

PRINCIPAL FTSE CHINA 50 ETF
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 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 FTSE China 50 ETF for the financial year ended 30 June 2024. You may also download this report from our website at www.principal.com.my.

We are proud to announce that Principal Malaysia has received numerous accolades in 2024. At the Asia Asset Management 2024 Best of the Best Awards, we won the Best of the Best Performance Award: China A-Share Equity (3 years) and 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 we were recognized as Asset Management Company of the Year Malaysia. We also 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). At the Triple A Sustainable Investing Awards 2024, we secured the Asset Management Company of the Year (Malaysia) award. The World Business Outlook magazine awarded us 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 (www.principal.com.my), like our Facebook page (@PrincipalAssetMY), follow us on our Instagram account (@principalassetmanagement_my), and LinkedIn page (Principal Asset Management Berhad) for the latest updates, market insights and investment articles.

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

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

Munirah Khairuddin
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 investment results that closely correspond to the performance of the Financial Times Stock Exchange ("FTSE") China 50 Index ("Benchmark Index"), regardless of its performance.

Has the Fund achieved its objective?

For the financial year under review, the Fund has met its objective in closely corresponding to the performance of the Benchmark Index.

What are the Fund investment policy and principal investment strategy?

A passive strategy whereby the Manager may adopt either a Replication Strategy or a Representative Sampling Strategy.

Replication Strategy

In managing the Fund, the Manager will generally adopt a Replication Strategy. Using a Replication Strategy, the Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Benchmark Index (to the extent possible). If the Manager is of the opinion there exists liquidity constraints with the Index Securities, the Fund may substitute the Index Securities (in part or in whole) with one or more derivatives of the Index Securities which are likely to behave in a manner consistent with the investment objective of the Fund as determined by the Manager.

Representative Sampling Strategy

The Manager may decide to adopt a Representative Sampling Strategy if various circumstances make it impossible or impracticable to adopt a Replication Strategy.

Fund category/type

Exchange-traded Fund ("ETF")/Equity

When was the Fund launched?

9 July 2010*

* Listing date

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

RM5.41 million (4.55 million units)

What is the Fund's benchmark?

The FTSE China 50 Index or such replacement index as may be determined by the Manager, subject to the approval of the Securities Commission Malaysia ("SC").

What is the Fund distribution policy?

Annually, subject to the discretion of the Manager.

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

There was no distribution made for the financial year ended 30 June 2024.

PERFORMANCE DATA

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

	30.06.2024	30.06.2023	30.06.2022
	%	%	%
Quoted securities			
- Consumer Discretionary	30.72	33.06	34.97
- Consumer Staples	0.96	2.95	2.18
- Energy	7.04	4.52	3.15
- Financials	30.52	28.59	26.27
- Health Care	0.96	2.15	3.94
- Industrials	1.71	1.71	1.29
- Information Technology	3.64	2.33	2.68
- Materials	1.80	1.34	1.55
- Real Estate	1.86	2.59	3.96
- Telecommunication Services	17.87	19.27	17.38
- Utilities	0.54	-	0.66
Cash and other assets	4.28	3.27	3.56
Liabilities	(1.90)	(1.78)	(1.59)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.06.2024	30.06.2023	30.06.2022
Total asset value (RM Million)	5.51	5.56	6.40
Net Asset Value ("NAV") (RM Million)	5.41	5.46	6.30
Units in circulation (Million)	4.55	4.55	4.55
NAV per Unit (RM)	1.1883	1.2008	1.3840
Market Price per Unit (RM)	1.2250	1.2300	1.3900
Highest NAV per Unit (RM)	1.3087	1.3973	1.7762
Lowest NAV per Unit (RM)	0.9473	0.9185	1.0236
Highest Market Price per Unit (RM)	1.3100	1.3200	1.8000
Lowest Market Price per Unit (RM)	1.0400	1.1550	1.2400
- Total return (%) ^	(1.54)	(13.20)	(22.00)
- Capital growth (%)	(1.54)	(13.20)	(22.00)
- Income distribution (%)	-	-	-
Total Expenses Ratio ("TER") (%) *	1.73	1.74	1.49
Portfolio Turnover Ratio ("PTR") (times) #	0.14	0.16	0.28

^ based on NAV per unit

* The Fund's TER decreased from 1.74% to 1.73% due to decreased in overall expenses during the financial year under review.

For the financial year under review, the Fund's PTR decreased from 0.16 times to 0.14 times as there were lesser trading activity from portfolio rebalancing.

PERFORMANCE DATA (CONTINUED)

	30.06.2024	30.06.2023	30.06.2022	30.06.2021	30.06.2020
	%	%	%	%	%
Annual total return	(1.54)	(13.20)	(22.00)	10.70	(0.51)

(Listing date: 9 July 2010)

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 JULY 2023 TO 30 JUNE 2024)

The FTSE China 50 Index experienced notable fluctuations influenced by various economic and geopolitical factors. The index, which tracks the largest and most liquid China stocks listed on the Hong Kong Stock Exchange, saw a year-over-year decline. Key drivers for this performance include global economic uncertainties, domestic regulatory changes, and shifts in investor sentiment toward Chinese equities.

Several important developments impacted the index during this period, the index performance were closely tied to environment in China, characterized by efforts to stabilize the property market, manage debt levels, and stimulate consumer demand.

FUND PERFORMANCE

	1 year to 30.06.2024	3 years to 30.06.2024	5 years to 30.06.2024	Since inception to 30.06.2024
	%	%	%	%
Income Distribution	-	-	-	-
Capital Growth [^]	(1.54)	(33.35)	(26.59)	16.70
Total Return [^]	(1.54)	(33.35)	(26.59)	16.70
Average Total Return [^]	(1.54)	(12.64)	(5.99)	1.11
Benchmark	(2.07)	(34.73)	(28.65)	(1.40)
Changes in Market Price per Unit	(0.41)	(23.68)	(20.45)	18.93

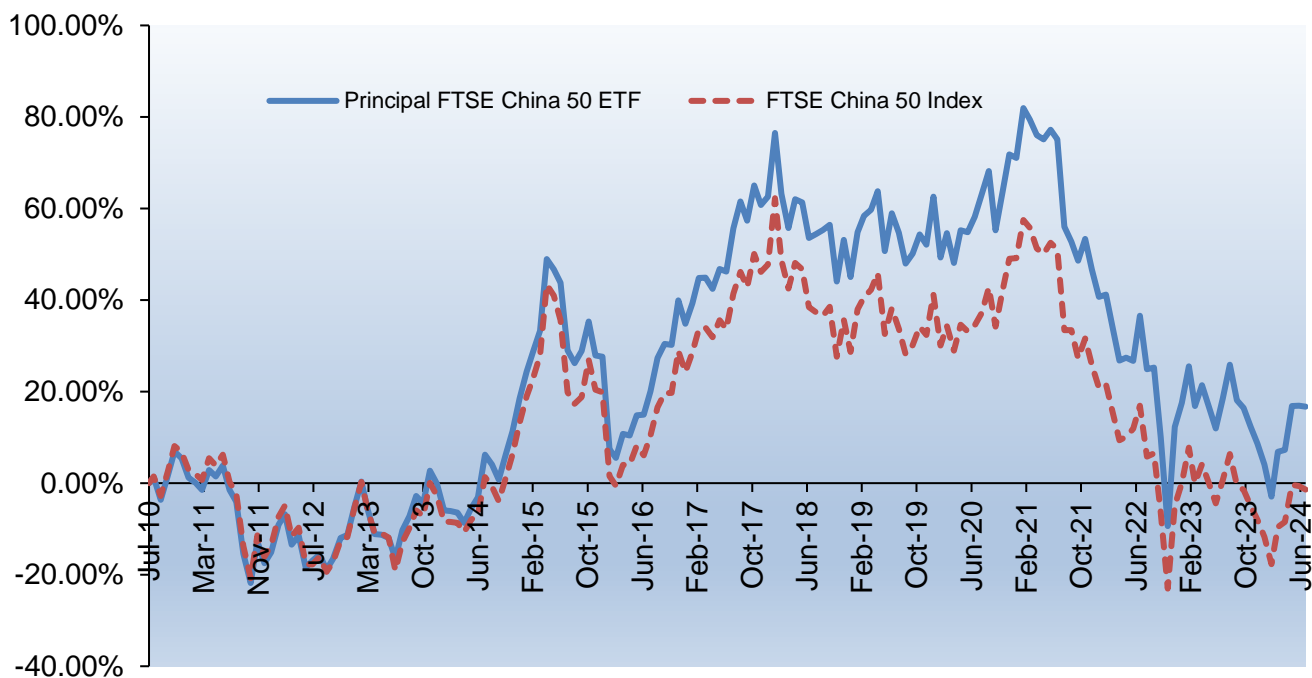
[^] based on NAV per Unit

During the financial year under review, the fund decreased by 1.54%, outperforming the benchmark which decreased by 2.07%.

The last available published market price of the fund quoted on Bursa Malaysia decreased from RM1.2300 to RM1.2250 during the financial year under review, representing a decreased of 0.41%.

FUND PERFORMANCE (CONTINUED)

Since inception



Changes in NAV

	30.06.2024	30.06.2023	Changes %
NAV (RM Million)	5.41	5.46	(0.92)
NAV/Unit (RM)	1.1883	1.2008	(1.04)

During the financial year under review, the fund's NAV decreased by 0.92%, while the NAV per unit decreased by 1.04% due to negative investment performance.

Performance data represents the combined income and capital return as a result of holding units in the Fund for the specified length of time, based on NAV to NAV price. The performance data assumes that all earnings from the Fund are reinvested and are net of management and trustee fees. Past performance is not reflective of future performance and income distributions are not guaranteed. Unit prices and income distributions, if any, may fall and rise. All performance figures for the financial year have been extracted from Lipper.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.06.2024	30.06.2023
Quoted securities	97.62	98.51
Cash and other assets	4.28	3.27
Liabilities	(1.90)	(1.78)
TOTAL	100.00	100.00

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

MARKET OUTLOOK*

China's economic recovery is expected to gain momentum in 2024, driven by a combination of fiscal and monetary stimulus aimed at boosting domestic consumption and investment. The Chinese government is likely to continue implementing supportive policies, including tax cuts, increased infrastructure spending, and incentives for high-technology industries. These measures are designed to stabilize the economy, enhance consumer confidence, and promote business expansion, which could positively impact the companies listed in the FTSE China 50 Index.

The Index is poised for moderate growth in 2024, supported by policy measures and economic recovery initiatives. The balance between supportive government actions and prevailing economic challenges will be crucial in determining the index's trajectory in the coming year.

* 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

As this is an ETF, the Fund will continue to remain fully invested in the Benchmark Index stocks with minimal cash kept for liquidity purposes in order to track the performance of the benchmark.

SOFT COMMISSIONS AND REBATES

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

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

During the financial year under review, the Manager and 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 year under review.

STATE OF AFFAIR OF THE FUND

In relation to this Fund, the Fund had issued the First Supplemental Prospectus dated 28 July 2023.

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.

ADDITIONAL INFORMATION

The following information on the resignation/cessation of Board of Directors/Investment Committee Members was updated:

No.	Name	Date of resignation/cessation	Designation
1.	Wong Joon Hian	31 December 2023	Independent Non-Executive Director of Principal Asset Management Berhad
2.	Mohamad Safri Shahul Hamid	1 April 2024	Non-Independent Member (Investment Committee) of Principal Asset Management Berhad

The following information on the appointment of new Board of Directors/Investment Committee Members was updated:

No.	Name	Date of appointment	Designation
1.	Yoon Mun Thim	1 January 2024	Independent Non-Executive Director of Principal Asset Management Berhad
2.	Wong Joon Hian	1 April 2024	Independent Member (Investment Committee) of Principal Asset Management Berhad

Key Personnel of the Manager

There are ten (10) members sitting on the Board of Directors of Principal Malaysia including two (2) Alternate Directors and three (3) Independent Directors. The Board of Directors oversees the management and operations of Principal Malaysia and meets at least once every quarter.

Details of the Directors of the management company are set out as below:

Name:	Cheong Wee Yee, Thomas (Chairman)
Age:	56
Nationality:	Singaporean
Designation:	Chairman, Non-Independent Non-Executive Director
Qualifications:	<ul style="list-style-type: none"> • Masters in Business Administration from Olin Business School, Washington University in St. Louis. • Inducted to Beta Gamma Sigma Honorary Business School Society. • Bachelor's Degree in Econometrics, with first class honours, from the London School of Economics, University of London.

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Cheong Wee Yee, Thomas (Chairman) (continued)
Experience:	Thomas Cheong is currently Executive Vice President of Principal Financial Group® and President of Principal Asia Pacific & Middle East. He is responsible for leading the development of the retail pension, long-term savings and asset management business for Principal in Asia, while managing key partnerships in the region. He is a member of the Principal senior management team and currently serves on the boards of several Principal subsidiaries. He joined Principal in January 2015 and has more than 20 years of management experience in Asia, holding various senior management positions with profit and loss responsibilities. His extensive experience in the asset management, pension, and life insurance businesses included appointments as president of North Asia for Principal International; CEO and executive director of Manulife Asset Management (Taiwan); country head overseeing Manulife's joint venture asset management business in mainland China; CEO of the Prudential UK's China and Malaysia asset management companies, and the director of corporate development in Prudential UK's Singapore life insurance business.
Date appointed to Board:	16 April 2021
Details of Membership of any Board Committee:	None
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	5 out of 5
Name:	Uday Jayaram
Age:	56
Nationality:	Malaysian
Designation:	Executive Managing Director, Head of Southeast Asia Non-Independent Executive Director
Qualifications:	<ul style="list-style-type: none"> • BSc Economics degree majoring in Accounting and Finance from the London School of Economics • Chartered Accountant with the Institute of Chartered Accountants in England and Wales (ICAEW)
Experience:	Uday brings with him an accumulated experience of 30 years in the fields of audit, management consultancy, equities research, institutional sales, capital markets, stock exchange business most recently, in upstream oil and gas. He commenced his career in the financial institutions group within the audit division of Ernst and Young, London. In addition to several global clients such as HSBC, ABB Group and IKEA, Uday was fortunate to gain experience in projects for the World Bank which included the restructuring of banks in Kazakhstan.

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Uday Jayaram (continued)
Experience (continued):	Returning to Malaysia, Uday's equities research and sales experience saw him joining Deutsche Morgan Grenfell, CIMB, ING Financial Markets and Macquarie Capital Securities where he was Division Director and Head of Equities of the Malaysia business. Moving on to Bursa Malaysia, Uday was Global Head of Securities Markets with overall responsibility for the development of the exchange's cash equities business. Uday also served as a member of Bursa's Market Participants Committee and was Chairman of the FTSE Bursa Index Advisory Committee. Prior to joining Principal, Uday was the Senior Vice President of Corporate Development at Hibiscus Petroleum Bhd where he was involved in corporate strategy, business planning, debt and equity funding and investor relations.
Date appointed to Board:	30 June 2022
Details of Membership of any Board Committee:	Investment Committee
Directorship of other public companies:	AMMA Foundation
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	5 out of 5
Name:	Munirah Khairuddin
Age:	49
Nationality:	Malaysian
Designation:	Chief Executive Officer Malaysia & Global Shariah & Managing Director, Strategic Distribution & Institutional Client Relations (Southeast Asia & Global Shariah) Non-Independent Executive Director
Qualifications:	<ul style="list-style-type: none"> • Bachelor of Arts (Honours) in Accounting & Financial Analysis, University of Newcastle Upon Tyne, UK. • Chartered Financial Analyst Charterholder. • Capital Markets Services Representative's License holder for fund management.
Experience:	Munirah joined Principal in November 2006 and was appointed as CEO and Executive Director of Malaysia in May 2013. She has been instrumental in leading the company to grow its Assets Under Management (AUM), deepening its retail leadership with new focus in private retirement space and innovative digital solutions to benefit all Malaysians irrespective of their financial background, and maintaining consistent risk management and investment performance. Under her leadership, Principal Malaysia has embarked on a significant journey in fulfilling its commitment towards the United Nation Sustainable Development Goals (UNSDG).

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Munirah Khairuddin (continued)
Experience (continued):	<p>Munirah's responsibilities for Principal have continued to expand. In March 2023, Munirah was appointed as the Head of Global Islamic business for Principal, and most recently she was named Managing Director of Strategic Distribution & Institutional Clients Relations (Southeast Asia & Global Shariah) for Principal Southeast Asia, overseeing key strategic institutional client and distribution relationships. Prior to Principal, Munirah worked as a G7 Economist and strategist for a Fortune 500 multinational oil and gas company. Prior to that, she was a fixed income portfolio manager for emerging markets at Rothschild Asset Management in London.</p> <p>Munirah has been recognized as Asset Management CEO of the Year Malaysia 2024 by Global Banking & Finance Awards. Munirah was also recognized as CEO of the Year, Malaysia in Asia Asset Management's 2015 and 2014 Best of the Best Awards. Munirah was also selected as one of the recipients for the "Top 25 Women of Asset Management" award by Asian Investor in 2014.</p>
Date appointed to Board:	31 January 2012
Details of Membership of any Board Committee:	None
Directorship of other public companies:	CIMB Wealth Advisors Bhd
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	5 out of 5
Name:	Mohd Haniz Mohd Nazlan
Age:	41
Nationality:	Malaysian
Designation:	Non-Independent Non-Executive Director
Qualifications:	<ul style="list-style-type: none"> • Bachelor of Science (Hons) in Actuarial Science, London School of Economics and Political Science. • Masters and Postgraduate Diploma in Applied Finance & Investment, both from the Financial Services Institute of Australasia. • Certified Financial Technician (CFTe), International Federation of Technical Analysts (IFTA) • Diploma in Technical Analysis, Australian Technical Analysts Association • Program for Leadership Development, Harvard Business School.

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Mohd Haniz Mohd Nazlan (continued)
Experience:	<p>Haniz is Group Chief Strategy Officer at CIMB, where he oversees Group Strategy, Performance and Programme Management, Group Customer Experience, Transforming Customer Journeys, Group Corporate Finance and Investment Management as well as the Group CEO's Office. Haniz has over 15 years of experience in areas of corporate strategy, corporate finance, mergers & acquisitions, project management, portfolio and asset management, global equities and real estate investments. Prior to joining CIMB in April 2021, Haniz was the Chief Investment Officer of Lembaga Tabung Angkatan Tentera ("LTAT") from August 2019 where he was accountable for all investment functions and activities in the management of LTAT's investment portfolio. He played a key role in setting LTAT's turnaround plan in motion. This included the execution of restructuring plans for the investment portfolio, reorganization of the investment team as well as the strengthening of key investment policies and processes, one of which included the establishment of LTAT's long term Strategic Asset Allocation ("SAA") Framework.</p> <p>Prior to LTAT, Haniz spent the larger part of his career at Permodalan Nasional Berhad ("PNB"). He served PNB in various capacities, including leading roles in the Group Chief Executive's Office, International Department, Strategic Asset Allocation Department and Investment Division. He played a key part in driving the establishment of PNB's SAA and Fixed Income Frameworks, planning PNB's new global operating model, setting up the unit trust funds' expansion into global markets and in leading key M&A transactions for the PNB Group, both locally and abroad.</p>
Date appointed to Board:	3 June 2021
Details of Membership of any Board Committee:	None
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	4 out of 5
Name:	Yoon Mun Thim*
Age:	60
Nationality:	Malaysian
Designation:	Independent Non-Executive Director

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Yoon Mun Thim* (continued)
Qualifications:	<ul style="list-style-type: none"> • Bachelor of Arts (Honours) from Cambridge University • Master of Arts from Cambridge University, • Master of Business Administration (Distinction) from Warwick Business School, University of Warwick • CFA Charter Holder.
Experience:	<p>Mun Thim has more than 28 years of experience in the financial industry, 19 of those years in the position of Chief Investment Officer (“CIO”) across various Insurance and Asset Management companies. In addition to the CIO role, he was also a member of the Executive Committee responsible for the overall management of the respective companies. Most recently, he was the Group Chief Investment Officer at the Great Eastern Life Assurance Co Ltd. Based in Singapore, he was responsible for the formulation of investment strategies and management of all investments within the Great Eastern group. This included managing investment teams across multiple Asian countries.</p> <p>Mun Thim has also served as Director in an asset management company in Singapore and Investment Committee member in multiple private real estate funds with investments across Asia.</p>
Date appointed to Board:	1 January 2024
Details of Membership of any Board Committee:	None
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	3 out of 3 (since appointment to the Board)
Name:	Tan Sri Jaganath Derek Steven Sabapathy*
Age:	67
Nationality:	Malaysian
Designation:	Independent Non-Executive Director
Qualifications:	Master of Arts majoring in Corporate Finance and International Trade from Edinburgh University, United Kingdom
Experience:	Tan Sri Jaganath Derek Steven Sabapathy (“Tan Sri Jagan”) holds a Master of Arts degree majoring in Corporate Finance and International Trade from Edinburgh University, United Kingdom in 1981. Upon graduation in 1981, he joined a leading London firm of chartered accountants, Price Waterhouse.

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Tan Sri Jaganath Derek Steven Sabapathy* (continued)
Experience (continued):	<p>In 1984, Tan Sri Jagan returned to Malaysia and joined KPMG Peat Marwick as a Manager. He was admitted a Partner of KPMG Malaysia in 1990. Whilst at KPMG Malaysia, he was involved in a wide range of assignments covering audit, investigations, management consultancy and corporate finance in Malaysia, the ASEAN countries, North America and Europe. He sat on a variety of KPMG International Committees including committees for Mergers and Acquisitions, Privatisation and Management Consultancy. He was also an examiner for the professional examinations of the Malaysian Association of Certified Public Accountants (“MACPA”).</p> <p>Tan Sri Jagan left KPMG Malaysia in late 1994 to join Benta Plantation Berhad as an Executive Director. In 1995, he left Benta Plantation Berhad and was appointed a Director of Austral Lao Power Co Ltd. He joined Prime Utilities Berhad and Indah Water Konsortium Sdn Bhd, Malaysia's privatised national wastewater utility, in 1997 as Managing Director of both the companies, a position he held up to late 1999. From 1999 until his retirement at the end of 2013, Tan Sri Jagan served as the Chief Executive Officer/ Director of Bandar Raya Developments Berhad Group which also included listed Mico Chipboard Berhad.</p> <p>Tan Sri Jagan is currently the Founder and Chief Executive Officer/ Director of Tribeca Real Estate Asset Management Sdn Bhd, a niche property development company. He is also a Director of Sime Darby Property Berhad. He is Chairman of Battersea Power Station Development Company Limited, the developer of a major property development project in London, England.</p>
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	4 out of 5
Date appointed to Board:	10 September 2020
Details of Membership of any Board Committee:	Chairman of the Audit Committee
Directorship of other public companies:	<ul style="list-style-type: none"> • Sime Darby Property Berhad
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Name:	Liew Swee Lin*
Age:	55
Nationality:	Malaysian
Designation:	Independent Non-Executive Director
Qualifications:	<ul style="list-style-type: none"> • Master of International Marketing from the University of Strathclyde, United Kingdom. • Completed the Stanford Executive Programme at Stanford Graduate School of Business.

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Liew Swee Lin* (continued)
Experience:	<p>Swee Lin is a senior board level executive with more than 29 years of management experience in the ASEAN region creating shareholder value in media, financial services and e-commerce sectors. Since 2007, she served as Executive Director at financial services and media entities in Malaysia. Currently she is an External Advisor to Bain & Company, a global consulting firm and was previously attached to Astro Malaysia Holdings Berhad, ASEAN's leading consumer media company as its Group Chief Operating Officer.</p> <p>She also served as an Executive Director of Astro Go Shop, a joint venture with GS Home Shopping Inc. Korea after she spearheaded Astro's vertical expansion into ecommerce which she set up as its pioneer management team in 2015. Prior to joining Astro, Swee Lin was an Executive Vice President at Alliance Financial Group's Retail Bank in Malaysia and was also an Executive Director of Alliance Islamic Bank. She has also held senior leadership positions at Standard Chartered Bank with responsibilities for its Wealth Management, Priority Banking, Credit Cards and Personal Loan portfolios. In the earlier years of her career, she gained multidisciplinary industry exposure in fast-moving consumer goods, insurance, food and beverage and pharmaceuticals when she headed up a regional business at Ogilvy One Worldwide, part of WPP PLC (a FTSE 100), which operated in Malaysia to serve its Asia Pacific clients.</p>
Date appointed to Board:	21 August 2020
Details of Membership of any Board Committee:	Member of Audit Committee
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	5 out of 5
Name:	Lai Mee Fong
Age:	50
Nationality:	Malaysian
Designation:	Non-Independent Non-Executive Director
Qualifications:	<ul style="list-style-type: none"> • 1997 - Bachelor of Business (Accountancy), Royal Melbourne Institute of Technology • 2000 - Certified Practising Accountant of Australian Society of Certified Accountants • 2001 - Chartered Accountant, Malaysian Institute of Accountants (MIA)

ADDITIONAL INFORMATION (CONTINUED)**Key Personnel of the Manager (continued)****Name:** **Lai Mee Fong^ (continued)**

Experience: Mee Fong, currently the Chief Financial Officer of Touch 'n Go Sdn Bhd (a wholly owned subsidiary of CIMB Group), which provides contactless electronic payment solutions to transportation ecosystem nationwide and is the largest e-money issuer in the country. Her mandate from CIMB includes partnering the CEO to continue to grow the Touch 'n Go Sdn Bhd franchise and drive the finance transformation strategy.

Prior to this role, Mee Fong was the Managing Director in CIMB and also held the CFO role in CIMB Digital Asset (CDA), where she was responsible for the overall financial planning and management of CIMB Group's Strategic digital investments including the Touch 'n Go franchise and digital bank operations in the Philippines and Vietnam. Her expertise includes financial advisory, tax planning and structuring, financial analysis, risk management and compliance management. She works with the businesses in all spectrum including budgeting and forecast, financial modelling, tax and capital planning, structuring, risk management, compliance and audit management. She was responsible for Group level financial simulation, risk weighted asset and capital impact assessment of each corporate exercise, group initiatives/ projects including recovery planning, stress test simulation, Expected Credit Loss model implementation and various key initiatives including settlement and reconciliation. She is instrumental in the roll out of the Group Operational Risk framework across the CDA portfolio and has since been active participants in all risk and audit committees. Mee Fong has been in the accounting profession for more than 25 years. She started her career with Pricewaterhousecoopers, involved in various assurance and advisory related work for clients from a wide spectrum of industries. Her professional practice had garnered her invaluable experience due to the exposure she had to various types of businesses operations, merger and acquisition and corporate transactions. She gained valuable regulatory experience during her secondment to the Securities Commission in 2004 where she was responsible for the examination of asset management companies in accordance to the Securities Industry Act. Her professional career was further expanded into the private equity space when she took on the role of the Vice President of finance in one of the largest Southeast Asia-based private equity fund managers, Tael Partners, with funds under management of over USD1 billion. In that specific role, she had gained financial insights in deal structuring, valuation model, investment and exit strategies.

Mee Fong serves on the board of Capital Advisors Partners and is an active member in the Investment Committee of the infrastructure funds which manage assets across Asia including Malaysia, Indonesia, Pakistan, Philippines and Vietnam. Most recently, she was appointed to the board of Principal Islamic Asset Management and Principal Asset Management.

Date appointed to Board: 1 May 2023**Details of Membership of any Board Committee:** Member of Audit Committee**Directorship of other public companies:** None

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Lai Mee Fong^ (continued)
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	4 out of 5
Name:	Chong Chooi Wan^
Age:	46
Nationality:	Malaysian
Designation:	Alternate Director to Mohd Haniz bin Mohd Nazlan
Qualifications:	Bachelor Degree in Finance with Summa Cum Laude Honours from the University of Tennessee, Knoxville, U.S.A.
Experience:	More than 20 years of experience in strategic planning and investment, corporate developments, mergers and acquisitions in various industries ranging from financial sector to energy sector. In 2020, she joined CIMB Group as the Director of Group Ventures and Partnerships where she is tasked to oversee business optimization projects as well as portfolio management for the bank. Currently, she is attached to Group Corporate Finance and Investment Management overseeing CIMB Group's investment portfolio, including Principal Group.
Date appointed to Board:	3 June 2021.
Details of Membership of any Board Committee:	None
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	4 out of 5
Name:	Julian Christopher Vivian Pull^
Age:	60
Nationality:	British
Designation:	Alternate Director to Cheong Wee Yee, Thomas

ADDITIONAL INFORMATION (CONTINUED)**Key Personnel of the Manager (continued)**

Name:	Julian Christopher Vivian Pull[^] (continued)
Qualifications:	<ul style="list-style-type: none"> • Bachelor's Degree in Economics from the University College, London. • MBA with distinction in Finance and Investment from the University of Hull.
Experience:	<p>Julian Christopher Vivian Pull ("Ted") is Chief Financial Officer, Asia for Principal International. He is responsible for leading the management of financial actions for Principal Hong Kong SAR, China, Singapore, Malaysia, Indonesia and Thailand. Ted joined Principal in January 2021 and has more than 30 years of management experience in Asia in a number of C-suite positions.</p> <p>His extensive experience in the asset management industry included appointments as CFO and COO for Eastspring Investments (formerly Prudential Asset Management) and Chief Executive Officer of Eastspring Investments (Singapore) Ltd. He has served on the boards of Prudential Corporation Asia and multiple asset management subsidiaries throughout the region.</p>
Date appointed to Board:	15 September 2021.
Details of Membership of any Board Committee:	None
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2023 to 30 June 2024):	4 out of 5

* Independent Director

[^] Alternate Director

The Investment Committee

As required by the ETF Guidelines, the Manager is required to establish oversight on the operation and management of the ETF which is being discharged by the Investment Committee whose role is to ensure that the investment management of the Fund is consistent with:

- (a) the Fund's investment objective;
- (b) the Deed;
- (c) the Prospectus;
- (d) the ETF Guidelines and other applicable laws;
- (e) internal investment restrictions and policies; and
- (f) acceptable and efficacious investment management practices within the industry.

ADDITIONAL INFORMATION (CONTINUED)**The Investment Committee (continued)**

The powers and duties of the Investment Committee include formulating and monitoring the implementation by the Manager of appropriate investment management strategies for the Fund and the measurement and evaluation of the performance of the Manager. The Investment Committee generally meets once a month.

Accordingly, the Manager has appointed an Investment Committee for the Fund, comprising of five (5) members including three (3) independent members.

The following table sets out information on the members of the Investment Committee:

Name:	Yoon Mun Thim* (Chairman)
Age:	60
Nationality:	Singaporean
Designation:	Chairman of the Investment Committee of Principal Asset Management Berhad
Qualifications:	<ul style="list-style-type: none"> • Bachelor of Arts (Honours) from Cambridge University • Master of Arts from Cambridge University, • Master of Business Administration (Distinction) from Warwick Business School, University of Warwick • CFA Charter Holder.
Experience:	2009 - 2017 Group Chief Investment Officer - The Great Eastern Life Assurance Co Ltd 2008 - 2009 Chief Investment Officer - Prudential Fund Management Bhd 2003 - 2007 Chief Investment Officer - Prudential Assurance Malaysia Bhd
Date appointed to Investment Committee:	4 December 2019
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2023 to 30 June 2024):	11 out of 11

* Independent member

Name:	Uday Jayaram
Age:	56
Nationality:	Malaysian
Designation:	Executive Managing Director and Head of Southeast Asia
Qualifications:	<ul style="list-style-type: none"> • BSc Economics degree majoring in Accounting and Finance from the London School of Economics • Chartered Accountant with the Institute of Chartered Accountants in England and Wales (ICAEW).

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	Uday Jayaram (continued)
Experience:	<p>Uday brings with him an accumulated experience of 30 years in the fields of audit, management consultancy, equities research, institutional sales, capital markets, stock exchange business as well as upstream oil and gas. He commenced his career in the financial institutions group within the audit division of Ernst and Young, London.</p> <p>In addition to several global clients such as HSBC, ABB Group and IKEA, Uday was fortunate to gain experience in projects for the World Bank which included the restructuring of banks in Kazakhstan. Returning to Malaysia, Uday's equities research and sales experience some saw him joining Deutsche Morgan Grenfell, CIMB, ING Financial Markets and Macquarie Capital Securities where he was Division Director and Head of Equities of the Malaysia business.</p> <p>Moving on to Bursa Malaysia, Uday was Global Head of Securities Markets with overall responsibility for the development of the exchange's cash equities business. Uday also served as a member of Bursa's Market Participants Committee and was Chairman of the FTSE Bursa Index Advisory Committee. Prior to joining Principal, Uday was the Senior Vice President of Corporate Development at Hibiscus Petroleum Bhd where he was involved in corporate strategy, business planning, debt and equity funding and investor relations.</p>
Date appointed to Investment Committee:	30 June 2022
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2023 to 30 June 2024):	9 out of 11
Name:	Nor'Azamin Salleh*
Age:	58
Nationality:	Malaysian
Designation:	Director/ Chairman – Ficus Capital Sdn Bhd (Venture Capital)
Qualifications:	<ul style="list-style-type: none"> • Bachelor of Commerce, Australian National University (1989) • Chartered Accountant – Malaysia Institute of Accountants (1993) • Master of Business Administration, OU Business School, United Kingdom (2003) • Executive Management Program, Tsinghua University Beijing, China (2012) • Executive Management Program, Wharton Business School, USA (2015)

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	Nor'Azamin Salleh* (continued)	
Experience:	2010-2017	Group Chief Executive Office, Maybank Asset Management Group Berhad
	2008 – 2010	CEO/Executive Director, Asian Islamic Investment Management Sdn Bhd
	2004 – 2008	Executive Director, Avenue Invest Bhd/ Muamalat Invest Berhad
Date appointed to Investment Committee:	1 January 2022	
Conflict of interest with the Fund:	None	
List of convictions for offences within the past 10 years other than traffic offences:	None	
Number of Investment Committee meetings attended in the financial year (1 July 2023 to 30 June 2024):	11 out of 11	
Name:	May Tong	
Age:	45	
Nationality:	United States	
Designation:	Director/ Chairman – Ficus Capital Sdn Bhd (Venture Capital)	
Qualifications:	<ul style="list-style-type: none"> • B.S. Accounting and Finance - Obtained 2001 Boston College • CFA - Obtained 2004 • MBA – Obtained 2010, Columbia University 	
Experience:	June 2018 – June 2021	Franklin Templeton: SVP / Portfolio Manager for Investment Solutions
	June 2006 – June 2018	Voya Investment Management: VP / Portfolio Manager and Head of Portfolio Implementation & Management for Multi-Asset Strategies & Solutions
	July 2001 – June 2006	Merrill Lynch Investment Managers: Trader & Portfolio Manager for Quantitative Advisors
Date appointed to Investment Committee:	20 April 2022	
Conflict of interest with the Fund:	None	
List of convictions for offences within the past 10 years other than traffic offences:	None	
Number of Investment Committee meetings attended in the financial year (1 July 2023 to 30 June 2024):	8 out of 11	

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	Wong Joon Hian*
Age:	75
Nationality:	Malaysian
Designation:	Independent Member
Qualifications:	<ul style="list-style-type: none"> • Member of the Malaysian Institute of Accountants. • Life member of The Malaysian Institute of Certified Public Accountants • Life member of the Institute of Chartered Accountants in England and Wales.
Experience:	<p>He has accumulated over 40 years of working experience in the areas of audit, accountancy, financial services and corporate management. He commenced his career when he joined Price Waterhouse & Co. in England after qualifying as a Chartered Accountant in 1973. He returned to Malaysia in 1975 to work for Price Waterhouse (now known as PricewaterhouseCoopers PLT), Malaysia until 1985.</p> <p>He then served as the Technical Manager of The Malaysian Association of Certified Public Accountants from 1986 until he was appointed as the General Manager-Operations of Supreme Finance (Malaysia) Bhd in December 1987.</p> <p>After Maybank Finance Bhd had completed the acquisition of Supreme Finance (Malaysia) Bhd in 1991, he joined BDO Binder as an Audit Principal until 1994 when he joined Advance Synergy Bhd. He was appointed the managing director of United Merchant Group Bhd (now known as Advance Synergy Capital Sdn Bhd) in 1995 until 2020. During the period from 1995 until 2007 he was a director of Ban Hin Lee Bank Bhd, Southern Investment Bank Bhd and United Merchant Finance Bhd. Currently, he is a non-executive director in several dormant companies under the CIMB Group Holdings Bhd Group and serves as an independent non-executive director of Principal Islamic Asset Management Sdn Bhd.</p>
Date appointed to Investment Committee:	1 st April 2024
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2023 to 30 June 2024):	3 out of 3 (since appointment to the Board)

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL FTSE CHINA 50 ETF**

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 8 to 36 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 June 2024 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN

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
28 August 2024

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF PRINCIPAL FTSE CHINA 50 ETF ("Fund")

We have acted as Trustee of the Fund for the financial year ended 30 June 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:-

- (a) Limitations imposed on the investment powers of the management company under the deed, securities laws and the Guidelines on Exchange-traded Funds;
- (b) Valuation and pricing is carried out in accordance with the deed; and
- (c) Any creation and cancellation of units are carried out in accordance with the deed and any regulatory requirement.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Fund Operations

Sylvia Beh
Chief Executive Officer

Kuala Lumpur
26 August 2024

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL FTSE CHINA 50 ETF**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal FTSE China 50 ETF (the "Fund"), which comprise the statement of financial position of the Fund as at 30 June 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 year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 8 to 36.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2024, and of its financial performance and cash flows for the 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 FTSE CHINA 50 ETF (cont'd.)**

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Fund for the current year. These matters were addressed in the context of our audit of the financial statements of the Fund as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description	Our responses
<p><u>Valuation and existence of investments</u></p> <p>The investment portfolio at the year-end comprised listed equity securities valued at RM5,278,391 (2023: RM5,383,109), representing approximately 97.62% (2023: 98.51%) of the total net asset value of the Fund.</p> <p>The relevant disclosures are provided in Notes 2(b), 3(e) and 9 to the financial statements.</p> <p>A discrepancy in the valuation or existence of the investment portfolio could cause the net asset value to be materially misstated which impacts the Funds' reported performance and, therefore, the returns generated for unitholders.</p>	<p>Our audit work included, but was not restricted to, confirming our understanding of the Fund's processes and controls over the existence and valuation of investments in order to assess compliance with relevant accounting standards, by performing walkthrough procedures.</p> <p>We appropriately selected samples to test the operating effectiveness of the relevant controls identified.</p> <p>We agreed the valuation of all investments as at the year-end to an independent source of market prices. We also obtained confirmation of the existence and ownership of the investments as at the year-end directly from the Fund's independent custodian.</p>

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL FTSE CHINA 50 ETF (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 FTSE CHINA 50 ETF (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 FTSE CHINA 50 ETF (cont'd.)**

Other matters

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

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

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

Kuala Lumpur, Malaysia
28 August 2024

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

	Note	2024 RM	2023 RM
INCOME/(LOSS)			
Dividend income		184,692	155,381
Net loss on financial assets at fair value through loss	9	(119,149)	(851,506)
Net foreign exchange gain		1,754	9,651
		<u>67,297</u>	<u>(686,474)</u>
EXPENSES			
Management fee	4	31,159	32,777
Trustee and custodian fees	5	23,069	22,521
Audit fee		25,400	25,400
License fee	6	2,077	2,185
Tax agent's fee		4,400	4,399
Transaction costs		2,348	3,146
Other expenses	7	19,563	20,830
		<u>108,016</u>	<u>111,258</u>
LOSS BEFORE TAXATION		(40,719)	(797,732)
Taxation	8	<u>(15,852)</u>	<u>(35,761)</u>
LOSS AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>(56,571)</u>	<u>(833,493)</u>
Loss after taxation is made up as follows:			
Realised amount		(294,369)	(223,398)
Unrealised amount		<u>237,798</u>	<u>(610,095)</u>
		<u>(56,571)</u>	<u>(833,493)</u>

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

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

	Note	2024 RM	2023 RM
ASSETS			
Cash and cash equivalents	10	153,617	136,542
Financial assets at fair value through profit or loss	9	5,278,391	5,383,109
Dividends receivable		42,549	36,657
Tax recoverable		35,244	5,888
TOTAL ASSETS		<u>5,509,801</u>	<u>5,562,196</u>
LIABILITIES			
Accrued management fee		2,819	2,853
Amount due to Trustee		1,018	1,021
Other payables and accruals	11	99,045	94,832
TOTAL LIABILITIES		<u>102,882</u>	<u>98,706</u>
NET ASSET VALUE OF THE FUND		<u>5,406,919</u>	<u>5,463,490</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	12	<u>5,406,919</u>	<u>5,463,490</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	13	<u>4,550,000</u>	<u>4,550,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.1883</u>	<u>1.2008</u>

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

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

	Note	2024 RM	2023 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR		5,463,490	6,296,983
Movement due to units created and cancelled during the financial year:			
Total comprehensive loss for the financial year		(56,571)	(833,493)
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	12	5,406,919	5,463,490

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

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

	Note	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of quoted securities		735,576	827,278
Purchase of quoted securities		(752,356)	(892,377)
Dividend income received		162,887	159,865
Management fee paid		(31,193)	(33,079)
Trustee and custodian fees paid		(23,072)	(22,521)
Receipt realised foreign exchange gain		1,981	9,770
Tax paid		(45,207)	(41,650)
Payments for other fees and expenses		(31,513)	(40,330)
Net cash generated from/(used in) operating activities		<u>17,103</u>	<u>(33,044)</u>
Net increase/(decrease) in cash and cash equivalents		17,103	(33,044)
Effects of foreign exchange differences		(28)	(286)
Cash and cash equivalents at the beginning of the financial year		<u>136,542</u>	<u>169,872</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>153,617</u></u>	<u><u>136,542</u></u>
<u>Cash and cash equivalents comprised of:</u>			
Bank balances		<u>153,617</u>	<u>136,542</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>153,617</u></u>	<u><u>136,542</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

Principal FTSE China 50 ETF (the “Fund”) is governed by a Deed dated 19 April 2010, a First Supplemental Deed dated 8 December 2010, a Second Supplemental Deed dated 30 July 2014, a Third Supplemental Deed dated 2 August 2019 and a Fourth Supplemental Deed dated 31 May 2023 (collectively referred to as the “Deeds”) between Principal Asset Management Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Manager may adopt either a Replication Strategy or a Representative Sampling Strategy. In managing the Fund, the Manager will generally adopt a Replication Strategy. Using a Replication Strategy, the Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Benchmark Index (to the extent possible). If the Manager is of the opinion there exists liquidity constraints with the Index Securities, the Fund may substitute the Index Securities (in part or in whole) with one or more derivatives of the Index Securities which are likely to behave in a manner consistent with the investment objective of the Fund as determined by the Manager. Meanwhile, the Manager may decide to adopt a Representative Sampling Strategy if various circumstances make it impossible or impracticable to adopt a Replication Strategy.

All investments will be subjected to the Securities Commission Malaysia (“SC”) Guidelines on ETFs, SC requirements, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, 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 Prospectus dated 28 July 2023.

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

2. MATERIAL ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

There are no other standards, amendments to standards or interpretations effective for financial year beginning on 1 July 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 July 2024 are applicable to the Fund.

(b) Financial assets and financial liabilities

Classification

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

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

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

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

The Fund classifies cash and cash equivalents, and dividends receivable 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 are 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. Transaction costs are expensed in the statement of comprehensive income.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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 quoted securities are valued at the last traded market price quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

If a valuation based on the market price does not represent the fair value of the quoted securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the quoted securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the quoted securities are valued as determined in good faith by the Manager, based on the methods or basis approved by the Trustee after appropriate technical consultation.

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

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

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 quoted securities is accounted for as the difference between the net disposal proceeds and the carrying amount of quoted securities, 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 Malaysian Ringgit ("MYR" or "RM"), 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 MYR primarily due to the following factors:

- i) Units of the Fund are denominated in MYR; and
- ii) Significant portion of the Fund's expenses are denominated in MYR.

Transactions and balances

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances which are subject to an insignificant risk of changes in value.

(f) Taxation

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

Tax on dividend income from foreign quoted securities is based on the tax regime of the respective countries that the Fund invests in.

Pursuant to Finance Act 2021, foreign-sourced income 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.

(g) Transactions costs

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

(h) Unit holders' contributions

The unit holders' contributions to the Fund meet the criteria to be classified as equity instruments under MFRS 132 "*Financial Instruments: Presentation*". Those criteria include:

- the units entitle the holder to a proportionate share of the Fund's NAV;
- the units are the most subordinated class and class features are identical;
- there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- the total expected cash flows from the units over its life are based substantially on the profit or loss of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial year if unit holder exercises the right to put the unit back to the Fund.

Units are created and cancelled at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unit holders with the total number of outstanding units.

(i) Realised and unrealised portions of profit or loss after taxation

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Segment information

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

(k) 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 judgement 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 ETFs.

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2024			
Cash and cash equivalents (Note 10)	-	153,617	153,617
Quoted securities (Note 9)	5,278,391	-	5,278,391
Dividends receivable	-	42,549	42,549
	<u>5,278,391</u>	<u>196,166</u>	<u>5,474,557</u>
2023			
Cash and cash equivalents (Note 10)	-	136,542	136,542
Quoted securities (Note 9)	5,383,109	-	5,383,109
Dividends receivable	-	36,657	36,657
	<u>5,383,109</u>	<u>173,199</u>	<u>5,556,308</u>

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

The Fund aims to provide investment results that closely correspond to the performance of the Benchmark Index, regardless of its performance.

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

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 Deeds and SC Guidelines on ETFs.

(a) Market risk

(i) Price risk

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

The very nature of an ETF, however, helps mitigate this risk because a Fund would generally hold a well-diversified portfolio of securities from different market sectors so that the collapse of any one security or any one market sector would not impact too greatly on the value of the Fund.

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

	2024	2023
	RM	RM
Financial assets at fair value through profit or loss:		
- Quoted securities	<u>5,278,391</u>	<u>5,383,109</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of the Benchmark Index. The analysis is based on the assumptions that the Benchmark Index fluctuates by 25.75% (2023: 33.32%), which is the standard deviation of the daily fluctuation of the Benchmark Index, with all other variables held constant, and that the fair value of the investments moved in the same quantum with the fluctuation in the Benchmark Index. This represents management's best estimate of a reasonable possible shift in the quoted securities, having regard to the historical volatility of the prices.

% Change in Benchmark Index	Benchmark Index	Market value RM	Impact on profit or loss/ NAV RM
2024			
-25.75%	8,842	3,919,259	(1,359,132)
0%	11,908	5,278,391	-
25.75%	<u>14,974</u>	<u>6,637,523</u>	<u>1,359,132</u>
2023			
-33.32%	8,227	3,589,646	(1,793,463)
0%	12,337	5,383,109	-
33.32%	<u>16,447</u>	<u>7,176,572</u>	<u>1,793,463</u>

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

(a) Market risk (continued)

(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 MYR based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

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

Financial assets	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Dividends receivable RM	Total RM
2024				
HKD	<u>151,909</u>	<u>5,278,391</u>	<u>42,549</u>	<u>5,472,849</u>
2023				
HKD	<u>133,726</u>	<u>5,383,109</u>	<u>36,657</u>	<u>5,553,492</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5.19% (2023: 5.72%), which is the standard deviation of the daily fluctuation of the exchange rate of HKD against MYR, 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 RM
2024		
HKD	<u>+/-5.19</u>	<u>+/- 284,298</u>
2023		
HKD	<u>+/-5.72</u>	<u>+/- 317,669</u>

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

(b) Credit risk

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

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

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

	Cash and cash equivalents RM	Dividends receivable RM	Total RM
2024			
- AA1	153,617	-	153,617
- Not Rated	-	42,549	42,549
	<u>153,617</u>	<u>42,549</u>	<u>196,166</u>
2023			
- AA1	136,542	-	136,542
- Not Rated	-	36,657	36,657
	<u>136,542</u>	<u>36,657</u>	<u>173,199</u>

(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 asset comprises bank balances and other instruments which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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

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

(c) Liquidity risk (continued)

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2024			
Accrued management fee	2,819	-	2,819
Amount due to Trustee	1,018	-	1,018
Other payables and accruals	-	99,045	99,045
Contractual undiscounted cash flows	3,837	99,045	102,882
2023			
Accrued management fee	2,853	-	2,853
Amount due to Trustee	1,021	-	1,021
Other payables and accruals	-	94,832	94,832
Contractual undiscounted cash flows	3,874	94,832	98,706

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders of RM5,406,919 (2023: RM5,463,490). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

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

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

(e) Fair value estimation (continued)

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

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

(i) Fair value hierarchy

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

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM
2024				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>5,278,391</u>	<u>-</u>	<u>-</u>	<u>5,278,391</u>

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>5,383,109</u>	<u>-</u>	<u>-</u>	<u>5,383,109</u>

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

- (ii) The carrying values of cash and cash equivalents, 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 Deeds, the Manager is entitled to a management fee of up to 3.00% per annum calculated and accrued daily based on the NAV of the Fund.

For the financial year ended 30 June 2024 the management fee was recognised at a rate of 0.60% per annum (2023: 0.60% per annum).

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

5. TRUSTEE AND CUSTODIAN FEES

In accordance with the Deeds, the Trustee is entitled to a fee not exceeding a maximum of 0.20% per annum, calculated daily based on the NAV of the Fund, subject to a minimum fee of RM18,000 per annum. However, the minimum Trustee fee was revised to RM12,000 per annum effective from 1 June 2023 based on the agreement between the Trustee and the Manager, excluding foreign sub-custodian fees and charges. The foreign sub-custodian fee and charges are dependent on the country invested and are charged monthly.

For the financial year ended 30 June 2024, the Trustee fee was recognised at a rate of 0.08% per annum (2023: 0.08% per annum), subject to a minimum fee of RM12,000 per annum, while the foreign sub-custodian fee is recognised at RM11,068 (2023: RM10,520).

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

6. LICENSE FEE

License fee is payable to FTSE International Limited, the Benchmark Index provider.

For the financial year ended 30 June 2024, the license fee was recognised at a rate of 0.04% per annum (2023: 0.04% per annum) of the NAV of the Fund, calculated on daily basis.

There is no further liability to the FTSE International Limited in respect of license fee other than the amounts recognised above.

7. OTHER EXPENSES

	2024	2023
	RM	RM
Withholding tax	15,714	13,197
Others	3,849	7,633
	<u>19,563</u>	<u>20,830</u>

8. TAXATION

	2024	2023
	RM	RM
Tax charged for the financial year:		
- Foreign source income	25,771	35,761
- Over provision of tax in prior year	(9,919)	-
	<u>15,852</u>	<u>35,761</u>

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

	2024	2023
	RM	RM
Loss before taxation	<u>(40,719)</u>	<u>(797,732)</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	(9,773)	(191,456)
Tax effects of:		
- Losses not deductible for tax purposes	(16,152)	164,754
- Expenses not deductible for tax purposes	11,852	12,739
- Restriction on tax deductible expenses for ETFs	14,073	13,963
- Foreign source income	25,771	35,761
- Over provision of tax in prior year	(9,919)	-
Taxation	<u>15,852</u>	<u>35,761</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RM	RM
At fair value through profit or loss:		
- Quoted securities	<u>5,278,391</u>	<u>5,383,109</u>

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

	2024 RM	2023 RM
Net loss on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(357,173)	(241,530)
- Unrealised fair value gain/(loss)	238,024	(609,976)
	<u>(119,149)</u>	<u>(851,506)</u>

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2024				
QUOTED SECURITIES				
HONG KONG, CHINA				
Consumer Discretionary				
Alibaba Group Holding Ltd	10,780	935,083	459,403	8.50
Anta Sports Products Ltd	1,715	65,210	77,752	1.44
BYD Company Ltd	1,330	113,706	186,520	3.45
China Tourism Group Duty Free Corporation Ltd	105	10,072	3,037	0.06
Great Wall Motor Company Ltd	2,800	38,948	20,378	0.38
Haier Smart Home Co. Ltd.	2,940	50,742	46,385	0.86
JD. Com, Inc.	3,126	472,811	195,198	3.61
Li Auto Inc.	1,400	71,177	59,493	1.10
Meituan	6,638	510,832	445,797	8.24
Trip.Com Group Limited	735	128,648	166,434	3.08
	<u>31,569</u>	<u>2,397,229</u>	<u>1,660,397</u>	<u>30.72</u>
Consumer Staples				
Nongfu Spring Co., Ltd.	2,310	48,062	51,735	0.96
Energy				
China Coal Energy Company Limited	2,800	13,903	15,436	0.29
China Petroleum & Chemical Corporation	33,110	87,128	101,273	1.87
China Shenhua Energy Company Limited	4,620	50,862	100,398	1.86
PetroChina Company Ltd	28,420	104,511	135,718	2.51
Yankuang Energy Group Company Limited	4,095	33,773	27,625	0.51
	<u>73,045</u>	<u>290,177</u>	<u>380,450</u>	<u>7.04</u>
Financials				
Agricultural Bank of China Ltd	40,845	66,225	82,465	1.53
Bank of China Limited	109,900	185,450	255,767	4.73

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2024 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
HONG KONG, CHINA (CONTINUED)				
Financials (continued)				
Bank of Communications Co., Ltd.	10,010	28,362	37,092	0.69
China Citic Bank Corporation Limited	11,900	27,582	36,039	0.67
China Construction Bank Corporation	116,200	350,186	405,292	7.50
China Everbright Bank Company Ltd	5,110	9,650	7,506	0.14
China International Capital Corporation Ltd	2,100	20,234	11,031	0.20
China Life Insurance Company Ltd	10,080	103,974	67,269	1.24
China Merchants Bank Co., Ltd.	5,215	57,144	111,752	2.07
China Minsheng Banking Corp., Ltd.	8,750	24,475	14,281	0.26
China Pacific Insurance (Group) Co., Ltd.	3,500	48,691	40,325	0.75
China Securities Co., Ltd.	1,400	4,520	4,900	0.09
Citic Securities Company Ltd	2,030	20,054	14,112	0.26
Industrial And Commercial Bank of China Ltd	98,000	253,267	274,872	5.08
PICC Property and Casualty Company Ltd	9,100	52,584	53,358	0.99
Ping An Insurance (Group) Company of China, Ltd.	8,330	276,436	178,252	3.30
Postal Savings Bank of China Co., Ltd.	14,000	36,394	38,760	0.72
The People's Insurance Company (Group) of China Ltd	10,150	18,966	16,443	0.30
	<u>466,620</u>	<u>1,584,194</u>	<u>1,649,516</u>	<u>30.52</u>
Health Care				
Beigene, Ltd.	875	56,956	45,593	0.84
WuXi AppTec Co., Ltd.	357	12,558	6,301	0.12
	<u>1,232</u>	<u>69,514</u>	<u>51,894</u>	<u>0.96</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2024 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
HONG KONG, CHINA (CONTINUED)				
Industrials				
China Railway Group Ltd	4,900	13,666	12,766	0.24
CITIC Ltd	8,120	36,632	34,850	0.64
COSCO Shipping Holdings Co., Ltd.	3,570	29,667	29,478	0.55
CRRC Corporation Ltd	4,900	13,914	14,928	0.28
	<u>21,490</u>	<u>93,879</u>	<u>92,022</u>	<u>1.71</u>
Information Technology				
Hanergy Thin Film Power Group Ltd *	102,900	332,879	-	-
Xiaomi Corporation	19,740	281,097	196,648	3.64
	<u>122,640</u>	<u>613,976</u>	<u>196,648</u>	<u>3.64</u>
Materials				
CMOC Group Limited	4,900	21,607	21,149	0.39
Zijin Mining Group Company Ltd	7,630	41,149	76,009	1.41
	<u>12,530</u>	<u>62,756</u>	<u>97,158</u>	<u>1.80</u>
Real Estate				
China Overseas Land & Investment Ltd.	5,250	66,487	42,970	0.78
China Resources Land Ltd	3,640	37,794	58,419	1.08
	<u>8,890</u>	<u>104,281</u>	<u>101,389</u>	<u>1.86</u>
Telecommunication Services				
Baidu, Inc.	3,080	252,500	158,720	2.93
Kuaishou Technology	3,780	242,471	105,451	1.94
Netease, Inc.	2,415	220,022	217,661	4.02
Tencent Holdings Ltd	2,160	355,712	486,238	8.98
	<u>11,435</u>	<u>1,070,705</u>	<u>968,070</u>	<u>17.87</u>
Utilities				
CGN Power Co., Ltd.	14,000	20,128	29,112	0.54

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2024 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	765,761	6,354,901	5,278,391	97.62
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		(1,076,510)		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		5,278,391		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 QUOTED SECURITIES				
HONG KONG, CHINA				
Consumer Discretionary				
Alibaba Group Holding Ltd	9,975	956,589	483,276	8.84
Anta Sports Products Ltd	1,645	61,556	78,569	1.44
BYD Company Ltd	1,295	104,976	193,168	3.53
China Tourism Group Duty Free Corporation Ltd	140	13,429	8,854	0.16
Great Wall Motor Company Ltd	3,150	43,816	16,859	0.31
Haier Smart Home Co. Ltd.	3,080	53,158	45,300	0.83
JD.Com, Inc.	2,916	473,405	230,357	4.22
Li Auto Inc.	1,400	71,177	113,186	2.07
Meituan	6,708	536,668	489,492	8.96
Yum China Holdings, Inc.	560	138,985	147,551	2.70
	30,869	2,453,759	1,806,612	33.06
Consumer Staples				
China Resources Beer (Holdings) Company Ltd	2,030	76,903	62,499	1.14

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
HONG KONG, CHINA (CONTINUED)				
Consumer Staples (continued)				
Jd Health International Inc.	1,330	55,391	39,241	0.72
Nongfu Spring Co., Ltd.	2,310	48,062	59,611	1.09
	<u>5,670</u>	<u>180,356</u>	<u>161,351</u>	<u>2.95</u>
Energy				
China Petroleum & Chemical Corporation	32,760	85,763	89,719	1.64
China Shenhua Energy Company Limited	4,760	50,462	68,020	1.24
PetroChina Company Ltd	27,720	100,137	89,643	1.64
	<u>65,240</u>	<u>236,362</u>	<u>247,382</u>	<u>4.52</u>
Financials				
Agricultural Bank of China Ltd	42,595	68,270	78,277	1.43
Bank of China Limited	103,950	172,228	194,751	3.56
Bank of Communications Co., Ltd.	10,150	28,219	31,431	0.58
China Citic Bank Corporation Limited	11,900	27,581	26,129	0.48
China Construction Bank Corporation	116,200	354,357	351,512	6.43
China Everbright Bank Company Ltd	5,110	9,650	6,860	0.13
China International Capital Corporation Ltd	2,100	20,234	17,216	0.32
China Life Insurance Company Ltd	10,080	106,585	78,547	1.44
China Merchants Bank Co., Ltd.	5,075	50,225	107,798	1.97
China Minsheng Banking Corp., Ltd.	10,150	30,320	17,563	0.32
China Pacific Insurance (Group) Co., Ltd.	3,500	48,691	42,288	0.77
China Securities Co., Ltd.	1,400	4,520	6,749	0.12
Citic Securities Company Ltd	3,150	31,119	26,689	0.49
Industrial And Commercial Bank of China Ltd	97,300	254,607	242,669	4.44

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
HONG KONG, CHINA (CONTINUED)				
Financials (continued)				
PICC Property and Casualty Company Ltd	9,100	52,085	47,292	0.87
Ping An Insurance (Group) Company of China, Ltd.	7,700	262,529	229,024	4.19
Postal Savings Bank of China Co., Ltd.	11,900	31,227	34,223	0.63
The People's Insurance Company (Group) of China Ltd	13,650	25,506	23,130	0.42
	<u>465,010</u>	<u>1,577,953</u>	<u>1,562,148</u>	<u>28.59</u>
Health Care				
WuXi AppTec Co., Ltd.	357	12,558	13,313	0.24
Wuxi Biologics (Cayman) Inc.	4,662	206,559	104,450	1.91
	<u>5,019</u>	<u>219,117</u>	<u>117,763</u>	<u>2.15</u>
Industrials				
China Railway Group Ltd	4,900	13,666	15,115	0.28
CITIC Ltd	7,560	33,804	42,175	0.77
COSCO Shipping Holdings Co., Ltd.	4,620	38,392	19,461	0.36
CRRC Corporation Ltd	6,300	17,890	16,126	0.30
	<u>23,380</u>	<u>103,752</u>	<u>92,877</u>	<u>1.71</u>
Information Technology				
Hanergy Thin Film Power Group Ltd *	102,900	332,879	-	-
Xiaomi Corporation	19,950	289,940	127,604	2.33
	<u>122,850</u>	<u>622,819</u>	<u>127,604</u>	<u>2.33</u>
Materials				
Anhui Conch Cement Company Ltd	1,680	21,707	20,850	0.38
Zijin Mining Group Company Ltd	7,630	37,781	52,354	0.96
	<u>9,310</u>	<u>59,488</u>	<u>73,204</u>	<u>1.34</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2023 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
HONG KONG, CHINA (CONTINUED)				
Real Estate				
China Overseas Land & Investment Ltd.	4,970	64,124	50,649	0.93
China Resources Land Ltd	3,640	37,794	72,105	1.32
China Vanke Co., Ltd.	2,940	29,460	18,454	0.34
	<u>11,550</u>	<u>131,378</u>	<u>141,208</u>	<u>2.59</u>
Telecommunication Services				
Baidu, Inc.	2,835	240,708	224,635	4.11
Kuaishou Technology	3,500	239,523	111,830	2.05
Netease, Inc.	2,415	222,317	219,886	4.02
Tencent Holdings Ltd	2,510	410,111	496,609	9.09
	<u>11,260</u>	<u>1,112,659</u>	<u>1,052,960</u>	<u>19.27</u>
TOTAL QUOTED SECURITIES	<u>750,158</u>	<u>6,697,643</u>	<u>5,383,109</u>	<u>98.51</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(1,314,534)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>5,383,109</u>		

* Trading in the securities of the counter has been suspended since 20 May 2015 and subsequently delisted from Hong Kong Stock Exchange (“HKEx”) effective 11 June 2019. Based on announcement in HKEx, Hanergy Mobile Energy Holding Group Co Ltd proposed to take over Hanergy Thin Film Power Group Ltd. The Manager will act on the securities of the counter upon the announcement of the plans subsequent to the completion of the acquisition. Until then, the securities of the counter continue to remain deposited with the central securities depository during the period of suspension/delisting as it was not mandatory for the securities to be withdrawn.

10. CASH AND CASH EQUIVALENTS

	2024	2023
	RM	RM
Bank balances	<u>153,617</u>	<u>136,542</u>

11. OTHER PAYABLES AND ACCRUALS

	2024	2023
	RM	RM
Provision for auditors' fee	25,400	25,400
Provision for tax agent's fee	4,400	4,400
Other accruals	<u>69,245</u>	<u>65,032</u>
	<u>99,045</u>	<u>94,832</u>

12. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

Net assets attributable to unit holders as at the reporting date comprised:

	2024	2023
	RM	RM
Unit holders' contributions	(51,281)	(51,281)
Retained earnings	<u>5,458,200</u>	<u>5,514,771</u>
	<u>5,406,919</u>	<u>5,463,490</u>

The movement in the components of net assets attributable to unit holders for the financial year were as follows:

	Unit holders' contributions**	Retained earnings	Total
	RM	RM	RM
Balance as at 1 July 2023	(51,281)	5,514,771	5,463,490
Total comprehensive loss for the financial year	-	<u>(56,571)</u>	<u>(56,571)</u>
Balance as at 30 June 2024	<u>(51,281)</u>	<u>5,458,200</u>	<u>5,406,919</u>
Balance as at 1 July 2022	(51,281)	6,348,264	6,296,983
Total comprehensive loss for the financial year	-	<u>(833,493)</u>	<u>(833,493)</u>
Balance as at 30 June 2023	<u>(51,281)</u>	<u>5,514,771</u>	<u>5,463,490</u>

** The negative Unitholders' contributions balance as at reporting date is due to the cancellation of units at a higher NAV price than when the units were created.

13. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2024	2023
	No of units	No of units
At the beginning of the financial year	<u>4,550,000</u>	<u>4,550,000</u>
At the end of the financial year	<u>4,550,000</u>	<u>4,550,000</u>

14. TOTAL EXPENSE RATIO (“TER”)

	2024	2023
	%	%
TER	<u>1.73</u>	<u>1.74</u>

TER was derived from the following calculation:

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

A	=	Management fee
B	=	Trustee and custodian fees
C	=	Auditors’ fee
D	=	License fee
E	=	Tax agent’s fee
F	=	Other expenses
G	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on daily basis was RM5,192,904 (2023: RM5,462,577).

15. PORTFOLIO TURNOVER RATIO (“PTR”)

	2024	2023
PTR (times)	<u>0.14</u>	<u>0.16</u>

PTR was 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	=	RM752,356 (2023: RM892,376)
total disposal for the financial year	=	RM735,576 (2023: RM827,278)

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

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

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

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

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

<u>Related parties</u>	<u>Relationship</u>
CIMB Group Holdings Bhd	Ultimate holding company of shareholder of the Manager
CIMB Group Sdn Bhd	Shareholder of the Manager
CGS-CIMB Securities Sdn Bhd	Fellow related party to the Manager
CGS-CIMB Nominees (Tempatan) Sdn Bhd	Fellow related party to the Manager
CIMSEC Nominees (Tempatan) Sdn Bhd	Fellow related party to the Manager
Subsidiaries and associates of CIMB Group Holdings Bhd, other than above, as disclosed in its financial statements	Fellow subsidiary and associated companies of the ultimate holding company of the shareholder of the Manager

	<u>2024</u>		<u>2023</u>	
	<u>No. of units</u>	<u>RM</u>	<u>No. of units</u>	<u>RM</u>
Fellow related party to the Manager				
CGS-CIMB International Nominees (Tempatan) Sdn Bhd	30,600	36,362	96,900	116,386
CIMSEC Nominees (Tempatan) Sdn Bhd	<u>210,000</u>	<u>249,543</u>	<u>210,000</u>	<u>252,231</u>

Units held by the Manager and parties related to the Manager.

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

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

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The Manager is of the opinion that all transactions with the related companies have been entered into in the normal course of business at agreed terms between the related parties.

Significant related party balances

There were no significant related party balances during each of the financial year, other than those already disclosed elsewhere in the financial statements.

17. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with all brokers/dealers for the financial year ended 30 June 2024 were as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Securities (Singapore) Pte Ltd. #	782,868	52.62	1,354	57.66
Citigroup Global Markets Limited	355,364	23.88	500	21.30
CLSA Limited (Hong Kong)	349,642	23.50	494	21.04
	<u>1,487,874</u>	<u>100.00</u>	<u>2,348</u>	<u>100.00</u>

Details of transactions with all brokers/dealers for the financial year ended 30 June 2023 were as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Macquarie Securities (Australia) Limited	807,412	46.96	1,534	48.75
Citigroup Global Markets Limited	594,827	34.59	1,011	32.15
CIMB Securities (Singapore) Pte Ltd. #	317,306	18.45	601	19.10
	<u>1,719,545</u>	<u>100.00</u>	<u>3,146</u>	<u>100.00</u>

Included in the transactions are trades conducted with CIMB Securities (Singapore) Pte Ltd fellow related party to the Manager amounting to RM782,868 (2023: RM317,306). The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related party.

18. SEGMENT INFORMATION

The internal reporting provided to the chief operating decision-maker for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS. The chief operating decision-maker is responsible for the performance of the Fund and considers the business to have a single operating segment located in Malaysia. Asset allocation decisions are based on a single, integrated investment strategy and the Fund's performance is evaluated on an overall basis.

18. SEGMENT INFORMATION (CONTINUED)

The investment objective of the Fund is to provide investment results that closely correspond to the performance of the Benchmark Index, regardless of its performance. In managing the Fund, the Manager attempts to achieve a high positive correlation and a low tracking error between the NAV of the Fund's portfolio and the Benchmark Index. The reportable operating segment derives its income by seeking investments to achieve targeted returns consummate with an acceptable level of risk within the portfolio. These returns consist of dividend income earned from investments and gains on the appreciation in the value of investments, which is derived from the 50 largest and most liquid Chinese stocks (Red Chips, H shares and P Chips) listed and trading on the HKEx, Hong Kong.

There were no changes in reportable operating segment during the financial year.

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 28 August 2024.

DIRECTORY

TRUST DIRECTORY

Manager

Registered Address

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))
Level 32, Exchange 106,
Lingkaran TRX,
55188 Tun Razak Exchange, Kuala Lumpur
MALAYSIA.
Tel: (03) 8680 8000

Business address

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TRUST DIRECTORY (CONTINUED)**Board of Directors**

Cheong Wee Yee, Thomas (Chairman)
Uday Jayaram
Munirah Khairuddin
Mohd Haniz Mohd Nazlan
Tan Sri Jaganath Derek Steven Sabapathy*
Liew Swee Lin*
Lai Mee Fong
Yoon Mun Thim*
Chong Chooi Wan^
Julian Christopher Vivian Pull^

* *Independent director*

^ *Alternate director*

Investment Committee

Yoon Mun Thim* (Chairman)
Nor'Azamin Salleh*
Wong Joon Hian*
Uday Jayaram
May Tong

* *Independent member*

Audit Committee

Tan Sri Jaganath Derek Steven Sabapathy* (Chairman)
Liew Swee Lin*
Lai Mee Fong

* *Independent member*

Company Secretaries

Phang Ai Tee (MAICSA 7013346)
Cheong Lisa (MAICSA 7009457)

Level 32, Exchange 106,
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MALAYSIA.
Tel: (03) 8680 8000

CORPORATE DIRECTORY

Fund Administration and Fund Accounting Service Provider

Deutsche Bank (Malaysia) Berhad (Company No. 200701005591 (763590-H))

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50250 Kuala Lumpur

Business Address

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50250 Kuala Lumpur

Tel: (03) 2053 6788

Trustee

Deutsche Trustees Malaysia Berhad (Company No. 200701005591 (763590-H))

Registered/Business Address

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Custodian (Trustee's Delegate)

Registered Address

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Business Address

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Auditors of the Fund

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Tax Adviser

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