

**PRINCIPAL CHINA MULTI ASSET INCOME FUND**

**ANNUAL REPORT**

**FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 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 China Multi Asset Income Fund for the financial year ended 31 October 2024. You may also download this report from our website at [www.principal.com.my](http://www.principal.com.my).

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

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

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

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

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

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

## MANAGER'S REPORT

### FUND OBJECTIVE AND POLICY

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

The Fund aims to provide income and moderate capital growth through investments in one collective investment scheme ("CIS"), which invests primarily in a diversified portfolio of securities related to China.

#### Has the Fund achieved its objective?

The Fund is in line to achieve its long-term objective to provide capital growth and income as stated in 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. HSBC China Multi-Asset Income Fund ("Target Fund"). The Fund may also invest in liquid asset for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its Net Asset Value ("NAV") in the Target Fund; a sub-fund established on 21 November 2014 under the HSBC Collective Investment Trust. The Fund will also maintain up to 5% of its NAV in liquid assets for liquidity purposes.

#### Information on the Target Fund:

Trust	: HSBC Collective Investment Trust, an umbrella unit trust established under the laws of Hong Kong by a trust deed dated 27 February 2014 between the Target Fund Manager and HSBC Institutional Trust Services (Asia) Limited as the Target Fund's trustee.
Target Fund Manager	: HSBC Investment Funds (Hong Kong) Ltd
Target Fund Investment Adviser	: HSBC Global Asset Management (Hong Kong) Ltd
Target Fund Research Adviser	: HSBC Jintrust Fund Management Company Ltd
Regulatory authority	: Securities and Futures Commission of Hong Kong

#### Asset Allocation:

- At least 95% of the Fund's NAV will be invested in the Target Fund; and
- Up to 5% of the Fund's NAV will be invested in liquid assets for liquidity purposes.

#### 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")	2 July 2018
Class MYR	30 August 2018
Class MYR-Hedged ("MYR-H")	3 July 2017
Class RMB-Hedged ("RMB-H")	2 July 2018
Class SGD	30 August 2018
Class SGD-Hedged ("SGD-H")	19 June 2018
Class USD	3 July 2017

#### What was the size of the Fund as at 31 October 2024?

USD13.25 million (91.64 million units)

**FUND OBJECTIVE AND POLICY (CONTINUED)**

**What is the Fund’s benchmark?**

The Fund adheres to the benchmark of the Target Fund for performance comparison. The benchmark of the Target Fund is 50% Morgan Stanley Capital International (“MSCI”) China Net + 50% Markit iBoxx Asia Local Bond Index China Offshore for comparison purpose.

**What is the Fund distribution policy?**

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

**What was the net income distribution for the financial year end 31 October 2024?**

The Fund distributed a total net income of USD0.38 million to unit holders for the financial year end 31 October 2024.

The Fund’s NAV per unit were as follows:

Date	NAV per unit	NAV per unit
	(before distribution) USD	(after distribution) USD
Distribution on 12 December 2023		
Class AUD-H	0.3694	0.3671
Class MYR	0.1156	0.1149
Class MYR-H	0.1105	0.1098
Class RMB-H	0.0797	0.0792
Class SGD-H	0.3594	0.3571
Class USD	0.5581	0.5545
Distribution on 8 March 2024		
Class AUD-H	0.3721	0.3696
Class MYR	0.1154	0.1146
Class MYR-H	0.1097	0.1090
Class RMB-H	0.0793	0.0787
Class SGD-H	0.3611	0.3587
Class USD	0.5573	0.5535
Distribution on 11 June 2024		
Class AUD-H	0.3856	0.3828
Class MYR	0.1212	0.1202
Class MYR-H	0.1135	0.1127
Class RMB-H	0.0819	0.0780
Class SGD-H	0.3704	0.3676
Class USD	0.5853	0.5810
Distribution on 11 September 2024		
Class AUD-H	0.3787	0.3752
Class MYR	0.1183	0.1172
Class MYR-H	0.1201	0.1191
Class RMB-H	0.0810	0.0803
Class SGD-H	0.3738	0.3705
Class USD	0.5712	0.5660

Breakdown of distribution were as follows:

Source of distribution	2024		2023	
	USD	%	USD	%
Distribution out of current year’s income	381,187	100.00	886,788	100.00
Distribution out of prior year’s income/capital	-	-	-	-
Total	381,187	100.00	886,788	100.00

**PERFORMANCE DATA**

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

	<b>31.10.2024</b>	<b>31.10.2023</b>	<b>31.10.2022</b>
	%	%	%
Collective investment scheme	99.00	97.64	99.00
Cash and other net assets	2.65	4.25	2.48
Liabilities	(1.65)	(1.89)	(1.48)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	<b>31.10.2024</b>	<b>31.10.2023</b>	<b>31.10.2022</b>
NAV (USD Million)			
- Class AUD-H	0.28	0.24	0.36
- Class MYR	0.24	0.33	0.42
- Class MYR-H	9.67	11.27	13.75
- Class RMB-H	0.75	0.67	0.98
- Class SGD-H	0.16	0.15	0.24
- Class USD	2.15	2.79	3.17
Units in circulation (Million)			
- Class AUD-H	0.69	0.68	0.99
- Class MYR	1.92	2.88	3.62
- Class MYR-H	76.36	105.07	120.84
- Class RMB-H	8.74	8.74	12.06
- Class SGD-H	0.41	0.43	0.69
- Class USD	3.52	5.08	5.65
NAV per unit (USD)			
- Class AUD-H	0.3988	0.3510	0.3695
- Class MYR	0.1265	0.1135	0.1158
- Class MYR-H	0.1266	0.1073	0.1138
- Class RMB-H	0.0861	0.0772	0.0815
- Class SGD-H	0.3920	0.3475	0.3485
- Class USD	0.6109	0.5482	0.5594
Highest NAV per unit (USD)			
- Class AUD-H	0.4320	0.5579	0.8213
- Class MYR	0.1315	0.1587	0.2177
- Class MYR-H	0.1381	0.1729	0.2438
- Class RMB-H	0.0904	0.1200	0.1753
- Class SGD-H	0.4165	0.5136	0.6890
- Class USD	0.6347	0.7665	1.0523
Lowest NAV per unit (USD)			
- Class AUD-H	0.3505	0.3498	0.3695
- Class MYR	0.1099	0.1132	0.1158
- Class MYR-H	0.1038	0.1067	0.1138
- Class RMB-H	0.0756	0.0769	0.0815
- Class SGD-H	0.3415	0.3463	0.3485
- Class USD	0.5305	0.5464	0.5594
Total return (%)			
- Class AUD-H	13.21	(1.04)	(44.84)
- Class MYR	5.32	2.38	(36.03)
- Class MYR-H	11.47	(1.52)	(44.06)
- Class RMB-H	11.25	(1.52)	(43.62)
- Class SGD-H	12.25	(0.31)	(44.19)
- Class USD	14.57	1.57	(43.98)

**PERFORMANCE DATA (CONTINUED)**

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

	<b>31.10.2024</b>	<b>31.10.2023</b>	<b>31.10.2022</b>
Capital growth (%)			
- Class AUD-H	9.94	(4.83)	(47.43)
- Class MYR	2.23	(1.52)	(38.95)
- Class MYR-H	8.37	(5.36)	(46.66)
- Class RMB-H	8.11	(5.48)	(46.27)
- Class SGD-H	9.01	(4.12)	(46.79)
- Class USD	11.20	(2.32)	(46.58)
Income distribution (%)			
- Class AUD-H	2.97	3.99	4.92
- Class MYR	3.03	3.96	4.79
- Class MYR-H	2.86	4.06	4.87
- Class RMB-H	2.91	4.18	4.92
- Class SGD-H	2.97	3.97	4.88
- Class USD	3.03	3.98	4.86
Total Expense Ratio ("TER") (%) ^	0.55	0.54	0.54
Portfolio Turnover Ratio ("PTR") (times) #	0.23	0.15	0.21

^ The Fund's TER for the financial year under review increase from 0.54% to 0.55% due to decrease in average NAV.

# The Fund's PTR increased from 0.15 times to 0.23 times during the financial year under review. As a feeder fund, the turnover reflects the investments and withdrawals in the target fund.

	<b>31.10.2024</b>	<b>31.10.2023</b>	<b>31.10.2022</b>
<b>Gross/Net distribution per unit (cent)</b>			
Distribution on 12 December 2023			
- Class AUD-H	0.23	-	-
- Class MYR	0.07	-	-
- Class MYR-H	0.07	-	-
- Class RMB-H	0.05	-	-
- Class SGD-H	0.23	-	-
- Class USD	0.36	-	-
Distribution on 8 March 2024			
- Class AUD-H	0.25	-	-
- Class MYR	0.08	-	-
- Class MYR-H	0.07	-	-
- Class RMB-H	0.05	-	-
- Class SGD-H	0.24	-	-
- Class USD	0.38	-	-
Distribution on 11 June 2024			
- Class AUD-H	0.28	-	-
- Class MYR	0.09	-	-
- Class MYR-H	0.08	-	-
- Class RMB-H	0.06	-	-
- Class SGD-H	0.27	-	-
- Class USD	0.43	-	-
Distribution on 11 September 2024			
- Class AUD-H	0.34	-	-
- Class MYR	0.11	-	-
- Class MYR-H	0.10	-	-
- Class RMB-H	0.07	-	-
- Class SGD-H	0.33	-	-
- Class USD	0.52	-	-

**PERFORMANCE DATA (CONTINUED)**

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

	31.10.2024	31.10.2023	31.10.2022
<b>Gross/Net distribution per unit (cent)</b>			
Distribution on 6 December 2022			
- Class AUD-H	-	0.48	-
- Class MYR	-	0.15	-
- Class MYR-H	-	0.15	-
- Class RMB-H	-	0.11	-
- Class SGD-H	-	0.45	-
- Class USD	-	0.73	-
Distribution on 6 March 2023			
- Class AUD-H	-	0.55	-
- Class MYR	-	0.16	-
- Class MYR-H	-	0.17	-
- Class RMB-H	-	0.12	-
- Class SGD-H	-	0.50	-
- Class USD	-	0.76	-
Distribution on 7 June 2023			
- Class AUD-H	-	0.52	-
- Class MYR	-	0.16	-
- Class MYR-H	-	0.16	-
- Class RMB-H	-	0.12	-
- Class SGD-H	-	0.50	-
- Class USD	-	0.77	-
Distribution on 12 September 2023			
- Class AUD-H	-	0.21	-
- Class MYR	-	0.06	-
- Class MYR-H	-	0.07	-
- Class RMB-H	-	0.05	-
- Class SGD-H	-	0.21	-
- Class USD	-	0.31	-
Distribution on 6 December 2021			
- Class AUD-H	-	-	0.76
- Class MYR	-	-	0.20
- Class MYR-H	-	-	0.22
- Class RMB-H	-	-	0.16
- Class SGD-H	-	-	0.63
- Class USD	-	-	0.96
Distribution on 4 March 2022			
- Class AUD-H	-	-	0.73
- Class MYR	-	-	0.20
- Class MYR-H	-	-	0.23
- Class RMB-H	-	-	0.16
- Class SGD-H	-	-	0.64
- Class USD	-	-	0.98
Distribution on 7 June 2022			
- Class AUD-H	-	-	0.76
- Class MYR	-	-	0.21
- Class MYR-H	-	-	0.23
- Class RMB-H	-	-	0.17
- Class SGD-H	-	-	0.66
- Class USD	-	-	1.03



**PERFORMANCE DATA (CONTINUED)**

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

	31.10.2024	31.10.2023	31.10.2022
<b>Gross/Net distribution per unit (cent)</b>			
Distribution on 6 September 2022			
- Class AUD-H	-	-	0.72
- Class MYR	-	-	0.20
- Class MYR-H	-	-	0.21
- Class RMB-H	-	-	0.16
- Class SGD-H	-	-	0.63
- Class USD	-	-	0.99

	31.10.2024	31.10.2023	31.10.2022	31.10.2021	31.10.2020
	%	%	%	%	%
Annual total return					
- Class MYR	5.32	2.38	(36.03)	N/A	-
- Class MYR-H	11.47	(1.52)	(44.06)	(7.53)	20.70
- Class USD (Launch date: 3 July 2017)	14.57	1.57	(43.98)	(8.26)	20.67
- Class SGD-H (Launch date: 19 June 2018)	12.25	(0.31)	(44.19)	(8.95)	19.65
- Class AUD-H	13.21	(1.04)	(44.84)	(9.55)	19.30
- Class RMB-H (Launch date: 2 July 2018)	11.25	(1.52)	(43.62)	(6.50)	22.31

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 NOVEMBER 2023 TO 31 OCTOBER 2024)**

Global markets navigated an environment shaped by persistent inflationary pressures, monetary policy adjustments, and geopolitical uncertainties. Developed markets experienced relative stability, with central banks cautiously managing interest rate hikes to balance growth and inflation. In contrast, emerging markets faced mixed performance, driven by region-specific challenges, particularly in China, where economic recovery efforts struggled against headwinds in the property sector and subdued consumer confidence.

Equities exhibited varied performance, with developed markets benefiting from strong corporate earnings in sectors like technology and healthcare, while Emerging Markets (“EM”), especially China, saw consolidation amid investor caution. In fixed income, high-yield bonds generally outperformed investment-grade counterparts, reflecting heightened risk sentiment. Chinese RMB-denominated bonds faced pressure from a weakening currency, while broader Asian bond markets remained relatively resilient.

Currency movements also played a key role, with the USD strengthening against most major currencies for much of the year, weighing on emerging market debt. Geopolitical events, including U.S.-China relations and the war in Ukraine, added to market volatility. However, optimism emerged in pockets, particularly in Asia, where targeted policy measures aimed at revitalizing growth supported select sectors like technology and consumer goods.

FUND PERFORMANCE

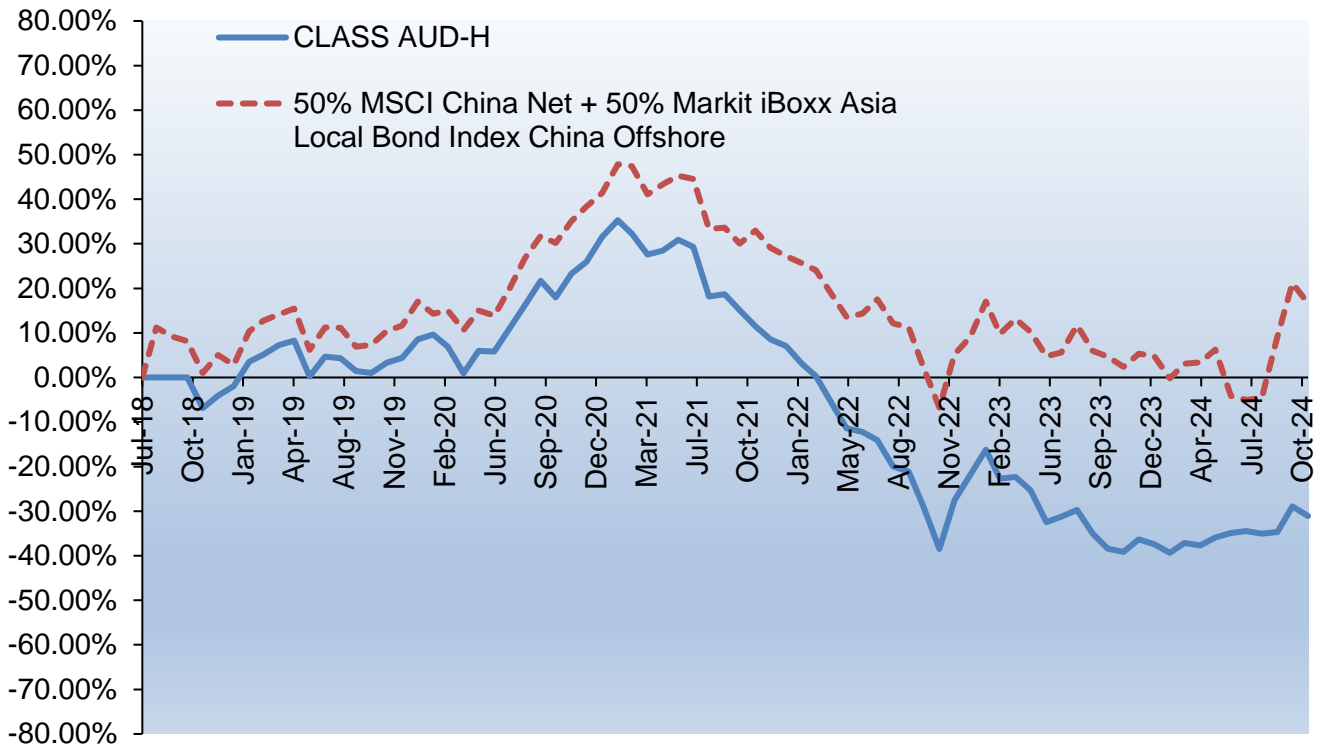
	1 year to 31.10.2024 %	3 years to 31.10.2024 %	5 years to 31.10.2024 %	Since inception to 31.10.2024 %
Income Distribution				
- Class AUD-H	2.97	12.35	14.11	14.11
- Class MYR	3.03	12.24	14.12	14.12
- Class MYR-H	2.86	12.24	17.61	28.02
- Class RMB-H	2.91	12.49	14.19	14.19
- Class SGD-H	2.97	12.29	17.49	22.39
- Class USD	3.03	12.33	17.72	21.41
Capital Growth				
- Class AUD-H	9.94	(44.99)	(41.55)	(39.62)
- Class MYR	2.23	(38.54)	(44.90)	(44.90)
- Class MYR-H	8.37	(45.29)	(41.73)	(44.84)
- Class RMB-H	8.11	(45.09)	(38.26)	(38.97)
- Class SGD-H	9.01	(44.38)	(42.09)	(48.47)
- Class USD	11.20	(41.97)	(38.71)	(39.24)
Total Return				
- Class AUD-H	13.21	(38.20)	(33.31)	(31.10)
- Class MYR	5.32	(31.02)	(37.12)	(37.12)
- Class MYR-H	11.47	(38.60)	(31.47)	(29.38)
- Class RMB-H	11.25	(38.23)	(29.50)	(30.31)
- Class SGD-H	12.25	(37.55)	(31.97)	(36.93)
- Class USD	14.57	(34.82)	(27.85)	(26.23)
Benchmark				
- Class AUD-H	13.93	(12.30)	5.60	2.62
- Class MYR	4.45	(6.77)	11.14	13.88
- Class MYR-H	13.93	(12.30)	5.60	16.63
- Class RMB-H	13.93	(12.30)	5.60	2.62
- Class SGD-H	13.93	(12.30)	5.60	(0.89)
- Class USD	13.93	(12.30)	5.60	16.63
Average Total Return				
- Class AUD-H	13.21	(14.81)	(7.77)	(5.71)
- Class MYR	5.32	(11.63)	(8.85)	(7.24)
- Class MYR-H	11.47	(14.99)	(7.27)	(4.63)
- Class RMB-H	11.25	(14.82)	(6.75)	(5.54)
- Class SGD-H	12.25	(14.51)	(7.41)	(6.98)
- Class USD	14.57	(13.28)	(6.31)	(4.06)

During the financial year under review, the fund's NAV for Class AUD-H, Class MYR, Class MYR-H, Class RMB-H, Class SGD-H and Class USD increased by 13.21%, 5.32%, 11.47%, 11.25%, 12.25% and 14.57% respectively.

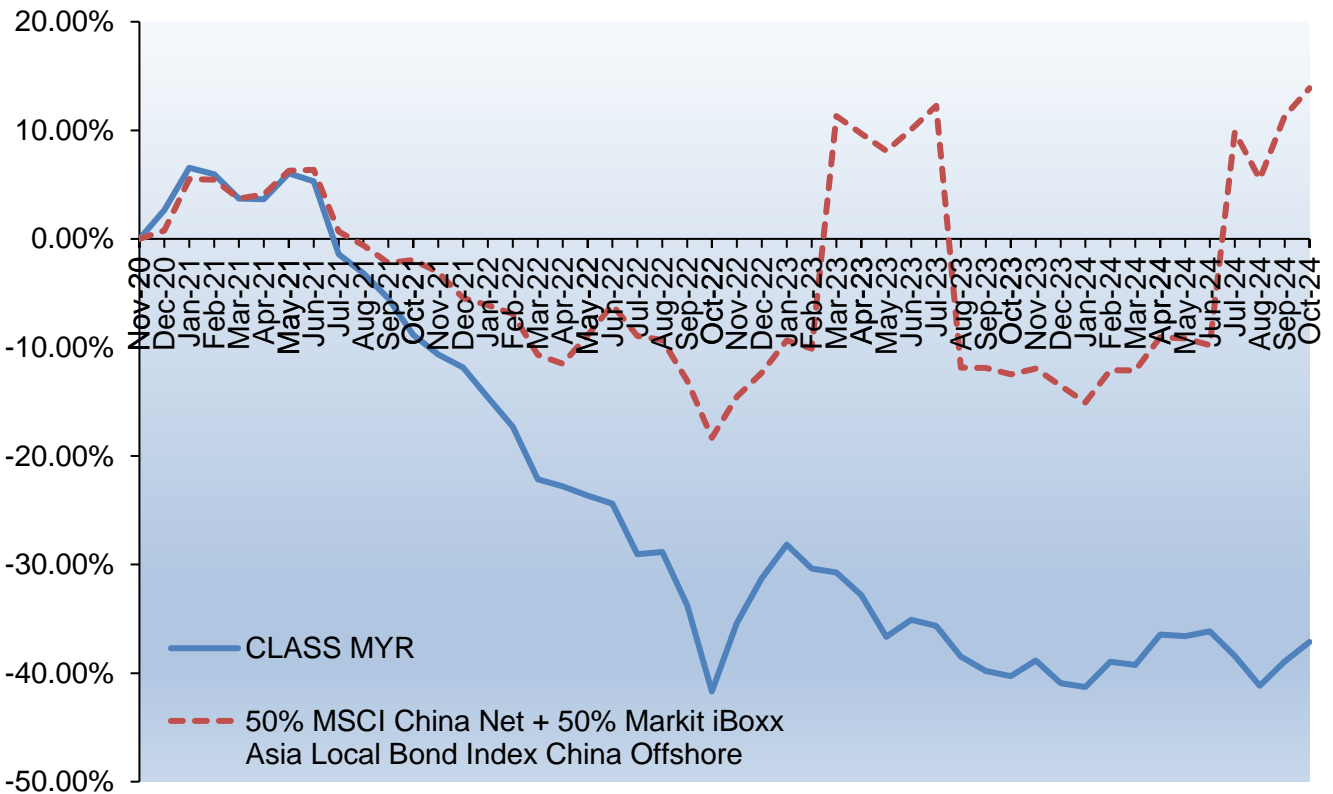
FUND PERFORMANCE (CONTINUED)

Since Inception

CLASS AUD-H



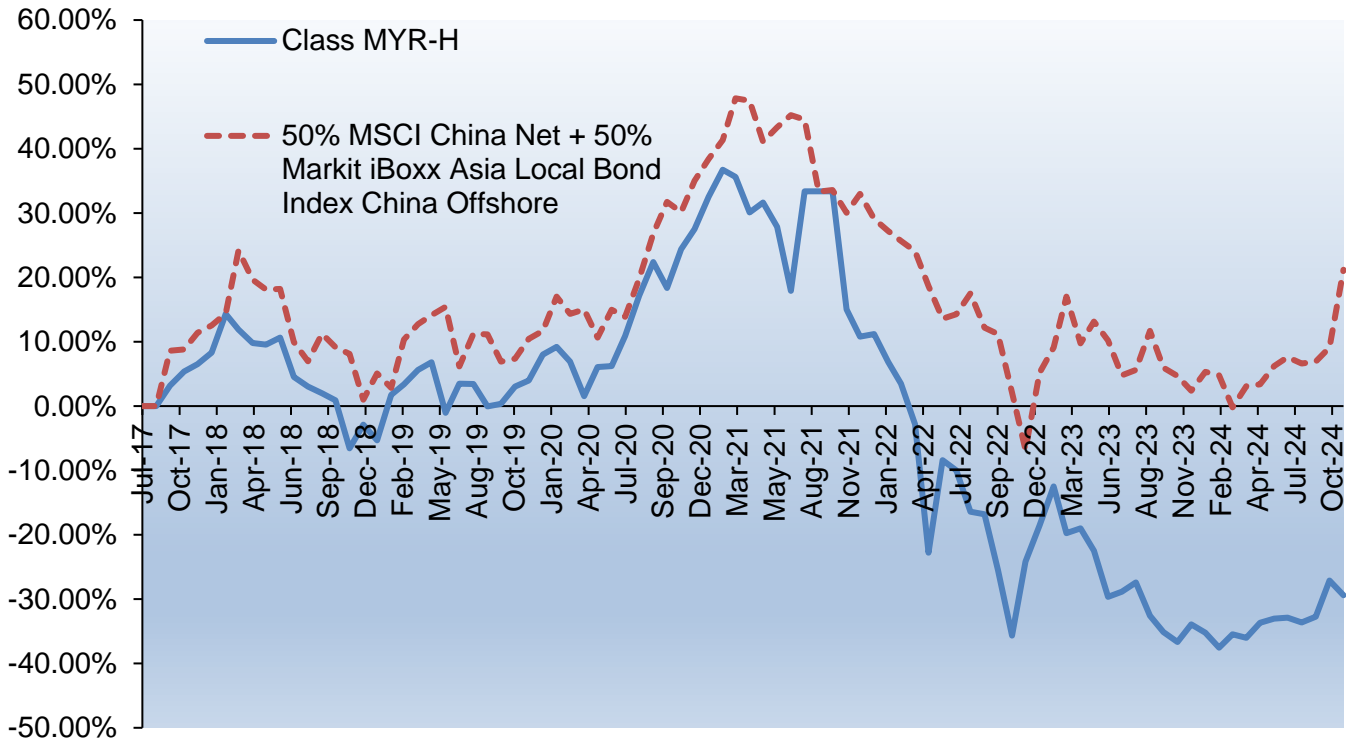
CLASS MYR



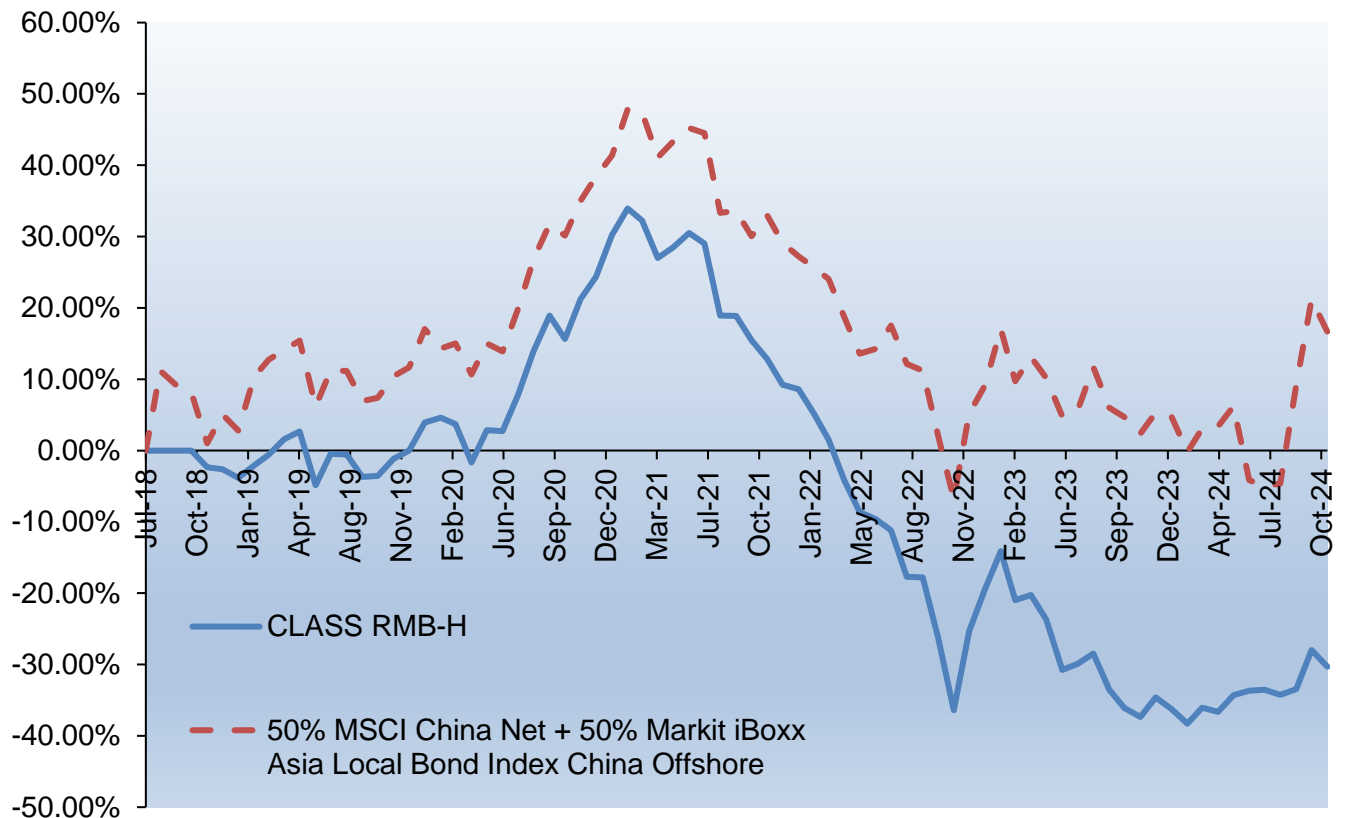
FUND PERFORMANCE (CONTINUED)

Since Inception

CLASS MYR-H



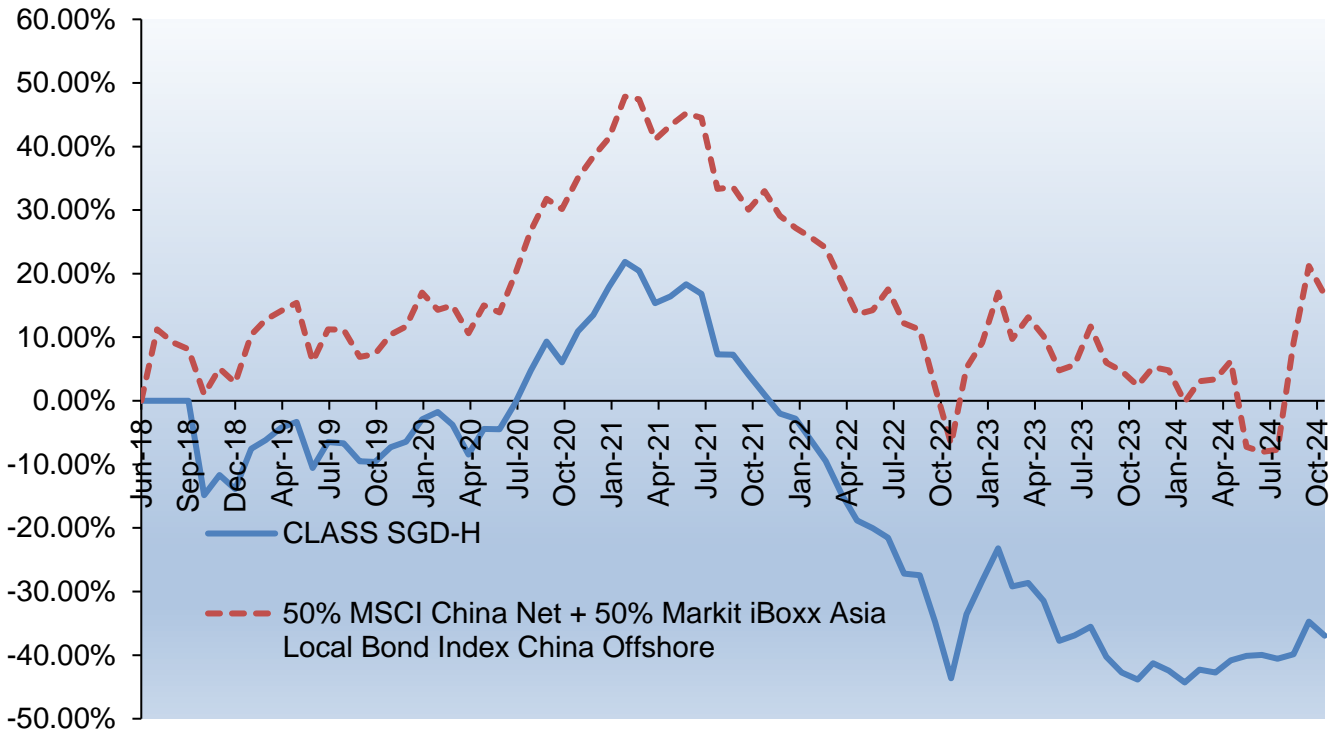
CLASS RMB-H



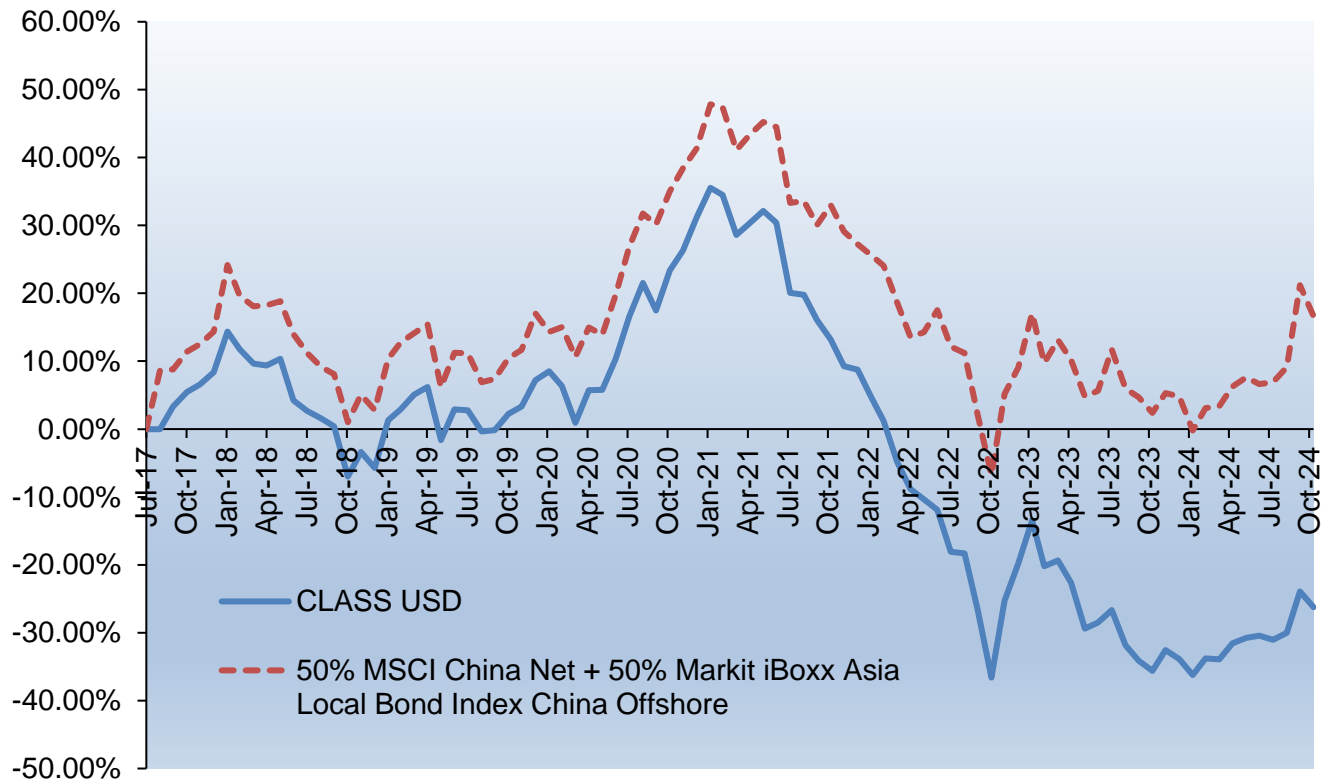
FUND PERFORMANCE (CONTINUED)

Since Inception

CLASS SGD-H



CLASS USD



**FUND PERFORMANCE (CONTINUED)**

**Changes in NAV**

	31.10.2024	31.10.2023	Changes %
<b>CLASS AUD-H</b>			
NAV (USD Million)	0.28	0.24	16.67
NAV/Unit (USD)	0.3988	0.3510	13.62
<b>CLASS MYR</b>			
NAV (USD Million)	0.24	0.33	(27.27)
NAV/Unit (USD)	0.1265	0.1135	11.45
<b>CLASS MYR-H</b>			
NAV (USD Million)	9.67	11.27	(14.20)
NAV/Unit (USD)	0.1266	0.1073	17.99
<b>CLASS RMB-H</b>			
NAV (USD Million)	0.75	0.67	11.94
NAV/Unit (USD)	0.0861	0.0772	11.53
<b>CLASS SGD-H</b>			
NAV (USD Million)	0.16	0.15	6.67
NAV/Unit (USD)	0.3920	0.3475	12.81
<b>CLASS USD</b>			
NAV (USD Million)	2.15	2.79	(22.94)
NAV/Unit (USD)	0.6109	0.5482	11.44

During the financial year under review, the fund's NAV for Class AUD-H, Class RMB-H, and Class SGD-H increased by 16.67%, 11.94%, and 6.67% while Class MYR, Class MYR-H, and Class USD decreased by 27.27%, 14.20%, and 22.94%.

In addition, the NAV per unit for Class AUD-H, Class MYR, Class MYR-H, Class RMB-H, Class SGD-H, and Class USD increased 13.62%, 11.45%, 17.99%, 11.53%, 12.81%, and 11.44% respectively.

At the point of reporting, Class MYR-H has the highest total NAV, stood at USD 9.67 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)	31.10.2024	31.10.2023
Collective investment scheme	99.00	97.64
Cash and other net assets	2.65	4.25
Liabilities	(1.65)	(1.89)
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

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:

	<b>% of NAV</b>
<b>Top 10 holdings*</b>	<b>31.10.2024</b>
Tencent Holdings Ltd	8.23
Alibaba Group Holding Ltd	5.23
Meituan	3.20
Industrial & Commercial Bank of China	2.08
Trip.com Group Ltd	2.02
Xiaomi Corp	1.88
China Construction Bank Corp	1.82
PDD Holdings Inc	1.76
JD.com Inc	1.59
NetEase Inc	1.54

	<b>31.10.2023</b>
<b>Top 10 holdings*</b>	<b>31.10.2023</b>
Tencent Holdings Ltd	7.09
Alibaba Group Holding Ltd	3.63
NetEase Inc	3.29
Meituan	2.40
Industrial & Commercial Bank of China	2.11
Cnooc Ltd	2.09
China construction bank corporation	2.03
PDD Holdings Inc	1.93
New Oriental Education & Technology	1.67
ENN Clean Energy Holdings Ltd	1.44

\* As per disclosed in Fund Fact Sheet

**MARKET OUTLOOK\***

Global markets are expected to remain in a delicate balance as policymakers continue to navigate economic recovery amid persistent inflation concerns. In developed markets, the focus will be on whether central banks pause rate hikes to support growth or maintain a hawkish stance to ensure inflation remains contained. Corporate earnings and fiscal measures will also play a pivotal role in shaping market sentiment.

In EM, particularly China, the outlook hinges on the effectiveness of ongoing stimulus measures and their ability to restore consumer confidence and stabilize key economic sectors like real estate. A potential recovery in domestic demand, supported by accommodative monetary policies, could provide upside. However, risks related to geopolitical developments and global economic uncertainty remain, underscoring the need for cautious optimism. Diversified positioning across regions and asset classes will be essential in navigating the months ahead.

\* 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 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. Asset allocation decisions will remain subjected towards market conditions.

## **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. We 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**

In relation to this Fund, the Fund had issued the First Supplemental Information Memorandum dated 26 February 2024.

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 CHINA MULTI ASSET INCOME 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 35 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 31 October 2024 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial year ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

**MUNIRAH KHAIRUDDIN**

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

**UDAY JAYARAM**

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

Kuala Lumpur  
13 December 2024

**TRUSTEE'S REPORT**

**TO THE UNIT HOLDERS OF  
PRINCIPAL CHINA MULTI ASSET INCOME FUND ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 31 October 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 Unlisted Capital Market Products under the Lodge and Launch Framework;
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.

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

For HSBC (Malaysia) Trustee Berhad

Lee Cincee  
Senior Manager, Trustee and Fiduciary Services

Kuala Lumpur  
13 December 2024

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF  
PRINCIPAL CHINA MULTI ASSET INCOME FUND**

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

*Opinion*

We have audited the financial statements of Principal China Multi Asset Income Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 31 October 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 35.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 October 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 CHINA MULTI ASSET INCOME 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 CHINA MULTI ASSET INCOME 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 CHINA MULTI ASSET INCOME 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 Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 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. 03013/10/2026 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
13 December 2024

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024**

	Note	2024 USD	2023 USD
<b>INCOME/(LOSS)</b>			
Dividend income		696,937	1,229,647
Net gain on financial assets at fair value through profit or loss	8	1,544,902	207,980
Net gain/(loss) on derivatives at fair value through profit or loss	9	495,360	(490,541)
Net foreign exchange (loss)/gain		(3,112)	2,787
		<u>2,734,087</u>	<u>949,873</u>
<b>EXPENSES</b>			
Management fee	4	245,724	393,044
Trustee fee	5	4,095	8,299
Audit fee		2,016	2,747
Tax agent's fee		1,383	1,394
Other expenses		3,551	2,473
		<u>256,769</u>	<u>407,957</u>
<b>PROFIT BEFORE DISTRIBUTION AND TAXATION</b>		2,477,318	541,916
Distribution:			
- Class AUD-H		7,480	14,855
- Class MYR		8,063	18,892
- Class MYR-H		273,702	654,260
- Class RMB-H		19,996	44,790
- Class SGD-H		4,990	11,020
- Class USD		66,956	142,971
	6	<u>381,187</u>	<u>886,788</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		2,096,131	(344,872)
Taxation	7	(93,772)	(252,275)
<b>PROFIT/(LOSS) AFTER TAXATION AND, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR</b>		<u>2,002,359</u>	<u>(597,147)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		(3,063,791)	(5,058,949)
Unrealised amount		5,066,150	4,461,802
		<u>2,002,359</u>	<u>(597,147)</u>

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 OCTOBER 2024**

	Note	2024 USD	2023 USD
<b>ASSETS</b>			
Cash and cash equivalents	10	165,949	204,597
Financial assets at fair value through profit or loss	8	13,120,044	15,081,315
Derivative assets at fair value through profit or loss	9	-	36,561
Amount due from dealer		26,958	283,076
Amount due from Manager		6,827	192
Amount due from Manager of collective investment scheme			
- management fee rebate		22,035	24,175
Dividends receivable		53,649	77,109
Tax recoverable		75,799	31,436
<b>TOTAL ASSETS</b>		<u>13,471,261</u>	<u>15,738,461</u>
<b>LIABILITIES</b>			
Derivative liabilities at fair value through profit or loss	9	138,614	-
Amount due to dealer		27,042	123,110
Amount due to Manager		27,745	121,575
Accrued management fee		20,855	24,511
Amount due to Trustee		348	409
Deferred tax liabilities		-	18,506
Other payables and accruals		4,285	4,534
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)</b>		<u>218,889</u>	<u>292,645</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>13,252,372</u>	<u>15,445,816</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>13,252,372</u>	<u>15,445,816</u>
<b>REPRESENTED BY:</b>			
<b>FAIR VALUE OF OUTSTANDING UNITS (USD)</b>			
- Class AUD-H		275,106	237,112
- Class MYR		242,523	327,271
- Class MYR-H		9,670,505	11,270,281
- Class RMB-H		753,098	674,571
- Class SGD-H		159,461	148,102
- Class USD		2,151,679	2,788,479
		<u>13,252,372</u>	<u>15,445,816</u>

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



STATEMENT OF FINANCIAL POSITION  
AS AT 31 OCTOBER 2024 (CONTINUED)

	Note	2024 USD	2023 USD
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>			
- Class AUD-H		689,798	675,520
- Class MYR		1,916,896	2,882,646
- Class MYR-H		76,361,669	105,069,396
- Class RMB-H		8,744,291	8,740,395
- Class SGD-H		406,762	426,201
- Class USD		3,522,252	5,086,182
	11	<u>91,641,668</u>	<u>122,880,340</u>
<b>NET ASSET VALUE PER UNIT (USD)</b>			
- Class AUD-H		0.3988	0.3510
- Class MYR		0.1265	0.1135
- Class MYR-H		0.1266	0.1073
- Class RMB-H		0.0861	0.0772
- Class SGD-H		0.3920	0.3475
- Class USD		<u>0.6109</u>	<u>0.5482</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>			
- Class AUD-H		AUD0.6071	AUD0.5497
- Class MYR		RM0.5540	RM0.5390
- Class MYR-H		RM0.5546	RM0.5095
- Class RMB-H		RMB0.6136	RMB0.5652
- Class SGD-H		SGD0.5181	SGD0.4731
- Class USD		<u>USD0.6109</u>	<u>USD0.5482</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 31 OCTOBER 2024**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<u>15,445,816</u>	<u>18,924,085</u>
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class MYR	-	29,624
- Class MYR-H	176,839	552,479
- Class RMB-H	13,674	3,666
- Class SGD-H	57,532	4,529
- Class USD	5,902	14,794
	<u>253,947</u>	<u>605,092</u>
Creation of units from distributions		
- Class AUD-H	7,480	14,855
- Class MYR	8,063	18,892
- Class MYR-H	273,702	654,260
- Class RMB-H	19,996	44,790
- Class SGD-H	4,990	11,020
- Class USD	66,956	142,971
	<u>381,187</u>	<u>886,788</u>
Cancellation of units		
- Class AUD-H	(2,228)	(162,436)
- Class MYR	(122,489)	(139,469)
- Class MYR-H	(3,632,117)	(3,103,194)
- Class RMB-H	(32,341)	(350,145)
- Class SGD-H	(78,155)	(114,815)
- Class USD	(963,607)	(502,943)
	<u>(4,830,937)</u>	<u>(4,373,002)</u>
Total comprehensive income/(loss) for the financial year	<u>2,002,359</u>	<u>(597,147)</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR</b>	<u><u>13,252,372</u></u>	<u><u>15,445,816</u></u>

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

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2024**

	Note	2024 USD	2023 USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Proceeds from disposal of collective investment scheme		4,850,000	6,340,000
Purchase of collective investment scheme		(1,525,000)	(2,825,000)
Dividend income received		720,397	1,271,650
Management fee paid		(249,380)	(399,936)
Management fee rebates received		183,314	294,851
Trustee fees paid		(4,156)	(8,588)
Tax paid		(156,641)	(376,474)
Payments for other fees and expenses		(7,199)	(6,108)
Receipt/(Payment) of other foreign exchange gain/(loss)		155,147	(222,883)
Net realised gain/(loss) on forward foreign currency contracts		670,535	(499,707)
<b>Net cash generated from operating activities</b>		<u>4,637,017</u>	<u>3,567,805</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds from units created		247,312	625,912
Payments for cancellation of units		(4,924,766)	(4,269,718)
<b>Net cash used in financing activities</b>		<u>(4,677,454)</u>	<u>(3,643,806)</u>
Net decrease in cash and cash equivalents		(40,437)	(76,001)
Effects of foreign exchange differences		1,789	9,166
Cash and cash equivalents at the beginning of the financial year		204,597	271,432
Cash and cash equivalents at the end of the financial year	<b>10</b>	<u>165,949</u>	<u>204,597</u>
<u>Cash and cash equivalents comprised:</u>			
Bank balances		165,949	204,597
Cash and cash equivalents at the end of the financial year	<b>10</b>	<u>165,949</u>	<u>204,597</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 31 OCTOBER 2024**

**1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

Principal China Multi Asset Income Fund (the “Fund”) is governed by Principal Deed dated 28 June 2017 and a First Supplemental Deed dated 7 June 2018, Second Supplement Deed dated 24 December 2019 and Third Supplement Deed dated 2 February 2024 (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. HSBC China Multi-Asset Income Fund (“Target Fund”). The Fund may also invest in liquid asset 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 sub-fund established on 21 November 2014 under the HSBC Collective Investment Trust. The Fund will also maintain up to 5% of its NAV in liquid assets for liquidity purposes.

**Asset Allocation:**

- At least 95% of the Fund’s NAV will be invested in the Target Fund; and
- Up to 5% of the Fund’s NAV will be invested in liquid assets for liquidity purposes.

Information on the Target Fund:

Trust	:	HSBC Collective Investment Trust, an umbrella unit trust established under the laws of Hong Kong by a trust deed dated 27 February 2014 between the Target Fund Manager and HSBC Institutional Trust Services (Asia) Limited as the Target Fund’s trustee.
Target Fund Manager	:	HSBC Investment Funds (Hong Kong) Ltd
Target Fund Investment Adviser	:	HSBC Global Asset Management (Hong Kong) Ltd
Target Fund Research Adviser	:	HSBC Jintrust Fund Management Company Ltd
Regulatory authority	:	Securities and Futures Commission of Hong Kong

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 Fund had issued the First Supplemental Information Memorandum dated 26 February 2024.

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 POLICY INFORMATION**

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”).

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

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

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

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

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 November 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 November 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 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(m)).

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****(b) Financial assets and financial liabilities (continued)**Classification (continued)

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 dividends receivables as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

All of the Fund's financial liabilities 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 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.

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****(b) Financial assets and financial liabilities (continued)**Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

**(c) Income recognition**

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

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

**(d) Foreign currency**Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in 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.

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****(d) Foreign currency (continued)**Transactions and balances

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

**(e) Cash and cash equivalents**

For the purpose of statement of cash 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**

Distributions to unit holders are recognised in the statement of comprehensive income as the unit holders' contribution are classified as financial liability. Distribution is reinvested into the Fund on the ex-date. Reinvestment of units is based on the NAV per unit on the ex-date, which is also the time of creation. Proposed distributions are recognised as a liability in the financial year 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 year.

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

Withholding taxes on investment income from investment are based on tax regime of the respective countries that the Fund invests in. Such withholding taxed are not "income tax" in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

Pursuant to Finance Act 2021, income derived by a resident person from sources outside Malaysia and received in Malaysia from 1 January 2022 will no longer be exempt from tax. Foreign-sourced income ("FSI") received in Malaysia during the transitional period from 1 January 2022 to 30 June 2022 will be taxed at 3% of gross. From July 2022 onwards, FSI received in Malaysia will be taxed at prevailing tax rate(s) of the taxpayer and based on applicable tax rules. Bilateral or unilateral tax credits may be allowed if the same income has suffered foreign tax, and where relevant conditions are met.

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



**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****(h) Realised and unrealised portions of profit or loss after tax**

The analysis of realised and unrealised portions of profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC GUTF<sup>1</sup>.

<sup>1</sup> 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

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

Amounts due from/to Manager of collective investment scheme represent receivables/payables for collective investment scheme sold/purchased that have been contracted for but not yet settled or delivered on the reporting date respectively.

**(j) 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 six classes of units, known respectively as the Class AUD-H, Class RMB-H, Class MYR, 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 reporting date 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.

**(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 reporting date respectively.

**(l) 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.

**(m) 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.

**2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****(m) Derivative financial instruments (continued)**

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).

**(n) 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 were as follows:

	Financial assets at fair value through profit or loss USD	Financial assets at amortised cost USD	Total USD
<b>2024</b>			
Cash and cash equivalents (Note 10)	-	165,949	165,949
Collective investment scheme (Note 8)	13,120,044	-	13,120,044
Amount due from dealer	-	26,958	26,958
Amount due from Manager	-	6,827	6,827
Amount due from Manager of the collective investment scheme - management fee rebate	-	22,035	22,035
Dividends receivable	-	53,649	53,649
	<u>13,120,044</u>	<u>275,418</u>	<u>13,395,462</u>
<b>2023</b>			
Cash and cash equivalents (Note 10)	-	204,597	204,597
Collective investment scheme (Note 8)	15,081,315	-	15,081,315
Derivative assets at fair value through profit or loss (Note 9)	36,561	-	36,561
Amount due from dealer	-	283,076	283,076
Amount due from Manager	-	192	192
Amount due from Manager of the collective investment scheme - management fee rebate	-	24,175	24,175
Dividends receivable	-	77,109	77,109
	<u>15,117,876</u>	<u>589,149</u>	<u>15,707,025</u>

All liabilities, except derivative liabilities at fair value through profit or loss, are financial liabilities which are carried at amortised cost.

The Fund aims to provide income and moderate capital growth through investments in one collective investment scheme, which invests primarily in a diversified portfolio of securities related to China.

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**

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 currency risk). The value of collective investment scheme may fluctuate according to the activities of individual companies, sector and overall political and economic conditions.

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

(a) Market risk (continued)

(i) Price risk (continued)

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>13,120,044</u>	<u>15,081,315</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 each 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
<b>2024</b>		
-5%	12,464,042	(656,002)
0%	13,120,044	-
+5%	<u>13,776,046</u>	<u>656,002</u>
<b>2023</b>		
-5%	14,327,249	(754,066)
0%	15,081,315	-
+5%	<u>15,835,381</u>	<u>754,066</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 Manager USD	Amount due from dealer USD	Derivative assets at fair value through profit or loss USD	Total USD
<b>Financial assets</b>					
<b>2024</b>					
AUD	648	10	-	-	658
MYR	5,939	6,783	26,958	-	39,680
RMB	122	-	-	-	122
SGD	705	34	-	-	739
	<u>7,414</u>	<u>6,827</u>	<u>26,958</u>	<u>-</u>	<u>41,199</u>
<b>2023</b>					
AUD	628	10	12,530	818	13,986
MYR	2,204	149	8,295	35,608	46,256
RMB	119	-	102,148	(346)	101,921
SGD	2,204	33	-	481	2,718
	<u>5,155</u>	<u>192</u>	<u>122,973</u>	<u>36,561</u>	<u>164,881</u>
	Amount due to Manager USD	Amount due to dealer USD	Derivative liabilities at fair value through profit or loss USD	Net assets attributable to unit holders USD	Total USD
<b>Financial liabilities</b>					
<b>2024</b>					
AUD	-	-	4,617	275,106	279,723
MYR	27,585	-	133,540	9,913,028	10,074,153
RMB	-	-	(424)	753,098	752,674
SGD	-	-	881	159,461	160,342
	<u>27,585</u>	<u>-</u>	<u>138,614</u>	<u>11,100,693</u>	<u>11,266,892</u>
<b>2023</b>					
AUD	12,530	-	-	237,112	249,642
MYR	6,757	104	-	11,597,552	11,604,413
RMB	102,148	-	-	674,571	776,719
SGD	-	-	-	148,102	148,102
	<u>121,435</u>	<u>104</u>	<u>-</u>	<u>12,657,337</u>	<u>12,778,876</u>

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

(a) Market risk (continued)

(ii) Currency risk (continued)

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

	Change in foreign exchange rate	Impact on profit or loss/NAV	
		2024	2023
	%	RM	RM
AUD	+/-5	-/+13,953	-/+11,783
MYR	+/-5	-/+501,724	-/+577,908
RMB	+/-5	-/+37,628	-/+33,740
SGD	+/-5	-/+7,980	-/+7,269
		<u>-/+561,285</u>	<u>-/+630,700</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 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 relevant regulatory authority in its home jurisdiction.

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

	Cash and cash equivalents USD	Amount due from dealer USD	Amount due from Manager USD	Amount due from collective investment scheme - management fee rebate USD	Dividends receivable USD	Total USD
2024						
-AAA	165,949	-	-	-	-	165,949
-Not Rated	-	26,958	6,827	22,035	53,649	109,469
	<u>165,949</u>	<u>26,958</u>	<u>6,827</u>	<u>22,035</u>	<u>53,649</u>	<u>275,418</u>

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

(b) Credit risk (continued)

The following table sets out the credit risk concentration of the Fund at the end of the reporting year: (continued)

	Cash and cash equivalents USD	Amount due from dealer USD	Amount due from Manager USD	Amount due from Manager of collective investment scheme - fee rebate USD	Derivative assets at fair value through profit or loss USD	Dividends receivable USD	Total USD
2023							
-AAA	204,597	-	-	-	-	-	204,597
-Not Rated	-	283,076	192	24,175	36,561	77,109	421,113
	204,597	283,076	192	24,175	36,561	77,109	625,710

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 year as at the end of the reporting 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
<b>2024</b>			
Derivative liabilities at fair value			
through profit or loss	138,614	-	138,614
Amount due to dealer	27,042	-	27,042
Amount due to Manager	27,745	-	27,745
Accrued management fee	20,855	-	20,855
Amount due to Trustee	348	-	348
Other payables and accruals	-	4,285	4,285
Net assets attributable to unit holders*	<u>13,252,372</u>	<u>-</u>	<u>13,252,372</u>
<b>Contractual undiscounted cash flows</b>	<u>13,466,976</u>	<u>4,285</u>	<u>13,471,261</u>
<b>2023</b>			
Amount due to Manager	121,575	-	121,575
Amount due to dealer	123,110	-	123,110
Accrued management fee	24,511	-	24,511
Amount due to Trustee	409	-	409
Other payables and accruals	-	4,534	4,534
Net assets attributable to unit holders*	<u>15,445,816</u>	<u>-</u>	<u>15,445,816</u>
<b>Contractual undiscounted cash flows</b>	<u>15,715,421</u>	<u>4,534</u>	<u>15,719,955</u>

\* Outstanding units are redeemed on demand at the unit 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 USD13,252,372 (2023: USD15,445,816). 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 market falls within the bid-ask spread. In circumstances where the last traded market 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
<b>2024</b>				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>13,120,044</u>	<u>-</u>	<u>-</u>	<u>13,120,044</u>
Derivative liabilities at fair value through profit or loss:				
- Forward foreign currency contracts	<u>-</u>	<u>(138,614)</u>	<u>-</u>	<u>(138,614)</u>
<b>2023</b>				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>15,081,315</u>	<u>-</u>	<u>-</u>	<u>15,081,315</u>
Derivative assets at fair value through profit or loss:				
- Forward foreign currency contracts	<u>-</u>	<u>36,561</u>	<u>-</u>	<u>36,561</u>

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

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.

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

**(e) Fair value estimation (continued)**

- (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, 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 maximum management fee of 3.00% per annum for each class, calculated daily based on the NAV of the Fund.

For the financial year ended 31 October 2024, the management fee is recognised at a rate of 1.80% per annum (2023: 1.80% per annum) for each class.

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 maximum fee of 0.04% per annum, calculated daily based on the NAV of the Fund. The Trustee fee includes local custodian fees and charges but excludes foreign sub-custodian fees and charges.

For the financial year ended 31 October 2024, the Trustee fee is recognised at a rate of 0.03% per annum (2023: 0.04% per annum).

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

**6. DISTRIBUTIONS**

Distributions to unit holders were derived from the following sources (assessed up to distribution declaration date):

Source of distribution	2024		2023	
	USD	%	USD	%
Distribution out of current year's income	381,187	100.00	886,788	100.00
Distribution out of prior year's income/capital	-	-	-	-
Total	381,187	100.00	886,788	100.00

Gross/Net distribution per unit (cent)	2024 USD	2023 USD
Distribution on 12 December 2023		
- Class AUD-H	0.23	-
- Class MYR	0.07	-
- Class MYR-H	0.07	-
- Class RMB-H	0.05	-
- Class SGD-H	0.23	-
- Class USD	0.36	-

6. DISTRIBUTIONS (CONTINUED)

Gross/Net distribution per unit (cent)	2024 USD	2023 USD
Distribution on 8 March 2024		
- Class AUD-H	0.25	-
- Class MYR	0.08	-
- Class MYR-H	0.07	-
- Class RMB-H	0.05	-
- Class SGD-H	0.24	-
- Class USD	0.38	-
Distribution on 11 June 2024		
- Class AUD-H	0.28	-
- Class MYR	0.09	-
- Class MYR-H	0.08	-
- Class RMB-H	0.06	-
- Class SGD-H	0.27	-
- Class USD	0.43	-
Distribution on 11 September 2024		
- Class AUD-H	0.34	-
- Class MYR	0.11	-
- Class MYR-H	0.10	-
- Class RMB-H	0.07	-
- Class SGD-H	0.33	-
- Class USD	0.52	-
Distribution on 6 December 2022		
- Class AUD-H	-	0.48
- Class MYR	-	0.15
- Class MYR-H	-	0.15
- Class RMB-H	-	0.11
- Class SGD-H	-	0.45
- Class USD	-	0.73
Distribution on 6 March 2023		
- Class AUD-H	-	0.55
- Class MYR	-	0.16
- Class MYR-H	-	0.17
- Class RMB-H	-	0.12
- Class SGD-H	-	0.50
- Class USD	-	0.76
Distribution on 7 June 2023		
- Class AUD-H	-	0.52
- Class MYR	-	0.16
- Class MYR-H	-	0.16
- Class RMB-H	-	0.12
- Class SGD-H	-	0.50
- Class USD	-	0.77

6. DISTRIBUTIONS (CONTINUED)

Gross/Net distribution per unit (cent)	2024 USD	2023 USD
Distribution on 12 September 2023		
- Class AUD-H	-	0.21
- Class MYR	-	0.06
- Class MYR-H	-	0.07
- Class RMB-H	-	0.05
- Class SGD-H	-	0.21
- Class USD	-	0.31
	<u>4.76</u>	<u>7.47</u>

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

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

There were no unrealised losses during the financial year ended 31 October 2024 (2023: Nil).

7. TAXATION

	2024 USD	2023 USD
Tax charged for the financial year:		
- Tax on foreign source income	72,123	276,609
- Deferred tax expense	(18,506)	(10,081)
- Under/(Over) provision in prior year	40,155	(14,253)
	<u>93,772</u>	<u>252,275</u>

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

	2024 USD	2023 USD
Profit/(Loss) before taxation	<u>2,096,131</u>	<u>(344,872)</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	503,071	(82,769)
Tax effects of:		
Loss not deductible for tax purposes	(656,181)	(227,970)
Expenses not deductible for tax purposes	93,621	215,765
Restriction on tax deductible expenses for Wholesale Funds	59,489	94,974
Taxation on foreign source income	72,123	276,609
Deferred tax expense	(18,506)	(10,081)
Under/(Over) provision in prior year	40,155	(14,253)
	<u>93,772</u>	<u>252,275</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 USD	2023 USD
At fair value through profit or loss:		
- Collective investment scheme	<u>13,120,044</u>	<u>15,081,315</u>
Net gain on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(3,875,809)	(4,469,878)
- Unrealised fair value gain	5,239,537	4,386,922
- Management fee rebate #	181,174	290,936
	<u>1,544,902</u>	<u>207,980</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 31 October 2024, the rebate is recognised at a rate of 1.35% per annum (2023: 1.35% 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 %
<b>2024</b>				
<b>COLLECTIVE INVESTMENT SCHEME</b>				
HSBC China Multi-Asset Income Fund	<u>1,909,203</u>	<u>21,390,500</u>	<u>13,120,044</u>	<u>99.00</u>
<b>TOTAL COLLECTIVE INVESTMENT SCHEME</b>	<u><b>1,909,203</b></u>	<u><b>21,390,500</b></u>	<u><b>13,120,044</b></u>	<u><b>99.00</b></u>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u><b>(8,270,456)</b></u>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
		<u><b>13,120,044</b></u>		

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 %
<b>2023</b>				
<b>COLLECTIVE</b>				
<b>INVESTMENT SCHEME</b>				
HSBC China Multi-Asset Income Fund	<u>2,432,470</u>	<u>28,591,308</u>	<u>15,081,315</u>	<u>97.64</u>
<b>TOTAL COLLECTIVE</b> <b>INVESTMENT SCHEME</b>	<b><u>2,432,470</u></b>	<b><u>28,591,308</u></b>	<b><u>15,081,315</u></b>	<b><u>97.64</u></b>
<b>ACCUMULATED</b>				
<b>UNREALISED LOSS ON</b>				
<b>FINANCIAL ASSETS AT</b>				
<b>FAIR VALUE THROUGH</b>				
<b>PROFIT OR LOSS</b>				
		<u>(13,509,993)</u>		
<b>TOTAL FINANCIAL</b>				
<b>ASSETS AT FAIR VALUE</b>				
<b>THROUGH PROFIT OR</b>				
<b>LOSS</b>				
		<u>15,081,315</u>		

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

	2024 USD	2023 USD
Derivative (liabilities)/assets at fair value through profit or loss:		
Forward foreign currency contracts	<u>(138,614)</u>	<u>36,561</u>
	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Net gain/(loss) on derivatives at fair value through profit or loss:		
Net realised gain/(loss) on forward foreign currency contracts	670,535	(565,423)
Net unrealised (loss)/gain on forward foreign currency contracts	<u>(175,175)</u>	<u>74,882</u>
	<u>495,360</u>	<u>(490,541)</u>

As at 31 October 2024, there are 4 outstanding (2023: 6 outstanding) forward foreign currency contracts. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD11,229,504 (2023: USD13,274,976).

The forward foreign currency contracts are entered into during the financial year to minimise the risk of foreign currency exposure between the USD and the Australian Dollar ("AUD"), Chinese Yuan Renminbi ("RMB"), Malaysian Ringgit ("MYR"), and Singapore Dollar ("SGD") for 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 contracts are recognised immediately in the statement of comprehensive income during the year in which it was incurred.

10. CASH AND CASH EQUIVALENTS

	2024 USD	2023 USD
Bank balances	<u>165,949</u>	<u>204,597</u>

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2024 No. of units	2023 No. of units
Class AUD-H (i)	689,798	675,520
Class MYR (ii)	1,916,896	2,882,646
Class MYR-H (iii)	76,361,669	105,069,396
Class RMB-H (iv)	8,744,291	8,740,395
Class SGD-H (v)	406,762	426,201
Class USD (vi)	<u>3,522,252</u>	<u>5,086,182</u>
	<u>91,641,668</u>	<u>122,880,340</u>

(i) Class AUD-H		
At the beginning of the financial year	675,520	986,286
Add: Creation of units from applications	-	-
Add: Creation of units from distribution	19,986	32,891
Less: Cancellation of units	<u>(5,708)</u>	<u>(343,657)</u>
At the end of the financial year	<u>689,798</u>	<u>675,520</u>

(ii) Class MYR		
At the beginning of the financial year	2,882,646	3,619,382
Add: Creation of units from applications	-	201,105
Add: Creation of units from distribution	69,176	138,914
Less: Cancellation of units	<u>(1,034,926)</u>	<u>(1,076,755)</u>
At the end of the financial year	<u>1,916,896</u>	<u>2,882,646</u>

(iii) Class MYR-H		
At the beginning of the financial year	105,069,396	120,838,856
Add: Creation of units from applications	1,549,330	3,979,455
Add: Creation of units from distribution	2,426,080	4,742,792
Less: Cancellation of units	<u>(32,683,137)</u>	<u>(24,491,707)</u>
At the end of the financial year	<u>76,361,669</u>	<u>105,069,396</u>

(iv) Class RMB-H		
At the beginning of the financial year	8,740,395	12,064,584
Add: Creation of units from applications	155,184	31,909
Add: Creation of units from distributions	249,961	459,453
Less: Cancellation of units	<u>(401,249)</u>	<u>(3,815,551)</u>
At the end of the financial year	<u>8,744,291</u>	<u>8,740,395</u>



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

	<b>2024</b>	<b>2023</b>
	<b>No. of units</b>	<b>No. of units</b>
(v) Class SGD-H		
At the beginning of the financial year	426,202	685,398
Add: Creation of units from applications	157,801	9,141
Add: Creation of units from distributions	13,684	25,865
Less: Cancellation of units	(190,925)	(294,203)
At the end of the financial year	<u>406,762</u>	<u>426,201</u>
(vi) Class USD		
At the beginning of the financial year	5,086,181	5,658,211
Add: Creation of units from applications	10,907	23,644
Add: Creation of units from distributions	118,834	217,949
Less: Cancellation of units	(1,693,670)	(813,622)
At the end of the financial year	<u>3,522,252</u>	<u>5,086,182</u>

12. TOTAL EXPENSE RATIO ("TER")

	<b>2024</b>	<b>2023</b>
	<b>%</b>	<b>%</b>
TER	<u>0.55</u>	<u>0.54</u>

TER is derived from the following calculation:

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

A	=	Management fee (exclude management fee 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 ended 31 October 2024 calculated on a daily basis is USD13,634,084 (2023: USD21,850,215).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	<b>2024</b>	<b>2023</b>
PTR (times)	<u>0.23</u>	<u>0.21</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	=	USD1,525,000 (2023: USD2,825,000)
total disposal for the financial year	=	USD4,850,000 (2023: USD6,400,000)

14. **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 were 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 Berhad, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of shareholder of the Manager

Units held by the Manager and parties related to the Manager

	<b>No. of units</b>	<b>2024 USD</b>	<b>No. of units</b>	<b>2023 USD</b>
<b>Manager</b>				
Principal Asset Management Berhad				
- Class AUD-H	93	37	90	32
- Class MYR	47	6	46	5
- Class MYR-H	268	34	212	23
- Class RMB-H	93	8	91	7
- Class SGD-H	41	16	40	14
- Class USD	16	10	16	9

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.

There were no significant related party transactions during the financial year, other than those already disclosed in the financial statements.

**15. TRANSACTIONS WITH BROKERS**

Details of transactions with the broker for the financial year ended 31 October 2024 were as follows:

<b>Broker</b>	<b>Value of trades USD</b>	<b>Percentage of total trades %</b>
HSBC Investment Funds (Hong Kong) Ltd	<u>6,375,000</u>	<u>100.00</u>

Details of transactions with the broker for the financial year ended 31 October 2023 were as follows:

<b>Broker</b>	<b>Value of trades USD</b>	<b>Percentage of total trades %</b>
HSBC Investment Funds (Hong Kong) Ltd	<u>9,225,000</u>	<u>100.00</u>

**16. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue by the Manager on 13 December 2024.

## DIRECTORY

### Head Office of the Manager

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))  
Level 32, Exchange106,  
Lingkaran TRX,  
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Kuala Lumpur, Malaysia.  
Tel: (03) 8680 8000

### Website

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(6016) 299 9792

### Trustee for the Principal China Multi Asset Income Fund

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### Auditors of the Fund and of the Manager

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