

PRINCIPAL HERITAGE INCOME FUND

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 Heritage Income Fund 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 income and capital growth through investments in one (1) collective investment scheme ("CIS"), which invests in a diversified portfolio of mixed asset.

Has the Fund achieved its objective?

The Fund is in line to achieve its long-term objective to provide income as stated in the Fund's investment policy. Additionally, necessary action are taken to ensure that the Fund would provide capital growth, which is in line with the Fund's investment objective.

What are the Fund investment policy and principal investment strategy?

The Fund is a feeder fund and it invests in a single CIS, i.e. Fullerton Singapore Dollar ("SGD") Heritage Income ("FSH-Income"). The Fund may also invest in liquid assets for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its Net Asset Value ("NAV") in FSH-Income and may also invest up to 5% of its NAV in liquid assets for liquidity purpose. FSH-Income was established on 21 May 2019 under the Fullerton Fund; a Singapore-constituted umbrella unit trust.

The asset allocation strategy for this Fund is as follows:

- at least 95% of the Fund's NAV will be invested in FSH-Income; and
- up to 5% of the Fund's NAV will be invested in liquid assets for liquidity purposes.

Information on the Target Fund

Target Fund	: FSH-Income
Share Class	: Class B
Currency denomination	: SGD
Target Fund Manager	: Fullerton Fund Management Company Ltd.
Regulatory Authority	: Monetary Authority of Singapore

Base Currency

Singapore Dollar ("SGD")

Fund category/ type

Feeder fund/ Income & Growth

When was the Fund launched?

Name of Class	Launch Date
Class AUD-Hedged ("AUD-H")	17 November 2021
Class GBP-Hedged ("GBP-H")	12 October 2020
Class MYR-Hedged ("MYR-H")	10 July 2020
Class SGD	10 July 2020
Class USD-Hedged (USD-H")	2 April 2021

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

SGD32.82 million (128.98 million units)

What is the Fund's benchmark?

The Fund adheres to the benchmark of the Target Fund for performance comparison. Currently, FSH-Income has no benchmark.

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund distribution policy?

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

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

The Fund distributed a total net income of SGD2.66 million to unit holders for the financial year ended 30 June 2024.

The Fund's NAV per unit before and after distribution were as follows:

Date	NAV per unit (before distribution) SGD	NAV per unit (after distribution) SGD
Distribution on 18 July 2023		
- Class AUD-H	0.6887	0.6858
- Class GBP-H	1.2296	1.2245
- Class MYR-H	0.2090	0.2081
- Class SGD	0.7292	0.7262
- Class USD-H	0.9612	0.9571
Distribution on 19 August 2023		
- Class AUD-H	0.6486	0.6461
- Class GBP-H	1.1822	1.1775
- Class MYR-H	0.2030	0.2022
- Class SGD	0.7095	0.7067
- Class USD-H	0.9582	0.9544
Distribution on 19 September 2023		
- Class AUD-H	0.6511	0.6486
- Class GBP-H	1.1647	1.1601
- Class MYR-H	0.2012	0.2004
- Class SGD	0.7058	0.7031
- Class USD-H	0.9591	0.9570
Distribution on 17 October 2023		
- Class AUD-H	0.6224	0.6195
- Class GBP-H	1.1126	1.1073
- Class MYR-H	0.1935	0.1926
- Class SGD	0.6830	0.6797
- Class USD-H	0.9341	0.9296
Distribution on 17 November 2023		
- Class AUD-H	0.6238	0.6214
- Class GBP-H	1.1151	1.1110
- Class MYR-H	0.1919	0.1912
- Class SGD	0.6826	0.6800
- Class USD-H	0.9160	0.9125
Distribution on 19 December 2023		
- Class AUD-H	0.6517	0.6493
- Class GBP-H	1.1481	1.1439
- Class MYR-H	0.1924	0.1917
- Class SGD	0.6937	0.6911
- Class USD-H	0.9209	0.9175
Distribution on 17 January 2024		
- Class AUD-H	0.6355	0.6325
- Class GBP-H	1.1532	1.1480
- Class MYR-H	0.1926	0.1917
- Class SGD	0.6909	0.6877
- Class USD-H	0.9311	0.9269

FUND OBJECTIVE AND POLICY (CONTINUED)

Date	NAV per unit (before distribution) SGD	NAV per unit (after distribution) SGD
Distribution on 19 February 2024		
- Class AUD-H	0.6261	0.6238
- Class GBP-H	1.1298	1.1255
- Class MYR-H	0.1866	0.1859
- Class SGD	0.6804	0.6778
- Class USD-H	0.9173	0.9139
Distribution on 19 March 2024		
- Class AUD-H	0.6122	0.6087
- Class GBP-H	1.1181	1.1118
- Class MYR-H	0.1844	0.1834
- Class SGD	0.6683	0.6645
- Class USD-H	0.8983	0.8932
Distribution on 17 April 2024		
- Class AUD-H	0.6029	0.5996
- Class GBP-H	1.0981	1.0920
- Class MYR-H	0.1823	0.1813
- Class SGD	0.6591	0.6555
- Class USD-H	0.9006	0.8957
Distribution on 17 May 2024		
- Class AUD-H	0.6256	0.6223
- Class GBP-H	1.1158	1.1099
- Class MYR-H	0.1854	0.1844
- Class SGD	0.6652	0.6616
- Class USD-H	0.8978	0.8930
Distribution on 19 June 2024		
- Class AUD-H	0.6265	0.6231
- Class GBP-H	1.1239	1.1178
- Class MYR-H	0.1849	0.1839
- Class SGD	0.6650	0.6614
- Class USD-H	0.9017	0.8969

Breakdown of distribution were as follows:

	2024		2023	
	SGD	%	SGD	%
Source of distribution				
Distribution out of current year's income	2,661,058	100.00	4,535,419	100.00
Distribution out of prior year's income/capital	-	-	-	-
Total	2,661,058	100.00	4,535,419	100.00

PERFORMANCE DATA

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

	2024	2023	2022
	%	%	%
Collective investment scheme	97.84	101.34	98.83
Cash and other assets	2.79	1.61	1.32
Liabilities	(0.63)	(2.95)	(0.15)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

PERFORMANCE DATA (CONTINUED)

Details of portfolio composition of the Fund for the last three financial years was as follows: (continued)

	2024	2023	2022
NAV (SGD Million)			
- Class AUD-H	0.08	0.08	0.15
- Class GBP-H	0.82	3.90	6.36
- Class MYR-H	20.55	43.57	67.55
- Class SGD	11.00	25.97	41.80
- Class USD-H	0.38	2.80	4.93
Units in circulation (Million)			
- Class AUD-H	0.12	0.12	0.18
- Class GBP-H	0.73	3.19	4.63
- Class MYR-H	111.14	208.84	257.22
- Class SGD	16.57	35.62	50.58
- Class USD-H	0.42	2.84	4.29
NAV per unit (SGD)			
- Class AUD-H	0.6286	0.6878	0.8339
- Class GBP-H	1.1192	1.2235	1.3733
- Class MYR-H	0.1849	0.2086	0.2626
- Class SGD	0.6642	0.7291	0.8265
- Class USD-H	0.9043	0.9848	1.1475
Highest NAV per unit (SGD)			
- Class AUD-H	0.6970	0.8481	0.9908
- Class GBP-H	1.2396	1.3756	1.8598
- Class MYR-H	0.2109	0.2638	0.3233
- Class SGD	0.7342	0.8270	1.0005
- Class USD-H	0.9834	1.1570	1.3695
Lowest NAV per unit (SGD)			
- Class AUD-H	0.5961	0.6690	0.8318
- Class GBP-H	1.0743	1.1564	1.3641
- Class MYR-H	0.1802	0.2073	0.2611
- Class SGD	0.6503	0.7239	0.8236
- Class USD-H	0.8885	0.9760	1.1381
Total return (%)			
- Class AUD-H	(4.66)	(8.10)	-
- Class GBP-H	(3.72)	(8.25)	(13.40)
- Class MYR-H	(6.25)	(9.22)	(12.29)
- Class SGD	(4.53)	(7.49)	(12.76)
- Class USD-H	(3.90)	(7.44)	(13.54)
Capital growth (%)			
- Class AUD-H	(9.73)	(12.29)	-
- Class GBP-H	(8.84)	(12.42)	(17.35)
- Class MYR-H	(11.21)	(13.39)	(16.31)
- Class SGD	(9.62)	(11.69)	(16.74)
- Class USD-H	(8.99)	(11.68)	(17.45)
Income distribution (%)			
- Class AUD-H	5.62	-	-
- Class GBP-H	5.61	4.77	4.78
- Class MYR-H	5.58	4.77	4.81
- Class SGD	5.63	4.81	4.78
- Class USD-H	5.60	4.76	4.73

PERFORMANCE DATA (CONTINUED)

Details of portfolio composition of the Fund for the last three financial years was as follows: (continued)

	30.06.2024	30.06.2023	30.06.2022
Total Expense Ratio ("TER") (%) ^	0.37	0.36	0.36
Portfolio Turnover Ratio ("PTR") (times) #	1.26	0.20	0.17

^ For the financial year under review, the Fund's TER increase from 0.36% to 0.37% due to increase in expenses during the financial year.

For the financial year under review, the Fund's PTR increased from 0.20 times to 1.26 times as there were more trading activities. As a feeder fund, the turnover reflects investments and withdrawals in the target fund.

Gross/ Net distribution per unit (sen)

Distribution on 18 July 2023			
- Class AUD-H	0.29	-	-
- Class GBP-H	0.51	-	-
- Class MYR-H	0.09	-	-
- Class SGD	0.30	-	-
- Class USD-H	0.41	-	-
Distribution on 19 August 2023			
- Class AUD-H	0.25	-	-
- Class GBP-H	0.47	-	-
- Class MYR-H	0.08	-	-
- Class SGD	0.28	-	-
- Class USD-H	0.38	-	-
Distribution on 19 September 2023			
- Class AUD-H	0.25	-	-
- Class GBP-H	0.46	-	-
- Class MYR-H	0.08	-	-
- Class SGD	0.27	-	-
- Class USD-H	0.37	-	-
Distribution on 17 October 2023			
- Class AUD-H	0.29	-	-
- Class GBP-H	0.53	-	-
- Class MYR-H	0.09	-	-
- Class SGD	0.33	-	-
- Class USD-H	0.45	-	-
Distribution on 17 November 2023			
- Class AUD-H	0.24	-	-
- Class GBP-H	0.42	-	-
- Class MYR-H	0.07	-	-
- Class SGD	0.26	-	-
- Class USD-H	0.35	-	-
Distribution on 17 December 2023			
- Class AUD-H	0.24	-	-
- Class GBP-H	0.42	-	-
- Class MYR-H	0.07	-	-
- Class SGD	0.26	-	-
- Class USD-H	0.34	-	-

PERFORMANCE DATA (CONTINUED)

Gross/Net distribution per unit (sen)	30.06.2024	30.06.2023	30.06.2022
Distribution on 17 January 2024			
- Class AUD-H	0.30	-	-
- Class GBP-H	0.52	-	-
- Class MYR-H	0.09	-	-
- Class SGD	0.32	-	-
- Class USD-H	0.42	-	-
Distribution on 19 February 2024			
- Class AUD-H	0.23	-	-
- Class GBP-H	0.43	-	-
- Class MYR-H	0.07	-	-
- Class SGD	0.26	-	-
- Class USD-H	0.34	-	-
Distribution on 19 March 2024			
- Class AUD-H	0.35	-	-
- Class GBP-H	0.63	-	-
- Class MYR-H	0.10	-	-
- Class SGD	0.38	-	-
- Class USD-H	0.51	-	-
Distribution on 17 April 2024			
- Class AUD-H	0.34	-	-
- Class GBP-H	0.61	-	-
- Class MYR-H	0.10	-	-
- Class SGD	0.36	-	-
- Class USD-H	0.49	-	-
Distribution on 17 May 2024			
- Class AUD-H	0.33	-	-
- Class GBP-H	0.59	-	-
- Class MYR-H	0.10	-	-
- Class SGD	0.36	-	-
- Class USD-H	0.48	-	-
Distribution on 19 June 2024			
- Class AUD-H	0.34	-	-
- Class GBP-H	0.61	-	-
- Class MYR-H	0.10	-	-
- Class SGD	0.36	-	-
- Class USD-H	0.48	-	-
Distribution on 19 July 2022			
- Class AUD-H	-	0.31	-
- Class GBP-H	-	0.51	-
- Class MYR-H	-	0.10	-
- Class SGD	-	0.31	-
- Class USD-H	-	0.43	-
Distribution on 17 August 2022			
- Class AUD-H	-	0.31	-
- Class GBP-H	-	0.51	-
- Class MYR-H	-	0.10	-
- Class SGD	-	0.31	-
- Class USD-H	-	0.43	-

PERFORMANCE DATA (CONTINUED)

Gross/ Net distribution per unit (sen)	30.06.2024	30.06.2023	30.06.2022
Distribution on 20 September 2022			
- Class AUD-H	-	0.31	-
- Class GBP-H	-	0.48	-
- Class MYR-H	-	0.10	-
- Class SGD	-	0.30	-
- Class USD-H	-	0.42	-
Distribution on 18 October 2022			
- Class AUD-H	-	0.28	-
- Class GBP-H	-	0.46	-
- Class MYR-H	-	0.09	-
- Class SGD	-	0.29	-
- Class USD-H	-	0.42	-
Distribution on 17 November 2022			
- Class AUD-H	-	0.26	-
- Class GBP-H	-	0.44	-
- Class MYR-H	-	0.08	-
- Class SGD	-	0.28	-
- Class USD-H	-	0.40	-
Distribution on 19 December 2022			
- Class AUD-H	-	0.28	-
- Class GBP-H	-	0.47	-
- Class MYR-H	-	0.09	-
- Class SGD	-	0.29	-
- Class USD-H	-	0.39	-
Distribution on 17 January 2023			
- Class AUD-H	-	0.30	-
- Class GBP-H	-	0.48	-
- Class MYR-H	-	0.09	-
- Class SGD	-	0.30	-
- Class USD-H	-	0.41	-
Distribution on 16 February 2023			
- Class AUD-H	-	0.30	-
- Class GBP-H	-	0.47	-
- Class MYR-H	-	0.09	-
- Class SGD	-	0.30	-
- Class USD-H	-	0.39	-
Distribution on 16 March 2023			
- Class AUD-H	-	0.28	-
- Class GBP-H	-	0.47	-
- Class MYR-H	-	0.09	-
- Class SGD	-	0.30	-
- Class USD-H	-	0.40	-
Distribution on 18 April 2023			
- Class AUD-H	-	0.34	-
- Class GBP-H	-	0.58	-
- Class MYR-H	-	0.11	-
- Class SGD	-	0.36	-
- Class USD-H	-	0.48	-

PERFORMANCE DATA (CONTINUED)

Gross/Net distribution per unit (sen)	30.06.2024	30.06.2023	30.06.2022
Distribution on 17 May 2023	-		-
- Class AUD-H	-	0.26	-
- Class GBP-H	-	0.46	-
- Class MYR-H	-	0.08	-
- Class SGD	-	0.28	-
- Class USD-H	-	0.37	-
Distribution on 19 June 2023			
- Class AUD-H	-	0.25	-
- Class GBP-H	-	0.45	-
- Class MYR-H	-	0.08	-
- Class SGD	-	0.27	-
- Class USD	-	0.37	-
Distribution on 19 July 2021			
- Class GBP-H	-	-	0.68
- Class MYR-H	-	-	0.12
- Class SGD	-	-	0.37
- Class USD	-	-	0.50
Distribution on 17 August 2021			
- Class GBP-H	-	-	0.69
- Class MYR-H	-	-	0.12
- Class SGD	-	-	0.37
- Class USD	-	-	0.51
Distribution on 20 September 2021			
- Class GBP-H	-	-	0.68
- Class MYR-H	-	-	0.12
- Class SGD	-	-	0.37
- Class USD	-	-	0.50
Distribution on 20 October 2021			
- Class GBP-H	-	-	0.66
- Class MYR-H	-	-	0.12
- Class SGD	-	-	0.36
- Class USD	-	-	0.49
Distribution on 17 November 2021			
- Class GBP-H	-	-	0.62
- Class MYR-H	-	-	0.11
- Class SGD	-	-	0.34
- Class USD	-	-	0.43
Distribution on 17 December 2021			
- Class GBP-H	-	-	0.62
- Class MYR-H	-	-	0.11
- Class SGD	-	-	0.35
- Class USD	-	-	0.47
Distribution on 19 January 2022			
- Class GBP-H	-	-	0.84
- Class MYR-H	-	-	0.15
- Class SGD	-	-	0.46
- Class USD	-	-	0.63

PERFORMANCE DATA (CONTINUED)

Gross/Net distribution per unit (sen)	30.06.2024	30.06.2023	30.06.2022
Distribution on 17 February 2022			
- Class GBP-H	-	-	0.33
- Class MYR-H	-	-	0.34
- Class SGD	-	-	0.33
- Class USD	-	-	0.33
Distribution on 17 March 2022			
- Class GBP-H	-	-	0.59
- Class MYR-H	-	-	1.05
- Class SGD	-	-	0.33
- Class USD	-	-	0.45
Distribution on 20 April 2022			
- Class AUD-H	-	-	0.35
- Class GBP-H	-	-	0.57
- Class MYR-H	-	-	0.11
- Class SGD	-	-	0.33
- Class USD	-	-	0.44
Distribution on 18 May 2022			
- Class AUD-H	-	-	0.33
- Class GBP-H	-	-	0.54
- Class MYR-H	-	-	0.10
- Class SGD	-	-	0.32
- Class USD	-	-	0.44
Distribution on 17 June 2022			
- Class AUD-H	-	-	0.32
- Class GBP-H	-	-	0.52
- Class MYR-H	-	-	0.10
- Class SGD	-	-	0.32
- Class USD	-	-	0.42
			Since inception to
	30.06.2024	30.06.2023	30.06.2022
	%	%	%
Annual total return			
- Class AUD-H	(4.66)	(8.10)	(11.85)
(Launch date: 17 November 2021)			
			Since inception to
	30.06.2024	30.06.2023	30.06.2022
	%	%	30.06.2021
			%
Annual total return			
- Class GBP-H	(3.72)	(8.25)	(13.40)
(Launch date: 15 October 2020)			
- Class MYR-H	(6.25)	(9.22)	(12.29)
- Class SGD	(4.53)	(7.49)	(12.76)
(Launch date: 10 July 2020)			
- Class USD-H	(3.90)	(7.44)	(13.54)
(Launch date: 2 April 2021)			

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

MARKET REVIEW (1 JULY 2023 TO 30 JUNE 2024)

The positive momentum in equities that started in late 2023 continued through the second quarter of 2024. The MSCI AC World Index showed strong performance, with the S&P 500 Index reaching new highs, driven by gains from major tech companies. European equities hit record highs before experiencing a pullback due to election uncertainties in the United Kingdom (“UK”) and France, while Japan’s TOPIX Index and the MSCI Asia ex-Japan Index also saw significant gains.

The European Central Bank and the Bank of Canada made their first-rate cuts since the pandemic, whereas the U.S. Federal Reserve (the “Fed”) maintained rates despite lower inflation figures. U.S. Treasuries faced challenges, but a declining inflation trend helped lower yields slightly in June 2024. Meanwhile, the Japanese Government Bond yield rose following the Bank of Japan’s reduced purchase announcements. The Bloomberg Global Aggregate Bond Index showed minimal returns, balancing rising rates with carry interest.

Political events, including elections in Europe, the UK, and India, introduced market volatility, with French and UK equities experiencing selloffs. In Singapore, core inflation remained stable, and the MAS is expected to maintain its current policy. Singapore equities were relatively flat, but REITs declined as interest rates are expected to remain high.

FUND PERFORMANCE

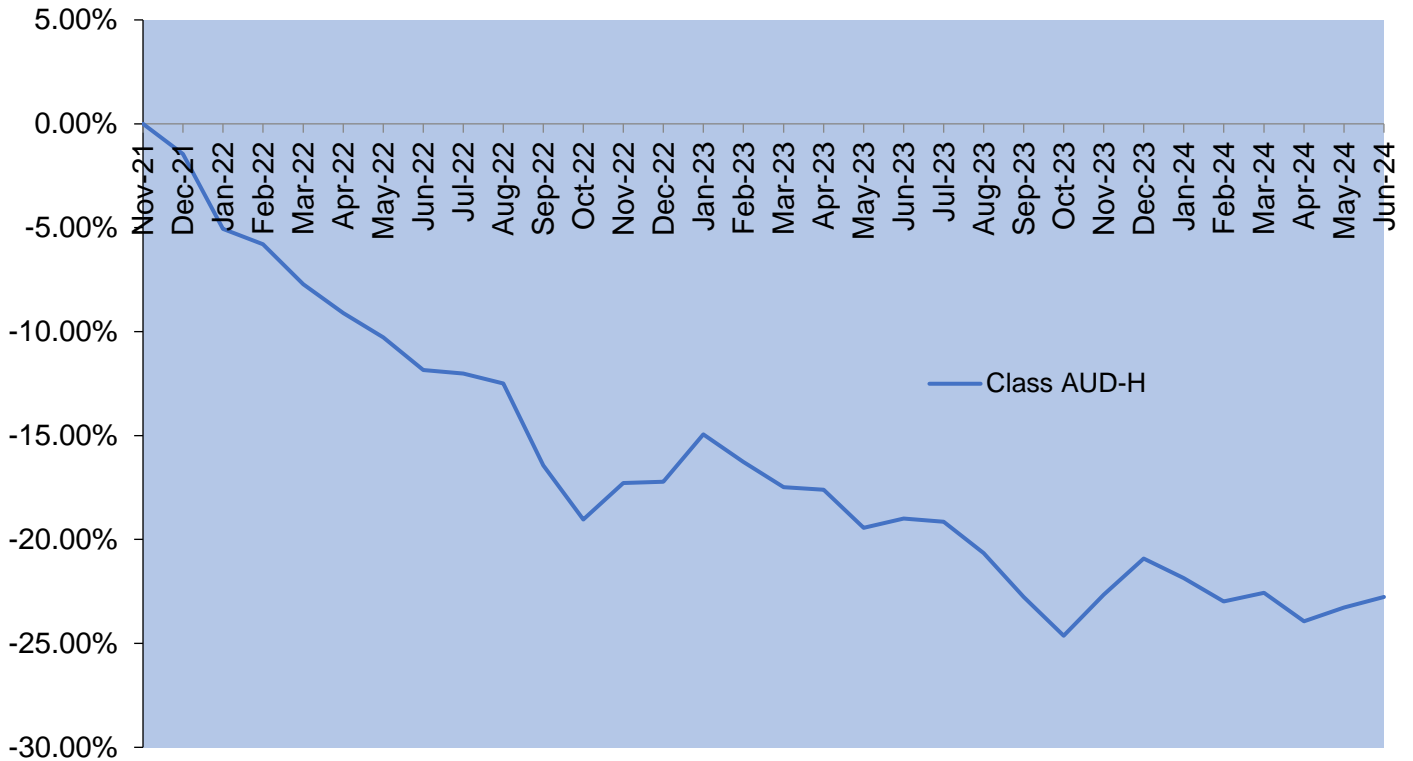
	1 year to 30.06.2024	3 years to 30.06.2024	Since inception to 30.06.2024
	%	%	%
Income Distribution			
- Class AUD-H	5.62	-	11.93
- Class GBP-H	5.61	15.93	18.57
- Class MYR-H	5.58	15.98	19.50
- Class SGD	5.63	15.94	19.49
- Class USD-H	5.60	15.90	15.90
Capital Growth			
- Class AUD-H	(9.73)	-	(31.00)
- Class GBP-H	(8.84)	(34.01)	(35.10)
- Class MYR-H	(11.21)	(35.65)	(36.09)
- Class SGD	(9.62)	(33.54)	(34.03)
- Class USD-H	(8.99)	(33.64)	(33.71)
Total Return			
- Class AUD-H	(4.66)	-	(22.77)
- Class GBP-H	(3.72)	(23.50)	(23.05)
- Class MYR-H	(6.25)	(25.36)	(23.62)
- Class SGD	(4.53)	(22.95)	(21.17)
- Class USD-H	(3.90)	(23.10)	(23.17)
Benchmark			
- Class AUD-H	-	-	-
- Class GBP-H	-	-	-
- Class MYR-H	-	-	-
- Class SGD	-	-	-
- Class USD-H	-	-	-
Average Total Return			
- Class AUD-H	(4.66)	-	(9.39)
- Class GBP-H	(3.72)	(8.53)	(6.80)
- Class MYR-H	(6.25)	(9.28)	(6.55)
- Class SGD	(4.53)	(8.32)	(5.81)
- Class USD-H	(3.90)	(8.37)	(7.80)

FUND PERFORMANCE (CONTINUED)

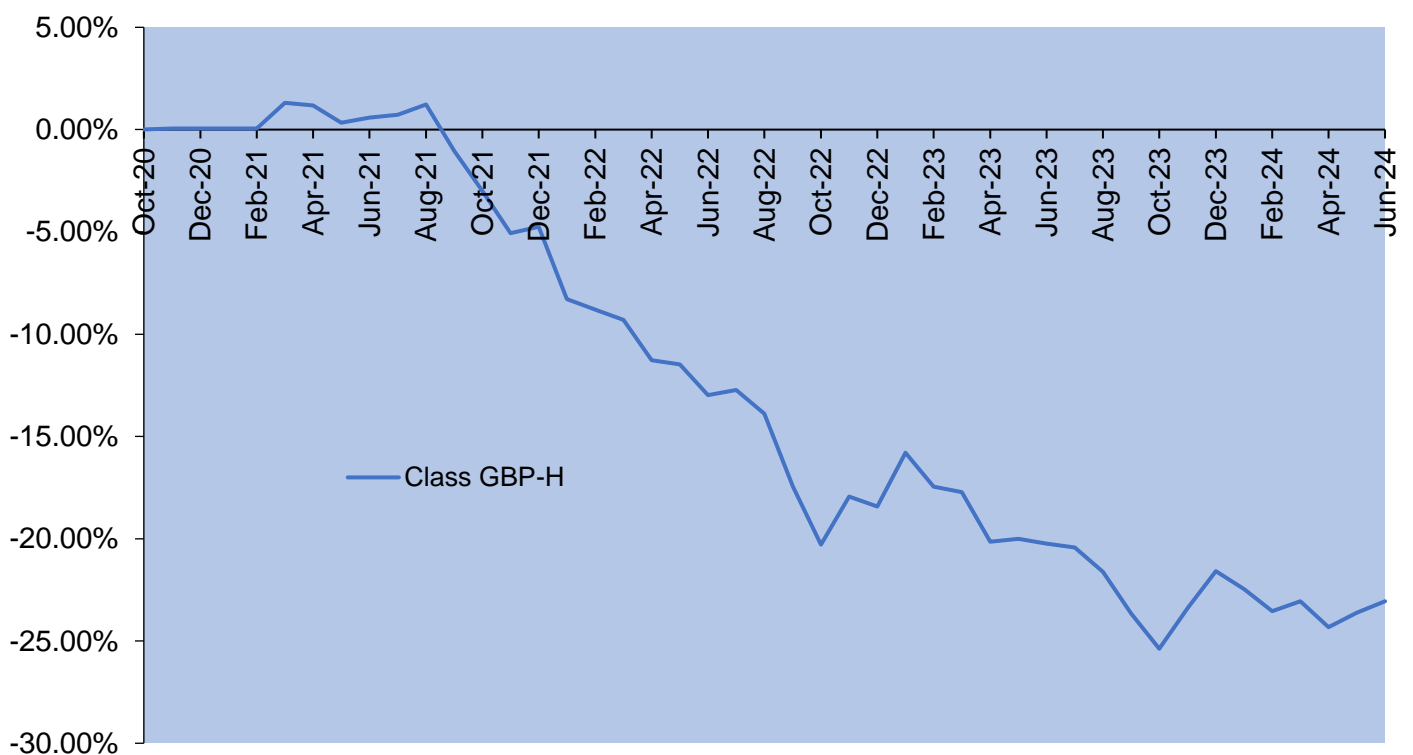
For the financial year under review, the fund posted negative return, Class AUD-H, Class GBP-H, Class MYR-H, Class SGD, and Class USD-H decreased by 4.66%, 3.72%, 6.25%, 4.53%, and 3.90% respectively. The fund does not have a benchmark for comparison.

Since Inception

CLASS AUD-H



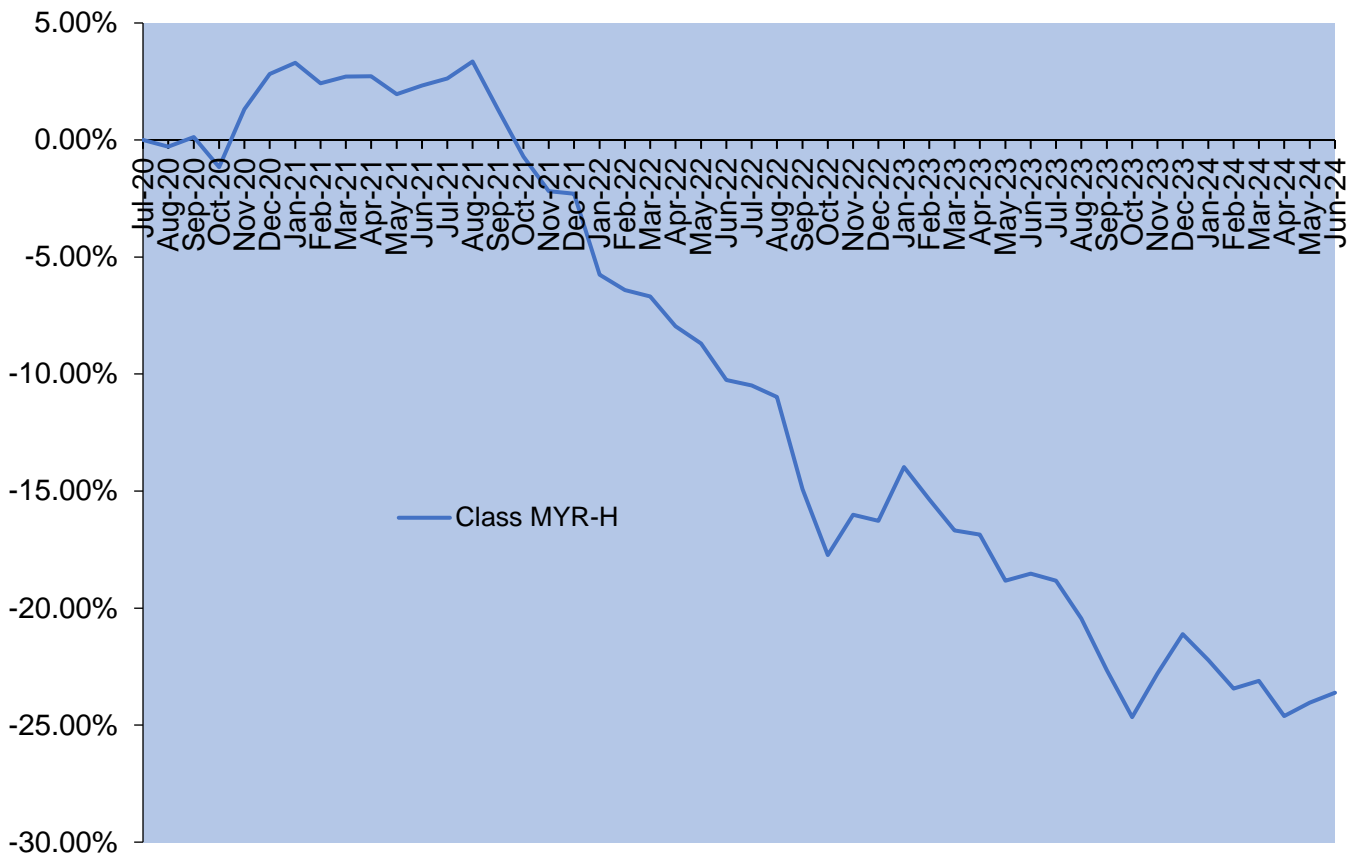
CLASS GBP-H



FUND PERFORMANCE (CONTINUED)

Since Inception

CLASS MYR-H



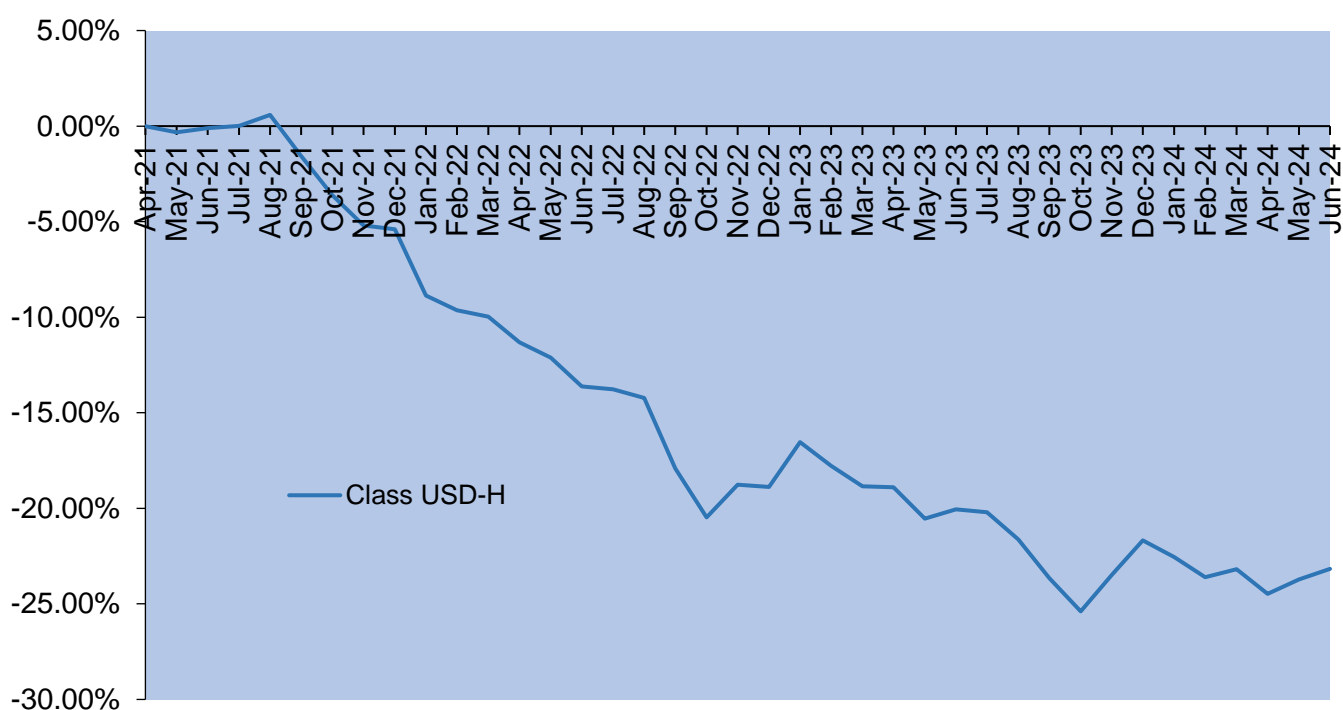
Class SGD



FUND PERFORMANCE (CONTINUED)

Since Inception

Class USD-H



Changes in NAV

	30.06.2024	30.06.2023	Changes %
CLASS AUD-H			
NAV (SGD Million)	0.08	0.08	-
NAV/Unit (SGD)	0.6286	0.6878	(8.61)
CLASS GBP-H			
NAV (SGD Million)	0.82	3.90	(78.97)
NAV/Unit (SGD)	1.1192	1.2235	(8.52)
CLASS MYR-H			
NAV (SGD Million)	20.55	43.57	(52.83)
NAV/Unit (SGD)	0.1849	0.2086	(11.36)
CLASS SGD			
NAV (SGD Million)	11.00	25.97	(57.64)
NAV/Unit (SGD)	0.6642	0.7291	(8.90)
CLASS USD-H			
NAV (SGD Million)	0.38	2.80	(86.43)
NAV/Unit (SGD)	0.9043	0.9848	(8.17)

During the financial year under review, the fund's NAV for Class GBP-H, Class MYR-H, Class SGD, and Class USD-H decreased by 78.97%, 52.83%, 57.64%, and 86.43% respectively, while Class AUD-H remain unchanged.

In addition, the NAV per unit for Class AUD-H, Class GBP-H, Class MYR-H, Class SGD, and Class USD-H decreased by 8.61%, 8.52%, 11.36%, 8.90%, and 8.17% respectively.

FUND PERFORMANCE (CONTINUED)

Changes in NAV (continued)

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
Collective investment scheme	97.84	101.34
Cash and other assets	2.79	1.61
Liabilities	(0.63)	(2.95)
TOTAL	100.00	100.00

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

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

	% of NAV
Top 10 holdings*	30.06.2024
CapitaLand Integrated Commercial Trust	4.60
CapitaLand Ascendas REIT	3.70
Paragon REIT 4.10 Perpetual	2.90
AIA Group Ltd 2.90 Perpetual	2.00
Frasers Property Treasury	1.90
Mapletree Industrial Trust	1.80
UBS Group AG 4.85 Perpetua	1.80
Mapletree Logistics Trust	1.60
Swiss Re AG 3.125 Jul 2035	1.60
Frasers Logistics & Commercial Trust	1.20

	% of NAV
Top 10 holdings*	30.06.2023
CapitaLand Ascendas REIT	9.80
CapitaLand Integrated Commercial Trust	8.50
Mapletree Logistics Trust	5.60
Frasers Logistics & Commercial Trust	4.00
Mapletree Industrial Trust	3.90
Taiwan Semiconductor Manufacturing	3.00
NVIDIA Corp	2.10
Tencent Holdings Ltd	1.90
LVMH Moet Hennessy Louis Vuitton	1.60
Broadcom Inc	1.60

* As disclosed in the Fund Fact Sheet.

MARKET OUTLOOK*

In second quarter of 2024, U.S. economic activity showed improvement, led by the service sector, with the S&P composite PMI rising to 54.6 in May 2024. Concerns about a slowdown were alleviated as labor markets remained resilient, though initial jobless claims and the unemployment rate edged up. In China, May's data was mixed; retail sales grew, but industrial production and fixed asset investment were weak. The Chinese government introduced measures to stabilize the property sector, reflecting cautious optimism about economic recovery. In Singapore, core inflation stayed around 3%, with the MAS expected to maintain its outlook in the upcoming meeting.

Geopolitical risks, including renewed U.S.-China trade tensions and ongoing Middle East conflicts, pose significant threats to market stability. The Biden administration announced increased tariffs on strategic Chinese goods starting in August, adding to global economic uncertainties.

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

INVESTMENT STRATEGY

The Fund will continue to remain fully invested in the Target Fund with minimal cash kept for liquidity purposes. Our asset allocation decision will continue to be subjected by market conditions.

SOFT COMMISSIONS AND REBATES

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

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

During the financial 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 Fourth Supplemental Information Memorandum dated 28 February 2024. We are of view that the changes above do not affect the existing unit holders to stay invested in the Fund and it is not a significant change.

There were no other 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 have been carried out during the financial year under review.

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL HERITAGE INCOME FUND**

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 7 to 33 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the statement of 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
16 August 2024

TRUSTEE'S REPORT

TO THE UNIT HOLDERS OF PRINCIPAL HERITAGE INCOME FUND ("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:

1. Limitations imposed on the investment powers of the management company under the Deed, securities laws and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;
2. Valuation and pricing is carried out in accordance with the Deed; and
3. Any creation and cancellation of units are carried out in accordance with the Deed and any regulatory requirements.

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

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Sylvia Beh
Chief Executive Officer

Kuala Lumpur
16 August 2024

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL HERITAGE INCOME FUND**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal Heritage Income Fund (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 financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 7 to 33.

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 financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

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

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager and the Trustee for the financial statements

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

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

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

Other matters

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework 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
16 August 2024

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

	Note	2024 SGD	2023 SGD
INCOME/(LOSS)			
Dividend income		3,266,469	5,080,896
Other income		-	602
Net loss on financial assets at fair value through profit or loss	8	(5,267,741)	(10,946,390)
Net loss on derivative assets at fair value through profit or loss	9	(972,861)	(5,861,438)
Net foreign exchange gain		20,519	22,102
		<u>(2,953,614)</u>	<u>(11,704,228)</u>
EXPENSES			
Management fee	4	556,918	1,069,634
Trustee and custodian fees	5	20,254	38,904
Audit fee		3,534	3,534
Tax agent's fee		1,621	1,621
Other expenses		5,820	12,667
		<u>588,147</u>	<u>1,126,360</u>
LOSS BEFORE DISTRIBUTION AND TAXATION		<u>(3,541,761)</u>	<u>(12,830,588)</u>
Distribution:			
- Class AUD-H		4,238	4,425
- Class GBP-H		117,282	227,214
- Class MYR-H		1,609,844	2,602,281
- Class SGD		875,346	1,525,099
- Class USD-H		54,348	176,400
	6	<u>2,661,058</u>	<u>4,535,419</u>
LOSS BEFORE TAXATION		(6,202,819)	(17,366,007)
Taxation	7	<u>(293,215)</u>	<u>(1,329,604)</u>
LOSS AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>(6,496,034)</u>	<u>(18,695,611)</u>
Loss after taxation is made up as follows:			
Realised amount		(31,964,260)	(17,178,168)
Unrealised amount		25,468,226	(1,517,443)
		<u>(6,496,034)</u>	<u>(18,695,611)</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 SGD	2023 SGD
ASSETS			
Cash and cash equivalents	10	438,712	992,448
Financial assets at fair value through profit or loss	8	32,113,795	77,346,972
Derivative assets at fair value through profit or loss	9	30,723	122,065
Amount due from Manager		28	28
Tax recoverable		401,575	-
Amount due from Manager of collective investment scheme			
- management fee rebate		47,246	114,541
TOTAL ASSETS		<u>33,032,079</u>	<u>78,576,054</u>
LIABILITIES			
Amount due to Manager		159,220	1,875,070
Accrued management fee		30,051	71,196
Amount due to Trustee		1,093	2,589
Tax payable		-	288,887
Other payables and accruals		17,364	15,700
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>207,728</u>	<u>2,253,442</u>
NET ASSET VALUE OF THE FUND		<u>32,824,351</u>	<u>76,322,612</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>32,824,351</u>	<u>76,322,612</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (SGD)			
- Class AUD-H		76,540	84,600
- Class GBP-H		815,027	3,896,612
- Class MYR-H		20,549,884	43,571,727
- Class SGD		11,003,922	25,968,307
- Class USD-H		378,978	2,801,366
		<u>32,824,351</u>	<u>76,322,612</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class AUD-H		121,770	123,009
- Class GBP-H		728,221	3,184,872
- Class MYR-H		111,138,400	208,844,016
- Class SGD		16,567,615	35,616,329
- Class USD-H		419,085	2,844,509
	11	<u>128,975,091</u>	<u>250,612,735</u>

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

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

	Note	2024 SGD	2023 SGD
REPRESENTED BY:			
NET ASSET VALUE PER UNIT (SGD)			
- Class AUD-H		0.6286	0.6878
- Class GBP-H		1.1192	1.2235
- Class MYR-H		0.1849	0.2086
- Class SGD		0.6642	0.7291
- Class USD-H		0.9043	0.9848
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- Class AUD-H		AUD0.6969	AUD0.7636
- Class GBP-H		GBP0.6528	GBP0.7112
- Class MYR-H		RM0.6434	RM0.7192
- Class SGD		SGD0.6642	SGD0.7291
- Class USD-H		USD0.6672	USD0.7277

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**

	2024	2023
	SGD	SGD
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>76,322,612</u>	<u>120,787,494</u>
Movements due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class AUD-H	-	51,361
- Class GBP-H	-	821,286
- Class MYR-H	82,462	918,117
- Class SGD	673,703	320,644
- Class USD-H	-	156,698
	<u>756,165</u>	<u>2,268,106</u>
Creation of units from distributions		
- Class AUD-H	37	271
- Class GBP-H	7,336	16,880
- Class MYR-H	218,931	323,825
- Class SGD	83,812	111,269
- Class USD-H	1,858	7,419
	<u>311,974</u>	<u>459,664</u>
Cancellation of units		
- Class AUD-H	(800)	(91,191)
- Class GBP-H	(2,805,933)	(2,610,627)
- Class MYR-H	(19,075,824)	(12,232,143)
- Class SGD	(13,908,912)	(11,868,281)
- Class USD-H	(2,278,897)	(1,694,799)
	<u>(38,070,366)</u>	<u>(28,497,041)</u>
Total comprehensive loss for the financial year	<u>(6,496,034)</u>	<u>(18,695,611)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	<u>32,824,351</u>	<u>76,322,612</u>

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

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

	Note	2024 SGD	2023 SGD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of collective investment scheme		83,421,212	34,810,000
Purchase of collective investment scheme		(43,857,023)	(4,250,000)
Dividend income received		3,266,469	5,080,896
Other income received		-	602
Management fee paid		(598,063)	(1,108,426)
Management fee rebate received		468,542	830,359
Trustee and custodian fees paid		(21,750)	(40,315)
Tax paid		(978,426)	(1,014,888)
Payments for other administrative expenses		(9,397)	(18,327)
Receipt/(Payment) of other foreign exchange gain /(loss)		15,066	(3,332)
Payment of forward foreign currency contracts loss		(881,519)	(5,881,675)
Net cash generated from operating activities		<u>40,825,111</u>	<u>28,404,894</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		756,165	2,270,179
Payments for cancellation of units		(39,785,928)	(26,668,969)
Distributions paid		(2,349,084)	(4,075,755)
Net cash used in from financing activities		<u>(41,378,847)</u>	<u>(28,474,545)</u>
Net decrease in cash and cash equivalents		(553,736)	(69,651)
Cash and cash equivalents at the beginning of the financial year		<u>992,448</u>	<u>1,062,099</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>438,712</u></u>	<u><u>992,448</u></u>
<u>Cash and cash equivalents comprised:</u>			
Bank balances		<u>438,712</u>	<u>992,448</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>438,712</u></u>	<u><u>992,448</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 Heritage Income Fund (the “Fund”) is governed by a Principal Deed dated 21 April 2020 and a First Supplemental Master Deed dated 2 February 2024 (collectively known as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund aims to provide income and capital growth through investments in one (1) CIS, which invests in a diversified portfolio of mixed asset.

The Fund is a feeder fund and it invests in a single CIS, i.e. Fullerton SGD FSH- Income. The Fund may also invest in liquid assets for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its NAV in FSH- Income and may also invest up to 5% of its NAV in liquid assets for liquidity purpose. FSH- Income was established on 21 May 2019 under the Fullerton Fund; a Singapore-constituted umbrella unit trust.

The asset allocation strategy for this Fund is as follows:

- at least 95% of the Fund’s NAV will be invested in FSH- Income; and
- up to 5% of the Fund’s NAV will be invested in liquid assets for liquidity purposes.

Information on the Target Fund

Target Fund	: FSH- Income
Share Class	: Class B
Currency denomination	: SGD
Target Fund Manager	: Fullerton Fund Management Company Ltd.
Regulatory Authority	: Monetary Authority of Singapore

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

The Fund had issued the Fourth Supplemental Information Memorandum dated 28 February 2024.

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

2. MATERIAL ACCOUNTING 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”).

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

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

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

It also requires the Manager to exercise their judgement in the process of applying the Fund's accounting policies. Although these estimates and assumptions are based on the Manager's best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(m).

There are no other standards, amendments to standards or interpretations that are 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 investments are solely principal and interest ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Investment in collective investment schemes have debt instrument with contractual cash flow that do not represent SPPI and therefore are classified as fair value through profit or loss.

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

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

The Fund classifies cash and cash equivalents, amount due from Manager and amount due from Manager of collective investment scheme – management fees rebate 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.

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.

Collective investment schemes are valued based on the most recent published NAV per unit or share of such collective investment scheme or, if unavailable, on the last published price of such unit or share (excluding any sales charge included in such selling price).

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

Impairment for assets carried at amortised costs

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

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

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

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Income recognition

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

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

(d) Foreign currencyFunctional and presentation currencies

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 SGD, 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 SGD primarily due to the following factors:

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

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

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

(e) Cash and cash equivalents

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

(f) Distribution

A distribution to the Fund's unit holders is accounted for as finance cost in the statement of comprehensive income. A proposed distribution is recognised as a liability in the financial year in which it is approved by the Trustee.

(g) Taxation

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

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

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.

(h) Unit holders' contributions

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "*Financial Instruments: Presentation*".

The Fund issues cancellable units, in five classes of units, known respectively as Class AUD-H, GBP-H, MYR-H, SGD and USD-H which are cancelled at the unit holder's option. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the member exercises the right to put back the units to the Fund.

Units are created and cancelled at the unit holders' option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to members of respective classes with the total number of outstanding units of respective classes.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**(i) Amount due from/to Manager of collective investment scheme**

Amount due from and amount due to Manager of collective investment scheme represent receivables for collective investment scheme sold and payables for collective investment scheme purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

(j) Management fee rebate

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

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

The analysis of realised and unrealised portions of profit or loss after tax as presented on the statement of comprehensive income is guided by SC Guidelines on Unit Trust Funds.¹

(l) Derivative financial instruments

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavorable.

The Fund's derivative financial instruments comprise forward foreign exchange contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the date of statements of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held-for-trading and accounted for in accordance with the accounting policy set out in Note 2(b).

¹ The presentation of the analysis of realised and unrealised portions of increase/decrease in net assets attributable to unit holders as presented on the statement of comprehensive income is provided as per the SC Guidelines on Unit Trust Funds. However, the Fund is not guided by the SC Guidelines on Unit Trust Funds.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Critical accounting estimates and judgements in applying accounting policies

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Funds' 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 Unlisted Capital Market Products under the Lodge and Launch Framework.

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund were as follows:

	Financial assets at fair value through profit or loss SGD	Financial assets at amortised cost SGD	Total SGD
2024			
Cash and cash equivalents (Note 10)	-	438,712	438,712
Collective investment scheme (Note 8)	32,113,795	-	32,113,795
Derivative assets at fair value through profit or loss	30,723	-	30,723
Amount due from Manager	-	28	28
Amount due from Manager of collective investment scheme - management fee rebate	-	47,246	47,246
	<u>32,144,518</u>	<u>485,986</u>	<u>32,630,504</u>
2023			
Cash and cash equivalents (Note 10)	-	992,448	992,448
Collective investment scheme (Note 8)	77,346,972	-	77,346,972
Derivative assets at fair value through profit or loss	122,065	-	122,065
Amount due from Manager	-	28	28
Amount due from Manager of collective investment scheme - management fee rebate	-	114,541	114,541
	<u>77,469,037</u>	<u>1,107,017</u>	<u>78,576,054</u>

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

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

The Fund aims to provide income and capital growth through investments in one (1) collective investment scheme, which invests in a diversified portfolio of mixed asset.

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

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

(a) Market risk

(i) Price risk

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

The price risk is managed through diversification and selection of collective investment scheme and other financial instruments within specified limits according to the Deeds.

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

	2024	2023
	SGD	SGD
Financial assets at fair value through profit or loss:		
- Collective investment scheme	<u>32,113,795</u>	<u>77,346,972</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of collective investment scheme at the end of the reporting year. The analysis is based on the assumptions that the price of the collective investment scheme fluctuates by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the collective investment scheme, having regard to the historical volatility of the prices.

% Change in price of collective investment scheme	Market value SGD	Impact on profit or loss/NAV SGD
2024		
-5%	30,508,105	(1,605,690)
0%	32,113,795	-
5%	<u>33,719,485</u>	<u>1,605,690</u>

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

(a) Market risk (continued)

(i) Price risk (continued)

% Change in price of collective investment scheme 2023	Market value SGD	Impact on profit or loss/NAV SGD
-5%	73,479,623	(3,867,349)
0%	77,346,972	-
5%	81,214,321	3,867,349

(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 SGD 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 currencies:

Financial assets

	Cash and cash equivalents SGD	Amount due from Manager SGD	Derivative assets at fair value through profit or loss SGD	Total SGD
2024				
AUD	1,093	-	272	1,365
GBP	589	-	(3,178)	(2,589)
MYR	18,181	28	32,388	50,597
USD	8,911	-	1,241	10,152
	<u>28,774</u>	<u>28</u>	<u>30,723</u>	<u>59,525</u>
2023				
AUD	1,952	-	(1,224)	728
GBP	77,621	-	4,228	81,849
MYR	6,958	28	91,114	98,100
USD	62,460	-	27,947	90,407
	<u>148,991</u>	<u>28</u>	<u>122,065</u>	<u>271,084</u>

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

(a) Market risk (continued)

(ii) Currency risk (continued)

Financial liabilities

	Amount due to Manager SGD	Other payables and accruals SGD	Total SGD
2024			
AUD	-	327	327
MYR	118,140	8,841	126,981
USD	29,867	-	29,867
	<u>148,007</u>	<u>9,168</u>	<u>157,175</u>
2023			
AUD	-	325	325
GBP	287,080	-	287,080
MYR	92,315	4,952	97,267
USD	385,158	-	385,158
	<u>764,553</u>	<u>5,277</u>	<u>769,830</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%, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate	Impact on profit or loss/NAV	
		2024 USD	2023 USD
	%		
AUD	+/-5	+/-52	+/-20
GBP	+/-5	+/-129	+/-10,262
MYR	+/-5	+/-2,334	+/-42
USD	+/-5	+/-986	+/-14,738
		<u>+/-3,501</u>	<u>+/-25,062</u>

(b) Credit risk

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

For amount due from Manager, the settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

For amount due from stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by respective stock exchange. The credit risk is minimal as all transactions in quoted securities are settled/paid upon delivery using approved stockbrokers.

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

(b) Credit risk

	Cash and cash equivalents SGD	Amount due from Manager SGD	Derivative assets at fair value through profit or loss SGD	Amount due from Manager of collective investment scheme-management fee rebate SGD	Total SGD
2024					
- AAA	438,712	-	-	-	438,712
- Not Rated	-	28	30,723	47,246	77,997
	<u>438,712</u>	<u>28</u>	<u>30,723</u>	<u>47,246</u>	<u>516,709</u>
2023					
- AAA	992,448	-	-	-	992,448
- Not Rated	-	28	-	114,541	114,569
	<u>992,448</u>	<u>28</u>	<u>-</u>	<u>114,541</u>	<u>1,107,017</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 assets comprise bank balances 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.

	Less than 1 month SGD	Between 1 month to 1 year SGD	Total SGD
2024			
Amount due to Manager	159,220	-	159,220
Accrued management fee	30,051	-	30,051
Amount due to Trustee	1,093	-	1,093
Other payables and accruals	-	17,364	17,364
Net assets attributable to unit holders*	<u>32,824,351</u>	<u>-</u>	<u>32,824,351</u>

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

	Less than 1 month SGD	Between 1 month to 1 year SGD	Total SGD
2024 (continued)			
Contractual undiscounted cash flows	33,014,715	17,364	33,032,079
2023			
Amount due to Manager	1,875,070	-	1,875,070
Accrued management fee	71,196	-	71,196
Amount due to Trustee	2,589	-	2,589
Other payables and accruals	-	15,700	15,700
Net assets attributable to unit holders*	76,400,238	-	76,400,238
Contractual undiscounted cash flows	78,637,980	15,700	78,653,680

* Outstanding units are redeemed on demand at the unit holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

(d) **Capital risk management**

The capital of the Fund is represented by net assets attributable to unit holders of SGD32,824,351 (2023: SGD76,322,612) 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 values of financial assets traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the financial year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

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

(e) Fair value estimation (continued)

(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 judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment 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 SGD	Level 2 SGD	Level 3 SGD	Total SGD
2024				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	32,113,795	-	-	32,113,795
Derivative asset at fair value through profit or loss:				
- Forward foreign currency contracts	-	30,723	-	30,723

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

	Level 1 SGD	Level 2 SGD	Level 3 SGD	Total SGD
2023				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>77,346,972</u>	<u>-</u>	<u>-</u>	<u>77,346,972</u>
Derivative asset at fair value through profit or loss:				
- Forward foreign currency contracts	<u>-</u>	<u>122,065</u>	<u>-</u>	<u>122,065</u>

Investments whose values are based on quoted market prices in active markets and are therefore classified within Level 1 include collective investment scheme. The Fund does not adjust the quoted prices for these instruments.

- (ii) The carrying values of cash and cash equivalents, amount due from Manager, amount due from Manager - sale of collective investment scheme and management fee rebate and all 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 maximum management fee of 3.00% per annum for each unit class, calculated daily based on the NAV of the Fund. The Management Fee shall be accrued daily and paid monthly.

For the financial year ended 30 June 2024, the management fee for the respective classes is recognised at the following rates (2023: 1.10% per annum for each class)

Class AUD-H	Class GBP-H	Class MYR-H	Class SGD	Class USD-H
1.10%	1.10%	1.10%	1.10%	1.10%

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

5. TRUSTEE AND CUSTODIAN FEES

Up to 0.04% per annum, calculated daily on the Net Asset Value (including local custodian fees and charges but excluding foreign sub-custodian fees and charges). The Trustee Fee shall be accrued daily and paid monthly

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

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

6. DISTRIBUTION

Breakdown of distribution were as follows:

	2024		2023	
	SGD	%	SGD	%
Source of distribution				
Distribution out of current year's income	2,661,058	100.00	4,535,419	100.00
Distribution out of prior year's income/capital*	-	-	-	-
Total	2,661,058	100.00	4,535,419	100.00

* Distribution income has been accrued as at the end of the prior financial year but is not declared and paid as distribution.

Gross/Net distribution per unit (sen)

Distribution on 18 July 2023		
- Class AUD-H	0.29	0.31
- Class GBP-H	0.51	0.51
- Class MYR-H	0.09	0.10
- Class SGD	0.30	0.31
- Class USD-H	0.41	0.43
Distribution on 19 August 2023		
- Class AUD-H	0.25	0.31
- Class GBP-H	0.47	0.51
- Class MYR-H	0.08	0.10
- Class SGD	0.28	0.31
- Class USD-H	0.38	0.43
Distribution on 19 September 2023		
- Class AUD-H	0.25	0.31
- Class GBP-H	0.46	0.48
- Class MYR-H	0.08	0.10
- Class SGD	0.27	0.30
- Class USD-H	0.37	0.42
Distribution on 17 October 2023		
- Class AUD-H	0.29	0.28
- Class GBP-H	0.53	0.46
- Class MYR-H	0.09	0.09
- Class SGD	0.33	0.29
- Class USD-H	0.45	0.42
Distribution on 17 November 2023		
- Class AUD-H	0.24	0.26
- Class GBP-H	0.42	0.44
- Class MYR-H	0.07	0.08
- Class SGD	0.26	0.28
- Class USD-H	0.35	0.40
Distribution on 17 December 2023		
- Class AUD-H	0.24	0.28
- Class GBP-H	0.42	0.47
- Class MYR-H	0.07	0.09
- Class SGD	0.26	0.29
- Class USD-H	0.34	0.39

6. DISTRIBUTION (CONTINUED)

Gross/Net distribution per unit (sen)	2024	2023
Distribution on 17 January 2024		
- Class AUD-H	0.30	0.30
- Class GBP-H	0.52	0.48
- Class MYR-H	0.09	0.09
- Class SGD	0.32	0.30
- Class USD-H	0.42	0.41
Distribution on 19 February 2024		
- Class AUD-H	0.23	0.30
- Class GBP-H	0.43	0.47
- Class MYR-H	0.07	0.09
- Class SGD	0.26	0.30
- Class USD-H	0.34	0.39
Distribution on 19 March 2024		
- Class AUD-H	0.35	0.28
- Class GBP-H	0.63	0.47
- Class MYR-H	0.10	0.09
- Class SGD	0.38	0.30
- Class USD-H	0.51	0.40
Distribution on 17 April 2024		
- Class AUD-H	0.34	0.34
- Class GBP-H	0.61	0.58
- Class MYR-H	0.10	0.11
- Class SGD	0.36	0.36
- Class USD-H	0.49	0.48
Distribution on 17 May 2024		
- Class AUD-H	0.33	0.26
- Class GBP-H	0.59	0.46
- Class MYR-H	0.10	0.08
- Class SGD	0.36	0.28
- Class USD-H	0.48	0.37
Distribution on 19 June 2024		
- Class AUD-H	0.34	0.25
- Class GBP-H	0.61	0.45
- Class MYR-H	0.10	0.08
- Class SGD	0.36	0.27
- Class USD-H	0.48	0.37

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

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

During the financial year, the Fund incurred no unrealised loss (2023: SGD1,517,443).

7. TAXATION

	2024 SGD	2023 SGD
Tax charged for the financial year:		
- (Over)/Under provision of income tax expense in prior year	(122,775)	98,593
- Tax on foreign source income	415,990	1,231,011
	293,215	1,329,604

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 SGD	2023 SGD
Loss before taxation	(6,202,819)	(17,366,007)
Taxation at Malaysian statutory rate of 24% (2023: 24%)	(1,488,677)	(4,167,842)
Tax effects of:		
- Loss not deductible for tax purposes	1,443,821	2,809,015
- Expenses not deductible for tax purposes	10,468	1,101,267
- Restriction on tax deductible expenses for Wholesale Funds	34,388	257,560
Under provision of income tax expense in prior year	(122,775)	98,593
Tax on foreign source income	415,990	1,231,011
Taxation	293,215	1,329,604

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 SGD	2023 SGD
At fair value through profit or loss:		
- Collective investment scheme	32,113,795	77,346,972
Net loss on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(31,223,102)	(10,157,115)
- Unrealised fair value gain/(loss)	25,554,114	(1,563,113)
- Management fee rebate #	401,247	773,838
	(5,267,741)	(10,946,390)

Management fee rebate is derived from the Fund's investment in collective investment scheme on an accruals basis to ensure no double charging of management fee. It is accrued daily based on the fair value of the collective investment scheme held. For the financial year ended, management fee rebate is recognised at a rate of 0.80% per annum calculated and accrued daily based on the NAV of the collective investment scheme per annum. (2023: 0.80% per annum).

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

Name of counter	Quantity Units	Aggregate cost SGD	Market value SGD	Percentage of NAV %
2024				
COLLECTIVE INVESTMENT SCHEME				
SINGAPORE				
FULLERTON SGD HERITAGE INCOME B	<u>57,173,520</u>	<u>32,861,350</u>	<u>32,113,795</u>	<u>97.84</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>57,173,520</u>	<u>32,861,350</u>	<u>32,113,795</u>	<u>97.84</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(747,555)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>32,113,795</u>		
2023				
COLLECTIVE INVESTMENT SCHEME				
SINGAPORE				
FULLERTON SGD HERITAGE INCOME B	<u>105,297,010</u>	<u>103,648,641</u>	<u>77,346,972</u>	<u>101.34</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>105,297,010</u>	103,648,641	<u>77,346,972</u>	<u>101.34</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(26,301,669)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>77,346,972</u>		

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

	2024	2023
	SGD	SGD
Forward foreign currency contracts	<u>30,723</u>	<u>122,065</u>
	2024	2023
	SGD	SGD
Net loss on derivative at fair value through profit or loss:		
- Net realised loss on forward foreign currency contracts	(881,520)	(5,881,675)
- Net unrealised (loss)/gain on forward foreign currency contracts	<u>(91,341)</u>	<u>20,237</u>
	<u>(972,861)</u>	<u>(5,861,438)</u>

As at 30 June 2024, there are total of 5 outstanding (2023: 5 outstanding) SGD/Malaysian Ringgit ("MYR"), SGD/Australian Dollar ("AUD"), SGD/British Pound Sterling ("GBP") and SGD/United States Dollar ("USD") forward foreign currency contracts. The notional principal amount of the outstanding forward foreign currency contracts amounting to SGD74,034,467 (2023: SGD159,367,333).

The SGD/AUD, SGD/MYR, SGD/GBP, and SGD/USD forward foreign currency contracts were entered into during the financial year to minimise the risk of foreign exchange exposure between the SGD and the foreign currencies exposure of the Fund.

As the Fund has not adopted hedge accounting during the financial year, any changes in the fair value of the forward currency contract are recognised immediately in the statement of comprehensive income during the financial year.

10. CASH AND CASH EQUIVALENTS

	2024	2023
	SGD	SGD
Bank balances	<u>438,712</u>	<u>992,448</u>

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2024	2023
	SGD	SGD
Class AUD-H (i)	121,770	123,009
Class GBP-H (ii)	728,221	3,184,872
Class MYR-H (iii)	111,138,400	208,844,016
Class SGD (iv)	16,567,615	35,616,329
Class USD (v)	<u>419,085</u>	<u>2,844,509</u>
	<u>128,975,091</u>	<u>250,612,735</u>
(i) Class AUD-H		
At the beginning of the financial year	123,009	176,928
Add: Creation of units from applications	-	69,997
Add: Creation of units from distributions	59	369
Less: Cancellation of units	<u>(1,298)</u>	<u>(124,285)</u>
At the end of the financial year	<u>121,770</u>	<u>123,009</u>

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2024	2023
	SGD	SGD
(ii) Class GBP-H		
At the beginning of the financial year	3,184,872	4,631,132
Add: Creation of units from applications	-	604,966
Add: Creation of units from distributions	6,436	13,597
Less: Cancellation of units	<u>(2,463,087)</u>	<u>(2,064,823)</u>
At the end of the financial year	<u>728,221</u>	<u>3,184,872</u>
(iii) Class MYR-H		
At the beginning of the financial year	208,844,016	257,222,898
Add: Creation of units from applications	414,693	3,731,020
Add: Creation of units from distributions	1,139,174	1,380,195
Less: Cancellation of units	<u>(99,259,483)</u>	<u>(53,490,097)</u>
At the end of the financial year	<u>111,138,400</u>	<u>208,844,016</u>
(iv) Class SGD		
At the beginning of the financial year	35,616,329	50,578,186
Add: Creation of units from applications	1,004,325	399,819
Add: Creation of units from distributions	122,675	144,026
Less: Cancellation of units	<u>(20,175,714)</u>	<u>(15,505,702)</u>
At the end of the financial year	<u>16,567,615</u>	<u>35,616,329</u>
(v) Class USD-H		
At the beginning of the financial year	2,844,509	4,291,765
Add: Creation of units from applications	-	140,681
Add: Creation of units from distributions	1,998	7,066
Less: Cancellation of units	<u>(2,427,422)</u>	<u>(1,595,003)</u>
At the end of the financial year	<u>419,085</u>	<u>2,844,509</u>

12. TOTAL EXPENSE RATIO ("TER")

	2024	2022
	%	%
TER	<u>0.37</u>	<u>0.36</u>

TER was derived based on the following calculation:

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

A = Management fee (excluded management fee rebate)
 B = Trustee and custodian fees
 C = Audit fee
 D = Tax Agent's fee
 E = Other expenses excluding withholding tax and CDS Fee
 F = Average NAV of the Fund calculation on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis was SGD50,859,492 (2023: SGD97,258,688).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2024	2023
PTR (times)	<u>1.26</u>	<u>0.20</u>

PTR was derived from 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 = SGD43,857,024 (2023: SGD4,250,000)

total disposal for the financial year = SGD83,421,213 (2023: SGD34,560,000)

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

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

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

Units held by the Manager and parties related to the Manager

	2024		2023	
	No. of units	SGD	No. of units	SGD
Manager				
Principal Asset Management Berhad				
Class AUD-H	59	37	56	39
Class GBP-H	126	140	120	147
Class MYR-H	220	40	208	43
Class SGD	53	35	50	36
Class USD-H	99	89	94	93

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

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

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

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

15. TRANSACTIONS WITH BROKERS

Details of transactions with the top 10 brokers for the financial year ended 30 June 2024 were as follows:

Brokers	Value of trades SGD	Percentage of total trades %	Brokerage fees SGD	Percentage of brokerage fees %
Fullerton Fund Management Company Ltd	<u>127,278,237</u>	<u>100.00</u>	<u>-</u>	<u>-</u>
	<u>127,278,237</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

Details of transactions with the top 10 brokers for the financial year ended 30 June 2023 were as follows:

Brokers	Value of trades SGD	Percentage of total trades %	Brokerage fees SGD	Percentage of brokerage fees %
Fullerton Fund Management Company Ltd	<u>38,810,000</u>	<u>100.00</u>	<u>-</u>	<u>-</u>
	<u>38,810,000</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 16 August 2024.

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