

PRINCIPAL CHINA QUALITY GROWTH FUND

QUARTERLY REPORT

FOR THE QUARTER AND FINANCIAL PERIOD ENDED FROM 26 AUGUST 2024 (DATE OF LAUNCH) TO 31 DECEMBER 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 Quarterly Fund Report of the Principal China Quality Growth Fund for the financial period from 26 August 2024 (Date of Launch) To 31 December 2024. You may also download this report from our website at 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, ten at the FSMOne Recommended Funds 2023/2024, and two at the Edge Awards 2024.

Digital innovation is central to our strategy, as we use data and technology to develop the right solutions for you. We will continue to advance our digital capabilities to provide easy access to your investment portfolio and enable you to carry out transactions seamlessly. Please continue to check out our website, 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 achieve capital appreciation through investments in one (1) collective investment scheme, which invests primarily in People's Republic of China equity securities including but not limited to China A-Shares listed on People's Republic of China stock exchanges.

Has the Fund achieved its objective?

During the financial period under review, the fund remains aligned with its long-term objective as outlined in the fund objective section.

What are the Fund investment policy and principal investment strategy?

The Fund will be actively rebalanced from time to time to meet sales and withdrawals transactions. This is to enable a proper and efficient management of the Fund. As this is a feeder fund that invests predominantly in the Target Fund, we do not intend to take temporary defensive position for the Fund during adverse market, economic and/or any other conditions. This is to allow the Fund to mirror the performance of the Target Fund in either bullish or bearish market conditions. However, the Target Fund Investment Manager may take temporary defensive position when deemed necessary. The Fund's investment in fixed income securities will generally be restricted to fixed income instruments rated at least a minimum credit rating of "BBB-" by S&P or its equivalent rating by other international rating agencies and/or at least "A3" by RAM or equivalent rating by MARC or by local rating agency(ies) of the country ("Investment Grade Securities"). Nonetheless, up to 20% of the Fund's NAV may be invested in non-investment grade and/or unrated fixed income securities.

Base Currency

United States Dollar ("USD")

Fund category/type

Feeder fund/ Growth

When was the Fund launched?

Name of Class	Launch Date
Class AUD-Hedged	26 August 2024
Class GBP-Hedged	26 August 2024
Class MYR-Hedged	26 August 2024
Class SGD-Hedged	26 August 2024
Class USD	26 August 2024

What was the size of the Fund as at 31 December 2024?

USD0.05 million (0.22 million units)

What is the Fund's benchmark?

The Target Fund's benchmark is the CSI 300 (Total Return Net).

What is the Fund distribution policy?

The distribution policy of each of the Class may differ. Please refer to the Annexure of the respective Class for more information.

What was the net income distribution for the financial period from 26 August 2024 (Date Of Launch) To 31 December 2024?

There was no distribution made for the financial period from 26 August 2024 (Date Of Launch) To 31 December 2024.

PERFORMANCE DATA

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

	31.12.2024
	%
Unquoted fixed income securities	96.44
Cash and other assets	3.73
Liabilities	(0.17)
	<u>100.00</u>

Performance details of the Fund for the unaudited financial period were as follows:

	31.12.2024
NAV (USD Million)	
- Class AUD-H	0.00*
- Class GBP-H	0.00*
- Class MYR-H	0.05
- Class SGD-H	0.00*
- Class USD	0.00*
Units in circulation (Million)	
- Class AUD-H	0.00*
- Class GBP-H	0.00*
- Class MYR-H	0.21
- Class SGD-H	0.00*
- Class USD	0.00*
NAV per unit (USD)	
- Class AUD-H	0.6100
- Class GBP-H	1.2444
- Class MYR-H	0.2194
- Class SGD-H	0.7277
- Class USD	1.0069
	26.08.2024
	(date of launch)
	to 31.12.2024

Highest NAV per unit (USD)

- Class AUD-H	0.6886
- Class GBP-H	1.3497
- Class MYR-H	0.2401
- Class SGD-H	0.7892
- Class USD	1.0556

Lowest NAV per unit (USD)

- Class AUD-H	0.6100
- Class GBP-H	1.2363
- Class MYR-H	0.2178
- Class SGD-H	0.7277
- Class USD	0.9981

Note: 0.00* denotes fair value less than 0.01 million

PERFORMANCE DATA (CONTINUED)

26.08.2024
(date of launch)
to 31.12.2024

Total return (%)	
- Class AUD-H	(1.37)
- Class GBP-H	(0.57)
- Class MYR-H	(1.92)
- Class SGD-H	(0.55)
- Class USD	0.69
Capital growth (%)	
- Class AUD-H	(1.37)
- Class GBP-H	(0.57)
- Class MYR-H	(1.92)
- Class SGD-H	(0.55)
- Class USD	0.69
Income distribution (%)	
- Class AUD-H	-
- Class GBP-H	-
- Class MYR-H	-
- Class SGD-H	-
- Class USD	-
Total Expense Ratio ("TER") (%)	0.02
Portfolio Turnover Ratio ("PTR") (times)	1.89

Since Inception
to 31.12.2024
%

Annual total return	
- Class AUD-H	(1.37)
- Class GBP-H	(0.57)
- Class MYR-H	(1.92)
- Class SGD-H	(0.55)
- Class USD	0.69

(Launch date: 26 August 2024)

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

MARKET REVIEW (26 AUGUST 2024 (DATE OF LAUNCH) TO 31 DECEMBER 2024)

During the second half of 2024, the China A-share market, as represented by the China Securities Index ("CSI 300 Index"), exhibited mixed performance amid evolving macroeconomic conditions and policy adjustments. Market sentiment remained cautious due to concerns over economic recovery, geopolitical developments, and the regulatory environment. However, intermittent periods of optimism were fueled by government stimulus measures and policy support aimed at stabilizing growth, particularly in key sectors such as technology, consumer goods, and renewable energy.

MARKET REVIEW (26 AUGUST 2024 (DATE OF LAUNCH) TO 31 DECEMBER 2024) (CONTINUED)

Sector performance was varied, with technology and consumer discretionary stocks experiencing volatility due to shifting demand patterns and global supply chain disruptions. The financial sector remained relatively stable, supported by monetary policy easing and credit expansion, while industrials and infrastructure-related stocks benefitted from increased government spending. Market liquidity was influenced by foreign investor participation, which fluctuated in response to global risk sentiment and the US Federal Reserve's (the "Fed") interest rate decisions.

The reference index CSI 300 ended the year with moderate gains, reflecting a balance between economic challenges and policy-driven market support. Valuations remained attractive compared to global peers, drawing selective investor interest despite lingering uncertainties. While trading activity varied across sectors, investor focus was largely on earnings resilience, policy direction, and structural shifts within the Chinese economy.

FUND PERFORMANCE

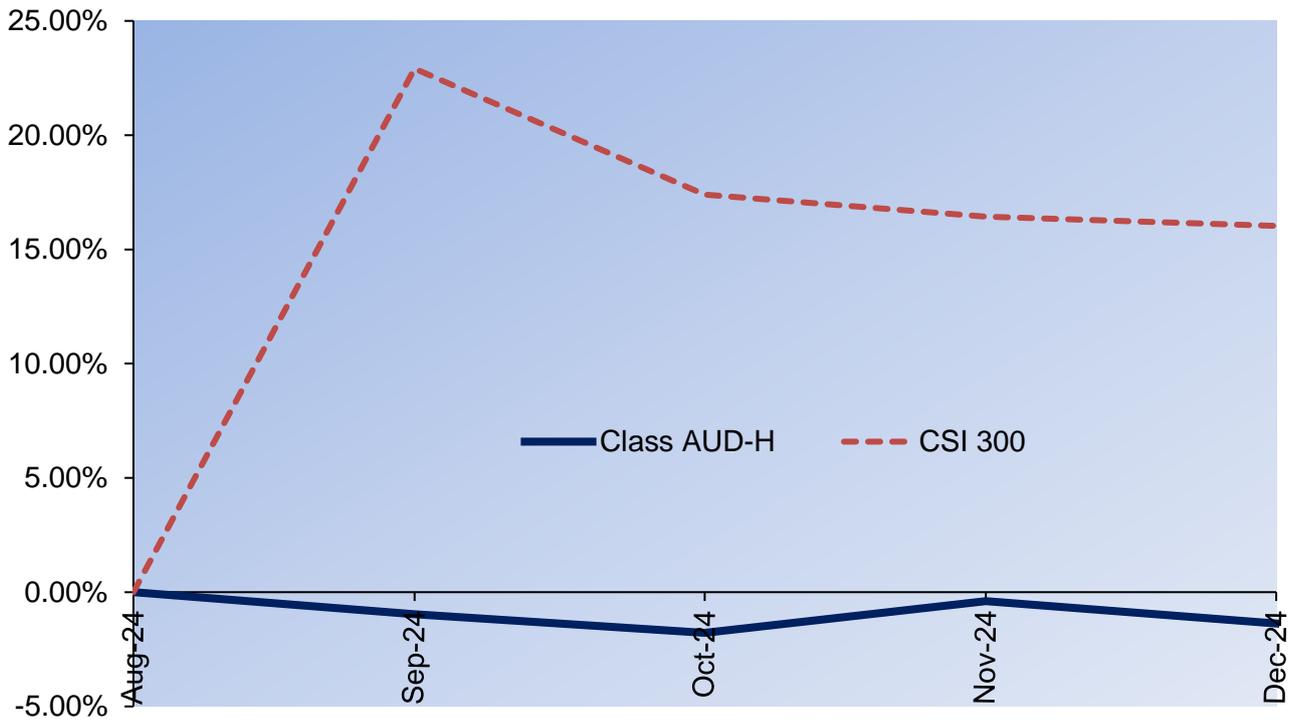
	3 months to 31.12.2024 %	Since inception to 31.12.2024 %
Income Distribution		
- Class AUD-H	-	-
- Class GBP-H	-	-
- Class MYR-H	-	-
- Class SGD-H	-	-
- Class USD	-	-
Capital Growth		
- Class AUD-H	(0.40)	(1.37)
- Class GBP-H	(0.28)	(0.57)
- Class MYR-H	(0.91)	(1.92)
- Class SGD-H	(0.72)	(0.55)
- Class USD	(0.16)	0.69
Total Return		
- Class AUD-H	(0.40)	(1.37)
- Class GBP-H	(0.28)	(0.57)
- Class MYR-H	(0.91)	(1.92)
- Class SGD-H	(0.72)	(0.55)
- Class USD	(0.16)	0.69
Benchmark		
- Class AUD-H	(5.59)	16.03
- Class GBP-H	(5.59)	16.03
- Class MYR-H	(5.59)	16.03
- Class SGD-H	(5.59)	16.03
- Class USD	(5.59)	16.03
Average Total Return		
- Class AUD-H	(1.59)	(3.89)
- Class GBP-H	(1.11)	(1.63)
- Class MYR-H	(3.56)	(5.42)
- Class SGD-H	(2.82)	(1.57)
- Class USD	(0.63)	2.00

The fund outperformed the benchmark during the financial period under review, Class AUD-H, Class GBP-H, Class MYR-H, Class SGD-H, and Class USD decreased by 0.40%, 0.28%, 0.91%, 0.72%, 0.16% respectively while then benchmark decreased by 5.59% during the same period.

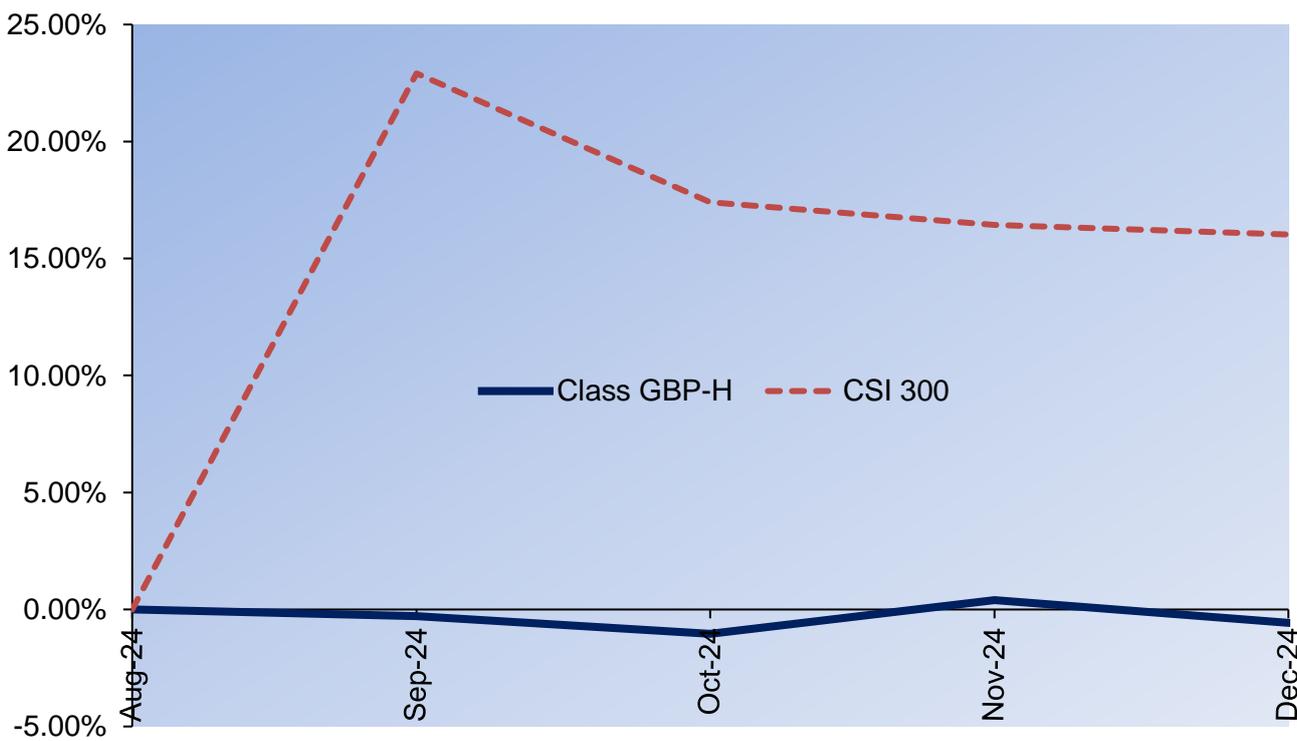
FUND PERFORMANCE (CONTINUED)

Since inception

CLASS AUD-H



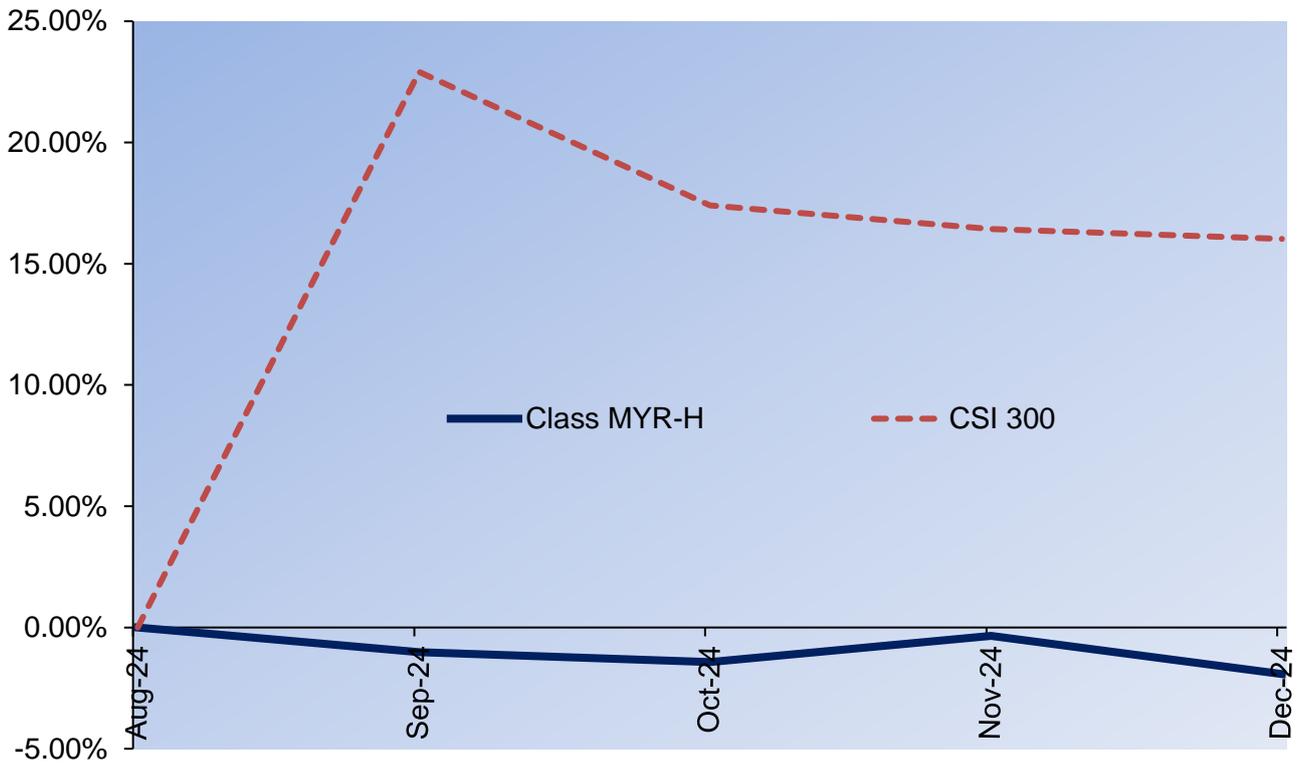
CLASS GBP-H



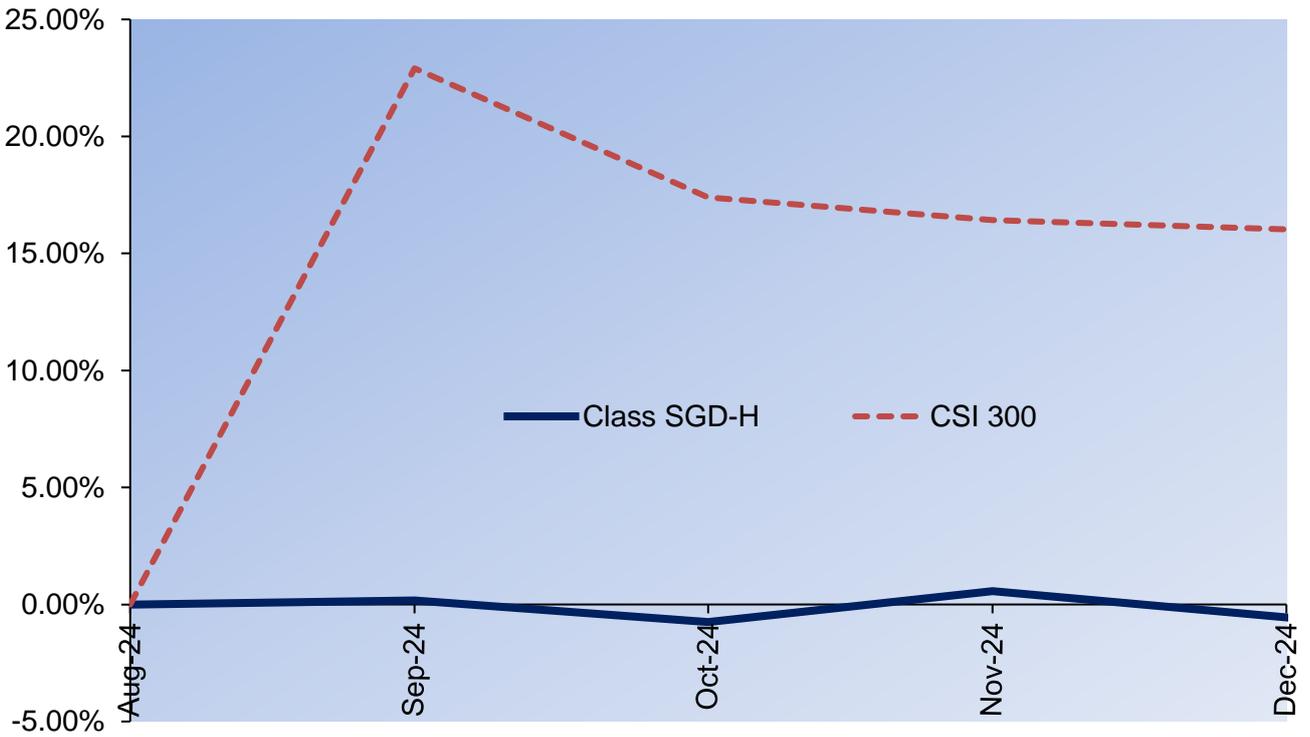
FUND PERFORMANCE (CONTINUED)

Since inception

CLASS MYR-H



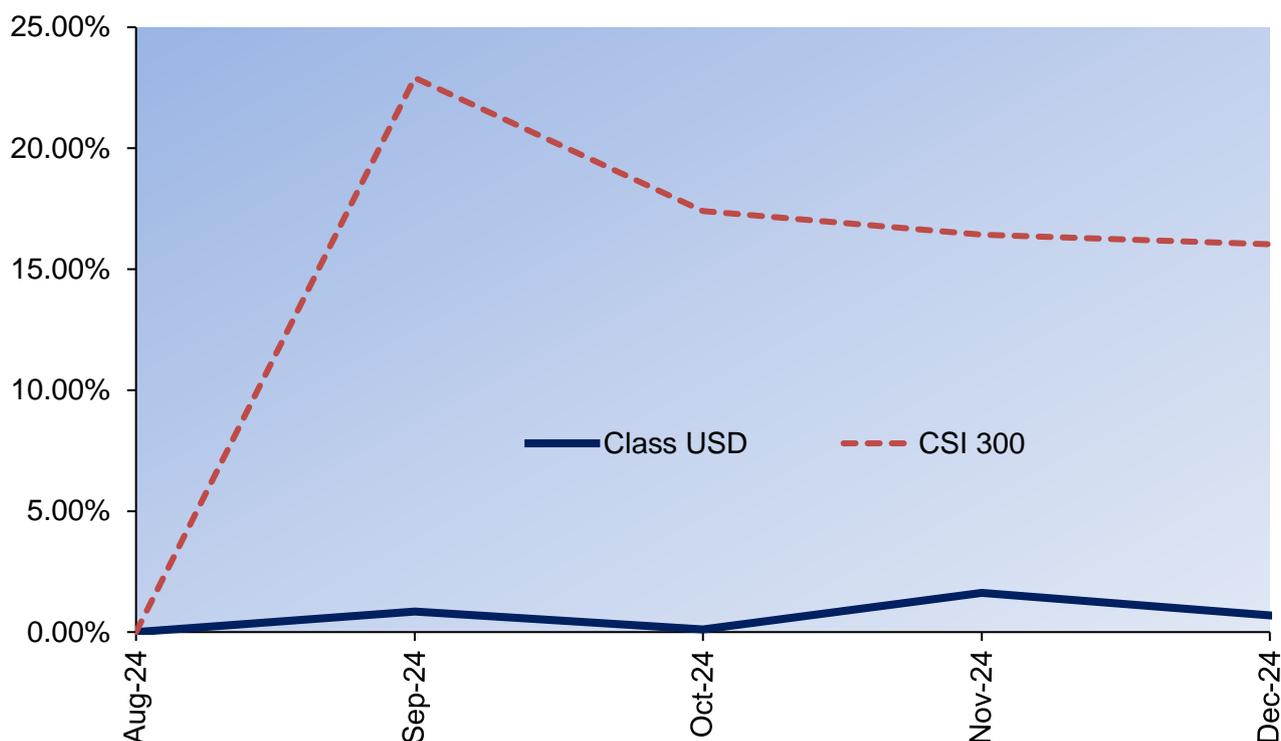
CLASS SGD-H



FUND PERFORMANCE (CONTINUED)

Since inception

CLASS USD



Changes in NAV

31.12.2024

CLASS AUD-H

NAV (USD Million) 0.00*
NAV/Unit (USD) 0.6100

CLASS GBP-H

NAV (USD Million) 0.00*
NAV/Unit (USD) 1.2444

CLASS MYR-H

NAV (USD Million) 0.05
NAV/Unit (USD) 0.2194

CLASS SGD-H

NAV (USD Million) 0.00*
NAV/Unit (USD) 0.7277

CLASS USD

NAV (USD Million) 0.00*
NAV/Unit (USD) 1.0069

Note: 0.00* denotes fair value less than 0.01 million

FUND PERFORMANCE (CONTINUED)

Changes in NAV (continued)

During the financial period under review, the fund’s NAV for Class MYR-H stood at USD 0.05 million, while Class AUD-H, Class GBP-H, Class SGD-H, and Class USD has NAV below 0.01 million.

At the time of reporting, Class MYR-H has the highest total NAV, stood at USD 0.05 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 period have been extracted from Lipper.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.12.2024
Unquoted fixed income securities	96.44
Cash and other assets	3.73
Liabilities	(0.17)
Total	100.00

The fund was fully invested during the financial period under review. A minimal level of liquid asset was maintained primarily for redemption purposes.

MARKET OUTLOOK*

The China A-share market is expected to remain influenced by a combination of domestic policy measures and global economic conditions. Government support for economic stabilization, including fiscal stimulus and targeted monetary easing, will likely provide a foundation for market resilience. Key sectors such as technology, consumer discretionary, and new energy are expected to benefit from structural reforms and investment incentives. However, investor sentiment may remain cautious amid ongoing regulatory shifts, geopolitical uncertainties, and external demand fluctuations.

Market valuations continue to present selective opportunities, particularly in sectors aligned with China’s long-term growth agenda. Foreign investor participation will be a key factor, with capital flows influenced by global interest rate trends and risk appetite. While volatility is expected to persist, long-term fundamentals, including consumption-driven growth and innovation-led industries, should provide a supportive backdrop for market performance.

* This market outlook does not constitute an offer, invitation, commitment, advice or recommendation to make a purchase of any investment. The information given in this article represents the views of Principal Asset Management Berhad (“Principal Malaysia”) or based on data obtained from sources believed to be reliable by Principal Malaysia. Whilst every care has been taken in preparing this, Principal Malaysia makes no guarantee, representation or warranty and is under no circumstances liable for any loss or damage caused by reliance on, any opinion, advice or statement made in this market outlook.

INVESTMENT STRATEGY

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

SOFT COMMISSIONS AND REBATES

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

- (a) the soft commission bring 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 Funds; and
- (c) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and the Manager will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

During the financial period under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers, but the Manager has retained soft commission in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. The Manager confirms that the goods and services received were for the benefit of the Fund, the trades were made on a best execution basis and there was no churning of trades.

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIR OF THE FUND

There were no significant changes in the state of affairs of the Fund during the period 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 period under review.

CROSS TRADE

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

UNIT SPLIT

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

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 26 AUGUST 2024 (DATE OF LAUNCH) TO 31 DECEMBER
2024**

**26.08.2024
(date of launch)
to 31.12.2024
USD**

INCOME

Net loss on financial assets at fair value through profit or loss	(305)
Net loss on derivative assets at fair value through profit or loss	(1,011)
Net foreign exchange gain	308
Other Income	224
	<u>(784)</u>

EXPENSES

Management fee	159
Trustee fee	2
	<u>161</u>

LOSS BEFORE TAXATION

(945)

Taxation

-

**LOSS AFTER TAXATION, REPRESENTING
TOTAL COMPREHENSIVE LOSS FOR THE
FINANCIAL PERIOD**

(945)

Loss after taxation is made up as follows: :

Realised amount	(829)
Unrealised amount	(116)
	<u>(945)</u>

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	31.12.2024 USD
ASSETS	
Cash and cash equivalents	334
Financial assets at fair value through profit or loss	48,532
Derivative assets at fair value through profit or loss	400
Amount due from the Manager of collective investment scheme	
- Management fee rebate	145
- Sale of collective investment scheme	1,000
TOTAL ASSETS	<u>50,411</u>
LIABILITIES	
Accrued management fee	83
Amount due to Trustee	1
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)	<u>84</u>
NET ASSET VALUE OF THE FUND	<u>50,327</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	<u>50,327</u>
REPRESENTED BY:	
FAIR VALUE OF OUTSTANDING UNITS	
- Class AUD-H	610
- Class GBP-H	1,244
- Class MYR-H	46,738
- Class SGD-H	728
- Class USD	1,007
	<u>50,327</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	
- Class AUD-H	1,000
- Class GBP-H	1,000
- Class MYR-H	213,014
- Class SGD-H	1,000
- Class USD	1,000
	<u>217,014</u>
NET ASSET VALUE PER UNIT (USD)	
- Class AUD-H	0.6100
- Class GBP-H	1.2444
- Class MYR-H	0.2194
- Class SGD-H	0.7277
- Class USD	<u>1.0069</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES	
- Class AUD-H	0.3773
- Class GBP-H	1.5574
- Class MYR-H	0.9808
- Class SGD-H	0.9945
- Class USD	<u>1.0069</u>

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL PERIOD FROM 26 AUGUST 2024 (DATE OF LAUNCH) TO 31 DECEMBER
2024**

**26.08.2024
(date of launch)
to 31.12.2024
USD**

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

-

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

Creation of units from applications

- Class AUD-H	670
- Class GBP-H	1,314
- Class MYR-H	84,503
- Class SGD-H	770
- Class USD	1,000
	<u>88,257</u>

Cancellation of units

- Class MYR-H	<u>(36,985)</u>
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Total comprehensive loss for the financial period

(945)

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

50,327

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 26 AUGUST 2024 (DATE OF LAUNCH) TO 31 DECEMBER
2024**

**26.08.2024
(date of launch)
to 31.12.2024
USD**

CASH FLOWS FROM OPERATING ACTIVITIES

Purchase of unquoted fixed income securities	(82,000)
Proceeds from disposal of unquoted fixed income securities	32,000
Management fee rebate received	18
Management fee paid	(76)
Trustee fee paid	(1)
Other income received	203
Net realised loss on forward foreign currency contracts	(1,411)
Receipt of other foreign exchange gain	202
Net cash used in operating activities	(51,043)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from units created	88,257
Payments for cancellation of units	(36,985)
Net cash generated from financing activities	51,272

Net increase in cash and cash equivalents	229
Effects of foreign exchange differences	105
Cash and cash equivalents at the end of the financial period	334

Cash and cash equivalents comprises of:

Bank balances	334
Cash and cash equivalents at the end of financial period	334

DIRECTORY

Head Office of the Manager

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Trustee for the Principal China Quality Growth Fund

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