

PRINCIPAL WORLD SELECTION MODERATE FUND

ANNUAL REPORT

**FOR THE FINANCIAL PERIOD FROM 15 MAY 2019 (DATE OF LAUNCH)
TO 31 AUGUST 2020**

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INVESTORS' LETTER

Dear Valued Investor,

The equity market is still riding high with economies around the globe standing stronger than anticipated. We're now getting into a time when we're going to see how strong the economy really is and market drivers such as - the upcoming US election, US-China relations, and traditional economic trends are slowly coming back to the fore. Investors should start to look for opportunities in sectors that will benefit as the economic recovery gains momentum.

We continue to prefer equities over fixed income and remain Positive on Asian equities favouring China and more developed Asian economies on a 12-month basis. For our:

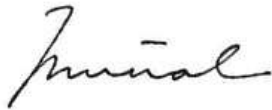
- **Conservative investors, we recommend:** Malaysia focus bond funds and regional balanced funds that are income focussed.
- **More aggressive investors, we recommend:** Growth-oriented funds that offer exposure to growth areas in China, Asia-Pacific, ASEAN, Global Technology and Malaysian aggressive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

Do make time to check out our website (www.principal.com.my) and Facebook account (@PrincipalAssetMY) to obtain our latest insights and investment articles.

We are pleased to share that we have won awards for Best International Equity Fund Manager, Best 3-Year ROI International Equity Fund Manager, Best Domestic Sukuk Fund Manager and Best 3-Year ROI Domestic Sukuk Fund Manager at the EPF 2020 External Fund Manager Awards. Meanwhile, Principal Islamic was named as the Best Islamic Asia Pacific Asset Management House at The Asset Triple A Islamic Finance Awards 2020.

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

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to provide long term total returns through investments in one collective investment scheme, which is managed with medium risk strategy by investing primarily in bonds and shares, either directly or through investing into other funds.

Has the Fund achieved its objective?

For the financial period under review, the Fund has achieved its objectives as stated under the Fund investment policy.

What are the Fund investment policy and principal investment strategy?

The Fund is a feeder fund and it invests in a single collective investment scheme, i.e. HSBC Portfolios - World Selection 3 ("HSBC-WS3"). The Fund may also invest in liquid assets for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its Net Asset Value ("NAV") in HSBC-WS3; a portfolio established on 20 October 2009 under the HSBC Portfolios ("Company"). The Fund will also maintain up to 5% of its NAV in liquid assets for liquidity purposes.

Information on the Target Fund

Target Fund	:	HSBC-WS3
Share class	:	AM USD
Company	:	HSBC Portfolios
Management Company	:	HSBC Investment Funds (Luxembourg) S.A.
Investment Adviser	:	HSBC Global Asset Management (UK) Limited
Regulatory Authority	:	Commission de Surveillance du Secteur Financier

Base Currency

United States Dollar ("USD")

Fund category/type

Feeder fund/Income & Growth

When was the Fund launched?

Name of Class	Launch date
Class AUD-Hedged ("AUD-H")	15 May 2019
Class GBP-Hedged ("GBP-H")	15 May 2019
Class MYR-Hedged ("MYR-H")	15 May 2019
Class SGD-Hedged ("SGD-H")	15 May 2019
Class USD	15 May 2019

What was the size of the Fund as at 31 August 2020?

USD36.54 million (108.46 million units)

What is the Fund's benchmark?

The Fund is benchmark unconstrained as HSBC-WS3 is benchmark unconstrained, i.e. it will be actively managed without reference to any specific benchmark.

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund distribution policy?

Quarterly, depending on the availability of realised income and/or realised gains and at the Manager's discretion.

What was the net income distribution for financial period from 15 May 2019 (date of launch) to 31 August 2020?

The Fund distributed a total net income of USD0.61 million to unit holders for the financial period from 15 May 2019 (date of launch) to 31 August 2020.

The Fund's NAV per unit are as follows:

Date	NAV per unit (before distribution) USD	NAV per unit (after distribution) USD
10.06.2020		
- Class AUD-H	0.6854	0.6821
- Class GBP-H	1.2451	1.2392
- Class MYR-H	0.2348	0.2336
- Class SGD-H	0.7166	0.7133
- Class USD	1.0058	1.0011
20.03.2020		
- Class AUD-H	0.4960	0.4896
- Class GBP-H	0.9852	0.9728
- Class MYR-H	0.1925	0.1899
- Class SGD-H	0.5828	0.5758
- Class USD	0.8525	0.8418

PERFORMANCE DATA

Details of portfolio composition of the Fund for the financial period is as follows:

	31.08.2020
	%
Collective investment scheme	98.30
Cash and other net assets	1.70
	100.00

Performance details of the Fund for the financial period is as follows:

	31.08.2020
NAV (USD Million)	
- Class AUD-H	5.63
- Class GBP-H	1.53
- Class MYR-H	23.60
- Class SGD-H	1.44
- Class USD	4.34
Units in circulation (Million)	
- Class AUD-H	7.44
- Class GBP-H	1.12
- Class MYR-H	93.88
- Class SGD-H	1.89
- Class USD	4.13
NAV per unit (USD)	
- Class AUD-H	0.7561
- Class GBP-H	1.3633
- Class MYR-H	0.2514
- Class SGD-H	0.7628
- Class USD	1.0520

PERFORMANCE DATA (CONTINUED)

Performance details of the Fund for the financial period is as follows: (continued)

	15.05.2019 (date of launch) to 31.08.2020
Highest NAV per unit (USD)	
- Class AUD-H	0.7560
- Class GBP-H	1.3950
- Class MYR-H	0.2652
- Class SGD-H	0.7963
- Class USD	1.0852
Lowest NAV per unit (USD)	
- Class AUD-H	0.4585
- Class GBP-H	0.9119
- Class MYR-H	0.1791
- Class SGD-H	0.5459
- Class USD	0.8058
Total return (%)	
- Class AUD-H	4.38
- Class GBP-H	3.88
- Class MYR-H	6.60
- Class SGD-H	5.41
- Class USD	7.03
Capital growth (%)	
- Class AUD-H	2.48
- Class GBP-H	2.25
- Class MYR-H	4.41
- Class SGD-H	3.38
- Class USD	5.10
Income distribution (%)	
- Class AUD-H	1.80
- Class GBP-H	1.75
- Class MYR-H	1.89
- Class SGD-H	1.68
- Class USD	1.75
Management Expense Ratio ("MER") (%) ^	2.02
Portfolio Turnover Ratio ("PTR") (times) #	0.80

^ The Fund's MER stood at 2.02% during the financial period under review.

The Fund's PTR stood at 0.80 times during the financial period under review. As a feeder fund, the turnover reflects investments and withdrawals in the target funds.

PERFORMANCE DATA (CONTINUED)

Performance details of the Fund for the financial period is as follows: (continued)

	15.05.2019 (date of launch) to 31.08.2020	
Gross/Net distribution per unit (cent)		
Distribution on 20 March 2020		
- Class AUD-H		0.64
- Class GBP-H		1.24
- Class MYR-H		0.26
- Class SGD-H		0.70
- Class USD		1.07
Distribution on 10 June 2020		
- Class AUD-H		0.33
- Class GBP-H		0.58
- Class MYR-H		0.12
- Class SGD-H		0.33
- Class USD		0.47
		Since inception to
	31.08.2020	31.08.2019
	%	%
Annual total return		
- Class AUD-H	3.84	0.52
- Class GBP-H	4.17	(0.28)
- Class MYR-H	6.61	(0.01)
- Class SGD-H	4.96	0.42
- Class USD	6.18	0.80

(Launch date: 15 May 2019)

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 period have been extracted from Lipper.

MARKET REVIEW (15 MAY 2019 (DATE OF LAUNCH) TO 31 AUGUST 2020)

Global equities ended the period by falling in May 2019, with the MSCI All Countries World Index ("ACWI") returned -5.8%. Note that the MSCI US, Europe, and Japan all recorded a decline of 6.5%, 5.7% and 5.3% in May 2019 on the recent development of US-China trade tensions. Amid worries over the uncertainty in the two countries reaching a trade deal, US dollar ("USD") strengthened while Euro ("EUR") depreciated against the USD. Japanese Yen ("JPY") appreciated by 2.8% as investors fly to safety.

Global equities rose in June 2019 amid mounting expectations that the US Federal Reserve (the "Fed") will cut interest rates this year, and easing trade tensions between the US and China. The MSCI ACWI increased by 6.5% over the month. In the US, a solid labour market continues to underpin economic performance. Underlying inflation also remains subdued. Further escalation in trade tensions is the main downside risk to growth, particularly if confidence takes a significant hit. A lack of inflation pressure and increased downside risks to growth have raised the probability of the Fed interest rate cuts this year. In the UK, growth is moderating as support from Brexit-related stockpiling in first quarter of 2019 unwinds. The Bank of England ("BOE") continues to have a bias to raise interest rates, conditional on a smooth Brexit. However, the outlook remains highly uncertain at present.

MARKET REVIEW (15 MAY 2019 (DATE OF LAUNCH) TO 31 AUGUST 2020) (CONTINUED)

Global equities were little changed in July 2019 as a “truce” in US-China trade tensions was offset by the US Federal Open Market Committee (“FOMC”) signalling a “mid-cycle adjustment” in policy rather than a long series of rate cuts. The MSCI ACWI increased by 0.3% over the month. In the US, the labour market remains solid, with 224,000 jobs added in June 2019, while second quarter of 2019’s gross domestic products (“GDP”) growth surprised to the upside (+2.1% quarter-on-quarter (“q-o-q”) annualized). Further escalation in trade tensions continues to be the main downside risk to growth, particularly if confidence is impacted. The Fed cut rates by 25 basis points (“bps”) and a lack of inflation pressure and increased downside risks to growth are likely to translate into possible further Fed rate cuts later this year.

Global equities fell in August 2019 amid an escalation in US-China trade tensions and some disappointing economic data releases in Europe and China. The MSCI ACWI fell by 2.4% over the month. In the US, a solid labour market continues to support consumer spending. However, business investment and trade activity remain subdued amid the trade tensions. Also, a lack of inflation pressure and increased downside risks to growth are likely to translate into more Fed rate cuts this year. Over in Europe, manufacturing data remains weak, although services sector activity remains resilient for now. In addition, underlying inflation also remains low at around 1%. In the UK, GDP contracted in second quarter of 2019, although this was mainly due to the unwinding of Brexit related stockpiling in first quarter of 2019, but labour market strength remains a key support. The BOE struck a cautious tone at its August meeting, with the path for policy ultimately affected by developments around Brexit.

Global equities rose in September 2019 amid an easing of US-China trade tensions, and upbeat US economic data releases. The MSCI ACWI rose by 2.1% over the month. In the US, a solid labour market continues to support consumer spending, which contrasts to a weak picture for investment and exports amid slower global growth and elevated political uncertainty. Labour market indicators are still consistent with employment growth, but data will be scrutinized for any further signs of softening.

Global equities rose in October 2019 as the US and China agreed a truce in their trade conflict with a ‘mini deal’. The MSCI ACWI rose by 2.7% over the month. In the US, a reasonably solid labour market continues to support consumer spending. Nevertheless, employment and wage growth has slowed in recent months. Meanwhile, activity in the manufacturing and export sectors, along with business investment, remains weak amid slower global growth and elevated political uncertainty. Meanwhile, the manufacturing sector activity remains very weak in the Eurozone with some evidence that this is adversely affecting the relatively resilient service sector. The European Central Bank has signalled a significant degree of monetary accommodation is still required to meet their inflation objective.

Global equity markets were broadly higher in November 2019, except for emerging markets (“EM”), which struggled with a stronger USD. US equities were up, amid hopes of a preliminary US-China trade deal. This was despite an indignant Chinese response to President Trump’s support of protests in Hong Kong late in the month. The response served as a reminder to investors that relations remain strained. US economic data was broadly positive and helped support investor sentiment. Overall bond markets reflected the better mood as government bond yields rose and corporate bonds outperformed.

Global equity markets came in strong month in December 2019. The US decided against proceeding with a planned tariff hike on consumer goods imported from China and reduced prevailing tariffs as the two countries entered the first phase of a trade deal. In terms of economic data, US non-farm payrolls were above expectations, indicating the resilience of the US labour market. In China, manufacturing activity expanded in November 2019, following a period of contraction, and industrial profits increased above market expectations. Elsewhere, the victory of the Conservative Party in the UK general election lifted investor sentiment, as the chances of a ‘no-deal’ Brexit diminished. On the other hand, in the eurozone, output rose at the weakest pace since 2013. Thus, investors are increasingly paying attention to fiscal responses, especially by Germany, to gauge the economic trajectory.

MARKET REVIEW (15 MAY 2019 (DATE OF LAUNCH) TO 31 AUGUST 2020) (CONTINUED)

Global equity markets initially rose in January 2020 as US-China trade relations improved. However, fears over the outbreak of the Coronavirus 2019 (“COVID-19”) in China reduced investors’ appetite for risk, stoking demand for safe havens such as government bonds, which were further buoyed by several Central Banks reaffirming their accommodative stances. The US 10-year Treasury yield fell from 1.92% to 1.51%. Still within fixed income, US high yield was broadly flat as supportive technical and appetite for yield against a benign backdrop was offset by weakness in the energy sector, as crude oil prices fell.

Global equity markets were overall weak in February 2020. Uncertainty related to the potential impact of the COVID-19 outbreak led to a spike in risk aversion amongst investors, especially in the last week of February 2020. Equity market volatility jumped to levels last seen in December 2018. Consequently, the rapid market turns in February 2020 drove risk assets sharply lower. Developed market equities fell 8.4% over the month. Meanwhile, investors turned to perceived 'safe haven' assets, causing them to rally.

In March 2020, the worldwide spread of COVID-19 has created unprecedented volatility in financial markets. While the economic environment remains very difficult and way forward unusually uncertain, current market pricing creates opportunities for long-term investors. Nonetheless, in Asia and China, work resumption coupled with relaxation in containment measures and intensified macro policy support should allow for a sequential activity recovery in the coming months. Central banks and finance ministries across the globe have eased policy at an unprecedented pace, including measures not seen before. Fiscal policy has been loosened in previously unseen ways in many developed economies. Also, the recently approved US stimulus package is the largest in the country's history.

In April 2020, the threat of COVID-19 continually added uncertainties to the global markets. Governments have imposed hugely restrictive measures to suppress COVID-19. Consequently, economic activity has fallen at a precipitous pace. March 2020 activity data across developed markets fell at an alarming rate. Meanwhile, early data for April 2020 show further, pronounced weakness. However, over the past month, easing of containment measures and resumption of work has gained further momentum in China and high frequency indicators are reflecting the resultant pick-up in economic activity, with production normalcy leading consumption normalcy for the time being. While the economic environment remains very difficult and the way forward unusually uncertain, current market pricing creates opportunities for long-term investors

In May 2020, global markets saw a recovery with a reduction in downside tail risks, following a “whatever it takes” approach by policymakers and a decline in new COVID-19 cases. Nonetheless, uncertainty remains the pervasive and central feature of the macro environment. This creates episodic volatility in investment markets. US labour market reported with a surprise addition of 2.54 million non-farm payroll jobs in May 2020. This brings unemployment rate down to 13.3% from 14.7%, much better than market expectation. Nevertheless, some states in US (Florida, Texas and Michigan) are still experiencing rising new infections in the last two weeks of May 2020. The second wave of infections could arise as economies further reopen and fall/winter season is coming, but so far there is no major surging in hospitalization rate as hospitals are better prepared and contact tracing is implemented.

The opposing forces of rising markets and COVID-19 fears extended into June 2020, with the former again victorious amidst a sea of stimulus and the reopening of economies. Equities led the way, with Asia receiving the bulk of investor cheer, in part rewarding their relative effectiveness in managing the crisis. Eurozone equities were also strong, following on from May 2020’s rally, as easing lockdowns led to a marked improvement in economic activity. The opposite was true in the US, where although the S&P 500 Index finished positively, it underperformed Asia and Europe owing to increasing COVID-19 cases across a number of states.

MARKET REVIEW (15 MAY 2019 (DATE OF LAUNCH) TO 31 AUGUST 2020) (CONTINUED)

Easing lockdowns propelled economic activity higher in July 2020, with sentiment boosted further by encouraging early-stage vaccine trials, outweighing fears of an infection resurgence in Europe and Japan. EM continued to gain ground on their developed peers, with the MSCI EM Index soaring 9%, driven by Index heavyweights Brazil and China. US equities also rallied, despite a late decline as second quarter of 2020 record contraction in GDP was confirmed. The Fed made no changes to rates but reiterated its intention to provide additional fiscal support. Elsewhere, European equities declined in local terms as economic data confirmed the severity of the downturn in activity during the second quarter of 2020, with eurozone GDP shrinking by 12.1%.

In August 2020, the number of new COVID-19 infections in US continued to moderate. However, Europe started to see new infections rising across countries including France and Spain, which is controlled by better testing and the targeted measures such as tracing and travel restrictions implemented by the Governments. Developed markets continued to rally on the recovery of economic activity and earnings. MSCI US and Europe increased by 7.5%, 4.9% and 8.0% respectively.

FUND PERFORMANCE

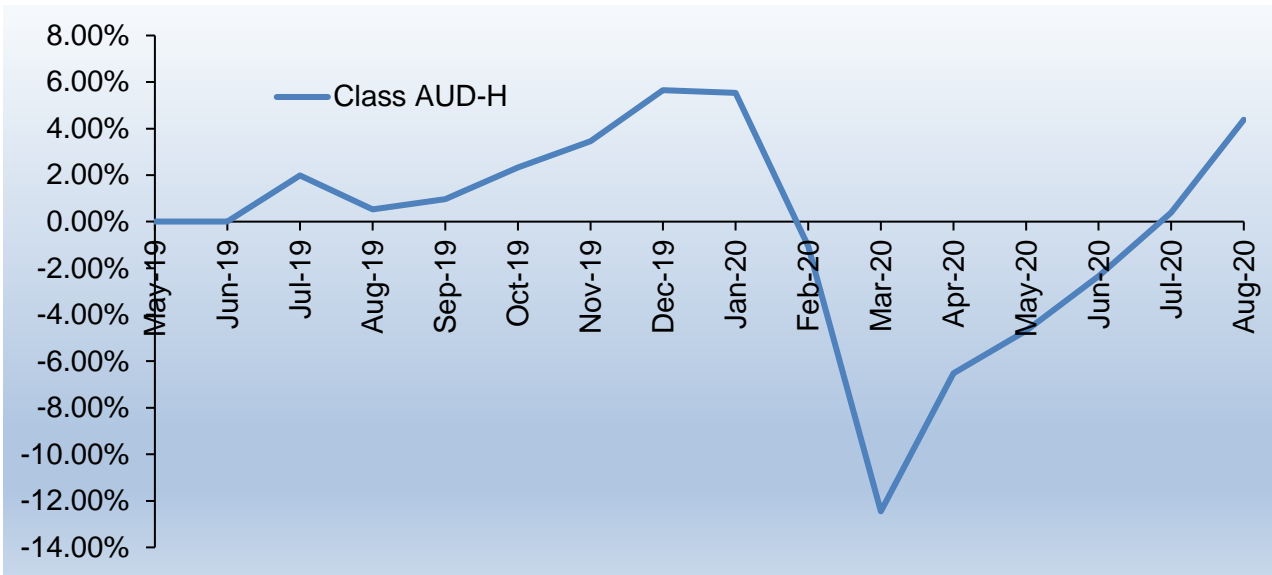
	1 year to 31.08.2020				
	Class AUD-H	Class GBP-H	Class MYR-H	Class SGD-H	Class USD
	%	%	%	%	%
Income Distribution	1.80	1.75	1.89	1.68	1.75
Capital Growth	1.94	2.52	4.41	2.94	4.24
Total Return	3.84	4.17	6.61	4.96	6.18
Benchmark	-	-	-	-	-
Average Total Return	3.84	4.17	6.61	4.96	6.18

	Since inception to 31.08.2020				
	Class AUD-H	Class GBP-H	Class MYR-H	Class SGD-H	Class USD
	%	%	%	%	%
Income Distribution	1.80	1.75	1.89	1.68	1.75
Capital Growth	2.48	2.25	4.41	3.38	5.10
Total Return	4.38	3.88	6.60	5.41	7.03
Benchmark	-	-	-	-	-
Average Total Return	3.35	2.96	5.03	4.13	5.36

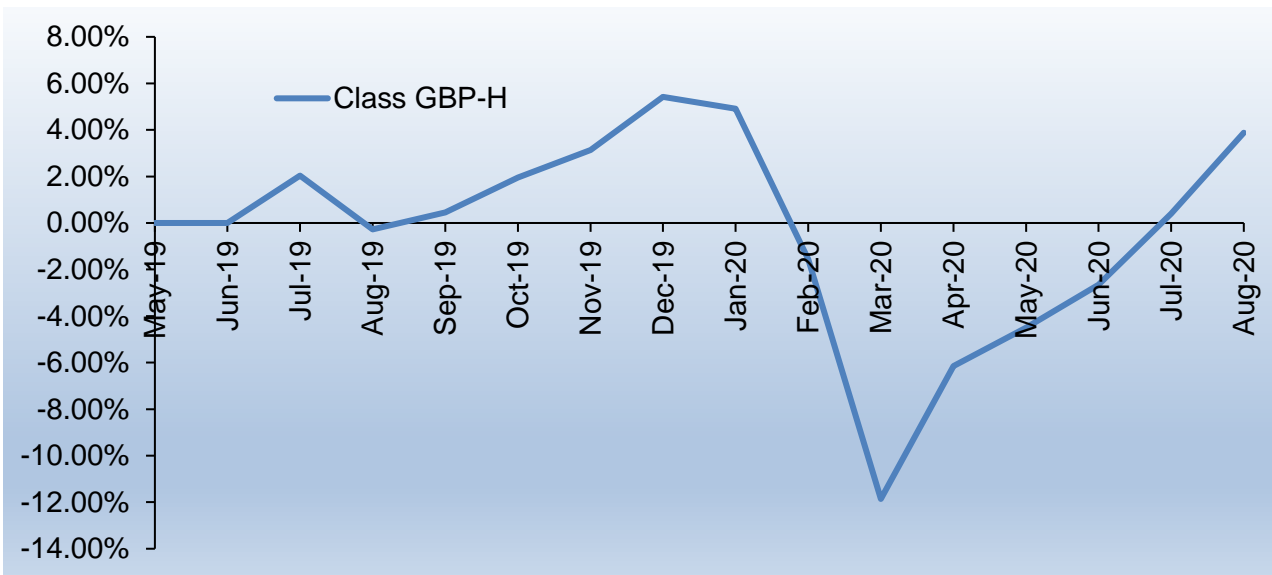
For the period under review, all the five classes, Class AUD-H, Class GBP-H, Class MYR-H, Class SGD-H, and Class USD increased by 3.84%, 4.17%, 6.61%, 4.96%, and 6.18% respectively. The Fund does not have a benchmark for comparison.

FUND PERFORMANCE (CONTINUED)

CLASS AUD-H

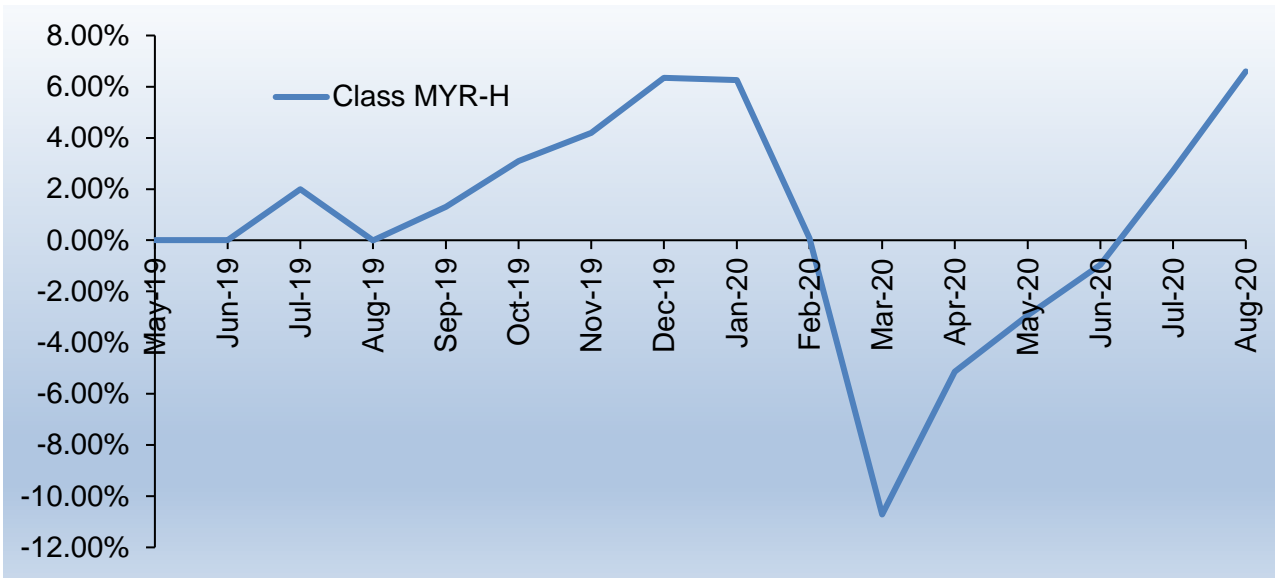


Class GBP-H

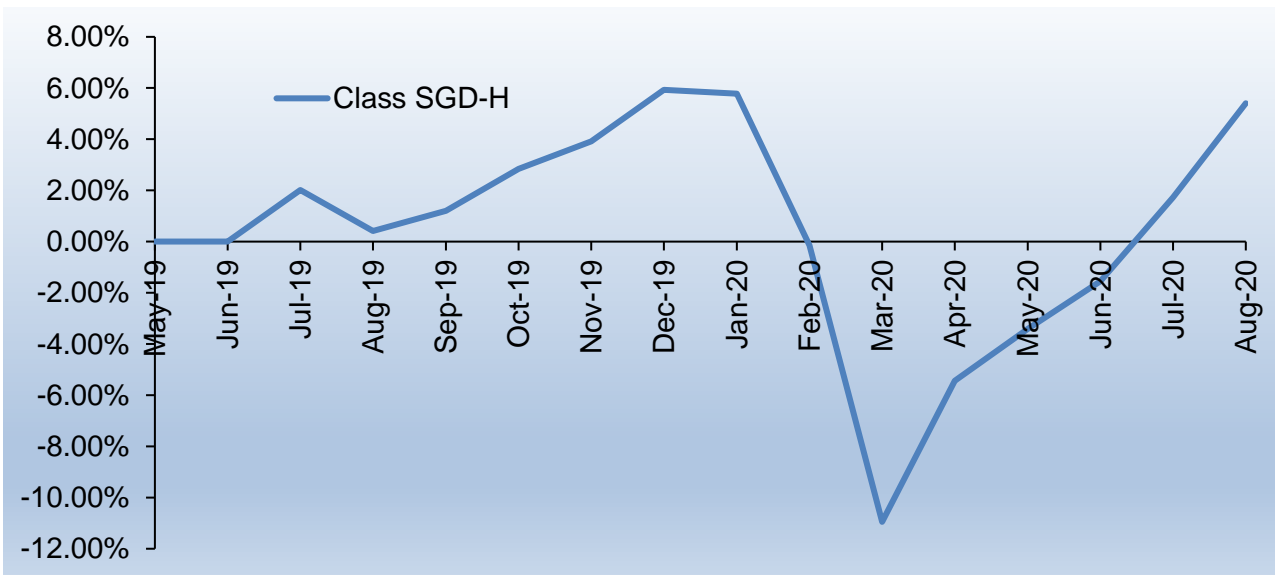


FUND PERFORMANCE (CONTINUED)

Class MYR-H

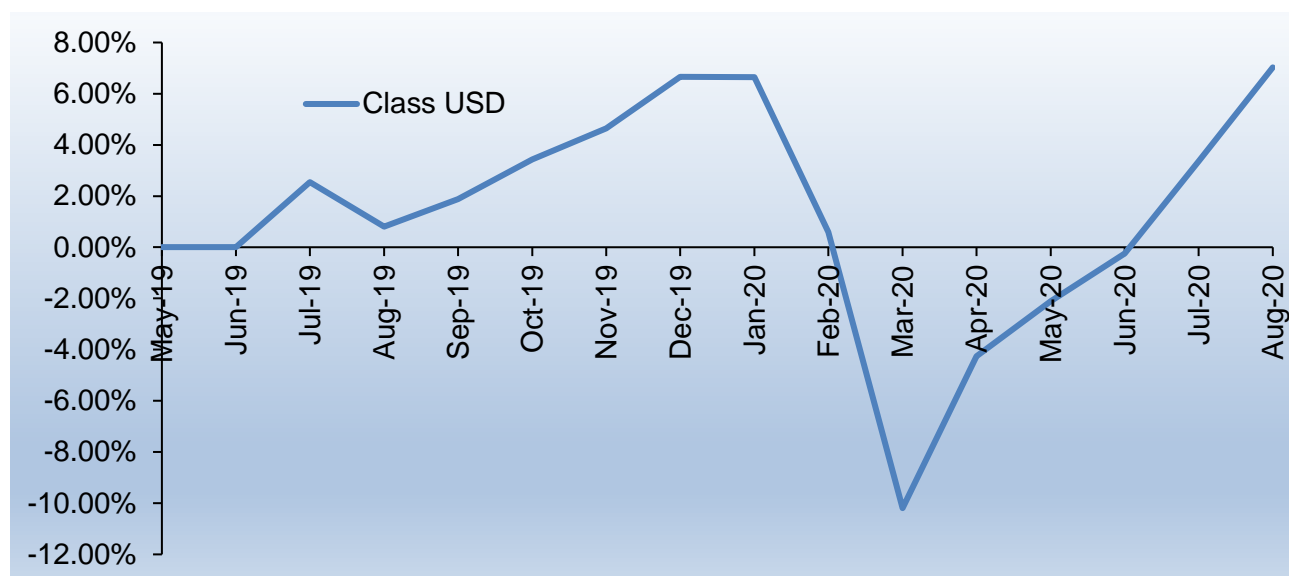


Class SGD-H



FUND PERFORMANCE (CONTINUED)

Class USD



Changes in NAV

CLASS AUD-H

	31.08.2020
NAV (USD Million)	5.63
NAV/Unit (USD)	0.7561

CLASS GBP-H

	31.08.2020
NAV (USD Million)	1.53
NAV/Unit (USD)	1.3633

CLASS MYR-H

	31.08.2020
NAV (USD Million)	23.60
NAV/Unit (USD)	0.2514

CLASS SGD-H

	31.08.2020
NAV (USD Million)	1.44
NAV/Unit (USD)	0.7628

CLASS USD

	31.08.2020
NAV (USD Million)	4.34
NAV/Unit (USD)	1.0520

FUND PERFORMANCE (CONTINUED)

During the period under review, the Fund’s NAV for Class AUD-H, Class GBP-H, Class MYR-H, Class SGD-H, and Class USD stood at USD5.63 million, USD1.53 million, USD23.60 million, USD1.44 million, and USD4.34 million respectively.

In addition, the Fund’s NAV per unit during the period under review for Class AUD-H, Class GBP-H, Class MYR-H, Class SGD-H, and Class USD stood at USD0.7561, USD1.3633, USD0.2514, USD0.7628, and USD1.0520 respectively.

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 period have been extracted from Lipper.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.08.2020
Collective investment scheme	98.30
Cash and other net assets	1.70
TOTAL	100.00

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

MARKET OUTLOOK*

With lockdowns being lifted, economic activity is picking up quickly across a range of economies, albeit from depressed levels. However, the pace of recovery remains uncertain, especially beyond third quarter of 2020. Our most likely scenario is a “swoosh” type recovery for the global economy: a sharp rebound in the near-term followed by a more gradual recovery. Developed markets are unlikely to reach pre-crisis levels of activity until 2022. Following the initial shock, we are already witnessing the emergence of relative winners (China, industrialized Asia) and losers (EM ex Asia, smaller oil exporters, frontier economies, and the UK).

* 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”) a 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 the Target Fund with minimal cash kept for liquidity purposes. Our asset allocation decision will continue to be subject to market conditions.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 August 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	0.00
5,001 - 10,000	-	-	-
10,001 - 50,000	-	-	-
50,001 - 500,000	-	-	-
500,001 and above	1	7.44	100.00
Total	2	7.44	100.00

Class GBP-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	0.00
5,001 - 10,000	-	-	-
10,001 - 50,000	-	-	-
50,001 - 500,000	-	-	-
500,001 and above	1	1.12	100.00
Total	2	1.12	100.00

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	0.00
5,001 - 10,000	-	-	-
10,001 - 50,000	-	-	-
50,001 - 500,000	-	-	-
500,001 and above	1	93.88	100.00
Total	2	93.88	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	0.00
5,001 - 10,000	-	-	-
10,001 - 50,000	-	-	-
50,001 - 500,000	-	-	-
500,001 and above	1	1.89	100.00
Total	2	1.89	100.00

UNIT HOLDINGS STATISTICS (CONTINUED)

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	0.00
5,001 - 10,000	-	-	-
10,001 - 50,000	-	-	-
50,001 - 500,000	-	-	-
500,001 and above	1	4.13	100.00
Total	2	4.13	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 period under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers but the Manager has retained soft commission in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds.

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL WORLD SELECTION MODERATE 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 22 to 48 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position of the Fund as at 31 August 2020 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period from 15 May 2019 (date of launch) to 31 August 2020 in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN
Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
14 October 2020

**TRUSTEE'S REPORT TO THE UNITHOLDERS OF
PRINCIPAL WORLD SELECTION MODERATE FUND**

We have acted as Trustee of Principal World Selection Moderate Fund ("the Fund") for the financial period from 15 May 2019 (date of launch) to 31 August 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 Deed, the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;
- b) valuation/pricing is carried out in accordance with the Deed and any regulatory requirements; and
- c) creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements.

During this financial period, a total distribution of 0.97 cent per unit (gross) for Class AUD-Hedged, 1.82 cent per unit (gross) for Class GBP-Hedged, 0.38 cent per unit (gross) for Class MYR-Hedged, 1.03 cent per unit (gross) for Class SGD-Hedged and 1.54 cent per unit (gross) for Class USD have been distributed to the unitholders of the Fund respectively. We are of the view that the distributions are not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Tan Bee Nie
Manager, Investment Compliance Monitoring

Kuala Lumpur
14 October 2020

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL WORLD SELECTION MODERATE FUND**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Principal World Selection Moderate Fund (the "Fund") give a true and fair view of the financial position of the Fund as at 31 August 2020, and of its financial performance and its cash flows for the financial period from 15 May 2019 (date of launch) to 31 August 2020 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 31 August 2020, and the statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows for the financial period from 15 May 2019 (date of launch) to 31 August 2020, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 22 to 48.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL WORLD SELECTION MODERATE FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager for the financial statements

The Manager of the Fund is responsible for the preparation of the financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia. 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 WORLD SELECTION MODERATE FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL WORLD SELECTION MODERATE FUND (CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
14 October 2020

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 15 MAY 2019 (DATE OF LAUNCH) TO 31 AUGUST 2020**

		15.05.2019 (date of launch) to 31.08.2020
	Note	USD
INCOME		
Dividend income		1,207,306
Net gain on financial assets at fair value through profit or loss	8	250,886
Net gain on derivatives assets at fair value through profit or loss	9	117,278
Net foreign exchange loss		<u>(12,286)</u>
		<u>1,563,184</u>
EXPENSES		
Management fee	4	598,180
Trustee fee	5	15,952
Audit fee		2,022
Tax agent's fee		1,094
Other expenses		<u>1,058</u>
		<u>618,306</u>
PROFIT BEFORE FINANCE COST AND TAXATION		944,878
Finance cost		
- Class AUD-H		76,235
- Class GBP-H		18,748
- Class MYR-H		428,305
- Class SGD-H		19,726
- Class USD		<u>68,362</u>
	6	<u>611,376</u>
PROFIT BEFORE TAXATION		333,502
Taxation	7	<u>-</u>
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>333,502</u>
Increase in net assets attributable to unit holders are made up as follows:		
Realised amount		(685,904)
Unrealised amount		<u>1,019,406</u>
		<u>333,502</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020**

	Note	31.08.2020 USD
ASSETS		
Cash and cash equivalents	10	1,370,158
Financial assets at fair value through profit or loss	8	35,914,870
Derivative assets at fair value through profit or loss	9	278,641
Amount due from dealers		1,015,344
Amount due from Manager		94,664
Amount due from Manager of collective investment scheme		
- Management fee rebate		61,567
Dividends receivable		77,112
TOTAL ASSETS		<u>38,812,356</u>
LIABILITIES		
Amount due to dealers		1,012,679
Amount due to Manager		1,211,674
Accrued management fees		47,607
Amount due to Trustee		1,270
Other payables and accruals		2,911
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>2,276,141</u>
NET ASSET VALUE OF THE FUND		<u>36,536,215</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>36,536,215</u>

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 AUGUST 2020 (CONTINUED)

	Note	31.08.2020 USD
REPRESENTED BY:		
FAIR VALUE OF OUTSTANDING UNITS (USD)		
- Class AUD-H		5,624,452
- Class GBP-H		1,531,816
- Class MYR-H		23,599,451
- Class SGD-H		1,439,953
- Class USD		4,340,543
		<u>36,536,215</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)		
	11	
- Class AUD-H		7,439,080
- Class GBP-H		1,123,626
- Class MYR-H		93,881,560
- Class SGD-H		1,887,702
- Class USD		4,126,099
		<u>108,458,067</u>
NET ASSET VALUE PER UNIT (USD)		
- Class AUD-H		0.7561
- Class GBP-H		1.3633
- Class MYR-H		0.2514
- Class SGD-H		0.7628
- Class USD		<u>1.0520</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- Class AUD-H		AUD1.0276
- Class GBP-H		GBP1.0240
- Class MYR-H		MYR1.0466
- Class SGD-H		SGD1.0378
- Class USD		<u>USD1.0520</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL PERIOD FROM 15 MAY 2019 (DATE OF LAUNCH) TO 31 AUGUST 2020**

15.05.2019
(date of launch)
to 31.08.2020
USD

**NET ASSETS ATTRIBUTABLE TO UNIT
HOLDERS AT THE BEGINNING OF THE
FINANCIAL PERIOD**

-

Movements due to units created and cancelled
during the financial period:

Creation of units from applications

- Class AUD-H	7,429,281
- Class GBP-H	1,523,381
- Class MYR-H	33,221,320
- Class SGD-H	1,706,389
- Class USD	5,233,051
	<u>49,113,422</u>

Creation of units from distributions

- Class AUD-H	76,236
- Class GBP-H	18,748
- Class MYR-H	428,304
- Class SGD-H	19,726
- Class USD	68,362
	<u>611,376</u>

Cancellation of units

- Class AUD-H	(1,966,052)
- Class GBP-H	(83,921)
- Class MYR-H	(10,116,145)
- Class SGD-H	(275,514)
- Class USD	(1,080,453)
	<u>(13,522,085)</u>

Increase in net assets attributable to unit holders
during the financial period

333,502

**NET ASSETS ATTRIBUTABLE TO UNIT
HOLDERS AT THE END OF THE FINANCIAL
PERIOD**

36,536,215

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 15 MAY 2019 (DATE OF LAUNCH) TO 31 AUGUST 2020**

		15.05.2019 (date of launch) to 31.08.2020
	Note	USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Purchase of collective investment scheme		(42,520,000)
Proceeds from disposal of collective investment scheme		6,400,000
Dividend income received		1,130,194
Management fee paid		(550,573)
Management fee rebate received		394,449
Trustee fee paid		(14,682)
Payments for other fees and expenses		(1,263)
Net realised loss on forward foreign currency contracts		(164,028)
Net realised foreign exchange gain		67,477
Net cash used in operating activities		<u>(35,258,426)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created		49,018,758
Payments for cancellation of units		(12,310,411)
Net cash generated from financing activities		<u>36,708,347</u>
Net increase in cash and cash equivalents		1,449,921
Effect of foreign exchange differences		(79,763)
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period	10	<u>1,370,158</u>
<u>Cash and cash equivalents comprised of:</u>		
Bank balances		1,370,158
Cash and cash equivalents at the end of the financial period	10	<u>1,370,158</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 15 MAY 2019 (DATE OF LAUNCH) TO 31 AUGUST 2020

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal World Selection Moderate Fund (the “Fund”) was constituted pursuant to the execution of a Principal Master Deed dated 9 May 2019 (referred to as the “Deed”) between Principal Asset Management Berhad and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund aims to provide long term total returns through investments in one collective investment scheme, which is managed with medium risk strategy by investing primarily in bonds and shares, either directly or through investing into other funds.

The Fund is a feeder fund and it invests in a single collective investment scheme, i.e. HSBC-WS3. The Fund may also invest in liquid assets for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its NAV in HSBC-WS3; a portfolio established on 20 October 2009 under the Company. The Fund will also maintain up to 5% of its NAV in liquid assets for liquidity purposes.

Information on the Target Fund

Target Fund	: HSBC-WS3
Share class	: AM USD
Company	: HSBC Portfolios
Management Company	: HSBC Investment Funds (Luxembourg) S.A.
Investment Adviser	: HSBC Global Asset Management (UK) Limited
Regulatory Authority	: Commission de Surveillance du Secteur Financier

All investments are subjected to the Securities Commission Malaysia (“SC”) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, SC requirements, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

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).

There are no standards, amendments to standards or interpretations effective for financial period beginning on 15 May 2019 (date of launch) that have a material effect on the financial statements of the Fund.

There are no standards, amendments to standards or interpretations effective for financial year beginning on/after 1 September 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.

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.

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

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

Investment in collective investment scheme has debt instrument with contractual cash flow that do not represent solely payment of principal and interest ("SPPI") and therefore are classified as fair value through profit or loss.

Derivatives are financial assets/liabilities at fair value through profit or loss unless they are designated hedges (Note 2(l)).

The Fund classifies cash and cash equivalents, amount due from dealers, amount due from Manager, amount due from Manager of collective investment scheme, dividends receivable and other receivable 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 dealers, 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 the fair value of the financial assets at fair value through profit or loss are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit or loss in the financial period which they arise.

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

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

Foreign 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 last published price of such unit or share (excluding any sales charge included in such selling price).

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

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

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 period.

(c) Income recognition

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(d) Foreign currency**Functional and presentation currency

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

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

- i) The Fund’s investments are denominated in USD;
- ii) Significant portion of the cash is denominated in USD for the purpose of making settlement of the foreign trades; and
- iii) Significant portion of the Fund’s expenses are denominated in USD.

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 flow, cash and cash equivalent comprise bank balances with known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) 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 period in which it is approved by the Trustee.

(g) Taxation

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

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

(h) Increase/Decrease in net assets attributable to unit holders

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(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 five classes of units, known respectively as the Class AUD-H, Class GBP-H, Class MYR-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 members of respective classes with the total number of outstanding units of respective classes.

(j) 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 guided by SC Guidelines on Unit Trust Funds¹.

(k) Amount due from/to dealers

Amounts due from and amount due to dealers represent receivables for Spot FX sold and payables for Spot FX purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund measure the loss allowance on amounts due from dealers at an amount equal to the lifetime ECL if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month ECL. Significant financial difficulties of the dealer, probability that the dealer 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.

¹ The presentation of 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 provided as per the SC Guidelines on Unit Trust Funds. However, the Fund is not guided by the SC Guidelines on Unit Trust Funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(l) 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).

(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 Fund's 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 Unlisted Capital Market Products under the Lodge and Launch Framework.

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss USD	Financial assets at amortised cost USD	Total USD
31.08.2020			
Cash and cash equivalents (Note 10)	-	1,370,158	1,370,158
Collective investment scheme (Note 8)	35,914,870	-	35,914,870
Derivative assets at fair value through profit or loss (Note 9)	278,641	-	278,641
Amount due from dealers	-	1,015,344	1,015,344
Amount due from Manager	-	94,664	94,664
Amount due from Manager of collective investment scheme			
- Management fee rebate	-	61,567	61,567
Dividends receivable	-	77,112	77,112
	<u>36,193,511</u>	<u>2,618,845</u>	<u>38,812,356</u>

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

The Fund aims to provide long term total returns through investments in one collective investment scheme, which is managed with medium risk strategy by investing primarily in bonds and shares, either directly or through investing into other funds.

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

Financial risk management is carried out through internal control process adopted by the Manager and adherence to the investment restrictions as stipulated in the Deed and SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

(a) Market risk

(i) Price risk

This is the risk that the fair value of an 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 investment in 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 Deed.

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

(a) Market risk (continued)

(i) Price risk (continued)

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

	31.08.2020
	USD
Financial assets at fair value through profit or loss:	
- Collective investment scheme	<u>35,914,870</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 period. 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
31.08.2020		
-5%	34,119,126	(1,795,744)
0%	35,914,870	-
5%	<u>37,710,614</u>	<u>1,795,744</u>

(ii) Currency risk

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

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

(a) Market risk (continued)

(ii) Currency risk (continued)

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

	Cash and cash equivalents USD	Amount due from dealers USD	Amount due from Manager USD	Derivative assets at fair value through profit or loss USD	Total USD
Financial assets					
31.08.2020					
AUD	737	-	-	116,658	117,395
GBP	14,381	-	-	15,585	29,966
MYR	398	994,980	94,664	141,001	1,231,043
SGD	1,158	-	-	5,396	6,554
	<u>16,674</u>	<u>994,980</u>	<u>94,664</u>	<u>278,640</u>	<u>1,384,958</u>

	Amount due to dealers USD	Amount due to Manager USD	Net assets attributable to unit holders USD	Total USD
Financial liabilities				
31.08.2020				
AUD	-	-	5,624,452	5,624,452
GBP	13,182	-	1,531,816	1,544,998
MYR	7,315	1,142,419	23,599,451	24,749,185
SGD	-	-	1,439,953	1,439,953
	<u>20,497</u>	<u>1,142,419</u>	<u>32,195,672</u>	<u>33,358,588</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange rate movements at the end of the reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuated by 5%, with all other variables remain constant. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

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

(a) Market risk (continued)

(ii) Currency risk (continued)

	Change in foreign exchange rate	Impact on profit or loss/NAV
	%	31.08.2020 USD
AUD	+/- 5	+/- 275,353
GBP	+/- 5	+/- 75,752
MYR	+/- 5	+/- 1,175,907
SGD	+/- 5	+/- 71,670
		<u>+/- 1,598,682</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.

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 Unlisted Capital Market Products under the Lodge and Launch Framework.

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.

In derivative activities, credit risk arises when counterparties to derivative contracts, are unable or unwilling to fulfil their obligation to pay the positive fair value or receivable resulting from the execution of contract terms.

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

	Cash and cash equivalents USD	Amount due from dealers USD	Amount due from Manager USD	Amount due from collective investment scheme USD	Divi- dends recei- vable USD	Derivative assets at fair value through profit or loss USD	Total USD
31.08.2020							
- AAA	1,370,158	-	-	-	-	-	1,370,158
- Not rated	-	1,015,344	94,664	61,567	77,112	278,641	1,527,328
	<u>1,370,158</u>	<u>1,015,344</u>	<u>94,664</u>	<u>61,567</u>	<u>77,112</u>	<u>278,641</u>	<u>2,897,486</u>

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

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and other instruments, which are capable of being converted into cash within 7 business days.

The Fund's investments in collective investment scheme are realisable which are capable of being converted into cash within 10 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

The table below summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining 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
31.08.2020			
Amount due to dealers	1,012,679	-	1,012,679
Amount due to Manager	1,211,674	-	1,211,674
Accrued management fee	47,607	-	47,607
Amount due to Trustee	1,270	-	1,270
Other payables and accruals	-	2,911	2,911
Net assets attributable to unit holders*	<u>36,536,215</u>	<u>-</u>	<u>36,536,215</u>
Contractual undiscounted cash flows	<u>38,809,445</u>	<u>2,911</u>	<u>38,812,356</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.

(d) Capital risk management

The capital of the Fund is represented by net asset attributable to unit holders of USD36,536,215. The amount of capital can change significantly on a daily basis as the Fund is subjected to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holder and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

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

(e) Fair value estimation

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

The fair value of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial period 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.

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.

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31.08.2020				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	35,914,870	-	-	35,914,870
- Derivative assets at fair value through profit or loss	-	278,641	-	278,641
	<u>35,914,870</u>	<u>278,641</u>	<u>-</u>	<u>36,193,511</u>

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

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted fixed income securities and forward foreign currency contracts. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

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

4. MANAGEMENT FEE

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

For the financial period from 15 May 2019 (date of launch) to 31 August 2020, the management fee for the respective classes is recognised at the following rates:

Class AUD-H	Class GBP-H	Class MYR-H	Class SGD-H	Class USD
1.50%	1.50%	1.50%	1.50%	1.50%

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

5. TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to a fee up to 0.04% per annum, calculated and accrued daily based on the NAV of the Fund. The Trustee fee includes local custodian fee but excludes foreign sub-custodian fees and charges.

For the financial period from 15 May 2019 (date of launch) to 31 August 2020, the Trustee fee is recognised at a rate of 0.04% per annum for each unit class.

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

6. FINANCE COST

Distributions to unit holders are derived from the following sources:

	15.05.2019 (date of launch) to 31.08.2020
	USD
Dividend income	1,090,698
Net foreign exchange gain	67,477
	1,158,175
Less:	
Expenses	(546,799)
Net distribution amount	611,376
 Gross/Net distribution per unit (cent)	
Distribution on 20 March 2020	
- Class AUD-H	0.64
- Class GBP-H	1.24
- Class MYR-H	0.26
- Class SGD-H	0.70
- Class USD	1.07
 Distribution on 10 June 2020	
- Class AUD-H	0.33
- Class GBP-H	0.58
- Class MYR-H	0.12
- Class SGD-H	0.33
- Class USD	0.47
 Total	 5.74

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

7. TAXATION

**15.05.2019
(date of launch)
to 31.08.2020**

Tax charged for the financial period:	USD
- Current taxation	<u><u>-</u></u>

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

**15.05.2019
(date of launch)
to 31.08.2020**

	USD
Profit before taxation	<u>333,502</u>
Taxation at Malaysian statutory rate of 24%	80,040
Tax effects of:	
- Investment Income not subject to tax	(375,163)
- Expenses not deductible for tax purposes	151,075
- Restriction on tax deductible expenses for Wholesale Funds	<u>144,048</u>
Taxation	<u><u>-</u></u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

**31.08.2020
USD**

At fair value through profit or loss:	
- Collective investment scheme	<u><u>35,914,870</u></u>

**15.05.2019
(date of launch)
to 31.08.2020**

	USD
Net gain on financial assets at fair value through profit or loss:	
- Realised loss on disposals	(1,025,658)
- Unrealised fair value gain	820,528
- Management fee rebate #	<u>456,016</u>
	<u><u>250,886</u></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 period from 15 May 2019 (date of launch) to 31 August 2020, the rebate is recognised at a rate of 0.70% per annum calculated and accrued daily based on the NAV of the collective investment scheme.

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 %
31.08.2020 COLLECTIVE INVESTMENT SCHEME				
HSBC Investment Funds (Luxembourg) S.A. HSBC-WS3	3,406,772	35,094,342	35,914,870	98.30
TOTAL COLLECTIVE INVESTMENT SCHEME	3,406,772	35,094,342	35,914,870	98.30
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		820,528		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		35,914,870		

9. DERIVATIVE ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.08.2020 USD
Forward foreign currency contracts	<u>278,641</u>
	15.05.2019 (date of launch) to 31.08.2020 USD
Net gain on derivative assets/liabilities at fair value through profit or loss:	
- Realised loss on forward foreign currency contracts	(161,363)
- Unrealised fair value gain on forward foreign currency contracts	<u>278,641</u>
	<u>117,278</u>

As at 31 August 2020, there were total of 5 USD/Australian Dollar ("AUD"), USD/British Pound ("GBP"), USD/Malaysian Ringgit ("MYR"), USD/Singapore Dollar ("SGD") and MYR/USD outstanding forward foreign currency contracts respectively. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD33,894,428.

The USD/AUD, USD/GBP, USD/MYR, USD/SGD and MYR/USD forward foreign currency contracts were entered into during the financial period 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 period, any changes in the fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income during the financial period.

10. CASH AND CASH EQUIVALENTS

31.08.2020
USD

Bank balances 1,370,158

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

15.05.2019
(date of launch)
to 31.08.2020

No. of units

Class AUD-H (i)	7,439,080
Class GBP-H (ii)	1,123,626
Class MYR-H (iii)	93,881,560
Class SGD-H (iv)	1,887,702
Class USD (v)	<u>4,126,099</u>
	<u>108,458,067</u>

(i) Class AUD-H

15.05.2019
(date of launch)
to 31.08.2020

No. of units

At the beginning of the financial period	-
Add : Creation of units from applications	10,672,198
Add : Creation of units from distributions	140,477
Less: Cancellation of units	<u>(3,373,595)</u>
At the end of the financial period	<u>7,439,080</u>

(ii) Class GBP-H

15.05.2019
(date of launch)
to 31.08.2020

No. of units

At the beginning of the financial period	-
Add : Creation of units from applications	1,172,880
Add : Creation of units from distributions	17,905
Less: Cancellation of units	<u>(67,159)</u>
At the end of the financial period	<u>1,123,626</u>

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

(iii) Class MYR-H

	15.05.2019 (date of launch) to 31.08.2020
	No. of units
At the beginning of the financial period	-
Add : Creation of units from applications	134,973,098
Add : Creation of units from distributions	2,125,666
Less: Cancellation of units	<u>(43,217,204)</u>
At the end of the financial period	<u><u>93,881,560</u></u>

(iv) Class SGD-H

	15.05.2019 (date of launch) to 31.08.2020
	No. of units
At the beginning of the financial period	-
Add : Creation of units from applications	2,282,962
Add : Creation of units from distributions	32,104
Less: Cancellation of units	<u>(427,364)</u>
At the end of the financial period	<u><u>1,887,702</u></u>

(v) Class USD

	15.05.2019 (date of launch) to 31.08.2020
	No. of units
At the beginning of the financial period	-
Add : Creation of units from applications	5,121,524
Add : Creation of units from distributions	77,132
Less: Cancellation of units	<u>(1,072,557)</u>
At the end of the financial period	<u><u>4,126,099</u></u>

12. MANAGEMENT EXPENSE RATIO (“MER”)

15.05.2019
(date of launch)
to 31.08.2020
%
2.02

MER

MER is derived based on the following calculation:

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

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

The average NAV of the Fund for the financial period calculated on a daily basis is USD30,673,880.

13. PORTFOLIO TURNOVER RATIO (“PTR”)

15.05.2019
(date of launch)
to 31.08.2020
0.80

PTR (times)

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial period = USD42,520,000

total disposal for the financial period = USD6,400,000

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

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

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

Units held by the Manager and parties related to the Manager

	31.08.2020	
	No. of units	USD
Manager		
Principal Asset Management Berhad		
- Class AUD-H	2	2
- Class GBP-H	12	16
- Class MYR-H	127	32
- Class SGD-H	1	1
- Class USD	187	197
	<u>329</u>	<u>248</u>

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

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

Other than those disclosed elsewhere in the financial statements, there are no significant related party transactions and balances for the financial period.

15. TRANSACTIONS WITH BROKERS

Details of transactions with the brokers for the financial period from 15 May 2019 (date of launch) to 31 August 2020 are as follows:

Broker	Value of trades USD	Percentage of total trades %	Brokerage Fees USD	Percentage of total brokerage fees %
HSBC Institutional Trust Services (Singapore) Ltd	48,920,000	100.00	-	-
	<u>48,920,000</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

16. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

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

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

17. COMPARATIVES

There are no comparatives as this is the Fund's first set of financial statements.

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 14 October 2020.

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