK) with an MSc in International Marketing and completed her Stanford Executive Programme at Stanford Graduate School of Business in 2017. She had attended several senior leadership programmes conducted by Insead, University of Oxford's Business School as well as Global Leaders programmes run by Temasek as well as board related training programmes for Directors of listed entities. She is a member of Financial Planning Association of Malaysia (FPAM), Singapore Institute of Directors and Malaysian Alliance of Corporate Directors Malaysia (MACD).
<b>Date appointed to Board:</b>	21 August 2020
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies:</b>	None
<b>Family relationship with any Director:</b>	None
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None
<b>Number of board meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	6 out of 6 (since appointment to the Board)
<b>Name:</b>	<b>Lai Mee Fong^</b>
<b>Age:</b>	46
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Alternate Director to Effendy bin Shahul Hamid
<b>Qualifications:</b>	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)
<b>Experience:</b>	Mee Fong is a Managing Director in CIMB and hold the CFO role in CIMB Digital Assets, where she is responsible for the overall financial planning and management of all CIMB Group Strategic digital investments including the Touch 'n Go franchise and digital bank operations in the Philippines and Vietnam. Most recently, she was Managing Director/Head of Business Planning and Analytics of Group Ventures and Partnerships at CIMB Group, where she was responsible for the overall business and financial planning, risk and compliance management of asset management and investments business across both public and private markets, including the Group's regional asset management business, its private equity fund management business and the Group's equity investments portfolio.

**ADDITIONAL INFORMATION (CONTINUED)****Key Personnel of the Manager (continued)**

<b>Name:</b>	<b>Lai Mee Fong^ (continued)</b>
<b>Experience (continued):</b>	<p>Prior to that, Mee Fong was responsible for the business planning and finance function in Group Strategy and Strategic Investment of the Group which is responsible for the Group's private equity business ventures and other equity investments portfolio.</p> <p>Prior to joining CIMB Group in 2012, Mee Fong was in professional practice with PricewaterhouseCoopers where she had performed numerous assurance and consulting assignments covering segments such as local banks, offshore banks, asset management companies, unit trust funds, oil and gas companies, manufacturing and services companies, for both local corporates and MNCs. She also had the privilege to work with the Securities Commission on secondment arrangement in 2004 where she was responsible for the examination of the asset management companies in accordance with 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 manager with fund under management of over USD550mil.</p> <p>Mee Fong serves on the board of Capital Advisors Partners and two other General Partner companies. She is an active member in the Investment Committee of two infrastructure funds, namely Capasia Islamic Infrastructure Fund LP and Capasia ASEAN Infrastructure Fund LP which manage assets across Asia including Malaysia, Indonesia, Pakistan, Philippines and Vietnam.</p>
<b>Date appointed to Board:</b>	3 June 2021
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies:</b>	CIG Berhad
<b>Family relationship with any Director:</b>	None
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None
<b>Number of board meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	1 out of 1 (since appointment to the Board)

**ADDITIONAL INFORMATION (CONTINUED)****Key Personnel of the Manager (continued)**

<b>Name:</b>	<b>Chong Chooi Wan<sup>^</sup></b>
<b>Age:</b>	43
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Alternate Director to Mohd Haniz bin Mohd Nazlan
<b>Qualifications:</b>	Bachelor Degree in Finance with Summa Cum Laude Honours from the University of Tennessee, Knoxville, U.S.A.
<b>Experience:</b>	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.
<b>Date appointed to Board:</b>	30 April 2020.
<b>Details of Membership of any Board Committee:</b>	None
<b>Directorship of other public companies:</b>	None
<b>Family relationship with any Director:</b>	None
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None
<b>Number of board meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	7 out of 7

\* Independent Director

<sup>^</sup> Alternate Director

**ADDITIONAL INFORMATION (CONTINUED)****The Investment Committee**

As required by the ETF Guidelines, the Manager is required to establish an Investment Committee for the Fund 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 six (6) members including three (3) independent members.

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

<b>Name:</b>	<b>Kim Teo Poh Jin* (Chairman)</b>
<b>Age:</b>	63
<b>Nationality:</b>	Singaporean
<b>Designation:</b>	Chairman of the Investment Committee of Principal Asset Management Bhd and Principal Islamic Asset Management Bhd. Executive Director and Group Chief Executive Officer, Boardroom Limited. Director, Livet Company Pte. Ltd. Director, Marina Yacht Services Pte. Ltd.
<b>Qualifications:</b>	Bachelor of Arts (Hons) in Economics from the Heriot-Watt University of Edinburgh.
<b>Experience:</b>	He has about 25 years of experience in the financial industry, having worked in senior positions of major financial institutions.
<b>Date appointed to Investment Committee:</b>	3 January 2008
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None
<b>Number of Investment Committee meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	11 out of 11

## ADDITIONAL INFORMATION (CONTINUED)

## The Investment Committee (continued)

<b>Name:</b>	<b>Yoon Mun Thim*</b>
<b>Age:</b>	57
<b>Nationality:</b>	Singaporean
<b>Designation:</b>	Investment Committee member, Principal Asset Management Bhd
<b>Qualifications:</b>	Bachelor of Arts (Honours) from Cambridge University, Master of Arts (Honours) from Cambridge University, Master of Business Administration (Distinction) from Warwick Business School, University of Warwick and CFA Charter Holder.
<b>Experience:</b>	<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>
<b>Date appointed to Investment Committee:</b>	4 December 2019
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None
<b>Number of Investment Committee meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	11 out of 11



## ADDITIONAL INFORMATION (CONTINUED)

## The Investment Committee (continued)

<b>Name:</b>	<b>Datin Zameema Banu Mohamad Ariff*</b>
<b>Age:</b>	51
<b>Nationality:</b>	Malaysian
<b>Designation:</b>	Investment Committee member, Principal Asset Management Bhd
<b>Qualifications:</b>	Bachelor of Accounting (Honours) (1993) and Masters of Business Administration (1996)
<b>Experience:</b>	Datin Zameema is a consultant and corporate trainer with over 25 years of experience in the financial industry. She served as the Rating Committee Chairman in RAM Rating Services Berhad for 6 years. She has also held different portfolios in the bond market.
<b>Date appointed to Investment Committee:</b>	11 January 2021
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None
<b>Number of Investment Committee meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	6 out of 6 (since appointment as Investment Committee)

## ADDITIONAL INFORMATION (CONTINUED)

## The Investment Committee (continued)

<b>Name:</b>	<b>Mohamad Safri Shahul Hamid</b>	
<b>Age:</b>	48	
<b>Nationality:</b>	Malaysian	
<b>Designation:</b>	Senior Managing Director, Senior Bankers Group, CIMB Investment Bank Bhd	
<b>Qualifications:</b>	Master of Business Administration (Globalisation) from Maastricht School of Management, The Netherlands; Bachelor of Accounting (Honours) from International Islamic University Malaysia; Chartered Accountant ("CA") with the Malaysian Institute of Accountants ("MIA").	
<b>Experience:</b>	2011 - present	Deputy Chief Executive Officer/Senior Managing Director (since April 2014) - CIMB Islamic Bank Bhd
	2009 - 2011	Deputy Chief Executive Officer - MIDF Amanah Investment Bank, Kuala Lumpur
	February 2008 - December 2008	Director - Global Markets & Regional Head, Islamic Structuring (Asia) of Deutsche Bank Dubai International Financial Centre (Dubai)
	2003 - 2008	Director & Head - Debt Capital Markets, CIMB Islamic Bank Bhd
	2000 - 2003	Senior Analyst - Malaysian Rating Corporation Bhd
<b>Date appointed to Investment Committee:</b>	1 April 2014	
<b>Conflict of interest with the Fund:</b>	None	
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None	
<b>Number of Investment Committee meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	10 out of 11	

**ADDITIONAL INFORMATION (CONTINUED)**

**The Investment Committee (continued)**

<b>Name:</b>	<b>Alejandro Elias Echegorri Rodriguez</b>
<b>Age:</b>	60
<b>Nationality:</b>	Mexican
<b>Designation:</b>	Chief Investment Officer, Principal Global Asset Management Asia, Director of Principal Asset Management (S) Pte Ltd, Director, CIMB Wealth Advisors Bhd, Director, Principal Trustee Company Private Limited, India.
<b>Qualifications:</b>	Degree in Economics from the Universidad Mayor de la Republica, Uruguay and a Master in Economics degree from Universidad Centro de Estudios Macroeconomicos de Argentina.
<b>Experience:</b>	Mr. Echegorri is the Chief Investment Officer for Principal Global Asset Management in Asia and as such he is responsible for the overall investment strategy and the investment process for the group and for overseeing the management of pension, mutual funds and general accounts in the Asia as well as for supporting the overall development of the asset management business in the region. Prior to that Mr. Echegorri was Chief Executive Officer, ASEAN Region of Principal Asset Management Bhd, with responsibilities over Malaysia, Indonesia, Thailand and Singapore. Previously he was the Chief Investment Officer for Principal International in Latin America. He joined Principal in 2003 as Head of Institutional Asset Management and Chief Investment Officer for Principal Financial Group in Mexico. Prior to that, he was the Senior Investment Officer for Citibank's Pension Fund Business in Latin America. He had also held different positions in the investment area in countries such as Uruguay, Argentina, Chile, Mexico and the United Kingdom.
<b>Date appointed to Investment Committee:</b>	28 July 2015
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None
<b>Number of Investment Committee meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	9 out of 11

**ADDITIONAL INFORMATION (CONTINUED)****The Investment Committee (continued)**

<b>Name:</b>	<b>Juan Ignacio Eyzaguirre Baraona</b>
<b>Age:</b>	64
<b>Nationality:</b>	Chilean
<b>Designation:</b>	Chief Executive Officer, ASEAN Region
<b>Qualifications:</b>	Civil Engineering Degree from the Universidad de Chile Degree in Philosophy from the Universidad de Los Andes.
<b>Experience:</b>	Juan has 30 years of experience in various senior positions in asset management, banking, insurance and fund management. He is currently the Chief Executive Officer, ASEAN for Principal Asset Management Berhad. In 2008, Juan founded Vistage Chile, a business coaching and management development consultancy headquartered in San Diego, California. Prior to this, Juan served as an executive of Principal Latin America where he drove regional business growth and strategy and led teams in Argentina, Chile and within Principal's joint venture in Brazil.
<b>Date appointed to Investment Committee:</b>	11 January 2021
<b>Conflict of interest with the Fund:</b>	None
<b>List of convictions for offences within the past 10 years other than traffic offences:</b>	None
<b>Number of Investment Committee meetings attended in the financial year (1 July 2020 to 30 June 2021):</b>	5 out of 6 (since appointment as Investment Committee)

\*Independent member

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF  
PRINCIPAL FTSE CHINA 50 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 34 to 64 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 June 2021 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

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

**JUAN IGNACIO EYZAGUIRRE BARAONA**  
Director

Kuala Lumpur  
24 August 2021

**TRUSTEE'S REPORT  
TO THE UNIT HOLDERS OF PRINCIPAL FTSE CHINA 50 ETF**

We have acted as Trustee for Principal FTSE China 50 ETF (the "Fund") for the financial year ended 30 June 2021. To the best of our knowledge, for the financial year under review, Principal Asset Management Berhad (the "Manager") has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager and Trustee under the Deed(s), the Securities Commission's Guidelines on Exchange-Traded Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation and pricing for the Fund has been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units for the Fund are carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements.

For Deutsche Trustees Malaysia Berhad

**Soon Lai Ching**  
Senior Manager, Trustee Operations

**Gerard Ang**  
Chief Executive Officer

Kuala Lumpur  
11 August 2021

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL FTSE CHINA 50 ETF**

**Report on the audit of the financial statements**

*Opinion*

We have audited the financial statements of Principal FTSE China 50 ETF (the "Fund"), which comprise the statement of financial position of the Fund as at 30 June 2021, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 34 to 64.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2021, and of its financial performance and cash flows for the 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 CHINA 50 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.

<b>Description</b>	<b>Our responses</b>
<p><u>Valuation and existence of investments</u></p> <p>The investment portfolio at the year-end comprised listed equity securities valued at RM7,980,088, representing approximately 99% of the total net asset value of the Fund.</p> <p>The relevant accounting disclosures thereon are provided in accounting policies in Note 2(b) and Note 3(e) and Note 9 to the financial statements.</p> <p>The risk: 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 response: 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 CHINA 50 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 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 CHINA 50 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 skepticism 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, and
- 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 CHINA 50 ETF (cont'd.)**

**Other matters**

This report is made solely to the Manager 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. 03013/10/2022 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
24 August 2021

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	Note	2021 RM	2020 RM
<b>INCOME</b>			
Dividend income		298,046	360,276
Net gain/(loss) on financial assets at fair value through profit or loss	9	912,639	(185,011)
Net foreign exchange loss		<u>(26,589)</u>	<u>(4,320)</u>
		<u>1,184,096</u>	<u>170,945</u>
<b>EXPENSES</b>			
Management fee	4	50,507	66,544
Trustee and custodian fees	5	28,289	22,314
Audit fee		25,400	25,400
License fee	6	3,367	4,436
Tax agent's fee		11,200	2,455
Transaction costs		37,839	8,923
Other expenses	7	<u>39,922</u>	<u>36,369</u>
		<u>196,524</u>	<u>166,441</u>
<b>PROFIT BEFORE TAXATION</b>		987,572	4,504
Taxation	8	<u>-</u>	<u>-</u>
<b>PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<u>987,572</u>	<u>4,504</u>
Profit after taxation is made up as follows:			
Realised amount		550,116	781,957
Unrealised amount		<u>437,456</u>	<u>(777,453)</u>
		<u>987,572</u>	<u>4,504</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 2021**

	Note	2021 RM	2020 RM
<b>ASSETS</b>			
Cash and cash equivalents	10	131,936	99,172
Financial assets at fair value through profit or loss	9	7,980,088	9,244,424
Dividends receivable		56,032	133,590
<b>TOTAL ASSETS</b>		<u>8,168,056</u>	<u>9,477,186</u>
<b>LIABILITIES</b>			
Accrued management fee		4,085	5,123
Amount due to Trustee		1,021	1,018
Other payables and accruals	11	90,021	86,833
<b>TOTAL LIABILITIES</b>		<u>95,127</u>	<u>92,974</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>8,072,929</u>	<u>9,384,212</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>	12	<u>8,072,929</u>	<u>9,384,212</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	13	<u>4,550,000</u>	<u>5,850,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>1.7742</u>	<u>1.6041</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 2021**

	Note	2021 RM	2020 RM
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>9,384,212</u>	<u>11,518,338</u>
Movement due to units created and cancelled during the financial year:			
- Cancellation of units		<u>(2,298,855)</u>	<u>(2,138,630)</u>
Total comprehensive income for the financial year		<u>987,572</u>	<u>4,504</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR</b>	<b>12</b>	<u>8,072,929</u>	<u>9,384,212</u>

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

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	Note	2021 RM	2020 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from disposal of quoted securities		7,990,906	4,023,404
Purchase of quoted securities		(5,835,122)	(2,056,460)
Dividend income received		346,210	355,529
Management fee paid		(51,545)	(67,065)
Trustee and custodian fees paid		(28,286)	(22,317)
Net realised foreign exchange loss		(26,914)	(4,830)
Payments for other fees and expenses		(63,954)	(38,032)
<b>Net cash generated from operating activities</b>		<u>2,331,295</u>	<u>2,190,229</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Payments for cancellation of units		(2,298,855)	(2,138,630)
<b>Net cash used in financing activities</b>		<u>(2,298,855)</u>	<u>(2,138,630)</u>
Net increase in cash and cash equivalents		32,440	51,599
Effects of foreign exchange differences		324	511
Cash and cash equivalents at the beginning of the financial year		99,172	47,062
Cash and cash equivalents at the end of the financial year	<b>10</b>	<u>131,936</u>	<u>99,172</u>
<u>Cash and cash equivalents comprised of:</u>			
Bank balances		131,936	99,172
Cash and cash equivalents at the end of the financial year	<b>10</b>	<u>131,936</u>	<u>99,172</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 2021****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

Principal FTSE China 50 ETF (the “Fund”) is governed by a Deed dated 19 April 2010, a First Supplemental Deed dated 8 December 2010, a Second Supplemental Deed dated 30 July 2014 and a Third Supplemental Deed dated 2 August 2019 (collectively referred to as the “Deeds”) between Principal Asset Management Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Manager may adopt either a Replication Strategy or a Representative Sampling Strategy. In managing the Fund, the Manager will generally adopt a Replication Strategy. Using a Replication Strategy, the Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Benchmark Index (to the extent possible). If the Manager is of the opinion there exists liquidity constraints with the Index Securities, the Fund may substitute the Index Securities (in part or in whole) with one or more derivatives of the Index Securities which are likely to behave in a manner consistent with the investment objective of the Fund as determined by the Manager. Meanwhile, the Manager may decide to adopt a Representative Sampling Strategy if various circumstances make it impossible or impracticable to adopt a Replication Strategy.

All investments will be subjected to the Securities Commission Malaysia (“SC”) Guidelines on ETFs, SC requirements, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of preparation**

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



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (continued)

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(k).

There are no other standards, amendments to standards or interpretations effective for financial year beginning on 1 July 2020 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 2021 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, and dividends receivable 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Financial assets and financial liabilities (continued)

#### 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.

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.

Foreign quoted securities are valued at the last traded market price quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

If a valuation based on the market price does not represent the fair value of the 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.

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

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 currency**Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in MYR, 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; and
- ii) Significant portion of the Fund's expenses are denominated in MYR.

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

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

**(f) Taxation**

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

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

Withholding taxes on investment income from investment are based on tax regime of the respective countries that the Fund invests in. They are presented within other expenses line in the statement of comprehensive income.

**(g) 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.

**(h) 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 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Realised and unrealised portions of profit or loss after taxation**

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

**(j) 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.

**(k) 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 this accounting policy, no significant judgement was required.

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

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
<b>2021</b>			
Cash and cash equivalents (Note 10)	-	131,936	131,936
Quoted securities (Note 9)	7,980,088	-	7,980,088
Dividends receivable	-	56,032	56,032
	<u>7,980,088</u>	<u>187,968</u>	<u>8,168,056</u>
<b>2020</b>			
Cash and cash equivalents (Note 10)	-	99,172	99,172
Quoted securities (Note 9)	9,244,424	-	9,244,424
Dividends receivable	-	133,590	133,590
	<u>9,244,424</u>	<u>232,762</u>	<u>9,477,186</u>

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

The Fund aims to provide investment results that closely correspond to the performance of the Benchmark 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.

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.

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

(a) Market risk (continued)

(i) Price risk (continued)

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

	2021 RM	2020 RM
Financial assets at fair value through profit or loss:		
- Quoted securities	<u>7,980,088</u>	<u>9,244,424</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of the Benchmark Index. The analysis is based on the assumptions that the Benchmark Index fluctuates by 23.09% (2020: 23.17%), 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 Benchmark Index	Benchmark Index	Market value RM	Impact on profit or loss/ NAV RM
<b>2021</b>			
-23.09%	15,860	6,137,486	(1,842,602)
0%	20,621	7,980,088	-
23.09%	<u>25,382</u>	<u>9,822,690</u>	<u>1,842,602</u>
<b>2020</b>			
-23.17%	13,636	7,102,491	(2,141,933)
0%	17,748	9,244,424	-
23.17%	<u>21,860</u>	<u>11,386,357</u>	<u>2,141,933</u>

(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.

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

(a) Market risk (continued)

(ii) Currency risk (continued)

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	Dividends receivable RM	Total RM
<b>2021</b>				
HKD	<u>131,796</u>	<u>7,980,088</u>	<u>56,032</u>	<u>8,167,916</u>
<b>2020</b>				
HKD	<u>98,787</u>	<u>9,244,424</u>	<u>133,590</u>	<u>9,476,801</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 3.52% (2020: 5.27%), which is the standard deviation of the daily fluctuation of the exchange rate of HKD 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
<b>2021</b>		
HKD	<u>+/-3.52</u>	<u>+/-287,511</u>
<b>2020</b>		
HKD	<u>+/- 5.27</u>	<u>+/- 499,427</u>



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

#### (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.

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

	Cash and cash equivalents RM	Dividends receivable RM	Total RM
<b>2021</b>			
- AA1	131,936	-	131,936
- Not Rated	-	56,032	56,032
	<u>131,936</u>	<u>56,032</u>	<u>187,968</u>
<b>2020</b>			
- AA1	99,172	-	99,172
- Not Rated	-	133,590	133,590
	<u>99,172</u>	<u>133,590</u>	<u>232,762</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 asset comprises bank balances and other instruments which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining 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.

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

#### (c) Liquidity risk (continued)

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
<b>2021</b>			
Accrued management fee	4,085	-	4,085
Amount due to Trustee	1,021	-	1,021
Other payables and accruals	-	90,021	90,021
<b>Contractual undiscounted cash flows</b>	<b>5,106</b>	<b>90,021</b>	<b>95,127</b>
<b>2020</b>			
Accrued management fee	5,123	-	5,123
Amount due to Trustee	1,018	-	1,018
Other payables and accruals	-	86,833	86,833
<b>Contractual undiscounted cash flows</b>	<b>6,141</b>	<b>86,833</b>	<b>92,974</b>

#### (d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders of RM8,072,929 (2020: RM9,384,212). 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.

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

#### (e) Fair value estimation (continued)

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

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

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

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

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

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
<b>2021</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>7,980,088</u>	<u>-</u>	<u>-</u>	<u>7,980,088</u>

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

#### (e) Fair value estimation (continued)

##### (i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2020</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>9,244,424</u>	<u>-</u>	<u>-</u>	<u>9,244,424</u>

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

- (ii) The carrying values of cash and cash equivalents, dividends receivable 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 Deeds, the Manager is entitled to a management fee of up to 3.00% per annum calculated and accrued daily based on the NAV of the Fund.

For the financial year ended 30 June 2021, the management fee was recognised at a rate of 0.60% per annum (2020: 0.60% per annum).

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

### 5. TRUSTEE AND CUSTODIAN FEES

In accordance with the Deeds, the Trustee is 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. However, the minimum Trustee fee was revised to 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. The foreign sub-custodian fee and charges are dependent on the country invested and are charged monthly.

For the financial year ended 30 June 2021, the Trustee fee was recognised at a rate of 0.08% per annum subject to a minimum fee of RM12,000 per annum (2020: 0.08% per annum), subject to a minimum fee of RM12,000 per annum, while the foreign sub-custodian fee is recognised at RM16,288 (2020: RM10,313).

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

**6. LICENSE FEE**

License fee is payable to FTSE International Limited, the Benchmark Index provider.

For the financial year ended 30 June 2021, the license fee was recognised at a rate of 0.04% per annum (2020: 0.04% per annum) of the NAV of the Fund, calculated on daily basis.

There is no further liability to the FTSE International Limited in respect of license fee other than the amounts recognised above.

**7. OTHER EXPENSES**

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Withholding tax	29,394	29,136
Others	10,528	7,233
	<u>39,922</u>	<u>36,369</u>

**8. TAXATION**

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial year:		
- Current taxation	<u>-</u>	<u>-</u>

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

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
Profit before taxation	<u>987,572</u>	<u>4,504</u>
Taxation at Malaysian statutory rate of 24% (2020: 24%)	237,017	1,081
Tax effects of:		
- Investment income not subject to tax	(284,183)	(41,027)
- Expenses not deductible for tax purposes	28,172	17,879
- Restriction on tax deductible expenses for ETFs	18,994	22,067
Taxation	<u>-</u>	<u>-</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 RM	2020 RM
At fair value through profit or loss:		
- Quoted securities	<u>7,980,088</u>	<u>9,244,424</u>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised gain on disposals	475,507	592,953
- Unrealised fair value gain/(loss)	<u>437,132</u>	<u>(777,964)</u>
	<u>912,639</u>	<u>(185,011)</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
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2021

QUOTED SECURITIES

HONG KONG, CHINA

Basic Materials

Anhui Conch Cement Co Ltd	2,450	31,656	53,999	0.67
Zijin Mining Group Co Ltd	<u>12,530</u>	<u>62,043</u>	<u>69,980</u>	<u>0.87</u>
	<u>14,980</u>	<u>93,699</u>	<u>123,979</u>	<u>1.54</u>

Consumer Products

Alibaba Group Holding Ltd	6,545	804,841	770,288	9.54
Anta Sports Products Ltd	2,310	82,857	225,896	2.80
BYD Co Ltd	1,610	117,055	199,990	2.48
China Resources Beer (Holdings) Co Ltd	3,150	120,680	117,537	1.45
Great Wall Motor Company Ltd	6,300	87,632	84,593	1.05
Haidilao International Holding Ltd	2,030	52,682	44,416	0.55
Haier Smart Home Co Ltd	4,830	83,361	70,022	0.87
JD.Com Inc	2,240	410,557	365,964	4.53
JD Health International Inc	350	20,801	20,839	0.26
Meituan Dianping	4,375	337,369	749,880	9.29
Shenzhen International Group Holdings Ltd	1,540	135,424	161,555	2.00
Smooore International Holdings Ltd	<u>3,535</u>	<u>112,958</u>	<u>81,411</u>	<u>1.01</u>
	<u>38,815</u>	<u>2,366,217</u>	<u>2,892,391</u>	<u>35.83</u>

Energy

China Petroleum & Chemical Corporation	53,410	141,026	112,289	1.39
China Shenhua Energy Co Ltd	6,930	71,329	56,425	0.70

## 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 %
<b>2021 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>HONG KONG, CHINA (CONTINUED)</b>				
<b>Energy (continued)</b>				
Hanergy Thin Film Power Group Ltd*	102,900	332,879	-	-
Petrochina Co Ltd	43,120	155,768	87,195	1.08
	<u>206,360</u>	<u>701,002</u>	<u>255,909</u>	<u>3.17</u>
<b>Finance</b>				
Agricultural Bank of China Ltd	66,395	106,417	95,900	1.19
Bank of China Ltd	158,550	262,692	236,642	2.93
Bank of Communications Co Ltd	16,800	46,708	46,914	0.58
China Citic Bank Corporation Ltd	18,900	43,807	37,208	0.46
China Construction Bank Corporation	143,500	441,833	469,045	5.81
China Everbright Bank Co Ltd	7,210	13,616	12,227	0.15
China International Capital Corp Ltd	3,150	30,351	35,219	0.44
China Life Insurance Co Ltd	15,330	162,098	126,294	1.56
China Merchants Bank Co Ltd	7,665	69,220	271,656	3.37
China Merchant Securities Co Ltd	2,310	14,743	13,346	0.17
China Minsheng Banking Corp Ltd	15,050	44,958	29,950	0.37
China Pacific Insurance (Group) Co Ltd	5,180	72,063	67,753	0.84
China Securities Co Ltd	2,100	6,780	10,571	0.13
Citic Securities Co Ltd	4,550	44,988	47,416	0.59
Industrial and Commercial Bank of China Ltd	131,250	344,093	320,173	3.97
Ping An Insurance (Group) Company of China Ltd	9,030	315,967	367,374	4.55
Postal Savings Bank of China Co Ltd	20,300	53,269	56,796	0.70
The People's Insurance Company (Group) of China Ltd	17,150	32,046	23,762	0.29
	<u>644,420</u>	<u>2,105,649</u>	<u>2,268,246</u>	<u>28.10</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 %
<b>2021 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>HONG KONG, CHINA (CONTINUED)</b>				
<b>Health Care</b>				
Alibaba Health Information Technology Ltd	10,150	108,097	93,502	1.16
Hansoh Pharmaceutical Group Co Ltd	1,960	41,415	35,650	0.44
Wuxi Apptec Co Ltd	672	23,640	65,176	0.81
Wuxi Biologics (Cayman) Inc	5,362	240,892	408,181	5.06
	<u>18,144</u>	<u>414,044</u>	<u>602,509</u>	<u>7.47</u>
<b>Industrials</b>				
CITIC Ltd	9,100	40,689	40,746	0.50
COSCO Shipping Holdings Co Ltd	4,900	52,935	51,273	0.63
	<u>14,000</u>	<u>93,624</u>	<u>92,019</u>	<u>1.13</u>
<b>Real Estate</b>				
China Resources Land Ltd	5,530	54,619	93,039	1.15
China Vanke Co Ltd	3,780	37,877	49,138	0.61
Country Garden Holdings Co Ltd	16,100	59,286	74,932	0.93
Longfor Properties Co Ltd	3,990	50,504	92,850	1.15
	<u>29,400</u>	<u>202,286</u>	<u>309,959</u>	<u>3.84</u>
<b>Technology</b>				
Xiaomi Corporation	23,100	354,963	333,654	4.13
<b>Telecommunication services</b>				
China Tower Corporation Ltd	96,950	73,873	55,495	0.69
Kuaishou Technology	560	110,207	58,358	0.72
Netease, Inc.	2,975	282,629	279,946	3.47
Tencent Holdings Ltd	2,265	380,984	707,623	8.76
	<u>102,750</u>	<u>847,693</u>	<u>1,101,422</u>	<u>13.64</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 %
<b>2021 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>HONG KONG, CHINA (CONTINUED)</b>				
<b>TOTAL QUOTED SECURITIES</b>	<b><u>1,091,969</u></b>	<b><u>7,179,177</u></b>	<b><u>7,980,088</u></b>	<b><u>98.85</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>800,911</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>7,980,088</u></b>		

## 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 %
<b>2020</b>				
<b>QUOTED SECURITIES</b>				
<b>HONG KONG, CHINA</b>				
<b>Basic Materials</b>				
Anhui Conch Cement Co Ltd	4,500	58,143	129,872	1.38
<b>Consumer Products</b>				
Alibaba Group Holding Ltd	1,935	234,035	224,237	2.39
Anta Sports Products Ltd	3,600	122,825	136,142	1.45
Haidilao International Holding Ltd	900	16,884	16,271	0.17
Meituan Dianping	5,490	188,339	521,774	5.56
	<u>11,925</u>	<u>562,803</u>	<u>898,424</u>	<u>9.57</u>
<b>Energy</b>				
China Petroleum & Chemical Corporation	119,520	315,586	213,440	2.27
China Shenhua Energy Co Ltd	12,060	124,131	80,813	0.86
CNOOC Ltd	68,850	345,626	328,129	3.50
Hanergy Thin Film Power Group Ltd *	102,900	332,879	-	-
Petrochina Co Ltd	76,140	275,051	108,188	1.15
	<u>379,470</u>	<u>1,393,273</u>	<u>730,570</u>	<u>7.78</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 %
<b>2020 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>HONG KONG, CHINA (CONTINUED)</b>				
<b>Finance</b>				
Agricultural Bank of China Ltd	118,665	198,974	204,697	2.18
Bank of China Ltd	234,450	400,221	372,019	3.96
Bank of Communications Co Ltd.	27,900	77,568	73,734	0.79
China Citic Bank Corporation Ltd	32,400	75,097	60,547	0.65
China Construction Bank Corporation	245,700	741,707	851,738	9.08
China Everbright Bank Co Ltd	11,520	21,756	18,534	0.20
China Life Insurance Co Ltd	31,500	333,078	271,687	2.90
China Merchants Bank Co Ltd.	15,255	137,763	300,680	3.20
China Minsheng Banking Corp Ltd.	103,050	307,835	303,105	3.23
China Pacific Insurance (Group) Co Ltd.	10,080	140,231	115,362	1.23
Citic Securities Company Ltd	8,550	84,537	69,300	0.74
CSC Financial Co Ltd.	4,500	14,528	21,820	0.23
Guotai Junan Securities Co Ltd.	3,060	26,270	18,136	0.19
Huatai Securities Co Ltd.	6,300	54,192	42,982	0.46
Industrial and Commercial Bank of China Ltd	243,000	632,517	631,448	6.73
PICC Property and Casualty Co Ltd	23,850	105,557	84,260	0.90
Ping An Insurance (Group) Company of China Ltd	16,020	513,836	686,432	7.31
Postal Savings Bank of China Co Ltd	36,450	95,649	89,679	0.96
The People's Insurance Company (Group) of China Ltd	30,600	57,178	38,235	0.41
	<u>1,202,850</u>	<u>4,018,494</u>	<u>4,254,395</u>	<u>45.35</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 %
<b>2020 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>HONG KONG, CHINA (CONTINUED)</b>				
<b>Health Care</b>				
Alibaba Health Information Technology Ltd	4,950	60,437	61,851	0.66
Hansoh Pharmaceutical Group Co Ltd	2,160	47,080	43,589	0.46
Wuxi Apptec Co Ltd.	630	23,411	35,075	0.37
	<u>7,740</u>	<u>130,928</u>	<u>140,515</u>	<u>1.49</u>
<b>Industrials</b>				
China Railway Construction Corporation Ltd	7,650	40,781	25,758	0.27
China Railway Group Ltd	20,250	60,565	44,560	0.47
CITIC Ltd	16,380	107,594	65,929	0.70
CRRC Corporation Ltd	18,000	78,856	32,543	0.35
	<u>62,280</u>	<u>287,796</u>	<u>168,790</u>	<u>1.79</u>
<b>Real Estate</b>				
China Evergrande Group	7,470	67,048	82,602	0.88
China Overseas Land & Investment Ltd	13,860	148,823	179,696	1.92
China Resources Land Ltd	9,630	95,113	156,267	1.67
China Vanke Co Ltd	5,850	49,198	79,243	0.84
Country Garden Holdings Co Ltd	28,800	106,053	151,588	1.62
Longfor Properties Co. Ltd.	6,030	76,326	122,855	1.31
	<u>71,640</u>	<u>542,561</u>	<u>772,251</u>	<u>8.24</u>
<b>Technology</b>				
Xiaomi Corporation	32,670	218,657	231,926	2.47
ZTE Corporation	2,124	26,319	27,831	0.30
	<u>34,794</u>	<u>244,976</u>	<u>259,757</u>	<u>2.77</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 %
<b>2020 (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>HONG KONG, CHINA (CONTINUED)</b>				
<b>Telecommunication Services</b>				
China Mobile Ltd	15,390	591,438	445,014	4.74
China Telecom Corporation Ltd	55,890	106,832	67,054	0.71
China Tower Corporation Ltd	226,350	172,473	171,449	1.83
China Unicom (Hong Kong) Ltd	23,850	121,989	55,250	0.59
Tencent Holdings Ltd	3,676	490,888	1,013,354	10.80
	<u>325,156</u>	<u>1,483,620</u>	<u>1,752,121</u>	<u>18.67</u>
<b>Utilities</b>				
CGN Power Co Ltd.	46,800	51,918	41,400	0.44
China Gas Holdings Ltd	7,290	106,853	96,329	1.03
	<u>54,090</u>	<u>158,771</u>	<u>137,729</u>	<u>1.47</u>
<b>TOTAL QUOTED SECURITIES</b>	<b><u>2,154,445</u></b>	<b><u>8,880,645</u></b>	<b><u>9,244,424</u></b>	<b><u>98.51</u></b>
<b>ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>363,779</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>9,244,424</u></b>		

- \* Trading in the securities of the counter has been suspended since 20 May 2015 and subsequently delisted from Hong Kong Stock Exchange ("HKEx") effective 11 June 2019. Based on announcement in HKEx, Hanergy Mobile Energy Holding Group Co Ltd proposed to take over Hanergy Thin Film Power Group Ltd. The Manager will act on the securities of the counter upon the announcement of the plans subsequent to the completion of the acquisition. Until then, the securities of the counter continue to remain deposited with the central securities depository during the period of suspension/delisting as it was not mandatory for the securities to be withdrawn.

10. CASH AND CASH EQUIVALENTS

	2021 RM	2020 RM
Bank balances	<u>131,936</u>	<u>99,172</u>

11. OTHER PAYABLES AND ACCRUALS

	2021 RM	2020 RM
Provision for auditors' fee	25,400	25,400
Provision for tax agent's fee	4,400	4,400
Other accruals	<u>60,221</u>	<u>57,033</u>
	<u>90,021</u>	<u>86,833</u>

12. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	2021 RM	2020 RM
Unit holders' contributions	(51,281)	2,247,574
Retained earnings	<u>8,124,210</u>	<u>7,136,638</u>
	<u>8,072,929</u>	<u>9,384,212</u>

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
<b>Balance as at 1 July 2020</b>	2,247,574	7,136,638	9,384,212
Movement in unit holders' contributions:			
- Cancellation of units	(2,298,855)	-	(2,298,855)
Total comprehensive income for the financial year	<u>-</u>	<u>987,572</u>	<u>987,572</u>
<b>Balance as at 30 June 2021</b>	<u>(51,281)</u>	<u>8,124,210</u>	<u>8,072,929</u>
<b>Balance as at 1 July 2019</b>	4,386,204	7,132,134	11,518,338
Movement in unit holders' contributions:			
- Cancellation of units	(2,138,630)	-	(2,138,630)
Total comprehensive income for the financial year	<u>-</u>	<u>4,504</u>	<u>4,504</u>
<b>Balance as at 30 June 2020</b>	<u>2,247,574</u>	<u>7,136,638</u>	<u>9,384,212</u>

\*\* The negative Unitholders' contributions balance as at reporting date is due to the cancellation of units at a higher NAV price than when the units were created.

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

	<u>2021</u>	<u>2020</u>
	<b>No of units</b>	<b>No of units</b>
At the beginning of the financial year	5,850,000	7,150,000
Less: Cancellation of units	<u>(1,300,000)</u>	<u>(1,300,000)</u>
At the end of the financial year	<u>4,550,000</u>	<u>5,850,000</u>

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

	<u>2021</u>	<u>2020</u>
	%	%
MER	<u>1.53</u>	<u>1.19</u>

MER was derived from the following calculation:

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

- A = Management fee
- B = Trustee and custodian fees
- C = Auditors' fee
- D = License fee
- E = Tax agent's fee
- F = Other expenses
- G = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on daily basis was RM8,425,930 (2020: RM11,094,968).

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

	<u>2021</u>	<u>2020</u>
PTR (times)	<u>0.82</u>	<u>0.27</u>

PTR was 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 = RM5,835,122 (2020: RM2,053,580)
- total disposal for the financial year = RM7,990,906 (2020: RM4,029,447)

**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
CGS-CIMB Securities Sdn Bhd	Fellow related party to the Manager
CGS-CIMB Nominees (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

	<u>2021</u>		<u>2020</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
<b>Fellow related party to the Manager</b>				
CGS-CIMB Nominees (Tempatan) Sdn Bhd	<u>47,900</u>	<u>84,984</u>	<u>450,800</u>	<u>723,128</u>
<b>Fellow subsidiary and associated company of the ultimate holding company of the shareholder of the Manager</b>				
CIMSEC Nominees (Tempatan) Sdn Bhd	<u>210,000</u>	<u>372,582</u>	<u>210,000</u>	<u>336,861</u>



**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

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.

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<u>Significant related party transaction</u>		
Cancellation of units		
- CGS-CIMB Nominees (Tempatan) Sdn Bhd	<u>2,298,855</u>	<u>2,138,630</u>

Significant related party balances

There were no significant related party balances during each of the financial year, other than those already disclosed elsewhere in the financial statements.

**17. TRANSACTIONS WITH BROKERS/DEALERS**

Details of transactions with all brokers/dealers for the financial year ended 30 June 2021 were as follows:

<b>Brokers/Dealers</b>	<b>Value of trades</b>	<b>Percentage of total trades</b>	<b>Brokerage fees</b>	<b>Percentage of total brokerage fees</b>
	<b>RM</b>	<b>%</b>	<b>RM</b>	<b>%</b>
CGS-CIMB Securities International Pte Ltd.#	4,415,657	31.93	6,993	33.00
CLSA Ltd (Hong Kong)	3,528,456	25.52	4,887	23.06
Instinet Pacific Limited Hong Kong Branch	1,774,408	12.83	2,810	13.26
Macquarie International Infrastructure Fund Ltd	1,546,233	11.18	2,440	11.52
Credit Suisse (Hong Kong) Ltd	1,432,525	10.36	2,267	10.70
Macquarie Securities (Australia) Ltd	827,520	5.98	1,313	6.19
Macquarie Securities Ltd	304,484	2.20	481	2.27
	<u>13,829,283</u>	<u>100.00</u>	<u>21,191</u>	<u>100.00</u>

**17. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)**

Details of transactions with all brokers/dealers for the financial year ended 30 June 2020 were as follows:

<b>Brokers/Dealers</b>	<b>Value of trades RM</b>	<b>Percentage of total trades %</b>	<b>Brokerage fees RM</b>	<b>Percentage of total brokerage fees %</b>
CGS-CIMB Securities International Pte Ltd #	2,583,223	42.47	4,090	45.83
CLSA Ltd (Hong Kong)	1,910,940	31.41	2,635	29.54
JP Morgan Securities (Asia Pacific)	1,541,784	25.35	2,133	23.90
Deutsche Bank (Malaysia) Bhd	47,080	0.77	65	0.73
	<u>6,083,027</u>	<u>100.00</u>	<u>8,923</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 RM4,415,657 (2020: RM2,583,223). 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 closely correspond to the performance of the Benchmark Index, regardless of its performance. In managing the Fund, the Manager attempts to achieve a high positive correlation and a low tracking error between the NAV of the Fund's portfolio and the Benchmark Index. 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 the 50 largest and most liquid Chinese stocks (Red Chips, H shares and P Chips) listed and trading on the HKEx, Hong Kong.

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

**19. SIGNIFICANT EVENT DURING THE YEAR**

The COVID-19 pandemic and related lockdowns and movement restrictions have had, and will continue to have, a significant impact on global economic conditions and the environment in which the Fund operates. The Manager continues to closely monitor the macro-economic outlook as a result of COVID-19 pandemic and its impact to the Fund's performance and will be managing the risks to achieve the Fund's objective.

**20. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue by the Manager on 24 August 2021.

**DIRECTORY**

**TRUST DIRECTORY**

**Manager**

*Registered Address*

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))  
8<sup>th</sup> Floor, Bangunan CIMB,  
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Damansara Heights,  
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Tel: (03) 2084 8888

*Business address*

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Tel: (03) 2084 8888

**Website**

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**E-mail address**

[service@principal.com.my](mailto:service@principal.com.my)

**Customer Care Centre**

(03) 7718 3000

**TRUST DIRECTORY (CONTINUED)****Board of Directors**

Cheong Wee Yee, Thomas (Chairman)  
 Effendy Shahul Hamid  
 Juan Ignacio Eyzaguirre Baraona  
 Munirah Khairuddin  
 Mohd Haniz Mohd Nazlan  
 Wong Joon Hian\*  
 Hisham Zainal Mokhtar\*  
 Dato' Jaganath Derek Steven Sabapathy\*  
 Liew Swee Lin\*  
 Lai Mee Fong^  
 Chong Chooi Wan^

\* *Independent director*

^ *Alternate director*

**Investment Committee**

Kim Teo Poh Jin\* (Chairman)  
 Yoon Mun Tim\*  
 Datin Zameema Banu Mohamad Ariff\*  
 Mohamad Safri Shahul Hamid  
 Alejandro Elias Echegorri Rodriguez  
 Juan Ignacio Eyzaguirre Baraona

\* *Independent member*

**Audit Committee**

Wong Joon Hian\* (Chairman)  
 Hisham Zainal Mokhtar\*  
 Dato' Jaganath Derek Steven Sabapathy\*  
 Cheong Wee Yee, Thomas

\* *Independent member*

**Company Secretaries**

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

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 Jalan Semantan, Damansara Heights  
 50490 Kuala Lumpur, Malaysia.  
 Tel: (03) 2084 8888

**CORPORATE DIRECTORY****Fund Administration and Fund Accounting Service Provider**

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

*Registered Address*

Level 18, Menara IMC  
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50250 Kuala Lumpur

*Business Address*

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50250 Kuala Lumpur

Tel: (03) 2053 6788

**Trustee**

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

*Registered/Business Address*

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50250 Kuala Lumpur

**Custodian (Trustee's Delegate)***Registered Address*

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50250 Kuala Lumpur

*Business Address*

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**Auditors of the Fund**

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

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**Tax Adviser**

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