

Principal Greater China Equity Fund

(formerly known as CIMB-Principal Greater
China Equity Fund)

Annual Report

For The Financial Year Ended 30 April 2020

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as CIMB-Principal Greater China Equity Fund)

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as CIMB-Principal Greater China Equity Fund)

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INVESTORS' LETTER

Dear Valued Investor,

When the Coronavirus Disease 2019 ("COVID-19") outbreak started last year, little did we know it would become a global pandemic that will cause repercussions to international markets, economies around the world and how we live our daily lives.

Over the last few weeks, we've started seeing economies around the world gradually reopen; Malaysia being one of them. Within Malaysia, it's refreshing to see opening of businesses – they all point to signs that our economy is moving forward. Within Principal, we've also started our return to the office under a variety of new operating procedures to ensure we're keeping our employees and guests safe.

Throughout these past several months, our team of fund managers, investment professionals, customer service staff and advisors have remained dedicated to helping our investors through this time and managing investments based on your long-term goals. We are always here for you.

When you look at the markets, we're seeing positive signs and we're on a path towards recovery. Capital markets moved up in May 2020 with global equities rising around 4%, while bonds rose by over 0.5% from the previous month. This is a continuous rebound from the declines reported in March. With record low interest rates and aggressive quantitative easing by central banks across the developed world and in many markets, the initial pace of reflation would likely to be strong, providing a positive backdrop for equities throughout the Asian region.

On a short-term tactical basis, we are maintaining asset allocation at an equal split between equities and fixed income. We favour large-cap, high quality defensive stocks and we are positive on Asian equities on a 12-month basis. For our:

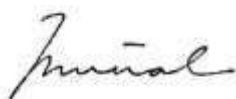
- **Conservative investors, we recommend:** Malaysia focus bond and balanced funds that are income focussed.
- **More aggressive investors, we recommend:** Growth-oriented funds that offer exposure to growth areas in China, Asia-Pacific, Global Technology, ASEAN and Malaysian aggressive funds.

During this difficult period, we have tried new ways to ensure our customers have the information they need to make informed decisions and we've made many of our business processes digital to help improve our customer experience. Please check our website (www.principal.com.my) and Facebook account (@PrincipalAssetMY) for our latest updates and initiatives.

Please be informed that effective 17 April 2020, the Fund has been renamed as Principal Greater China Equity Fund following the issuance of the Replacement Prospectus Issue No.1.

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

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to achieve medium to long-term capital growth primarily through investment in a portfolio of equity securities with exposure to the Greater China region consisting of the People's Republic of China, Hong Kong Special Administrative Region ("SAR") and Taiwan.

Has the Fund achieved its objective?

For the financial year under review, the Fund has performed in line with its objective as stated under the Fund Performance section.

What are the Fund investment policy and principal investment strategy?

The Fund is a feeder fund that invests at least 95% of the Fund's Net Asset Value ("NAV") in the Schroder International Selection Fund ("ISF") Greater China (the "Target Fund"), a fund of the Schroder ISF, an open-ended investment company registered in Luxembourg. Information on the Target Fund is detailed below.

The asset allocation strategy for this Fund is as follows:

- at least 95% of the Fund's NAV will be invested in the Schroder ISF Greater China; and
- up to 5% of the Fund's NAV will be invested in liquid assets for liquidity purposes.

Information on the Target Fund:

Management Company: Schroder Investment Management (Luxembourg) S.A.

Investment Manager: Schroder Investment Management (Hong Kong) Limited

Regulatory Authority: Luxembourg – Commission de Surveillance du Secteur Financier ("CSSF")

Base Currency

US Dollar ("USD")

Fund category/type

Feeder Fund/Growth

How long should you invest for?

Recommended medium to long term

When was the Fund launched?

Name of Class	Launch Date
Class MYR	12 June 2007
Class AUD-Hedged ("AUD-H")	20 April 2020
Class MYR-Hedged ("MYR-H")	20 April 2020
Class RMB-Hedged ("RMB-H")	20 April 2020
Class SGD-Hedged ("SGD-H")	20 April 2020
Class USD	20 April 2020

What was the size of the Fund as at 30 April 2020?

USD136.55 million (568.46 million units)

What is the Fund's benchmark?

The Fund adheres to the benchmark of the Target Fund, i.e. MSCI Golden Dragon Index for performance comparison purpose only.

What is the Fund distribution policy?

Given its investment objective, the Fund is not expected to pay any distribution. However, the Manager has the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund.

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as CIMB-Principal Greater China Equity Fund)

FUND OBJECTIVE AND POLICY (CONTINUED)

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

The Fund distributed a total net income of USD3.68 million to unit holders for the financial year ended 30 April 2020.

The Fund's NAV per unit are as follows:

Date	NAV per unit (before distribution) USD	NAV per unit (after distribution) USD
07.11.2019		
Class MYR	0.2443	0.2384

PERFORMANCE DATA

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

	30.04.2020	30.04.2019	30.04.2018
	%	%	%
Collective investment scheme	93.92	100.03	99.97
Cash and other net assets/(liabilities)	6.08	(0.03)	0.03
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.04.2020	30.04.2019	30.04.2018
NAV (USD Million)			
- Class AUD-H	0.00*	-	-
- Class MYR	136.55	167.48	165.99
- Class MYR-H	0.00*	-	-
- Class RMB-H	0.00*	-	-
- Class SGD-H	0.00*	-	-
- Class USD	0.00*	-	-
Units in circulation (Million)			
- Class AUD-H	0.00*	-	-
- Class MYR	568.46	693.17	672.82
- Class MYR-H	0.00*	-	-
- Class RMB-H	0.00*	-	-
- Class SGD-H	0.00*	-	-
- Class USD	0.00*	-	-
NAV per unit (USD)			
- Class AUD-H	0.6760	-	-
- Class MYR	0.2402	0.2416	0.2467
- Class MYR-H	0.2370	-	-
- Class RMB-H	0.1440	-	-
- Class SGD-H	0.7250	-	-
- Class USD	1.0150	-	-

Note: 0.00* denotes fair value less than 0.01 million.

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as *CIMB-Principal Greater China Equity Fund*)

PERFORMANCE DATA (CONTINUED)

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

	30.04.2020	30.04.2019	30.04.2018
Highest NAV per unit (USD)			
- Class AUD-H	0.6760	-	-
- Class MYR	0.2662	0.2528	0.2506
- Class MYR-H	0.2373	-	-
- Class RMB-H	0.1442	-	-
- Class SGD-H	0.7252	-	-
- Class USD	1.0150	-	-
Lowest NAV per unit (USD)			
- Class AUD-H	0.6280	-	-
- Class MYR	0.1988	0.2055	0.2003
- Class MYR-H	0.2249	-	-
- Class RMB-H	0.1388	-	-
- Class SGD-H	0.6917	-	-
- Class USD	0.9825	-	-
Total return (%)			
- Class AUD-H**	-	-	-
- Class MYR	5.93	3.24	16.59
- Class MYR-H**	-	-	-
- Class RMB-H**	-	-	-
- Class SGD-H**	-	-	-
- Class USD**	-	-	-
- Capital growth (%)			
- Class AUD-H**	-	-	-
- Class MYR	3.37	3.24	16.59
- Class MYR-H**	-	-	-
- Class RMB-H**	-	-	-
- Class SGD-H**	-	-	-
- Class USD**	-	-	-
- Income distribution (%)			
- Class AUD-H**	-	-	-
- Class MYR	2.46	-	-
- Class MYR-H**	-	-	-
- Class RMB-H**	-	-	-
- Class SGD-H**	-	-	-
- Class USD**	-	-	-

** No performance generated from Lipper as the reporting period was less than a month.

Management Expense Ratio ("MER") (%) ^	1.88	1.90	0.50
Portfolio Turnover Ratio ("PTR") (times) #	0.27	0.20	0.64

^ The Fund's MER decreased from 1.90% to 1.88% mainly due to decrease in expenses during the financial year under review.

For the financial year under review, the Fund's PTR increased from 0.20 times to 0.27 times. As a feeder Fund, the turnover reflects investments and withdrawals in the Target Fund. The turnover increased because there higher trading activities during the financial year under review.

PRINCIPAL GREATER CHINA EQUITY FUND
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PERFORMANCE DATA (CONTINUED)

	30.04.2020	30.04.2019	30.04.2018	30.04.2017	30.04.2016
Gross/Net distribution per unit (cent)					
Distribution on 7 November 2019					
- Class MYR	0.5867	-	-		
	30.04.2020	30.04.2019	30.04.2018	30.04.2017	30.04.2016
	%	%	%	%	%
Annual total return					
- Class MYR	5.93	3.24	16.59	38.18	(12.50)

(Launch date: 12 June 2007)

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.

	Since inception to 30.04.2020
	%
Annual total return	
- Class AUD-H**	-
- Class MYR-H**	-
- Class RMB-H**	-
- Class SGD-H**	-
- Class USD**	-

(Launch date: 20 April 2020)

** No performance generated from Lipper as the reporting period was less than a month.

MARKET REVIEW (1 MAY 2019 TO 30 APRIL 2020)

Markets in China slumped in May 2019 as the worsening US-China trade dispute triggered losses across global markets. The US raised tariffs on USD200 billion worth of Chinese imports to 25%, from 10%, while China announced retaliatory tariffs on US goods. Tensions between the two countries escalated after the US put Chinese telecommunications group, i.e. Huawei Technologies Co Ltd on a trade blacklist, citing security concerns. Sentiment was further rattled by reports that more Chinese technology companies could be penalized. Against such a backdrop, Chinese stocks registered double-digit losses during the month.

Markets in China and Hong Kong closed mixed over the second quarter of 2019. Trade tensions and economic risks dominated investor sentiment, while global monetary policy was another key focus. Nevertheless, markets saw a breather in June 2019 as US and China subsequently agreed to a truce and will resume trade negotiations following a meeting between their leaders during the month. Ultimately, losses in Chinese stocks finished were pared in June 2019 thanks to easing trade tensions and hopes of further stimulus measures. Conversely, Hong Kong benefited from the rally in financials stocks, while investors also cheered the suspension of a contentious extradition bill.

China posted a small loss during the month of July 2019. The boost to equities from the US-China trade talks in late June 2019 turned out to be short-lived. There was little further progress to the situation in July 2019, but another meeting is scheduled for September 2019. Economic data for June 2019 saw some recovery, though it was downplayed due to concerns over the outlook for the second half of 2019. The best performing sectors were healthcare and information technology ("IT"). Meanwhile, real estate performed poorly on the back of new measures to keep real estate financing in check while the materials sector also underperformed during the month.

MARKET REVIEW (1 MAY 2019 TO 30 APRIL 2020) (CONTINUED)

China equities remained on the negative in August 2019. The US announced 10% tariffs on USD300 billion of Chinese goods with effect from 1 September 2019, albeit around half of these were later delayed to 15 December 2019. The Chinese Yuan Renminbi (“CNY”) subsequently depreciated beyond the symbolic 7-per-USD threshold, and in response the US Treasury (“UST”) labelled the country a currency manipulator. The Chinese authorities retaliated to trade actions with tariffs on USD75 billion of imports from the US, and also suspended new US agricultural product purchases. Meanwhile, fresh policy support was announced in response to domestic economic weakness.

Overall for the third quarter of 2019, Chinese markets fell alongside other Asian equity markets, as a re-escalation of US-China trade tensions and continuing political unrest in Hong Kong sent shockwaves through equity markets. In this environment, returns from the Chinese market were marginally worse than the Asian region. Regarding the Hong Kong market, share price weakness was pronounced amid ongoing and steadily escalating protests and demonstrations in the city.

China markets finally rebounded in October 2019, in line with Emerging markets (“EM”). Global markets continued to be driven by US-China trade negotiations and the tentative trade truce in mid-October 2019 was positive for sentiment. The agreed outline of a mini-trade deal includes a significant increase in China’s purchase of US agricultural products, a currency pact, China’s further opening of the financial sector, some technology transfer and Intellectual Property (“IP”) protection issues, and the suspension of tariff increase from the US. Recently, both sides have signaled positive progress toward a deal signing, which will likely still take place in November 2019 despite the cancellation of the Asia-Pacific Economic Cooperation (“APEC”) summit. On the domestic front, China’s third quarter of 2019 Gross Domestic Product (“GDP”) growth was slightly weaker than expected at 6.0% year-on-year (“y-o-y”) but did end the quarter of 2019 on a stronger note with improving September 2019 data.

Investor sentiment remained fragile on the back of escalating violence in Hong Kong between protesters and the police, while a stronger US dollar was a headwind for several markets. The US and China remained in dialogue over a “phase-one” trade agreement, although no deal was reached. China recorded positive returns in November 2019 as the authorities provided modest stimulus in response to ongoing soft economic data. Industrial production and retail sales growth slowed more than expected in October 2019. Taiwanese equities also moved higher as aggregate corporate earnings revisions increased. Hong Kong underperformed as the ongoing protests continued to weigh on sentiment.

To close off the year, Chinese equities delivered a strong return in the fourth quarter of 2019, supported by easing geopolitical risk as the US and China reached a ‘phase one’ trade deal, to be signed on 15 January 2020. Under the outline ‘phase one’ trade agreement, the US will indefinitely suspend tariffs on close to USD160 billion of Chinese imports that were previously scheduled to take effect on 15 December 2019. Existing tariffs on USD120 billion of Chinese imports are expected to be reduced to 7.5% from 15%, 30 days after the signing. In exchange, China will increase purchases of US agricultural goods. USD weakness also provided support to returns. In Taiwan, strong performance from technology sector companies boosted returns, as earnings expectations were revised upwards following solid sales figures in third quarter of 2019. Hong Kong posted a solid gain but lagged the wider Index.

China markets started 2020 on a weaker note as it declined in January 2020, amid concerns over the impact of the COVID-19 outbreak in China on economic growth. This was despite of an initial improvement in sentiment mid-month, as the US and China signed a ‘phase one’ trade deal, as expected. In line with fears over an outbreak, the Chinese authorities responded by imposing travel restrictions and cancelling lunar new year events. As the virus spread, factory re-openings were delayed after the new year holiday. Hong Kong and Taiwanese equities also fell over the month. In Taiwan, President Tsai-Ing-wen was re-elected for a second term.

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as CIMB-Principal Greater China Equity Fund)

MARKET REVIEW (1 MAY 2019 TO 30 APRIL 2020) (CONTINUED)

In February 2020, China recorded a modestly positive return, outperforming all other equity markets in Asia. COVID-19 infection rates in the mainland appeared to stabilize and some activity indicators started to improve. The Hong Kong and Taiwanese markets also outperformed the wider Asian market.

While global and other Asian equities plummeted over the period, the Chinese market was a notable outperformer during the first quarter of 2020. China, seen as ‘ahead of the curve’ as it was the first country to record cases of COVID-19, took measures to lock down the city of Wuhan. Its measures to contain the spread were deemed a success as the number of active cases of the virus in mainland China appeared to peak in February 2020 and subsequently fell sharply. A mixture of interest rate cuts and fiscal (tax and spending) measures were announced during the first quarter of 2020 by the Chinese authorities. Meanwhile, the spread of the virus appeared to be relatively contained in Hong Kong.

In April 2020, Chinese equities continued posting positive returns. March 2020 activity data confirms that recovery is on track with the start of relaxation of social distancing measures. China’s official (big manufacturer) Purchasing Manager’s Index (“PMI”) eased to 50.8 from 52.0 in March 2020 while Caixin’s PMI (small manufacturer) fell back into contractionary territory to 49.4. New export orders tumbled as external demand collapsed while service PMI rose to 53.2. In addition, The People’s Bank of China (“PBOC”) also lowered its one-year medium-term lending facility (“MLF”) by 20 basis points (“bps”), from 3.15% to 2.95% on 15 April 2020, the lowest since September 2014.

FUND PERFORMANCE

	Class MYR			
	1 year to 30.04.2020	3 years to 30.04.2020	5 years to 30.04.2020	Since inception to 30.04.2020
	%	%	%	%
Income	2.46	2.46	2.46	2.46
Capital	3.37	24.44	50.48	117.86
Total Return	5.93	27.50	54.16	123.25
Benchmark	(0.46)	13.04	23.95	74.15
Average Total Return	5.93	8.44	9.04	6.43

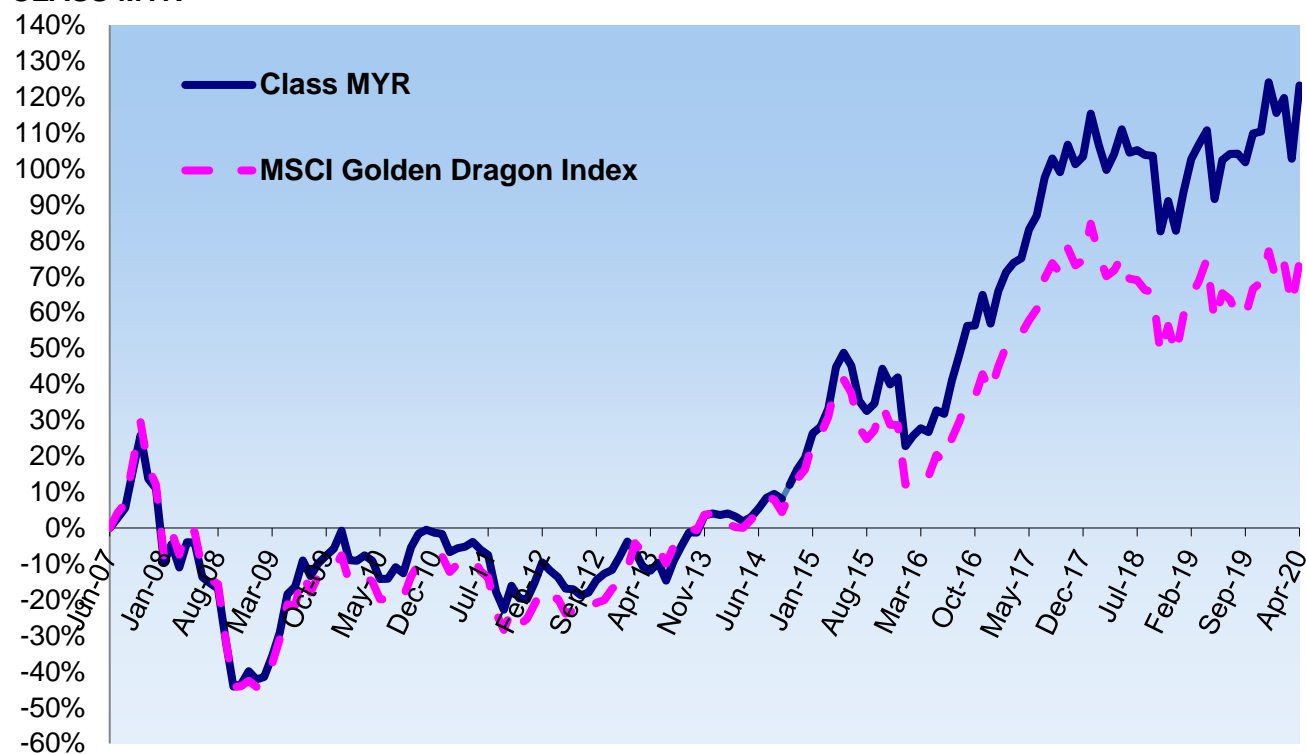
	Since inception to 30.04.2020				
	Class AUD-H**	Class MYR-H**	Class RMB-H**	Class SGD-H*	Class USD**
	%	%	%	%	%
Income	-	-	-	-	-
Capital	-	-	-	-	-
Total Return	-	-	-	-	-
Benchmark	-	-	-	-	-
Average Total Return	N/A	N/A	N/A	N/A	N/A

** No performance generated from Lipper as the reporting period was less than a month.

For the financial year under review, the Fund increased by 5.93%, outperforming the benchmark which fell by 0.46%. The outperformance was mainly driven by the stock selection of the Target Fund.

FUND PERFORMANCE (CONTINUED)

CLASS MYR



CLASS AUD-H, CLASS MYR-H, CLASS RMB-H, CLASS SGD-H and CLASS USD

No performance generated from Lipper as the reporting period was less than a month.

Changes in NAV

CLASS AUD-H

	30.04.2020
NAV (USD Million)	0.00*
NAV/Unit (USD)	0.6760

CLASS MYR

	30.04.2020	30.04.2019 Restated	Changes %
NAV (USD Million)	136.55	167.48	(18.47)
NAV/Unit (USD)	0.2402	0.2416	(0.58)

CLASS MYR-H

	30.04.2020
NAV (USD Million)	0.00*
NAV/Unit (USD)	0.2370

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as CIMB-Principal Greater China Equity Fund)

FUND PERFORMANCE (CONTINUED)

Changes in NAV (continued)

CLASS RMB-H

30.04.2020

NAV (USD Million)	0.00*
NAV/Unit (USD)	0.1440

CLASS SGD-H

30.04.2020

NAV (USD Million)	0.00*
NAV/Unit (USD)	0.7250

CLASS USD

30.04.2020

NAV (USD Million)	0.00*
NAV/Unit (USD)	1.0150

Note: 0.00* denotes fair value less than 0.01 million.

For the financial year under review, total NAV and NAV per unit for Class MYR declined by 18.47% and 0.58% respectively. The decrease in the total NAV was due to net redemptions, while the NAV per unit declined due to a restatement of base currency from RM to USD effective 17 April 2020.

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)	30.04.2020	30.04.2019
Collective investment scheme	93.92	100.03
Cash and other net assets/(liabilities)	6.08	(0.03)
TOTAL	100.00	100.00

The Fund was fully invested during the financial year under review, with minimal cash kept for liquidity purposes. The difference between the cash levels y-o-y was due to huge redemption payables during the last financial year 30 April 2019, causing the -0.03% in cash position.

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as CIMB-Principal Greater China Equity Fund)

MARKET OUTLOOK*

Having been 'ahead of the curve' with respect to COVID-19 and having taken the pain of its own lockdown before the rest of the world, China's economy appears to be recovering. However, the recovery is likely to remain patchy as some segments of the domestic economy, such as tourism, are likely to take much longer to normalise than others. Additionally, there are still real risks of a secondary spike in infections if the lockdown is eased too quickly. Also, a rapidly worsening situation in developed countries may cause a slump in external demand. Therefore, assumptions of a V-shaped recovery in China are still premature.

* 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

The Fund will continue to remain fully invested in Target Fund with minimal cash kept for liquidity purposes.

UNIT HOLDINGS STATISTICS

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

CLASS AUD-H

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00	100.00
5,001 to 10,000	-	-	-
10,001 to 50,000	-	-	-
50,001 to 500,000	-	-	-
500,001 and above	-	-	-
Total	1	0.00	100.00

CLASS MYR

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	2,309	5.53	0.97
5,001 to 10,000	1,397	10.15	1.79
10,001 to 50,000	2,565	59.35	10.44
50,001 to 500,000	791	90.32	15.89
500,001 and above	34	403.11	70.91
Total	7,096	568.46	100.00

PRINCIPAL GREATER CHINA EQUITY FUND
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UNIT HOLDINGS STATISTICS (CONTINUED)

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

CLASS MYR-H

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00	100.00
5,001 to 10,000	-	-	-
10,001 to 50,000	-	-	-
50,001 to 500,000	-	-	-
500,001 and above	-	-	-
Total	1	0.00	100.00

CLASS RMB-H

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00	100.00
5,001 to 10,000	-	-	-
10,001 to 50,000	-	-	-
50,001 to 500,000	-	-	-
500,001 and above	-	-	-
Total	1	0.00	100.00

CLASS SGD-H

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00	100.00
5,001 to 10,000	-	-	-
10,001 to 50,000	-	-	-
50,001 to 500,000	-	-	-
500,001 and above	-	-	-
Total	1	0.00	100.00

CLASS USD

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00	100.00
5,001 to 10,000	-	-	-
10,001 to 50,000	-	-	-
50,001 to 500,000	-	-	-
500,001 and above	-	-	-
Total	1	0.00	100.00

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 Funds unless the soft commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. All dealings with brokers are executed on best available terms.

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

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as CIMB-Principal Greater China Equity Fund)

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL GREATER CHINA EQUITY FUND**
(formerly known as CIMB-Principal Greater China Equity Fund)

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 19 to 52 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 April 2020 and of its financial performance, changes in equity 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
15 June 2020

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
PRINCIPAL GREATER CHINA EQUITY FUND**
(formerly known as CIMB-Principal Greater China Equity Fund)

We have acted as Trustee of Principal Greater China Equity Fund *(formerly known as CIMB-Principal Greater China Equity Fund)* (the "Fund") for the financial year ended 30 April 2020. To the best of our knowledge, Principal Asset Management Berhad (the "Manager"), has operated and managed the Fund in accordance with the following:

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

During the financial year, a total distribution of 2.45 sen per unit (gross) for Class MYR has been distributed to the unitholders of the Fund. We are of the view that the distribution is not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring

Kuala Lumpur
15 June 2020

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL GREATER CHINA EQUITY FUND**
(formerly known as CIMB-Principal Greater China Equity Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Principal Greater China Equity Fund (the "Fund") (formerly known as CIMB-Principal Greater China Equity Fund) give a true and fair view of the financial position of the Fund as at 30 April 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

What we have audited

We have audited the financial statements of the Fund, which comprise the statement of financial position as at 30 April 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 19 to 52.

Basis for opinion

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

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

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("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 GREATER CHINA EQUITY FUND (CONTINUED)**
(formerly known as CIMB-Principal Greater China Equity Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL GREATER CHINA EQUITY FUND (CONTINUED)**
(formerly known as CIMB-Principal Greater China Equity Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

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.

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as CIMB-Principal Greater China Equity Fund)

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL GREATER CHINA EQUITY FUND (CONTINUED)**
(formerly known as CIMB-Principal Greater China Equity Fund)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
15 June 2020

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as CIMB-Principal Greater China Equity Fund)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

	Note	2020 USD	2019 Restated USD
INCOME			
Interest income from deposit placement with licensed financial institutions		28,690	17,768
Net gain on financial assets at fair value through profit or loss	8	14,386,831	9,408,529
Net gain on derivative assets at fair value through profit or loss	9	43	-
Net foreign exchange gain/(loss)		41,768	(67,590)
		<u>14,457,332</u>	<u>9,358,707</u>
EXPENSES			
Management fee	4	2,632,964	2,924,909
Trustee's fee	5	117,021	129,996
Audit fee		2,240	2,272
Tax agent's fee		1,099	1,368
Other expenses		3,305	21,961
		<u>2,756,629</u>	<u>3,080,506</u>
PROFIT BEFORE FINANCE COST AND TAXATION		11,700,703	6,278,201
Finance cost			
- Class MYR	6	<u>(3,675,630)</u>	<u>-</u>
PROFIT BEFORE TAXATION		8,025,073	6,278,201
Taxation	7	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION		8,025,073	6,278,201
OTHER COMPREHENSIVE LOSS			
Foreign currency translation		<u>(7,791,746)</u>	<u>(8,568,715)</u>
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>233,327</u>	<u>(2,290,514)</u>
Profit after taxation and total comprehensive income are made up as follows:			
Realised amount		5,215,664	3,447,720
Unrealised amount		<u>2,809,409</u>	<u>2,830,481</u>
		<u>8,025,073</u>	<u>6,278,201</u>

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

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as CIMB-Principal Greater China Equity Fund)

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2020

		30 April 2020	30 April 2019 Restated	1 May 2018 Restated
	Note	USD	USD	USD
ASSETS				
Cash and cash equivalents	10	7,824,230	401,300	2,252,000
Financial assets at fair value through profit or loss	8	128,249,665	167,525,822	165,942,753
Derivative assets	9	41	-	-
Amount due from Manager		3,391,160	1,488,151	2,353,795
Amount due from Manager of collective investment scheme				
- Management fee rebate		134,974	128,296	117,895
TOTAL ASSETS		<u>139,600,070</u>	<u>169,543,569</u>	<u>170,666,443</u>
LIABILITIES				
Amount due to Manager of collective investment scheme				
- Purchase of collective investment scheme		1,800,000	-	2,214,000
Amount due to Manager		1,064,625	1,883,120	2,282,267
Accrued management fee		173,211	165,369	152,653
Amount due to Trustee		7,698	11,389	10,607
Other payables and accruals		2,781	4,129	19,295
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>3,048,315</u>	<u>2,064,007</u>	<u>4,678,822</u>
NET ASSET VALUE OF THE FUND		<u>136,551,755</u>	<u>167,479,562</u>	<u>165,987,621</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>136,551,755</u>	<u>167,479,562</u>	<u>165,987,621</u>

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

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as *CIMB-Principal Greater China Equity Fund*)

STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2020 (CONTINUED)

	30 April 2020	30 April 2019	1 May 2018
Note	USD	Restated USD	Restated USD
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (USD)			
- Class AUD-H	676	-	-
- Class MYR	136,548,958	167,479,562	165,987,621
- Class MYR-H	237	-	-
- Class RMB-H	144	-	-
- Class SGD-H	725	-	-
- Class USD	1,015	-	-
	<u>136,551,755</u>	<u>167,479,562</u>	<u>165,987,621</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class AUD-H	1,000	-	-
- Class MYR	568,455,193	693,166,027	672,816,574
- Class MYR-H	1,000	-	-
- Class RMB-H	1,000	-	-
- Class SGD-H	1,000	-	-
- Class USD	1,000	-	-
11	<u>568,460,193</u>	<u>693,166,027</u>	<u>672,816,574</u>
NET ASSET VALUE PER UNIT (USD)			
- Class AUD-H	0.6760	-	-
- Class MYR	0.2402	0.2416	0.2467
- Class MYR-H	0.2370	-	-
- Class RMB-H	0.1440	-	-
- Class SGD-H	0.7250	-	-
- Class USD	<u>1.0150</u>	<u>-</u>	<u>-</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- Class AUD-H	AUD1.0317	-	-
- Class MYR	RM1.0326	RM0.9985	RM0.9675
- Class MYR-H	RM1.0202	-	-
- Class RMB-H	CNH1.0186	-	-
- Class SGD-H	SGD1.0219	-	-
- Class USD	<u>USD1.0149</u>	<u>-</u>	<u>-</u>

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

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as *CIMB-Principal Greater China Equity Fund*)

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

	2020	2019
	USD	Restated USD
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>167,479,562</u>	<u>165,987,621</u>
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class AUD-H	638	-
- Class MYR	101,832,090	102,408,971
- Class MYR-H	229	-
- Class RMB-H	141	-
- Class SGD-H	704	-
- Class USD	1,000	-
	<u>101,834,802</u>	<u>102,408,971</u>
Creation of units from distributions		
- Class MYR	<u>3,673,024</u>	<u>-</u>
Cancellation of units		
- Class MYR	<u>(136,668,960)</u>	<u>(98,626,516)</u>
Increase/(Decrease) in net assets attributable to unit holders during the financial year		
Profit after taxation	8,025,073	6,278,201
Foreign currency translation	<u>(7,791,746)</u>	<u>(8,568,715)</u>
	<u>233,327</u>	<u>(2,290,514)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	<u>136,551,755</u>	<u>167,479,562</u>

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

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as CIMB-Principal Greater China Equity Fund)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

	2020	2019
Note	USD	Restated USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of collective investment scheme	61,528,778	31,046,997
Purchase of collective investment scheme	(15,772,936)	(36,289,252)
Interest income received from deposits with licensed financial institutions	28,690	17,601
Management fee paid	(2,625,122)	(2,867,620)
Management fee rebate received	2,151,815	2,378,979
Trustee's fee paid	(120,712)	(127,450)
Payment for other fees and expenses	(7,992)	(39,540)
Net realised gain on forward foreign currency contracts	2	-
Net realised foreign exchange loss	(89,978)	(85,126)
Net cash generated from/(used in) operating activities	45,092,545	(5,965,411)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	99,931,793	102,191,179
Payments for cancellation of units	(137,487,455)	(97,981,457)
Distribution paid	(2,606)	-
Net cash (used in)/generated from financing activities	(37,558,268)	4,209,722
Net increase/(decrease) in cash and cash equivalents	7,534,277	(1,755,689)
Effects of foreign exchange differences	(111,347)	19,959
Cash and cash equivalents at the beginning of the financial year	401,300	2,137,030
Cash and cash equivalents at the end of the financial year	10 7,824,230	401,300
<u>Cash and cash equivalents comprised of:</u>		
Deposits with licensed financial institutions	5,878,279	-
Bank balances	1,945,951	401,300
Cash and cash equivalents at the end of the financial year	10 7,824,230	401,300

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 APRIL 2020

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Greater China Equity Fund (*formerly known as CIMB-Principal Greater China Equity Fund*) (the “Fund”) is now governed by a Principal Master Deed dated 15 May 2008, a Fourth Supplemental Master Deed dated 18 March 2009, a Fifth Supplemental Master Deed dated 16 July 2009, a Thirteenth Supplemental Master Deed dated 26 June 2012, an Eighteenth Supplemental Master Deed dated 25 March 2015, a Twentieth Supplemental Master Deed dated 21 October 2019 and a Twenty First Supplemental Master Deed dated 4 December 2019 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund is a feeder fund that invests at least 95% of the Fund’s NAV in the Target Fund, a fund of the Schroder ISF, an open-ended investment company registered in Luxembourg. Information on the Target Fund is detailed below.

The asset allocation strategy for this Fund is as follows:

- at least 95% of the Fund’s NAV will be invested in the Schroder ISF Greater China; and
- up to 5% of the Fund’s NAV will be invested in liquid assets for liquidity purposes.

Information on the Target Fund:

Management Company: Schroder Investment Management (Luxembourg) S.A.

Investment Manager: Schroder Investment Management (Hong Kong) Limited

Regulatory Authority: Luxembourg – CSSF

Effective 17 April 2020, the Fund has been renamed as Principal Greater China Equity Fund following the issuance of the Replacement Prospectus Issue No.1.

All investments are subject to the Securities Commission Malaysia (“SC”) Guidelines on Unit Trust Funds, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and assumptions 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(m). The Fund changed its presentation currency from Ringgit Malaysia ("RM") to USD during the financial year are disclosed in Note 2(d).

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

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

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

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

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

There are no applicable standards, amendments to standards or interpretations that are effective for annual periods beginning on/after 1 May 2020 to the financial statements of 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

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 contractual cash flows of the Fund's debt securities are solely payment of 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.

Investments in collective investment scheme have contractual cash flows that do not represent SPPI, and therefore are classified as fair value through profit or loss.

The Fund classifies cash and cash equivalents, amount due from Manager and amount due from Manager of collective investment scheme as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to Manager of collective investment scheme, amount due to Manager, accrued management fee, amount due to Trustee, and other payables and accruals as financial liabilities measured at amortised cost.

Recognition and measurement

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

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Unrealised gains or losses arising from changes in 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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

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

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency

Functional and presentation currencies

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in USD, which is the Fund’s functional and presentation currency.

The Fund changed its base currency (the currency in which the Fund is denominated) from RM to USD on 17 April 2020 resulting in the change of its functional currency as the Manager has determined that the USD is the currency that most faithfully represent the economic effect of the underlying transactions, events and conditions.

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

- i) The Fund’s investments are denominated in USD; and
- ii) Significant portion of the Fund’s expenses are denominated in USD.

This has resulted in a change of the Fund’s functional currency from RM to USD on 17 April 2020 prospectively.

In view of above, the Fund has also changed its presentation currency from RM to USD. The change in presentation currency is applied retrospectively and the balances as at 30 April 2019 and 1 May 2018 have been restated. Translations were done in accordance with the accounting policy “Transaction and balances” below.

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 period-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 and deposits with licensed financial institutions held in highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Taxation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Amount due to Manager of collective investment scheme (purchase of collective investment scheme)

Amounts due to Manager of collective investment scheme represent payables for collective investment scheme purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are measured at amortised cost. At each reporting date, the Fund measures the loss allowance on amounts due from Manager of collective investment scheme at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the Manager of collective investment scheme, probability that the Manager of collective investment scheme will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(h) Distribution

A distribution to the Fund's unit holders is accounted for as finance cost in the statement of comprehensive income. A proposed distribution is recognised as a liability in the financial year in which it is approved by the Trustee.

(i) Unit holders' contributions

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

The Fund issues cancellable units, in nine classes of units, known respectively as the Class AUD-H, Class MYR, Class MYR-H, Class RMB-H, Class SGD-H and Class USD which are cancelled at the unit holder's option. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to put back the unit to the Fund.

Units are created and cancelled at the unit holders' option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unit holders of respective classes with the total number of outstanding units of respective classes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Increase/decrease in net assets attributable to unit holders

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

(k) Derivative financial instruments

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavorable.

The Fund's derivative financial instruments comprise forward foreign exchange contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the date of statements of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held-for-trading and accounted for in accordance with the accounting policy set out in Note 2(b).

(l) Realised and unrealised portions of increase/decrease in net assets attributable to unit holders.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Critical accounting estimates and judgements in applying accounting policies

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

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

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

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

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as CIMB-Principal Greater China Equity Fund)

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 USD	Financial assets at amortised cost USD	Total USD
30 April 2020			
Cash and cash equivalents (Note 10)	-	7,824,230	7,824,230
Collective investment scheme (Note 8)	128,249,665	-	128,249,665
Derivative assets (Note 9)	41	-	41
Amount due from Manager	-	3,391,160	3,391,160
Amount due from Manager of collective investment scheme			
- Management fee rebate	-	134,974	134,974
	<u>128,249,706</u>	<u>11,350,364</u>	<u>139,600,070</u>
30 April 2019			
Restated			
Cash and cash equivalents (Note 10)	-	401,300	401,300
Collective investment scheme (Note 8)	167,525,822	-	167,525,822
Amount due from Manager	-	1,488,151	1,488,151
Amount due from Manager of collective investment scheme			
- Management fee rebate	-	128,296	128,296
	<u>167,525,822</u>	<u>2,017,747</u>	<u>169,543,569</u>
1 May 2018			
Restated			
Cash and cash equivalents (Note 10)	-	2,252,000	2,252,000
Collective investment scheme (Note 8)	165,942,753	-	165,942,753
Amount due from Manager	-	2,353,795	2,353,795
Amount due from Manager of collective investment scheme			
- Management fee rebate	-	117,895	117,895
	<u>165,942,753</u>	<u>4,723,690</u>	<u>170,666,443</u>

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

The Fund aims to achieve medium to long-term capital growth primarily through investment in a portfolio of equity securities with exposure to the Greater China region consisting of the People's Republic of China, Hong Kong SAR and Taiwan.

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

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

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

(a) Market risk

(i) Price risk

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

The price risk is managed through diversification and selection of collective investment scheme and other financial instruments within specified limits according to the Deeds.

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

	30 April 2020	30 April 2019	1 May 2018
	USD	Restated USD	Restated USD
Financial assets at fair value through profit or loss:			
- Collective investment scheme	<u>128,249,665</u>	<u>167,525,822</u>	<u>165,942,753</u>

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

% Change in price of collective investment scheme	Market value USD	Impact on profit or loss/NAV USD
30 April 2020		
-5%	121,837,182	(6,412,483)
0%	128,249,665	-
5%	<u>134,662,148</u>	<u>6,412,483</u>
30 April 2019 Restated		
-5%	159,149,531	(8,376,291)
0%	167,525,822	-
5%	<u>175,902,113</u>	<u>8,376,291</u>

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

(a) Market risk (continued)

(i) Price risk (continued)

% Change in price of collective investment scheme	Market value USD	Impact on profit or loss/NAV USD
1 May 2018 Restated		
-5%	157,645,615	(8,297,138)
0%	165,942,753	-
5%	174,239,891	8,297,138

(ii) Interest rate risk

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

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

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

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

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

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

The Fund's exposure to interest rate risk associated with deposits with licensed financial institutions is expected to be minimal as the deposits are held on short-term basis. The weighted average effective interest rate per annum is as follows:

	30 April 2020	30 April 2019 Restated	1 May 2018 Restated
	%	%	%
Deposits with licensed financial institutions	2.49	-	3.50

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as CIMB-Principal Greater China Equity Fund)

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

(a) Market risk (continued)

(iii) Currency risk

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

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

Financial assets

	Cash and cash equivalents USD	Derivative assets at fair value through profit or loss USD	Amount due from Manager USD	Total USD
30 April 2020				
AUD	655	25	-	680
CNH	142	1	-	143
RM	5,886,282	5	3,391,160	9,277,447
SGD	710	10	-	720
	<u>5,887,789</u>	<u>41</u>	<u>3,391,160</u>	<u>9,278,990</u>
30 April 2019 Restated				
RM	<u>212,659</u>	<u>-</u>	<u>1,488,151</u>	<u>1,700,810</u>
1 May 2018 Restated				
RM	<u>620,902</u>	<u>-</u>	<u>2,353,795</u>	<u>2,974,697</u>

Financial liabilities

	Amount due to Manager USD	Accrued management fee USD	Amount due to Trustee USD	Other payables and accruals USD	Total USD
30 April 2020					
RM	<u>1,064,625</u>	<u>173,211</u>	<u>7,698</u>	<u>2,781</u>	<u>1,248,315</u>
30 April 2019 Restated					
RM	<u>1,883,120</u>	<u>165,369</u>	<u>11,389</u>	<u>4,129</u>	<u>2,064,007</u>
1 May 2018 Restated					
RM	<u>2,282,267</u>	<u>152,653</u>	<u>10,607</u>	<u>19,295</u>	<u>2,464,822</u>

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

(a) Market risk (continued)

(iii) Currency risk (continued)

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 5%, 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 after tax/NAV		
		30 April 2020	30 April 2019	1 May 2018
		USD	Restated USD	Restated USD
	%			
AUD	+/-5	+/-34	-	-
CNH	+/-5	+/-7	-	-
RM	+/-5	+/-401,457	+/-18,160	+/-25,494
SGD	+/-5	+/-36	-	-
		<u>+/-401,534</u>	<u>+/-18,160</u>	<u>+/-25,494</u>

(b) Credit risk

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

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

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

For amount due from Manager of collective investment scheme, the Fund will invest with an investment management company of the collective investment scheme which is authorised or approved by the relevant regulatory authority in its home jurisdiction.

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as CIMB-Principal Greater China Equity Fund)

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

(b) Credit risk (continued)

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

	Cash and cash equivalents USD	Amount due from Manager USD	Amount due from Manager of collective investment scheme USD	Total USD
30 April 2020				
- AAA	7,824,230	-	-	7,824,230
- Not rated	-	3,391,160	134,974	3,526,134
	<u>7,824,230</u>	<u>3,391,160</u>	<u>134,974</u>	<u>11,350,364</u>
30 April 2019 Restated				
- AAA	401,300	-	-	401,300
- Not rated	-	1,488,151	128,296	1,616,447
	<u>401,300</u>	<u>1,488,151</u>	<u>128,296</u>	<u>2,017,747</u>
1 May 2018 Restated				
- AAA	2,252,000	-	-	2,252,000
- Not rated	-	2,353,795	117,895	2,471,690
	<u>2,252,000</u>	<u>2,353,795</u>	<u>117,895</u>	<u>4,723,690</u>

All deposits with licensed financial institutions of the Fund have an average maturity of 4 days (2019: Nil and 2018: 1 day).

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances, deposits with licensed financial institutions 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 fund 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.

PRINCIPAL GREATER CHINA EQUITY FUND
(formerly known as *CIMB-Principal Greater China Equity Fund*)

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

(c) Liquidity risk (continued)

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

	Less than 1 month USD	Between 1 month to 1 year USD	Total USD
30 April 2020			
Amount due to Manager of collective investment scheme	1,800,000	-	1,800,000
Amount due to Manager	1,064,625	-	1,064,625
Accrued management fee	173,211	-	173,211
Amount due to Trustee	7,698	-	7,698
Other payables and accruals	-	2,781	2,781
Net assets attributable to unit holders*	<u>136,551,755</u>	<u>-</u>	<u>136,551,755</u>
Contractual undiscounted cash flows	<u>139,597,289</u>	<u>2,781</u>	<u>139,600,070</u>
30 April 2019			
Restated			
Amount due to Manager	1,883,120	-	1,883,120
Accrued management fee	165,369	-	165,369
Amount due to Trustee	11,389	-	11,389
Other payables and accruals	-	4,129	4,129
Net assets attributable to unit holders*	<u>167,479,562</u>	<u>-</u>	<u>167,479,562</u>
Contractual undiscounted cash flows	<u>169,539,440</u>	<u>4,129</u>	<u>169,543,569</u>
1 May 2018			
Restated			
Amount due to Manager of collective investment scheme	2,214,000	-	2,214,000
Amount due to Manager	2,282,267	-	2,282,267
Accrued management fee	152,653	-	152,653
Amount due to Trustee	10,607	-	10,607
Other payables and accruals	-	19,295	19,295
Net assets attributable to unit holders*	<u>165,987,621</u>	<u>-</u>	<u>165,987,621</u>
Contractual undiscounted cash flows	<u>170,647,148</u>	<u>19,295</u>	<u>170,666,443</u>

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

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

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders of USD136,551,755 (30 April 2019 (Restated): USD167,479,562; 1 May 2018 (Restated): USD165,987,621). 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 values of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

(i) Fair value hierarchy

The table 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.

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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 USD	Level 2 USD	Level 3 USD	Total USD
30 April 2020				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	128,249,665	-	-	128,249,665
- Derivative assets	41	-	-	41
	128,249,706	-	-	128,249,706
30 April 2019				
Restated				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	167,525,822	-	-	167,525,822
	167,525,822	-	-	167,525,822
1 May 2018				
Restated				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	165,942,753	-	-	165,942,753
	165,942,753	-	-	165,942,753

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

(ii) The carrying values of cash and cash equivalents, amount due from Manager, amount due from Manager of collective investment scheme and all 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 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 April 2020, the management fee is recognised at a rate of 1.80% per annum (2019: 1.80% per annum).

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

5. TRUSTEE'S FEE

In accordance with the Deeds, the Trustee is entitled to a fee not exceeding 1.00% per annum calculated daily based on the NAV of the Fund. The Trustee fee includes the local custodian fee but excludes the foreign sub-custodian fee (if any). The foreign sub-custodian fee is dependent on the country invested and is charged monthly in arrears.

For the financial year ended 30 April 2020, the Trustee's fee is recognised at a rate of 0.08% per annum (2019: 0.08% per annum).

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

6. FINANCE COST

Distributions to unit holders are derived from the following sources:

	2020	2019
	USD	Restated USD
Interest income	8,763	-
Net realised gain on disposal of collective investment scheme	2,844,821	-
Prior financial year's realised income	1,149,212	-
	4,002,796	-
Less:		
Expenses	(327,166)	-
Net distribution amount	3,675,630	-
 Distribution on 7 November 2019		
Gross/Net distribution per unit (cent)		
- Class MYR	0.5867	-

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

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

PRINCIPAL GREATER CHINA EQUITY FUND
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7. TAXATION

	2020	2019
	USD	Restated USD
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 tax rate and tax expense of the Fund is as follows:

	2020	2019
	USD	Restated USD
Profit before taxation and finance cost	<u>11,700,703</u>	<u>6,278,201</u>
Taxation at Malaysian statutory rate of 24%	2,808,169	1,506,768
Tax effects of:		
Investment income not subject to tax	(3,469,760)	(2,246,090)
Expenses not deductible for tax purposes	28,732	32,172
Restriction on tax deductible expenses for Unit Trust Funds	<u>632,859</u>	<u>707,150</u>
Taxation	<u>-</u>	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 April 2020	30 April 2019	1 May 2018
	USD	Restated USD	Restated USD
Financial assets at fair value through profit or loss:			
- Collective investment scheme	<u>128,249,665</u>	<u>167,525,822</u>	<u>165,942,753</u>

	2020	2019
	USD	Restated USD
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	9,651,260	4,169,919
- Unrealised fair value gain	2,577,078	2,810,080
- Management fee rebate #	<u>2,158,493</u>	<u>2,428,530</u>
	<u>14,386,831</u>	<u>9,408,529</u>

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

For the financial year ended 30 April 2020, the rebate is recognised at a rate of 1.50% per annum (2019: 1.50% per annum) calculated and accrued daily based on the NAV of the collective investment scheme.

PRINCIPAL GREATER CHINA EQUITY FUND
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8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
30 April 2020				
COLLECTIVE INVESTMENT SCHEME				
LUXEMBOURG				
Schroder ISF Greater China	<u>1,880,808</u>	<u>109,317,918</u>	<u>128,249,665</u>	<u>93.92</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>1,880,808</u>	<u>109,317,918</u>	<u>128,249,665</u>	<u>93.92</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>18,931,747</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>128,249,665</u>		
30 April 2019				
Restated				
COLLECTIVE INVESTMENT SCHEME				
LUXEMBOURG				
Schroder ISF Greater China	<u>2,530,728</u>	<u>143,131,915</u>	<u>167,525,822</u>	<u>100.03</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>2,530,728</u>	<u>143,131,915</u>	<u>167,525,822</u>	<u>100.03</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>24,393,907</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>167,525,822</u>		

PRINCIPAL GREATER CHINA EQUITY FUND
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8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
1 May 2018				
Restated				
COLLECTIVE				
INVESTMENT SCHEME				
LUXEMBOURG				
Schroder ISF Greater China	<u>2,460,350</u>	<u>143,169,881</u>	<u>165,942,753</u>	<u>99.97</u>
TOTAL COLLECTIVE				
INVESTMENT SCHEME	<u>2,460,350</u>	<u>143,169,881</u>	<u>165,942,753</u>	<u>99.97</u>
ACCUMULATED				
UNREALISED GAIN ON				
FINANCIAL ASSETS AT				
FAIR VALUE THROUGH				
PROFIT OR LOSS				
		<u>22,772,872</u>		
TOTAL FINANCIAL				
ASSETS AT FAIR VALUE				
THROUGH PROFIT OR				
LOSS				
		<u>165,942,753</u>		

PRINCIPAL GREATER CHINA EQUITY FUND
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9. DERIVATIVE ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 April 2020 USD	30 April 2019 Restated USD	1 May 2018 Restated USD
Forward foreign currency contracts	41	-	-
		2020	2019
		USD	Restated USD
Net gain on derivative assets/liabilities at fair value through profit or loss:			
- Realised gain on forward foreign currency contracts		2	-
- Unrealised fair value gain on forward foreign currency contracts		41	-
		<u>43</u>	<u>-</u>

As at 30 April 2020, there were 7 outstanding USD/Australian Dollar (“AUD”), USD/Malaysian Ringgit (“RM”), USD/Renminbi (“RMB”) and USD/Singapore Dollar (“SGD”) forward foreign currency contracts (2019: nil and 2018: nil) respectively. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD4,069 (2019: nil and 2018: nil).

The USD/AUD, USD/RM, USD/RMB and USD/SGD forward foreign currency contracts were entered into during the financial year to minimise the risk of foreign exchange exposure between the USD and the foreign currencies exposure of the Fund.

As the Fund has not adopted hedge accounting during the financial year, any changes in the fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income during the financial year.

10. CASH AND CASH EQUIVALENTS

	30 April 2020 USD	30 April 2019 Restated USD	1 May 2018 Restated USD
Deposits with licensed financial institutions	5,878,279	-	587,235
Bank balances	1,945,951	401,300	1,664,765
	<u>7,824,230</u>	<u>401,300</u>	<u>2,252,000</u>

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2020 No. of units	2019 No. of units
Class AUD-H (i)	1,000	-
Class MYR (ii)	568,455,193	693,166,027
Class MYR-H (iii)	1,000	-
Class RMB-H (iv)	1,000	-
Class SGD-H (v)	1,000	-
Class USD (vi)	1,000	-
	<u>568,460,193</u>	<u>693,166,027</u>

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11. NUMBER OF UNITS IN CIRCULATION (UNITS) (CONTINUED)

(i) Class AUD-H

	2020	2019
	No of units	No of units
Add : Creation of units from applications	1,000	-
At the end of the financial year	1,000	-

(ii) Class MYR

	2020	2019
	No of units	No of units
At the beginning of the financial year	693,166,027	672,816,574
Add : Creation of units from applications	429,881,918	441,146,009
Add : Creation of units from distributions	15,402,049	-
Less : Cancellation of units	(569,994,801)	(420,796,556)
At the end of the financial year	568,455,193	693,166,027

(iii) Class MYR-H

	2020	2019
	No of units	No of units
Add : Creation of units from applications	1,000	-
At the end of the financial year	1,000	-

(iv) Class RMB-H

	2020	2019
	No of units	No of units
Add : Creation of units from applications	1,000	-
At the end of the financial year	1,000	-

(v) Class SGD-H

	2020	2019
	No of units	No of units
Add : Creation of units from applications	1,000	-
At the end of the financial year	1,000	-

(vi) Class USD

	2020	2019
	No of units	No of units
Add : Creation of units from applications	1,000	-
At the end of the financial year	1,000	-

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12. MANAGEMENT EXPENSE RATIO (“MER”)

	2020	2019
	%	%
MER	1.88	1.90

MER is derived based on the following calculation:

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

- A = Management fee
- B = Trustee’s fee
- C = Audit fee
- D = Tax agent’s fee
- E = Other expenses excluding withholding taxes
- F = Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on daily basis is USD146,912,458 (2019 (Restated): USD162,400,113).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2020	2019
PTR (times)	0.27	0.20

PTR is derived based on the following calculation:

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

where:

- total acquisition for the financial year = USD17,578,978 (2019 (Restated): USD34,486,223)
- total disposal for the financial year = USD61,635,364 (2019 (Restated): USD31,315,884)

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14. UNITS HELD BY THE MANAGER, 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
Subsidiaries and associates of CIMB Group Holdings Bhd, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of the shareholder of the Manager
CIMB Bank Bhd	Fellow related party to the Manager
CIMB Islamic Bank Bhd	Fellow related party to the Manager

Units held by the Manager and parties related to the Manager

	30 April 2020		30 April 2019 Restated		1 May 2018 Restated	
	No. of units	USD	No. of units	USD	No. of units	USD
Manager						
Principal Asset Management Berhad						
- Class AUD-H	1,000	676	-	-	-	-
- Class MYR	134,749	32,367	90,494	21,863	33,751	8,326
- Class MYR-H	1,000	237	-	-	-	-
- Class RMB-H	1,000	144	-	-	-	-
- Class SGD-H	1,000	725	-	-	-	-
- Class USD	1,000	1,015	-	-	-	-

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

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

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

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.

	2020	2019
	USD	Restated USD
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institutions:		
- CIMB Islamic Bank Bhd	-	229
- CIMB Bank Bhd	1,108	25
	1,108	229
Cash placements with licensed financial institutions:		
- CIMB Islamic Bank Bhd	-	1,171,923
- CIMB Bank Bhd	10,655,997	72,787
	10,655,997	1,171,923
30 April 2020	30 April 2019	1 May 2018
USD	Restated USD	Restated USD
<u>Significant related party balances</u>		
Deposits with licensed financial institution:		
- CIMB Bank Bhd	1,395,673	-
	1,395,673	-

15. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the brokers/dealers for the financial year ended 30 April 2020 are as follows:

	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
Brokers/Dealers	USD	%	USD	%
Schroder Investment Management (S) Limited	79,214,342	100.00	-	-

Details of transactions with the brokers/dealers for the financial year ended 30 April 2019 are as follows:

	Value of trades	Percentage of total trades	Brokerage fees	Percentage of total brokerage fees
Brokers/Dealers Restated	USD	%	USD	%
Schroder Investment Management (S) Limited	65,802,107	100.00	-	-

16. CHANGE IN COMPARATIVES

Change in presentation currency

The change in comparatives is related to the change in presentation currency of the Fund from RM to USD. The change was made to align with the change of the functional currency as the Manager has determined that the USD is the currency that most faithfully represent the economic effect of the underlying transactions, events and conditions.

The effect of the change in comparatives is set out below:

	As previously stated RM	As Restated USD
Impact on the statement of comprehensive income for the financial year ended 30 April 2019:		
<u>INVESTMENT INCOME</u>		
Interest income	72,745	17,768
Net gain on financial assets at fair value through profit or loss	38,519,689	9,408,529
Net foreign currency exchange loss	(276,720)	(67,590)
<u>EXPENSES</u>		
Management fee	11,974,943	2,924,909
Trustee's fee	532,220	129,996
Audit fee	9,300	2,272
Tax agent's fee	5,600	1,368
Other expenses	89,915	21,961
Profit before finance cost and taxation	25,703,736	6,278,201
Finance cost	-	-
Profit before taxation	25,703,736	6,278,201
Taxation	-	-
Profit after taxation	25,703,736	6,278,201
Other comprehensive loss		
- Foreign currency translation	-	(8,568,715)
Increase/ (decrease in net assets attributable to unit holders)	25,703,736	(2,290,514)
Profit after taxation and total comprehensive income are made up as follow:		
Realised amount	14,115,396	3,447,720
Unrealised amount	11,588,340	2,830,481
	25,703,736	6,278,201

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16. CHANGE IN COMPARATIVES (CONTINUED)

Change in presentation currency (continued)

The effect of the change in comparatives is set out below: (continued)

	As previously stated RM	As Restated USD
Impact on the statement of financial position as at 30 April 2019:		
<u>ASSETS</u>		
Cash and cash equivalents	1,658,574	401,300
Financial assets at fair value through profit or loss	692,384,221	167,525,822
Amount due from Manager	6,150,528	1,488,151
Amount due from Manager of collective investment scheme		
- Management fee rebate	530,246	128,296
<u>LIABILITIES</u>		
Amount due to Manager	7,782,936	1,883,120
Accrued management fee	683,469	165,369
Amount due to Trustee	47,071	11,389
Other payables and accruals	17,066	4,129
Net assets attributable to unit holders	692,193,027	167,479,562
Impact on the statement of financial position as at 1 May 2018:		
<u>ASSETS</u>		
Cash and cash equivalents	8,832,343	2,252,000
Financial assets at fair value through profit or loss	650,827,476	165,942,753
Amount due from Manager	9,231,583	2,353,795
Amount due from Manager of collective investment scheme		
- Management fee rebate	462,384	117,895
<u>LIABILITIES</u>		
Amount due from Manager of collective investment scheme		
- Purchase of collective investment scheme	8,683,308	2,214,000
Amount due to Manager	8,951,050	2,282,267
Accrued management fee	598,706	152,653
Amount due to Trustee	41,601	10,607
Other payables and accruals	75,671	19,295
Net assets attributable to unit holders	651,003,450	165,987,621

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16. CHANGE IN COMPARATIVES (CONTINUED)

Change in presentation currency (continued)

The effect of the change in comparatives is set out below: (continued)

	As previously stated RM	As Restated USD
Impact on the statement of cash flows for the financial year ended 30 April 2019:		
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Proceeds from disposal of collective investment scheme	128,317,238	31,046,997
Purchase of collective investment scheme	(149,983,480)	(36,289,252)
Interest income received from deposit with licensed financial institutions	72,745	17,601
Management fee paid	(11,851,872)	(2,867,620)
Management fee rebate received	9,832,321	2,378,979
Trustee's fee paid	(526,750)	(127,450)
Payment for other fees and expenses	(163,419)	(39,540)
Net realised foreign exchange loss	(351,824)	(85,126)
Net cash used in operating activities	<u>(24,655,041)</u>	<u>(5,965,411)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Cash proceeds from unit created	422,356,144	102,191,179
Payments for cancellation of units	(404,957,362)	(97,981,457)
Net cash generated from financing activities	<u>17,398,782</u>	<u>4,209,722</u>
Net decrease in cash and cash equivalents	(7,256,259)	(1,755,689)
Effect of foreign exchange difference	82,490	19,959
Cash and cash equivalents at the beginning of financial year	8,832,343	2,137,030
Cash and cash equivalents at the end of financial year	<u>1,658,574</u>	<u>401,300</u>

17. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The worsening macro-economic outlook as a result of COVID-19, both domestically and globally, has resulted in the deterioration of the Fund's NAV per unit as of the date of this report. This is mainly due to the decrease in fair value of the Fund's investments at fair value through profit or loss.

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

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 15 June 2020.

DIRECTORY

Head Office of the Manager

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))
10th Floor, Bangunan CIMB,
Jalan Semantan,
Damansara Heights,
50490 Kuala Lumpur, MALAYSIA.
Tel: (03) 2084 8888

Website

www.principal.com.my

E-mail address

service@principal.com.my

Customer Care Centre

(03) 7718 3000

Principal Greater China Equity Fund

(formerly known as CIMB-Principal Greater China Equity Fund)

HSBC (Malaysia) Trustee Berhad (Company No.: 193701000084 (1281-T))
13th Floor, Bangunan HSBC,
South Tower,
No 2, Lebu Ampang,
50100, Kuala Lumpur.
Tel: (03) 2075 7800
Fax: (03) 2179 6511

Auditors of the Fund and of the Manager

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)
Level 10, 1 Sentral,
Jalan Rakyat, Kuala Lumpur Sentral,
PO Box 10192, 50706 Kuala Lumpur, MALAYSIA.
Tel: (03) 2173 1188
Fax: (03) 2173 1288

Principal Asset Management Berhad
199401018399 (304078-K)

Enquiries:

Customer Care Centre
(603)7718 3000

Email
service@principal.com.my

Website
www.principal.com.my