

Principal Biotechnology Discovery Fund

Annual Report

For The Financial Year Ended 30 April 2024

PRINCIPAL BIOTECHNOLOGY DISCOVERY FUND
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2024

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INVESTORS' LETTER

Dear Valued Investor,

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

We are pleased to bring you a copy of the Annual Fund Report of the Principal Biotechnology Discovery Fund for the financial year ended 30 April 2024. You may also download this report from our website at www.principal.com.my.

We are happy to share that Principal Malaysia won two honours at the Asia Asset Management 2024 Best of the Best Awards. The awards were for Best of the Best Performance Awards: China A-Share Equity (3 years) for the Principal China Direct Opportunities Fund (Class MYR) and Best of the Best Country Awards: Best Institutional House – Malaysia. We also won another two awards at the 2024 Global Banking & Finance Awards® for Asset Management CEO of the Year Malaysia 2024 - Munirah Khairuddin and Asset Management Company of the Year Malaysia 2024. At the EPF External Fund Managers Awards 2023, we were awarded with the Best International Equity Fund Manager for MSCI EM Latin America 2023 category. The World Business Outlook magazine also awarded us with the Best Investment Management and Solutions Provider Malaysia 2024, Best Institutional House Malaysia 2024, and Asset Management CEO (Munirah Khairuddin) of the Year Malaysia 2024 awards at its 2024 Annual Awards. We also won three awards at iFast Awards 2024 and another 7 awards at the LSEG Lipper Fund Awards 2024.

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

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

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

Munirah Khairuddin
Country Head and Chief Executive Officer, Malaysia
Non-Independent Executive Director

MANAGER’S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to achieve capital appreciation through investments in one collective investment scheme (“CIS”), which invests in biotechnology related securities.

Has the Fund achieved its objective?

The fund is in line to achieve its long-term objective of providing capital appreciation through investments in one collective investment scheme as stated under the fund objective section.

What are the Fund investment policy and principal investment strategy?

The Fund is a feeder fund, and it invests in a single CIS, i.e. Franklin Biotechnology Discovery Fund (“Target Fund”). 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 the Target Fund, a portfolio established on 3 April 2000 under the Franklin Templeton Investment Funds (“FTIF”). The Fund may also invest up to 5% of its NAV in liquid assets for liquidity purpose.

The Fund will be actively rebalanced from time to time to meet sales and withdrawals transactions. This is to enable a proper and efficient management of the Fund. As this is a feeder fund that invests predominantly in the Target Fund, we do not intend to take temporary defensive position for the Fund during adverse market, economic and/or any other conditions. This is to allow the Fund to mirror the performance of the Target Fund in either bullish or bearish market conditions. However, the Target Fund Investment Manager may take temporary defensive position when deemed necessary.

Information on the Target Fund

Company : Franklin Templeton Investment Funds
 Management Company : Franklin Templeton International Services S.à r.l.
 Investment Manager : Franklin Advisers, Inc.
 Regulatory authority : Commission de Surveillance du Secteur Financier

Base Currency

United States Dollar (“USD”)

Fund category/ type

Feeder fund/ Growth

When was the Fund launched?

Name of Class	Launch date
Class AUD-Hedged (“AUD-H”)	15 September 2021
Class MYR-Hedged (“MYR-H”)	15 September 2021
Class SGD-Hedged (“SGD-H”)	15 September 2021
Class USD	15 September 2021

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

USD25.90 million (112.91 million units)

What is the Fund’s benchmark?

As this is a feeder fund, the Fund adheres to the benchmark of the Target Fund for performance comparison. Currently, the performance comparator of the Target Fund is NASDAQ Biotechnology Index.

Note : Any changes to the Target Fund’s benchmark will be updated in our website and/or the Fund’s Product Highlights Sheet.

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund distribution policy?

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

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

There was no income distribution for the financial year ended 30 April 2024.

PERFORMANCE DATA

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

	30.04.2024	30.04.2023	30.04.2022 %
Collective investment scheme	97.76	99.73	100.71
Cash and other assets	7.80	1.38	2.28
Liabilities	(5.56)	(1.11)	(2.99)
	<u>100.00</u>	<u>100.00</u>	<u>100.0</u>

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

	01.05.2023 to 30.04.2024	01.05.2022 to 30.04.2023	15.09.2021 (date of launch) to 30.04.2022
NAV (USD Million)			
- Class AUD-H	1.58	1.16	1.29
- Class MYR-H	21.87	20.22	23.21
- Class SGD-H	0.84	0.77	0.75
- Class USD	1.61	1.86	1.94
Units in circulation (Million)			
- Class AUD-H	2.51	2.06	2.27
- Class MYR-H	107.65	104.80	125.82
- Class SGD-H	1.16	1.19	1.30
- Class USD	1.59	2.13	2.42
NAV per unit (USD)			
- Class AUD-H	0.6282	0.5614	0.5654
- Class MYR-H	0.2032	0.1929	0.1845
- Class SGD-H	0.7260	0.6486	0.5797
- Class USD	1.0144	0.8709	0.7996
Highest NAV per unit (USD)			
- Class AUD-H	0.7087	0.6115	0.7828
- Class MYR-H	0.2306	0.2059	0.2528
- Class SGD-H	0.8285	0.6660	0.7835
- Class USD	1.1391	0.8791	1.0496
Lowest NAV per unit (USD)			
- Class AUD-H	0.4742	0.4779	0.5654
- Class MYR-H	0.1577	0.1580	0.1845
- Class SGD-H	0.5579	0.5004	0.5797
- Class USD	0.7756	0.6949	0.7996
Total return (%)			
- Class AUD-H	12.74	8.04	(21.04)
- Class SGD-H	12.66	7.16	(19.71)
- Class USD	13.91	8.28	(19.90)
- Class AUD-H	16.48	8.92	(20.04)

PERFORMANCE DATA (CONTINUED)

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

	01.05.2023 to 30.04.2024	01.05.2022 to 30.04.2023	15.09.2021 (date of launch) to 30.04.2022
Capital growth (%)			
- Class AUD-H	12.74	8.04	(21.04)
- Class MYR-H	12.66	7.16	(19.71)
- Class SGD-H	13.91	8.28	(19.90)
- Class USD	16.48	8.92	(20.04)
Income distribution (%)			
- Class AUD-H	-	-	-
- Class MYR-H	-	-	-
- Class SGD-H	-	-	-
- Class USD	-	-	-
Total Expense Ratio ("TER") (%) ^	1.18	1.17	0.73
Portfolio Turnover Ratio ("PTR") (times) #	0.69	0.19	0.75

^ The Fund's TER increased from 1.17% to 1.18% due to the increase in expenses during the financial year under review.

The Fund's PTR increased from 0.19 times to 0.69 times. As a feeder fund, the turnover reflects the investment and withdrawals from the target fund.

	30.04.2024	30.04.2023	Since inception to 30.04.2022
	%	%	%
Annual total return			
- Class AUD-H	12.74	8.04	(21.04)
- Class MYR-H	12.66	7.16	(19.71)
- Class SGD-H	13.91	8.28	(19.90)
- Class USD	16.48	8.92	(20.04)

(Launch date: 15 September 2021)

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

MARKET REVIEW (1 MAY 2023 TO 30 APRIL 2024)

Inflation eased in mid-2023, leading to renewed growth in major developed market economies, along with investor optimism on potential end to Central Bank rate hikes, bolstered global stocks. However, investor risk appetite soured as it became clearer that key central banks intent to hold interest rates higher for longer. The healthcare sector was offering some of the strongest earnings in quarter two of 2023, above analysts' consensus estimates, with more than three-quarters of S&P 500 healthcare companies exceeding expectations on revenues.

On the economic front, global manufacturing activity continued contracting during the third quarter of 2023 while global services activity expanded at a sluggish pace. Global equities collectively advanced towards the end of the year with renewed optimism that major central banks, might begin cutting policy rates sooner than previously expected which drove bond yields lower and equities significantly higher in the final two months of the year.

MARKET REVIEW (1 MAY 2023 TO 30 APRIL 2024) (CONTINUED)

The biotechnology was impacted by an ongoing decline in the pace of initial public offerings (“IPO”) throughout 2023, reflecting a roughly two-year industry slump. Biotech investors remained focused on ongoing new and potential treatment discoveries augmented by emerging innovations, including synthetic biology, biomanufacturing and gene editing.

Global equities collectively posted strong gains for first quarter of 2024 driven by better than expected fourth quarter 2023 earnings reports, growth opportunities tied to artificial intelligence (“AI”) and optimism about an economic soft landing in certain regions bolstered investor sentiment. Meanwhile, expectations for interest rate cuts in the US and Europe diminished amid cautious central bank comments, along with some higher-than-anticipated US inflation data.

FUND PERFORMANCE

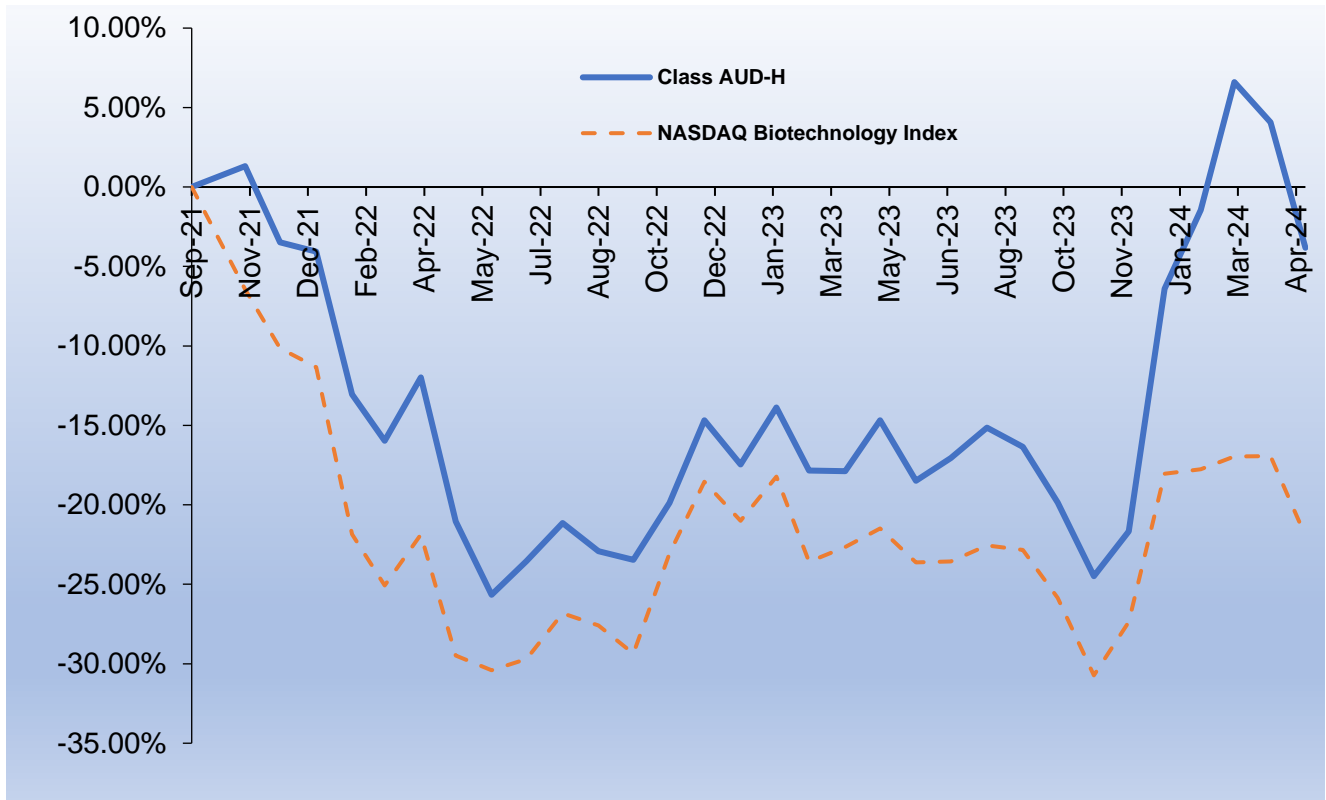
	1 year to 30.04.2024 %	Since inception to 30.04.2024 %
Income Distribution		
- Class AUD-H	-	-
- Class MYR-H	-	-
- Class SGD-H	-	-
- Class USD	-	-
Capital Growth		
- Class AUD-H	12.74	(3.82)
- Class MYR-H	12.66	(3.07)
- Class SGD-H	13.91	(1.21)
- Class USD	16.48	1.44
Total Return		
- Class AUD-H	12.74	(3.82)
- Class MYR-H	12.66	(3.07)
- Class SGD-H	13.91	(1.21)
- Class USD	16.48	1.44
Benchmark		
- Class AUD-H	(0.60)	(21.95)
- Class MYR-H	(0.60)	(21.95)
- Class SGD-H	(0.60)	(21.95)
- Class USD	(0.60)	(21.95)
Average Total Return		
- Class AUD-H	12.74	(1.47)
- Class MYR-H	12.66	(1.18)
- Class SGD-H	13.91	(0.46)
- Class USD	16.48	0.55

For the financial year under review, Class AUD-H, Class MYR-H, Class SGD-H, and Class USD increased by 12.74%, 12.66%, 13.91%, and 16.48% respectively outperforming the benchmark which decreased by 0.60%.

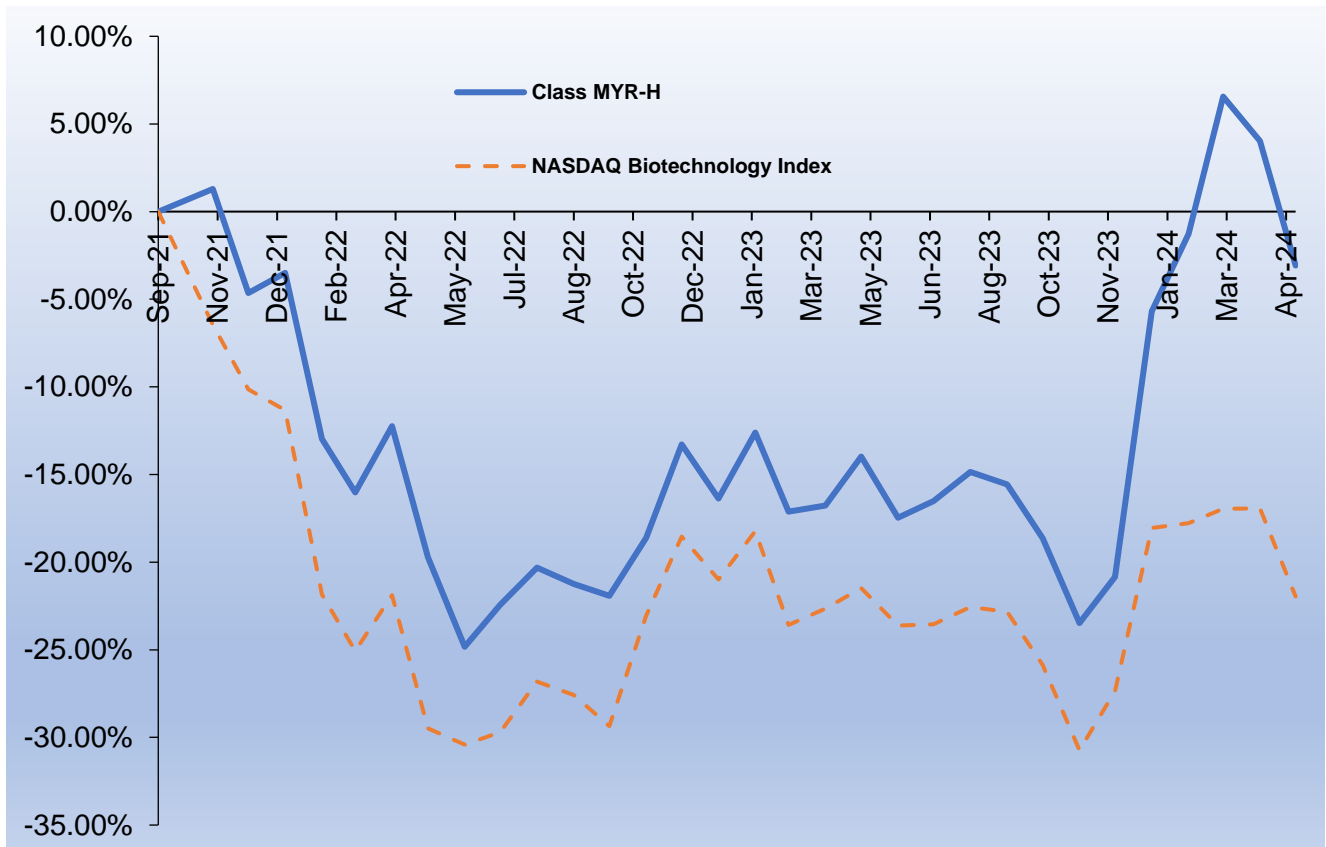
FUND PERFORMANCE (CONTINUED)

Since inception

CLASS AUD-H



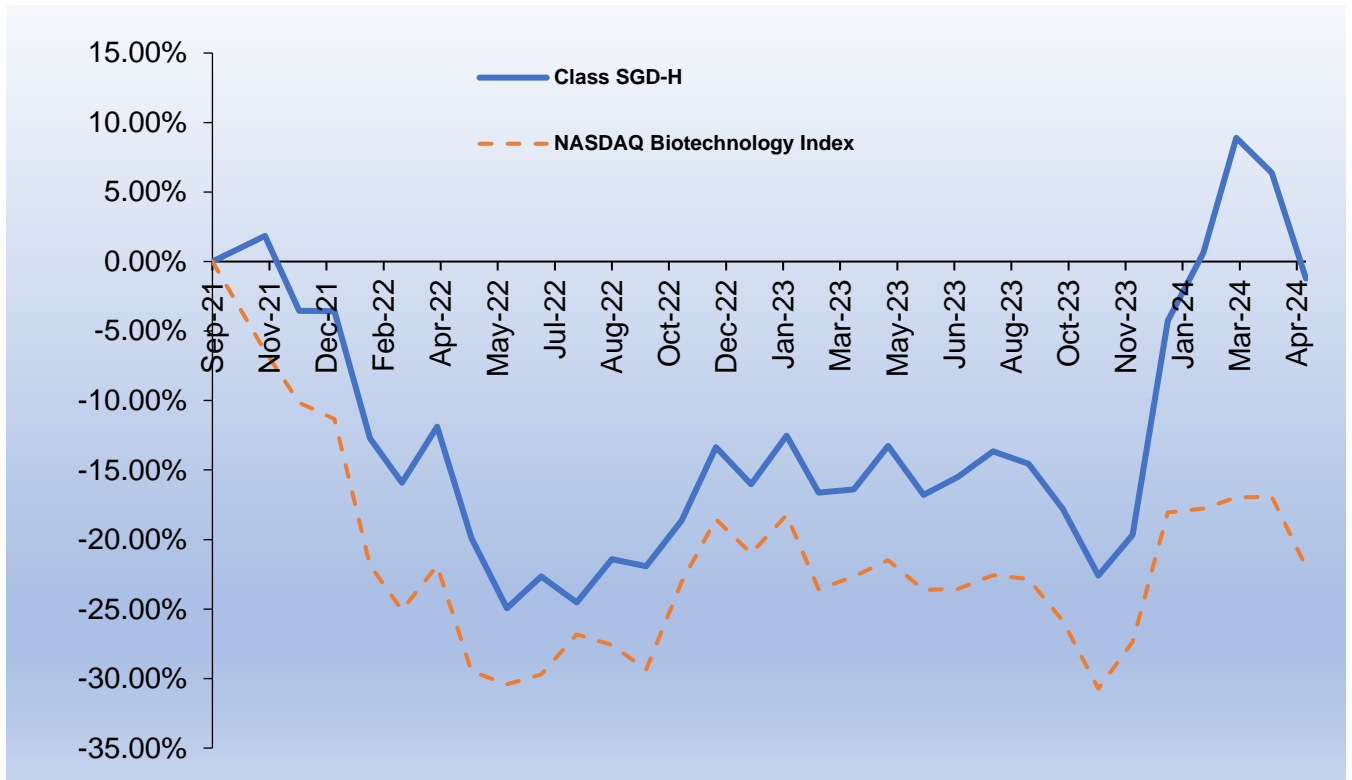
Class MYR-H



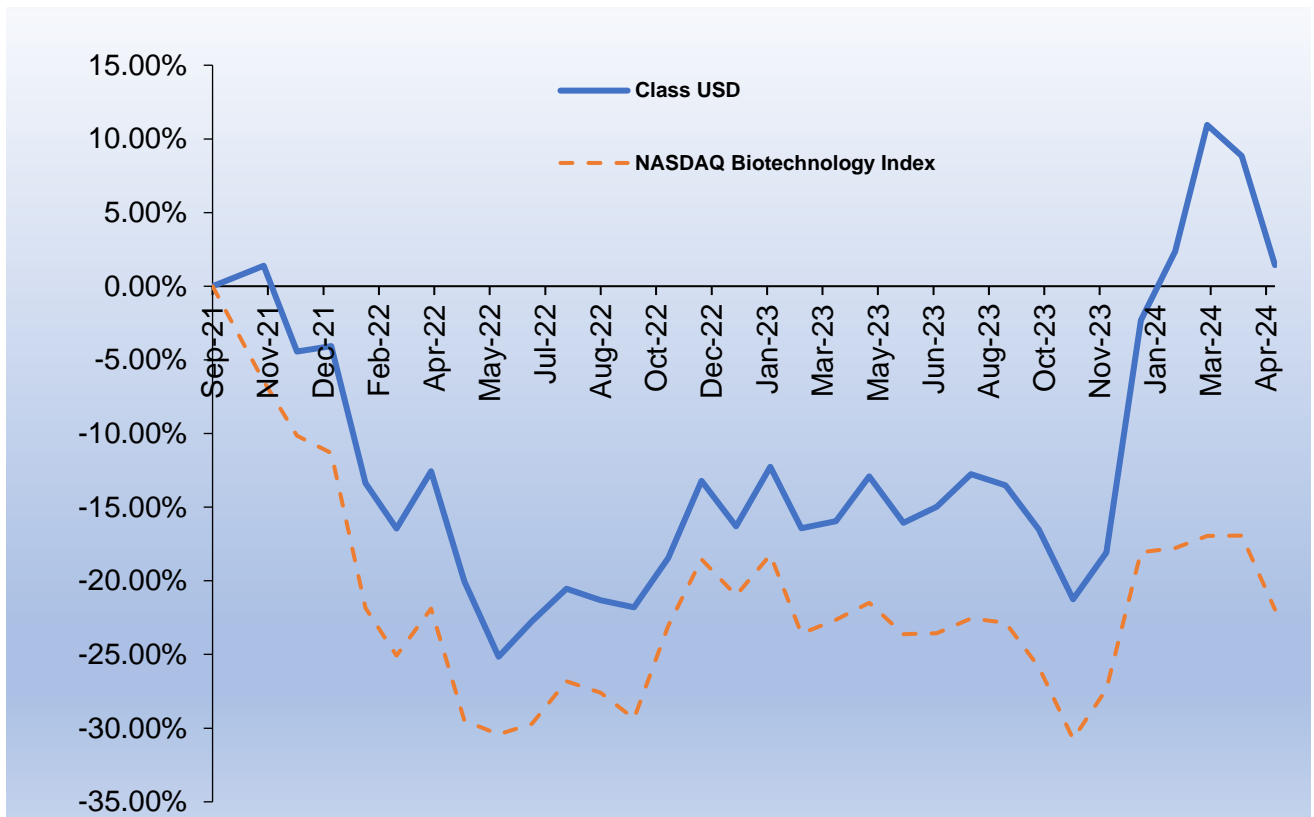
FUND PERFORMANCE (CONTINUED)

Since inception

Class SGD-H



Class USD



FUND PERFORMANCE (CONTINUED)

Changes in NAV

	30.04.2024	30.04.2023	Changes %
CLASS AUD-H			
NAV (USD Million)	1.58	1.16	36.21
NAV/Unit (USD)	0.6282	0.5614	11.90
CLASS MYR-H			
NAV (USD Million)	21.87	20.22	8.16
NAV/Unit (USD)	0.2032	0.1929	5.34
CLASS SGD-H			
NAV (USD Million)	0.84	0.77	9.09
NAV/Unit (USD)	0.7260	0.6486	11.93
CLASS USD			
NAV (USD Million)	1.61	1.86	(13.44)
NAV/Unit (USD)	1.0144	0.8709	16.48

For the financial year under review, the fund's NAV for Class AUD-H, Class MYR-H, and Class SGD-H increased by 36.21%, 8.16%, and 9.09% respectively. Meanwhile Class USD decreased by 13.44%.

In addition, the Fund's NAV per unit for Class AUD-H, Class MYR-H, Class SGD-H, and Class USD increased by 11.90%, 5.34%, 11.93%, and 16.48% respectively during the financial year under review.

At the time of reporting, Class MYR-H has the largest total NAV which stood at USD 21.87 million.

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)	30.04.2024	30.04.2023
Collective investment scheme	97.76	99.73
Cash and other assets	7.80	1.38
Liabilities	(5.56)	(1.11)
TOTAL	100.00	100.00

The fund was fully invested during the financial year under review, a minimal level of liquid assets was maintained primarily for redemption purposes.

PORTFOLIO STRUCTURE (CONTINUED)

Top 10 holdings of the Target Fund for the financial year ended:

	% of NAV
Top 10 holdings	30.04.2024
Amgen Inc	7.09
Regeneron Pharmaceuticals Inc	6.35
Vertex Pharmaceuticals Inc	5.40
Ascendis Pharma A/S	4.08
Astrazeneca Plc	3.70
Biogen Inc	3.15
Gilead Sciences Inc	3.00
Intra-Cellular Therapies Inc	2.91
Jazz Pharmaceuticals Plc	2.70
Neurocrine Biosciences Inc	2.95

	30.04.2023
Top 10 holdings	30.04.2023
Vertex Pharmaceuticals Inc	7.12
Amgen Inc	6.51
Regeneron Pharmaceuticals Inc	6.49
Gilead Sciences Inc	5.69
Astrazeneca PLC	4.91
Biogen Inc	4.40
Jazz Pharmaceuticals PLC	4.37
PTC Therapeutics Inc	4.23
Intra-cellular Therapies Inc	3.29
Argenx SE	3.14

* As disclosed in the Fund Fact Sheet.

MARKET OUTLOOK*

We expect continued—but less pronounced—volatility in the health care sector as the macroeconomic environment stabilises and we have become more optimistic for a better 2023. While 2022 was an especially challenging year from a positive-catalyst standpoint, we are hopeful that improving fundamentals will continue to lift investor sentiment, much as we have seen in recent months. In the latter half of 2022 and early 2023, several companies reported positive findings from ongoing clinical trials that resulted in meaningful share-price appreciation.

We expect the mergers and acquisition (“M&A”) uptrend to continue given the robust stream of innovation flowing from small and mid-capitalisation biotechnology companies, coupled with weakening product pipelines and strong financial positions at larger biopharmaceutical companies. We believe acquirers will favour later-stage, clinically derisked assets in oncology, autoimmune/immunology and neurology, as well as innovative technology platforms.

* 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 the Target Fund with minimal cash kept for liquidity purposes.

SOFT COMMISSIONS AND REBATES

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

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

During the financial year under review, the Manager and 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 for the benefit of the fund such as financial wire services and stock quotations system incidental to investment management of the Funds and there was no churning of trades.

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIR OF THE FUND

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

CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF UNIT HOLDERS

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

CROSS TRADE

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

UNIT SPLIT

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL BIOTECHNOLOGY DISCOVERY 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 7 to 31 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 2024 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN

Country Head and Chief Executive Officer, Malaysia
Non-Independent Executive Director

UDAY JAYARAM

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

Kuala Lumpur
14 June 2024

TRUSTEE'S REPORT

**TO THE UNIT HOLDERS OF
PRINCIPAL BIOTECHNOLOGY DISCOVERY FUND (“Fund”)**

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

1. Limitations imposed on the investment powers of the Management Company under the Deed, securities laws and the Guidelines on Unit Trust Funds;
2. Valuation and pricing is carried out in accordance with the Deed; and
3. Any creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirement.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
14 June 2024

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL BIOTECHNOLOGY DISCOVERY FUND**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal Biotechnology Discovery Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 30 April 2024, and statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 7 to 31.

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

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL BIOTECHNOLOGY DISCOVERY FUND (CONT'D.)**

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

Information other than the financial statements and auditors' report thereon

The Manager of the Fund (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund but does not include the financial statements of the Fund and our auditors' report thereon.

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

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

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

Responsibilities of the Manager and the Trustee for the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL BIOTECHNOLOGY DISCOVERY FUND (CONT'D.)**

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL BIOTECHNOLOGY DISCOVERY FUND (CONT'D.)**

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

Other matters

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

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

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

Kuala Lumpur, Malaysia
14 June 2024

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

	Note	2024 USD	2023 USD
INCOME/(LOSS)			
Net gain on financial assets at fair value through profit or loss	7	3,401,378	2,457,895
Net loss on derivatives at fair value through profit or loss	8	(2,036,093)	(891,576)
Net foreign exchange loss		(4,456)	(2,611)
		<u>1,360,829</u>	<u>1,563,708</u>
EXPENSES			
Management fee	4	396,045	455,741
Trustee fee	5	7,138	10,128
Audit fee		2,018	2,068
Tax agent's fee		2,153	1,517
Other expenses		1,601	1,638
		<u>408,955</u>	<u>471,092</u>
PROFIT BEFORE TAXATION		951,874	1,092,616
Taxation	6	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>951,874</u>	<u>1,092,616</u>
Profit after taxation is made up as follows:			
Realised amount		(2,598,452)	(3,103,254)
Unrealised amount		3,550,326	4,195,870
		<u>951,874</u>	<u>1,092,616</u>

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

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

	Note	2024 USD	2023 USD
ASSETS			
Cash and cash equivalents	9	221,398	287,546
Financial assets at fair value through profit or loss	7	25,324,332	23,933,730
Derivative assets at fair value through profit or loss	8	34,226	-
Amount due from dealer		657,996	25,377
Amount due from Manager		629,932	3,096
Amount due from Manager of collective investment scheme			
- management fee rebate		16,700	16,025
- sales of collective investment scheme		460,000	-
TOTAL ASSETS		<u>27,344,584</u>	<u>24,265,774</u>
LIABILITIES			
Derivative liabilities at fair value through profit or loss	8	-	156,268
Amount due to dealer		659,416	25,409
Amount due to Manager		737,331	44,151
Accrued management fee		37,101	35,338
Amount due to Trustee		618	785
Other payables and accruals		6,250	4,809
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>1,440,716</u>	<u>266,760</u>
NET ASSET VALUE OF THE FUND		<u>25,903,868</u>	<u>23,999,014</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>25,903,868</u>	<u>23,999,014</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (USD)			
- Class AUD-H		1,579,428	1,155,191
- Class MYR-H		21,869,924	20,217,101
- Class SGD-H		844,847	769,003
- Class USD		1,609,669	1,857,719
		<u>25,903,868</u>	<u>23,999,014</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class AUD-H		2,514,085	2,057,529
- Class MYR-H		107,646,231	104,800,573
- Class SGD-H		1,163,760	1,185,672
- Class USD		1,586,789	2,133,036
	10	<u>112,910,865</u>	<u>110,176,810</u>

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 APRIL 2024 (CONTINUED)

	Note	2024 USD	2023 USD
REPRESENTED BY:			
NET ASSET VALUE PER UNIT (USD)			
- Class AUD-H		0.6282	0.5614
- Class MYR-H		0.2032	0.1929
- Class SGD-H		0.7260	0.6486
- Class USD		<u>1.0144</u>	<u>0.8709</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- Class AUD-H		AUD0.9618	AUD0.8530
- Class MYR-H		MYR0.9693	MYR0.8603
- Class SGD-H		SGD0.9881	SGD0.8673
- Class USD		<u>USD1.0144</u>	<u>USD0.8709</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2024**

	2024	2023
	USD	USD
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	23,999,014	27,187,066
Movements due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class AUD-H	996,054	-
- Class MYR-H	21,956,665	1,285,175
- Class SGD-H	642,105	-
- Class USD	778,360	37,287
	24,373,184	1,322,462
Cancellation of units		
- Class AUD-H	(678,240)	(113,603)
- Class MYR-H	(20,797,964)	(5,147,534)
- Class SGD-H	(704,103)	(65,487)
- Class USD	(1,239,897)	(276,506)
	(23,420,204)	(5,603,130)
Total comprehensive income for the financial year	951,874	1,092,616
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	25,903,868	23,999,014

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2024**

	Note	2024 USD	2023 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Purchase of collective investment scheme		(14,140,000)	(2,040,000)
Proceeds from disposal of collective investment scheme		15,540,000	7,870,000
Management fee rebate received		150,101	176,907
Management fee paid		(394,282)	(465,663)
Trustee fees paid		(7,305)	(10,349)
Payments for other fees and expenses		(4,331)	(3,764)
Net realised loss on forward foreign currency contracts		(2,225,199)	(1,240,370)
Receipt/(Payment) of other foreign exchange gain/(loss)		8,982	(6,756)
Net cash (used in)/generated from operating activities		<u>(1,072,034)</u>	<u>4,280,005</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		23,746,348	1,364,491
Payments for cancellation of units		<u>(22,727,024)</u>	<u>(5,693,020)</u>
Net cash generated from/(used in) financing activities		<u>1,019,324</u>	<u>(4,328,529)</u>
Net decrease in cash and cash equivalents		(52,710)	(48,524)
Effect of foreign exchange differences		(13,438)	4,145
Cash and cash equivalents at the beginning of the financial year		<u>287,546</u>	<u>331,925</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>221,398</u></u>	<u><u>287,546</u></u>
<u>Cash and cash equivalents comprised:</u>			
Bank balances		<u>221,398</u>	<u>287,546</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>221,398</u></u>	<u><u>287,546</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2024**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Biotechnology Discovery Fund (the “Fund”) is governed by a Principal Deed dated 28 December 2020 and the First Supplemental Deed dated 22 December 2022 (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, and it invests in a single CIS, i.e. Franklin Biotechnology Discovery Fund (“Target Fund”). 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 the Target Fund; a portfolio established on 3 April 2000 under the Franklin Templeton Investment Funds (“FTIF”). The Fund may also invest up to 5% of its NAV in liquid assets for liquidity purpose.

The Fund will be actively rebalanced from time to time to meet sales and withdrawals transactions. This is to enable a proper and efficient management of the Fund. As this is a feeder fund that invests predominantly in the Target Fund, we do not intend to take temporary defensive position for the Fund during adverse market, economic and/or any other conditions. This is to allow the Fund to mirror the performance of the Target Fund in either bullish or bearish market conditions. However, the Target Fund Investment Manager may take temporary defensive position when deemed necessary.

All investments are subjected to the Securities Commission Malaysia’s (“SC”) Guidelines on Unit Trust Funds (“GUTF”) issued by the SC, 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. MATERIAL ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the MFRS as issued by the Malaysian Accounting Standards Board (“MASB”) and IFRS as issued by the International Accounting Standards Board (“IASB”).

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (continued)**

It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and 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(l).

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

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

(b) Financial assets and financial liabilities**Classification**

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

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

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

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

Investment in collective investment schemes have debt instrument with contractual cash flow 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 dealer, amount due from Manager, amount due from Manager of collective investment scheme – management fee rebate and amount due from Manager of collective investment scheme – sales 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.

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

All of the Fund's financial liabilities are measured at amortised cost.

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

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

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

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

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

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

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

Foreign 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 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.

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

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

(c) Income recognition

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

Realised gain or loss on disposal of 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.

(d) Foreign currencyFunctional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in United States Dollar ("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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**(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) Taxation

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

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

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

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

(h) Amount due from/to Manager of collective investment scheme (sales/purchase of investment)

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 reporting day, respectively.

(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 four classes of units, known respectively as the Class AUD-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) Management fee rebate

Management fee rebate derived from the Manager and Manager of the collective investment schemes on an accrual basis to ensure no double charging of management fee. It is accrued daily based on the fair value of collective investment schemes held.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**(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 unfavourable.

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) 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 GUTF.

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
2024			
Cash and cash equivalents (Note 9)	-	221,398	221,398
Collective investment scheme (Note 7)	25,324,332	-	25,324,332
Derivative asset at fair value through profit or loss (Note 8)	34,226	-	34,226
Amount due from dealer	-	657,996	657,996
Amount due from Manager	-	629,932	629,932
Amount due from Manager of collective investment scheme			
- management fee rebate	-	16,700	16,700
- sales of collective investment scheme	-	460,000	460,000
	<u>25,358,558</u>	<u>1,986,026</u>	<u>27,344,584</u>
2023			
Cash and cash equivalents (Note 9)	-	287,546	287,546
Collective investment scheme (Note 7)	23,933,730	-	23,933,730
Amount due from dealer	-	25,377	25,377
Amount due from Manager	-	3,096	3,096
Amount due from Manager of collective investment scheme			
- management fee rebate	-	16,025	16,025
	<u>23,933,730</u>	<u>332,044</u>	<u>24,265,774</u>

All current liabilities except derivative financial liabilities at fair value through profit or loss 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 to high-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 GUTF issued by the Securities Commission Malaysia.

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 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 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.

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

	2024 USD	2023 USD
Financial assets at fair value through profit or loss:		
- Collective investment scheme	<u>25,324,332</u>	<u>23,933,730</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in price 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 fluctuated by 5% with all the 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
2024		
-5%	24,058,115	(1,266,217)
0%	25,324,332	-
5%	<u>26,590,549</u>	<u>1,266,217</u>
2023		
-5%	22,737,043	(1,196,687)
0%	23,933,730	-
5%	<u>25,130,417</u>	<u>1,196,687</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:

Financial assets	Cash and cash equivalents USD	Amount due from dealer USD	Amount due from Manager USD	Derivative assets at fair value through profit or loss USD	Total USD
2024					
AUD	59,324	-	-	13,321	72,645
MYR	1,632	657,996	629,932	22,651	1,312,212
SGD	629	-	-	(1,746)	(1,118)
	<u>61,585</u>	<u>657,996</u>	<u>629,932</u>	<u>34,226</u>	<u>1,383,739</u>
2023					
AUD	658	-	-	-	658
MYR	448	25,377	3,096	-	28,921
SGD	505	-	-	-	505
	<u>1,611</u>	<u>25,377</u>	<u>3,096</u>	<u>-</u>	<u>30,084</u>
Financial liabilities	Derivative liabilities at fair value through profit or loss USD	Amount due to dealer USD	Amount due to Manager USD	Net assets attributable to unit holders USD	Total USD
2024					
AUD	-	58,671	-	1,579,428	1,638,099
MYR	-	125,512	736,402	21,869,924	22,731,838
SGD	-	3,674	-	844,847	848,521
	<u>-</u>	<u>187,857</u>	<u>736,402</u>	<u>24,294,199</u>	<u>25,218,458</u>
2023					
AUD	21,214	-	-	1,155,191	1,176,405
MYR	133,934	-	44,151	20,217,101	20,395,186
SGD	1,120	-	-	769,003	770,123
	<u>156,268</u>	<u>-</u>	<u>44,151</u>	<u>22,141,295</u>	<u>22,341,714</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.

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

(a) Market risk (continued)

(ii) Currency risk (continued)

This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate		Impact on profit or loss/NAV	
		%	2024 USD	2023 USD
AUD	+/-5		-/+78,273	-/+58,787
MYR	+/-5		-/+1,070,981	-/+1,018,313
SGD	+/-5		-/+42,482	-/+38,481
			<u>-/+1,191,736</u>	<u>-/+1,115,581</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.

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.

For amount due from Manager, the settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the GUTF.

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 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.

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	Derivative assets at fair value through profit or loss USD	Amount due from Manager of collective investment scheme - management fee rebate USD	Amount due from Manager of collective investment scheme - sales of collective investment scheme USD	Amount due from dealer USD	Amount due from Manager USD	Total USD
2024							
- AAA	221,398	-	-	-	-	-	221,398
- Not rated	-	34,226	16,700	460,000	657,996	629,932	1,798,854
	<u>221,398</u>	<u>34,226</u>	<u>16,700</u>	<u>460,000</u>	<u>657,996</u>	<u>629,932</u>	<u>2,020,252</u>
2023							
- AAA	287,546	-	-	-	-	-	287,546
- Not rated	-	-	16,025	-	25,377	3,096	44,498
	<u>287,546</u>	<u>-</u>	<u>16,025</u>	<u>-</u>	<u>25,377</u>	<u>3,096</u>	<u>332,044</u>

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

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and deposits with licensed financial institutions, 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 on the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

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

(c) Liquidity risk (continued)

	Less than 1 month USD	Between 1 month to 1 year USD	Total USD
2024			
Amount due to dealer	659,416	-	659,416
Amount due to Manager	737,331	-	737,331
Accrued management fee	37,101	-	37,101
Amount due to Trustee	618	-	618
Other payables and accruals	-	6,250	6,250
Net assets attributable to unit holders*	<u>25,903,868</u>	<u>-</u>	<u>25,903,868</u>
Contractual undiscounted cash flows	<u>27,338,334</u>	<u>6,250</u>	<u>27,344,584</u>
2023			
Derivative liabilities at fair value through profit or loss	156,268	-	156,268
Amount due to dealer	25,409	-	25,409
Amount due to Manager	44,151	-	44,151
Accrued management fee	35,338	-	35,338
Amount due to Trustee	785	-	785
Other payables and accruals	-	4,809	4,809
Net assets attributable to unit holders*	<u>23,999,014</u>	<u>-</u>	<u>23,999,014</u>
Contractual undiscounted cash flows	<u>24,260,965</u>	<u>4,809</u>	<u>24,265,774</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 assets attributable to unit holders of USD25,903,868 (2023: USD23,999,014). 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).

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

(e) Fair value estimation (continued)

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

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

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

(i) Fair value hierarchy

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

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

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

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

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

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

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2024				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	25,324,332	-	-	25,324,332

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
2024 (continued)				
Derivative assets at fair value through profit or loss:				
- Forward foreign currency contracts	-	34,226	-	34,226
	<u>-</u>	<u>34,226</u>	<u>-</u>	<u>34,226</u>
2023				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	23,933,730	-	-	23,933,730
	<u>23,933,730</u>	<u>-</u>	<u>-</u>	<u>23,933,730</u>
Derivative liabilities at fair value through profit or loss:				
- Forward foreign currency contracts	-	(156,268)	-	(156,268)
	<u>-</u>	<u>(156,268)</u>	<u>-</u>	<u>(156,268)</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 invest 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, forward foreign currency contracts and interest rate swaps. 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 dealer, amount due from Manager, amount due from Manager of collective investment scheme – management fee rebate, amount due from Manager of collective investment scheme – sales of collective investment scheme and all other 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 maximum management fee of 3.00% per annum, calculated daily based on the NAV of the Class.

For the financial year ended 30 April 2024 and 30 April 2023, the management fee for the respective classes is recognised at the following rates:

Class AUD-H	Class MYR-H	Class SGD-H	Class USD
1.80%	1.80%	1.80%	1.80%

There was 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 of 0.04% per annum of the NAV of the Class. The Trustee's fee includes local custodian fees and charges but excludes foreign sub-custodian fees and charges.

For the financial year ended 30 April 2024, the Trustee fee is recognised at a rate of 0.04% per annum (2023: 0.04% per annum) for each class.

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

6. TAXATION

	2024	2023
	USD	USD
Tax charged for the financial year:		
- Current taxation	-	-

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

	2024	2023
	USD	USD
Profit before taxation	951,874	1,092,616
Taxation at Malaysian statutory rate of 24% (2023:24%)	228,450	262,228
Tax effects of:		
- Investment income not subject to tax	(326,599)	(375,290)
- Expenses not deductible for tax purposes	2,582	3,320
- Restriction on tax deductible expenses for Unit Trust Fund	95,567	109,742
Taxation	-	-

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 USD	2023 USD
At fair value through profit or loss:		
- Collective investment scheme	<u>25,324,332</u>	<u>23,933,730</u>
Net gain on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(122,668)	(1,560,129)
- Unrealised fair value gain	3,373,270	3,842,703
- Management fee rebate #	<u>150,776</u>	<u>175,321</u>
	<u>3,401,378</u>	<u>2,457,895</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 2024, management fee rebate is recognised at a rate of 0.70% per annum (2023: 0.70% per annum) calculated and accrued daily based on the NAV of the collective investment scheme.

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
2024				
COLLECTIVE INVESTMENT SCHEME				
Franklin Templeton International Services S.à r.l.- Franklin Biotechnology Discovery Fund- I Acc USD	<u>400,385</u>	<u>24,254,397</u>	<u>25,324,332</u>	<u>97.76</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>400,385</u>	<u>24,254,397</u>	<u>25,324,332</u>	<u>97.76</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>1,069,935</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>25,324,332</u>		

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
2023				
COLLECTIVE INVESTMENT SCHEME				
Franklin Templeton International Services S.à r.l.- Franklin Biotechnology Discovery Fund- I Acc USD	446,442	26,237,065	23,933,730	99.73
TOTAL COLLECTIVE INVESTMENT SCHEME	446,442	26,237,065	23,933,730	99.73
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		(2,303,335)		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		23,933,730		

8. DERIVATIVE ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 USD	2023 USD
Forward foreign currency contracts	34,226	(156,268)
Net loss on derivatives at fair value through profit or loss:		
- Realised loss on forward foreign currency contracts	(2,226,587)	(1,240,598)
- Unrealised fair value gain on forward foreign currency contracts	190,494	349,022
	<u>(2,036,093)</u>	<u>(891,576)</u>

As at 30 April 2024, there were 6 outstanding (2023: 4 outstanding) USD/Australian Dollar ("AUD"), USD/Malaysian Ringgit ("MYR") and USD/Singapore Dollar ("SGD") forward foreign currency contracts respectively. The notional principal amount of the outstanding forward foreign currency contracts amounted USD23,914,122 (2023: USD22,236,830).

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

9. CASH AND CASH EQUIVALENTS

	2024	2023
	USD	USD
Bank balances	221,398	287,546

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2024	2023
	No. of units	No. of units
Class AUD-H (i)	2,514,085	2,057,529
Class MYR-H (ii)	107,646,231	104,800,573
Class SGD-H (iii)	1,163,760	1,185,672
Class USD (iv)	1,586,789	2,133,036
	112,910,865	110,176,810

(i) Class AUD-H

At the beginning of the financial year	2,057,529	2,272,745
Add : Creation of units from applications	1,501,754	-
Less : Cancellation of units	(1,045,198)	(215,216)
At the end of the financial year	2,514,085	2,057,529

(ii) Class MYR-H

At the beginning of the financial year	104,800,573	125,816,542
Add : Creation of units from applications	104,771,189	7,154,107
Less : Cancellation of units	(101,925,531)	(28,170,076)
At the end of the financial year	107,646,231	104,800,573

(iii) Class SGD-H

At the beginning of the financial year	1,185,672	1,298,531
Add : Creation of units from applications	899,917	-
Less : Cancellation of units	(921,829)	(112,859)
At the end of the financial year	1,163,760	1,185,672

(iv) Class USD

At the beginning of the financial year	2,133,036	2,421,385
Add : Creation of units from applications	718,973	45,843
Less : Cancellation of units	(1,265,220)	(334,192)
At the end of the financial year	1,586,789	2,133,036

11. TOTAL EXPENSE RATIO (“TER”)

	2024	2023
		%
TER	1.18	1.17

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

TER is derived from the following calculation:

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

- A = Management fee (exclude rebate)
- 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 year calculated on a daily basis is USD21,822,437 (30.04.2023: USD25,357,189).

12. PORTFOLIO TURNOVER RATIO (“PTR”)

	2024	2023
PTR (times)	<u>0.69</u>	<u>0.19</u>

PTR is derived based on the following calculation:

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

where:

- total acquisition for the financial year = USD14,140,000 (2023: USD2,040,000)
- total disposal for the financial year = USD16,000,000 (2023: USD7,770,000)

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

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

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

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

Units held by the Manager and parties related to the Manager

	2024		2023	
	No. of units	USD	No. of units	USD
Manager				
Principal Asset Management Berhad				
- Class AUD-H	0*	0*	0*	0*
- Class MYR-H	2,282	464	728	140
- Class SGD-H	7	5	7	5
- Class USD	0*	0*	0*	0*

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

Note: 0.00* denotes count less than 1.

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 were no significant related party transactions and balances during the financial year.

14. TRANSACTIONS WITH BROKER/DEALER

Details of transactions with the broker/dealer for the financial year ended 30 April 2024 are as follows:

Broker/Dealer	Value of trades USD	Percentage of total trades %
Templeton Franklin Inv Sv Asia	<u>30,140,000</u>	<u>100.00</u>

Details of transactions with the broker/dealer for the financial year ended 30 April 2023 are as follows:

Broker/Dealer	Value of trades USD	Percentage of total trades %
Templeton Franklin Inv Sv Asia	<u>9,810,000</u>	<u>100.00</u>

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 14 June 2024.

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Head Office of the Manager

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