

PRINCIPAL US MORTGAGE FUND

ANNUAL REPORT

**FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2024 TO 16 APRIL 2024
(DATE OF TERMINATION)**

| CONTENTS | PAGE(S) |
|--|----------------|
| INVESTORS' LETTER | i |
| MANAGER'S REPORT | ii - x |
| Fund Objective and Policy | |
| Performance Data | |
| Market Review | |
| Fund Performance | |
| Portfolio Structure | |
| Market Outlook | |
| Investment Strategy | |
| Soft Commissions and Rebates | |
| Securities Financing Transactions | |
| State of Affair of the Fund | |
| Circumstances That Materially Affect Any Interest of Unit Holders | |
| Cross Trade | |
| Unit Split | |
| STATEMENT BY MANAGER | 1 |
| TRUSTEE'S REPORT | 2 |
| INDEPENDENT AUDITORS' REPORT | 3 - 6 |
| STATEMENT OF COMPREHENSIVE INCOME | 7 |
| STATEMENT OF FINANCIAL POSITION | 8 - 9 |
| STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS | 10 |
| STATEMENT OF CASH FLOWS | 11 |
| NOTES TO THE FINANCIAL STATEMENTS | 12 - 31 |
| DIRECTORY | 32 |

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 Termination Report of the Principal US Mortgage Fund for the for the financial period from 1 February 2024 to 16 April 2024 (date of termination). You may also download this report from our website at www.principal.com.my.

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

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

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

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

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

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to maximise total return through investments in one collective investment scheme, which invests primarily in mortgage related securities in the United States ("US").

Has the Fund achieved its objective?

For the financial period under review, the fund is in line to achieve its long-term objective as stated in its investment objective section.

What are the Fund investment policy and principal investment strategy?

The Fund is a feeder fund and it invests in a single collective investment scheme, i.e. BNP Paribas Flexi I US Mortgage Fund ("Target Fund"). The Fund may also invest in liquid asset for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its Net Asset Value ("NAV") in the BNP Paribas Flexi I US Mortgage Fund; a Undertakings for Collective Investment in Transferable Securities ("UCITS") domiciled in Luxembourg and established on 25 September 2015¹. The Fund will also maintain up to 5% of its NAV in liquid assets for liquidity purposes.

Information on the Target Fund:

| | |
|----------------------|---|
| Company | : BNP Paribas Flexi I, an open-ended investment company with variable capital (société d'investissement à capital variable) incorporated on 4 July 2006 under the name "FORTIS SOLUTIONS" for an indefinite period in accordance with the provisions of Part I of the Luxembourg law of 20 December 2002 governing undertakings for collective investment. It was renamed "BNP Paribas Flexi I" on 13 September 2010. |
| Management Company | : BNP Paribas Asset Management Luxembourg. |
| Investment Manager | : BNP Paribas Asset Management USA and BNP Paribas Asset Management UK (FX Management). |
| Regulatory authority | : Commission de Surveillance du Secteur Financier |

Note 1: On 25 September 2015, the Target Fund was established and merged with the Irish Fund Parselect US Mortgage that was launched on 1 December 2007.

Base Currency

USD

Fund category/type

Feeder fund/Income & Growth

When was the Fund launched?

| Name of Class | Launch Date |
|----------------------------------|-------------------------------|
| Class USD | 8 March 2017 |
| Class MYR-Hedged ("Class MYR-H") | 8 March 2017 |
| Class AUD-Hedged ("Class AUD-H") | 8 March 2017 |
| Class SGD-Hedged ("Class SGD-H") | 8 March 2017 |
| Class MYR | 8 September 2017 ¹ |

Note 1: The Manager have the discretion to determine the launch date, which shall be 8 September 2017 or such other date as may be determined by us.

What was the size of the Fund as at 16 April 2024 (date of termination)?

Nil

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund's benchmark?

The Fund adheres to the benchmark of the Target Fund for performance comparison. The benchmark of the Target Fund is Barclays Mortgage-Backed Securities ("MBS") Index for performance measurement.

What is the Fund distribution policy?

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

What was the net income distribution for the financial period from 1 February 2024 to 16 April 2024 (date of termination)?

There was no distribution made for the financial period from 1 February 2024 to 16 March 2024 (date of termination).

PERFORMANCE DATA

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

| | 16.04.2024 (date of termination) | 31.01.2024 | 31.01.2023 |
|------------------------------|--|------------|------------|
| | % | % | % |
| Collective investment scheme | - | 103.72 | 100.38 |
| Cash and other assets | - | 2.90 | 5.05 |
| Liabilities | - | (6.62) | (5.43) |
| | - | 100.00 | 100.00 |

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

| | 16.04.2024 (date of termination) | 31.01.2024 | 31.01.2023 |
|--------------------------------|--|------------|------------|
| NAV (USD Million) | | | |
| - Class AUD-H | - | 0.10 | 0.12 |
| - Class MYR-H | - | 0.02 | 0.04 |
| - Class SGD-H | - | 0.00* | 0.00* |
| - Class USD | - | 0.00* | 0.00* |
| Units in circulation (Million) | | | |
| - Class AUD-H | - | 0.21 | 0.22 |
| - Class MYR-H | - | 0.12 | 0.24 |
| - Class SGD-H | - | 0.00* | 0.00* |
| - Class USD | - | 0.00* | 0.00* |
| NAV per unit (USD) | | | |
| - Class AUD-H | - | 0.4605 | 0.5182 |
| - Class MYR-H | - | 0.1409 | 0.1679 |
| - Class SGD-H | - | 0.4243 | 0.4487 |
| - Class USD | - | 0.7500 | 0.8057 |
| Highest NAV per unit (USD) | | | |
| - Class AUD-H | 0.4546 | 0.5280 | 0.6337 |
| - Class MYR-H | 0.1411 | 0.1699 | 0.2013 |
| - Class SGD-H | 0.4239 | 0.4549 | 0.5070 |
| - Class USD | 0.7837 | 0.8124 | 0.9407 |

PERFORMANCE DATA (CONTINUED)

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

| | 16.04.2024 (date of termination) | 31.01.2024 | 31.01.2023 |
|--|---|-------------------|-------------------|
| Lowest NAV per unit (USD) | | | |
| - Class AUD-H | 0.4142 | 0.4032 | 0.4384 |
| - Class MYR-H | 0.1335 | 0.1281 | 0.1416 |
| - Class SGD-H | 0.3851 | 0.3774 | 0.3878 |
| - Class USD | 0.7572 | 0.7065 | 0.7520 |
| Total return (%) | | | |
| - Class AUD-H | (7.91) | (4.22) | (13.95) |
| - Class MYR-H | (3.01) | (5.76) | (13.49) |
| - Class SGD-H | (7.51) | (3.88) | (13.56) |
| - Class USD | (3.68) | (1.58) | (12.87) |
| Capital growth (%) | | | |
| - Class AUD-H | (7.91) | (5.34) | (15.41) |
| - Class MYR-H | (3.01) | (6.94) | (14.96) |
| - Class SGD-H | (7.51) | (3.88) | (13.56) |
| - Class USD | (3.68) | (2.73) | (14.35) |
| Income distribution (%) | | | |
| - Class AUD-H | - | 1.19 | 1.72 |
| - Class MYR-H | - | 1.27 | 1.73 |
| - Class SGD-H | - | - | - |
| - Class USD | - | 1.18 | 1.73 |
| Total Expense Ratio ("TER") (%) ^ | 5.92 | 4.62 | 3.79 |
| Portfolio Turnover Ratio ("PTR") (times) # | 0.64 | 0.19 | 0.18 |

Note: 0.00* denotes fair value less than 0.01 million.

^ During the financial period under review, the Fund's TER increased from 4.62% to 5.92% due to decrease in average NAV during the financial period.

During the financial period under review, the Fund's PTR increased from 0.19 times to 0.64 times. As a feeder fund, the turnover reflects the investments and withdrawals from the target fund.

| | 16.04.2024 (date of termination) | 31.01.2024 | 31.01.2023 |
|--|---|-------------------|-------------------|
| Gross/ Net distribution per unit (cent) | | | |
| Distribution on 20 March 2023 | | | |
| - Class AUD-H | - | 0.21 | - |
| - Class MYR-H | - | 0.07 | - |
| - Class USD | - | 0.32 | - |
| Distribution on 20 June 2023 | | | |
| - Class AUD-H | - | 0.36 | - |
| - Class MYR-H | - | 0.12 | - |
| - Class USD | - | 0.60 | - |

PERFORMANCE DATA (CONTINUED)

| | 16.04.2024 (date of termination) | 31.01.2024 | 31.01.2023 |
|--|---|-------------------|-------------------|
| Gross/ Net distribution per unit (cent) (continued) | | | |
| Distribution on 17 March 2022 | | | |
| - Class AUD-H | - | - | 0.25 |
| - Class MYR-H | - | - | 0.08 |
| - Class USD | - | - | 0.38 |
| Distribution on 17 June 2022 | | | |
| - Class AUD-H | - | - | 0.26 |
| - Class MYR-H | - | - | 0.08 |
| - Class USD | - | - | 0.39 |
| Distribution on 22 September 2022 | | | |
| - Class AUD-H | - | - | 0.22 |
| - Class MYR-H | - | - | 0.07 |
| - Class USD | - | - | 0.35 |
| Distribution on 19 December 2022 | | | |
| - Class AUD-H | - | - | 0.18 |
| - Class MYR-H | - | - | 0.06 |
| - Class USD | - | - | 0.31 |

| | 16.04.2024 (date of termination) % | 31.01.2024 % | 31.01.2023 % | 31.01.2022 % | 31.01.2021 % |
|---------------------|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Annual total return | | | | | |
| - Class AUD-H | (7.91) | (4.22) | (13.95) | (7.91) | 1.58 |
| - Class MYR-H | (3.01) | (5.76) | (13.49) | (5.59) | 2.41 |
| - Class SGD-H | (7.51) | (3.88) | (13.56) | (27.36) | 1.41 |
| - Class USD | (3.68) | (1.58) | (12.87) | (5.88) | 1.52 |

(Launch date: 8 March 2017)

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

MARKET REVIEW (1 FEBRUARY 2024 TO 16 APRIL 2024 (DATE OF TERMINATION))

The US economy continues to show resilience with inflation data remaining sticky. The recent economy data shows a robust job market and higher than expected inflation data. The economy in the US is expanding at a 3% annualised rate in the first quarter of 2024 driven by strong labour market and consumer spending down on savings.

The US Treasury ("UST") yields moved sharply higher during the financial period as the market priced in the US Federal Reserves (the "Fed")'s "higher for longer" policy stance. Fed funds futures now see the first-rate cut coming in September 2024 with only one additional rate cuts in 2024. Within the mortgage universe, lower coupons underperformed due to the sell-off in rates and the steeper yield curve.

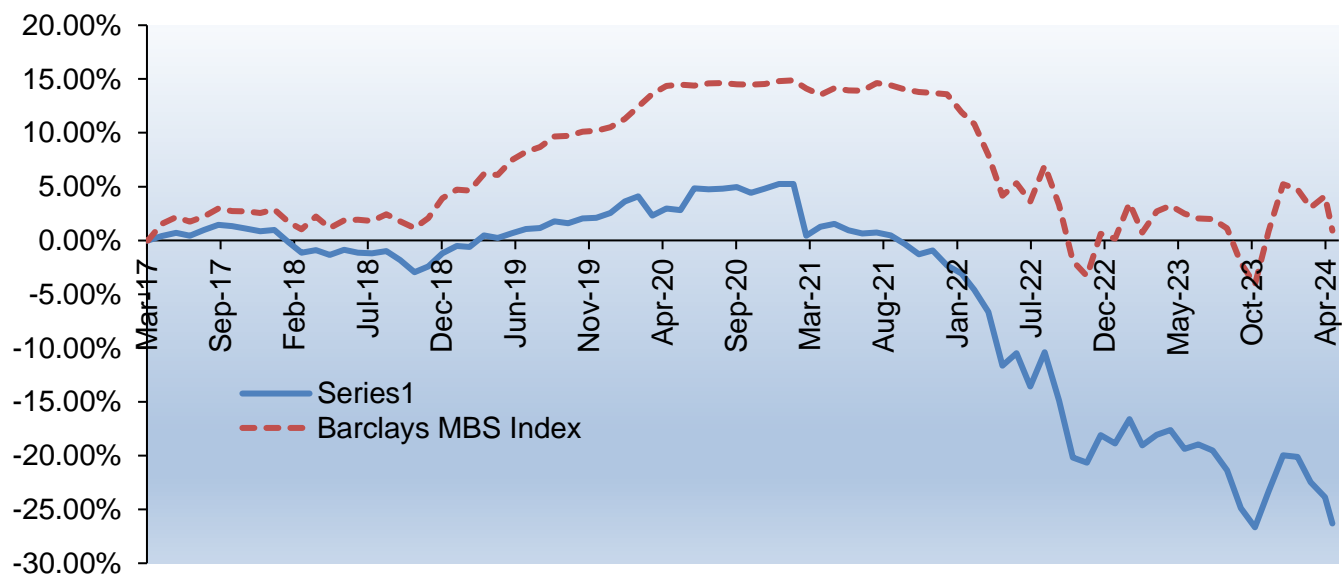
FUND PERFORMANCE

| | 1 year to 16.04.2024 (date of termination) % | 3 years to 31.03.2024 % | 5 years to 31.03.2024 % | Since inception to 31.03.2024 % |
|----------------------|--|-------------------------------|-------------------------------|--|
| Income Distribution | | | | |
| - Class AUD-H | - | 4.21 | 8.61 | 14.18 |
| - Class MYR-H | - | 4.27 | 11.54 | 26.11 |
| - Class SGD-H | - | - | 5.92 | 10.33 |
| - Class USD | - | 4.17 | 9.26 | 9.63 |
| Capital Growth | | | | |
| - Class AUD-H | (7.91) | (27.85) | (30.22) | (33.32) |
| - Class MYR-H | (3.01) | (25.40) | (27.63) | (34.60) |
| - Class SGD-H | (7.51) | (23.81) | (43.03) | (45.80) |
| - Class USD | (3.68) | (21.29) | (22.48) | (22.12) |
| Total Return | | | | |
| - Class AUD-H | (7.91) | (24.82) | (24.22) | (23.86) |
| - Class MYR-H | (3.01) | (22.21) | (19.28) | (17.52) |
| - Class SGD-H | (7.51) | (23.81) | (39.65) | (40.20) |
| - Class USD | (3.68) | (18.01) | (15.30) | (14.62) |
| Benchmark | | | | |
| - Class AUD-H | (4.10) | (8.28) | (1.91) | 4.13 |
| - Class MYR-H | (4.10) | (8.28) | (1.91) | 4.13 |
| - Class SGD-H | (4.10) | (8.28) | (1.91) | 4.13 |
| - Class USD | (4.10) | (8.28) | (1.91) | 4.13 |
| Average Total Return | | | | |
| - Class AUD-H | (9.63) | (9.91) | (5.95) | (4.20) |
| - Class MYR-H | (5.78) | (8.05) | (4.24) | (2.73) |
| - Class SGD-H | (9.21) | (9.46) | (10.07) | (7.38) |
| - Class USD | (3.47) | (7.17) | (3.77) | (2.58) |

For the financial period under review, the fund posted negative returns for all classes. Class AUD-H, Class MYR-H, Class SGD-H, and Class USD decreased by 7.91%, 3.01%, 7.51%, and 3.68% respectively.

Since Inception

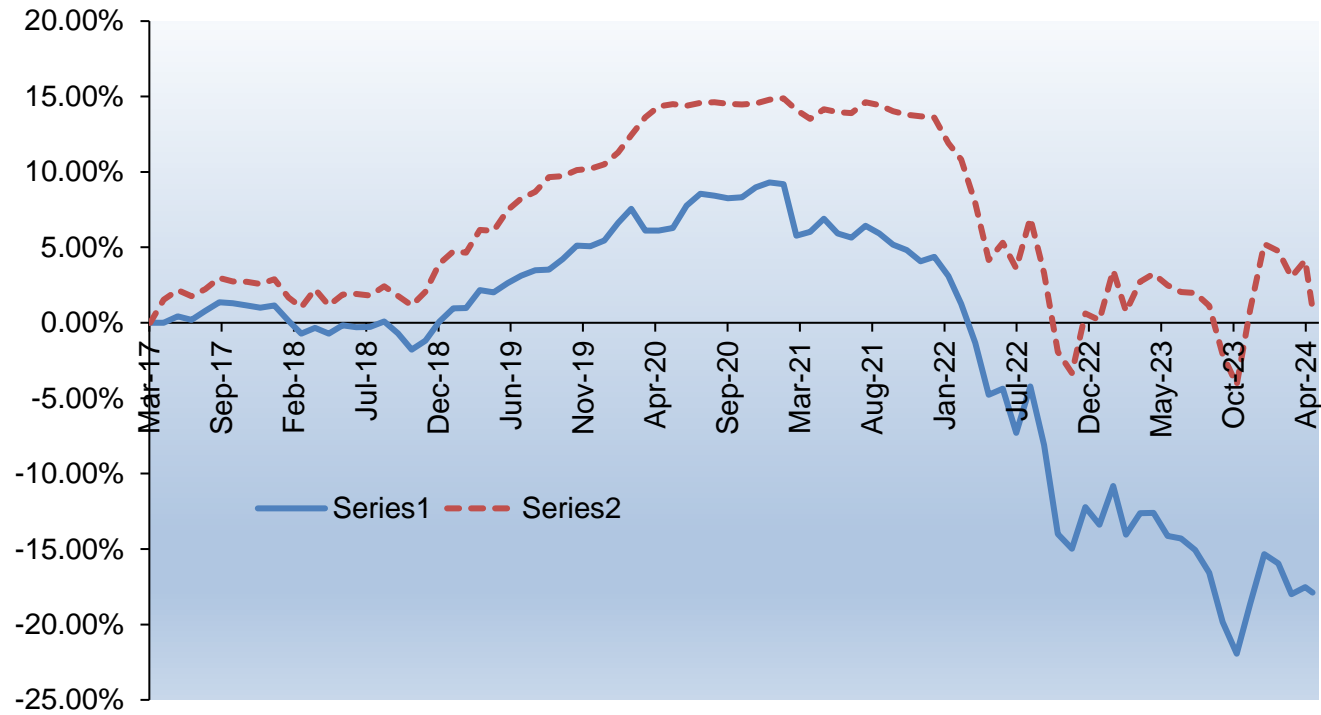
CLASS AUD



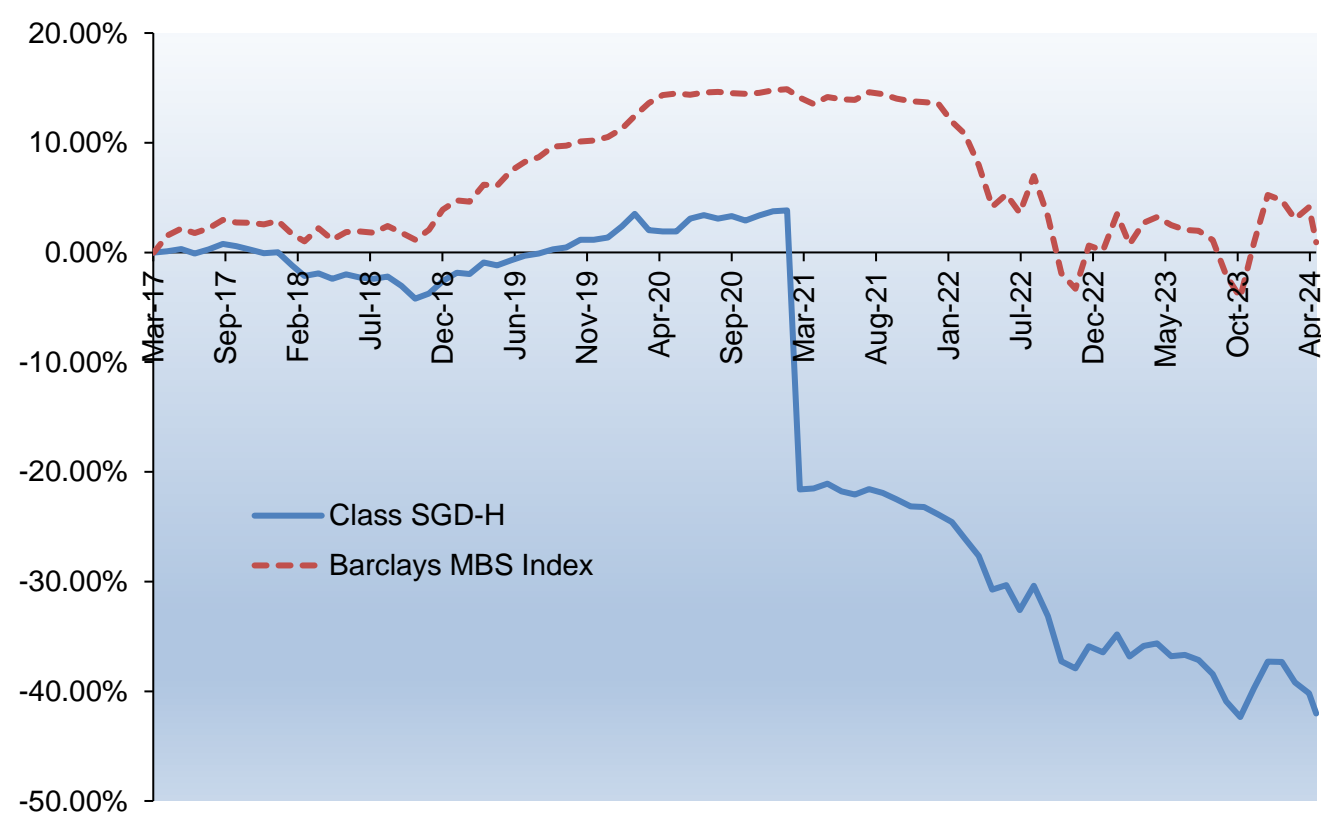
FUND PERFORMANCE (CONTINUED)

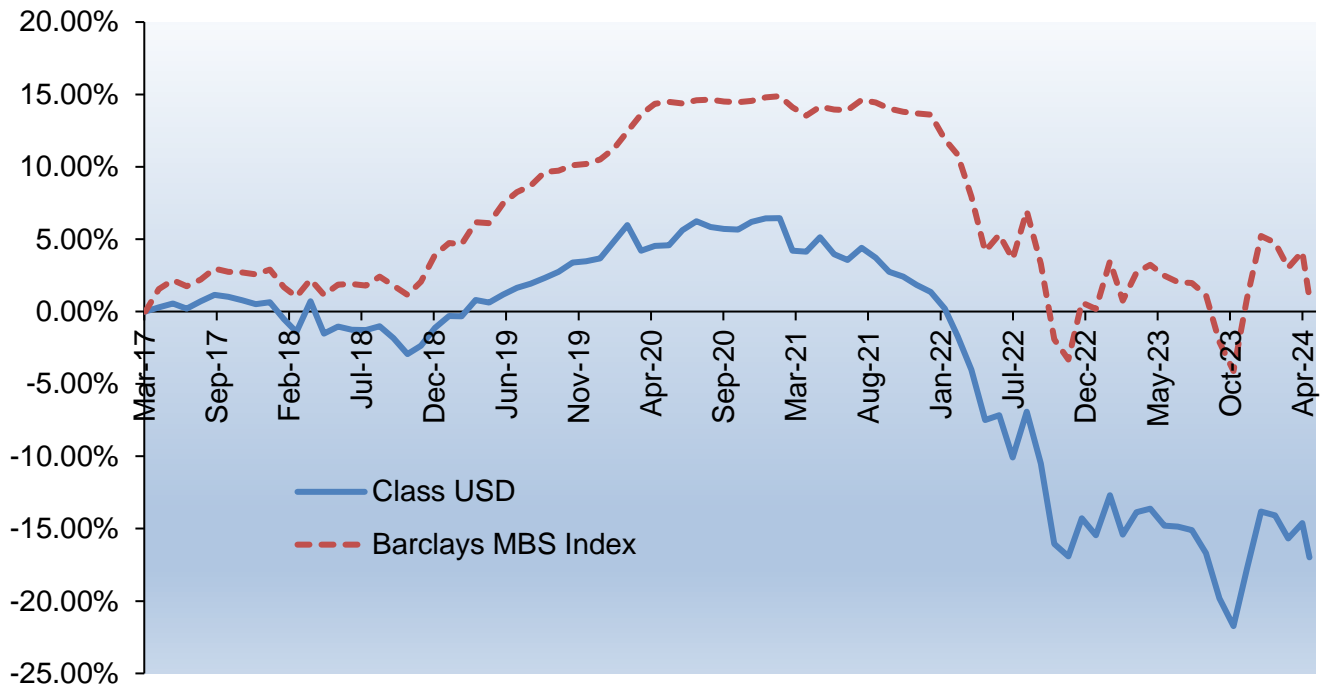
Since Inception

CLASS MYR-H



CLASS SGD-H



FUND PERFORMANCE (CONTINUED)
Since Inception
CLASS USD

Changes in NAV

| | 16.04.2024 (date of termination) | 31.01.2024 | Changes % |
|--------------------|--|------------|--------------|
| CLASS AUD-H | | | |
| NAV (USD Million) | - | 0.10 | - |
| NAV/Unit (USD) | - | 0.4605 | - |
| CLASS MYR-H | | | |
| NAV (USD Million) | - | 0.02 | - |
| NAV/Unit (USD) | - | 0.1409 | - |
| CLASS SGD-H | | | |
| NAV (USD Million) | - | 0.00* | - |
| NAV/Unit (USD) | - | 0.4243 | - |
| CLASS USD | | | |
| NAV (USD Million) | - | 0.00* | - |
| NAV/Unit (USD) | - | 0.7500 | - |

Note: 0.00* denotes fair value less than 0.01 million.

For the financial period under review, the fund's NAV and NAV per unit reduced to 0 due to fund closure.

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

PORTFOLIO STRUCTURE

Asset allocation

| (% of NAV) | 16.04.2024 (date of termination) | 31.01.2024 |
|------------------------------|-------------------------------------|---------------|
| Collective investment scheme | - | 103.72 |
| Cash and other assets | - | 2.90 |
| Liabilities | - | (6.62) |
| Total | - | 100.00 |

The fund was fully invested during the period under review where a minimal level of liquid assets was kept for redemption purpose prior to the fund closure.

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

| | % of NAV |
|--------------------------------|---------------------|
| Top 10 holdings * | 31.03.2024** |
| iShares Core S&P Small Cap ETF | 17.98 |
| Schwab US Small Cap ETF | 17.98 |
| Shares Russell 2500 ETF | 17.96 |
| Vanguard Small Cap ETF | 17.90 |
| Shares Russell Mid-cap ETF | 17.78 |

| | % of NAV |
|--------------------------------|-------------------|
| Top 10 holdings * | 31.01.2024 |
| UMBS 30YR TBA (REG A) 5.50 PCT | 15.52 |
| UMBS 30YR TBA(REG A) 2.50 PCT | 4.79 |
| GNMA2 30YR TBA(REG C) 5.50 PCT | 4.12 |
| BNPP INSC USD 1D LVNAV X C | 3.49 |
| GNMA2 30YR TBA(REG C) 2.00 PCT | 3.11 |
| UMBS 30YR TBA(REG A) 2.00 PCT | 2.72 |
| UMBS 15YR TBA(REG B) 2.00 PCT | 2.19 |
| UMBS 30YR TBA(REG A) 3.00 PCT | 1.95 |
| Government National Mortgage | 1.89 |
| UMBS 30YR TBA(REG A) 4.50 PCT | 1.76 |

* As per disclosed in Fund Fact Sheet dated 31 March 2024.

** The last period verified was on 31 March 2024.

MARKET OUTLOOK

This section is no longer applicable as the Fund has been terminated.

INVESTMENT STRATEGY

This section is no longer applicable as the Fund has been terminated.

SOFT COMMISSIONS AND REBATES

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

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

During the financial period/year review, the Manager and Trustee did not receive any rebates from the brokers or dealers but the Manager has retained soft commission in the form of goods and services for the benefit of the fund such as financial wire services and stock quotations system incidental to investment management of the Funds and there was no churning of trades.

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIR OF THE FUND

The Manager had submitted a Notification of Commencement of Termination of the Fund to the SC on 15 January 2024 and completed the termination on 16 April 2024.

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

CROSS TRADE

No cross-trade transactions have been carried out during the financial period/year.

UNIT SPLIT

No unit split exercise has been carried out during the financial period/year.

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL US MORTGAGE FUND**

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 7 to 31 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 16 April 2024 (date of termination) and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period from 1 February 2024 to 16 April 2024 (date of termination) in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN

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

UDAY JAYARAM

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

Kuala Lumpur
14 June 2024

TRUSTEE'S REPORT

**TO THE UNIT HOLDERS OF
PRINCIPAL US MORTGAGE FUND ("Fund")**

We have acted as Trustee of the Fund for the financial period from 1 February 2024 to 16 April 2024 (date of termination) 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 period covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the Deeds, 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 Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
14 June 2024

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL US MORTGAGE FUND**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal US Mortgage Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 16 April 2024 (date of termination) of the Fund, 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 period from 1 February 2024 to 16 April 2024 (date of termination), and notes to the financial statements, including material accounting policy information, as set out on pages 7 to 31.

In our opinion, the accompanying financial statements, which have been prepared on a basis other than that of a going concern as disclosed in Note 2(a) to the financial statements, give a true and fair view of the financial position of the Fund as at 16 April 2024 (date of termination) and of its financial performance and cash flows for the financial period from 1 February 2024 to 16 April 2024 (date of termination) 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 US MORTGAGE 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. As disclosed in Note 2(a) to the financial statements, the financial statements have been prepared on a basis other than of a going concern.

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 US MORTGAGE 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 scepticism 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. As disclosed in Note 2(a) to the financial statements, the financial statements have been prepared on a basis other than that of 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 US MORTGAGE FUND (CONT'D.)**

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

Other matters

This report is made solely to the Manager 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
14 June 2024

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2024 TO 16 APRIL 2024 (DATE OF
TERMINATION)**

| | | 01.02.2024 to 16.04.2024 (date of termination) USD | 01.02.2023 to 31.01.2024 USD |
|---|-------------|---|---|
| | Note | | |
| INCOME/(LOSS) | | | |
| Dividend income | | 1,031 | 5,106 |
| Net loss on financial assets at fair value through profit or loss | 8 | (2,235) | (2,614) |
| Net loss on derivatives at fair value through profit or loss | 9 | (3,089) | (12,384) |
| Net loss on foreign exchange | | (37) | (74) |
| | | <u>(4,330)</u> | <u>(9,966)</u> |
| EXPENSES | | | |
| Management fee | 4 | 235 | 1,608 |
| Trustee fee | 5 | 6 | 45 |
| Audit fee | | 914 | 2,543 |
| Tax agent's fee | | 1,100 | 1,555 |
| Other expenses | | 3,104 | 662 |
| | | <u>5,359</u> | <u>6,413</u> |
| LOSS BEFORE DISTRIBUTION AND TAXATION | | (9,689) | (16,379) |
| Distribution: | | | |
| - Class AUD-H | | - | 1,188 |
| - Class MYR-H | | - | 453 |
| - Class SGD-H | | - | - |
| - Class USD | | - | 7 |
| | 6 | <u>-</u> | <u>1,648</u> |
| LOSS BEFORE TAXATION | | (9,689) | (18,027) |
| Taxation | 7 | <u>224</u> | <u>(1,485)</u> |
| LOSS AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD/YEAR | | <u>(9,465)</u> | <u>(19,512)</u> |
| Loss after taxation is made up as follows: | | | |
| Realised amount | | (28,954) | (24,184) |
| Unrealised amount | | 19,489 | 4,672 |
| | | <u>(9,465)</u> | <u>(19,512)</u> |

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

**STATEMENT OF FINANCIAL POSITION
AS AT 16 APRIL 2024 (DATE OF TERMINATION)**

| | | 16.04.2024 (date of termination) USD | 31.01.2024 USD |
|--|-------------|---|---------------------------|
| | Note | | |
| ASSETS | | | |
| Cash and cash equivalents | 10 | 89,663 | 3,061 |
| Financial assets at fair value through profit or loss | 8 | - | 117,924 |
| Derivative assets at fair value through profit or loss | 9 | - | 241 |
| Tax recoverable | | 2,018 | - |
| TOTAL ASSETS | | <u>91,681</u> | <u>121,226</u> |
| LIABILITIES | | | |
| Derivative liabilities at fair value through profit or loss | 9 | 1,850 | - |
| Amount due to manager | | 77,250 | - |
| Accrued management fee | | 41 | 121 |
| Amount due to Trustee | | 1 | 3 |
| Tax payable | | - | 274 |
| Other payables and accruals | | 12,539 | 7,131 |
| TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS) | | <u>91,681</u> | <u>7,529</u> |
| NET ASSET VALUE OF THE FUND | | <u>-</u> | <u>113,697</u> |
| NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS | | <u>-</u> | <u>113,697</u> |
| REPRESENTED BY: | | | |
| FAIR VALUE OF OUTSTANDING UNITS | | | |
| - Class AUD-H | | - | 96,726 |
| - Class MYR-H | | - | 16,539 |
| - Class SGD-H | | - | 429 |
| - Class USD | | - | 3 |
| | | <u>-</u> | <u>113,697</u> |
| NUMBER OF UNITS IN CIRCULATION (UNITS) | | | |
| - Class AUD-H | | - | 210,061 |
| - Class MYR-H | | - | 117,417 |
| - Class SGD-H | | - | 1,011 |
| - Class USD | | - | 4 |
| | 11 | <u>-</u> | <u>328,493</u> |

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

**STATEMENT OF FINANCIAL POSITION
AS AT 16 APRIL 2024 (DATE OF TERMINATION) (CONTINUED)**

| | Note | 16.04.2024 (date of termination) USD | 31.01.2024 USD |
|--|------|---|-------------------|
| NET ASSET VALUE PER UNIT (USD) | | | |
| - Class AUD-H | | - | 0.4605 |
| - Class MYR-H | | - | 0.1409 |
| - Class SGD-H | | - | 0.4243 |
| - Class USD | | - | 0.7500 |
| NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES | | | |
| - Class AUD-H | | - | AUD0.6995 |
| - Class MYR-H | | - | MYR0.6603 |
| - Class SGD-H | | - | SGD0.5679 |
| - Class USD | | - | USD0.7500 |

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 PERIOD FROM 1 FEBRUARY 2024 TO 16 APRIL 2024 (DATE OF
TERMINATION)**

| | 01.02.2024 to 16.04.2024 (date of termination) USD | 01.02.2023 to 31.01.2024 USD |
|--|---|---|
| NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD/YEAR | <u>113,697</u> | <u>157,409</u> |
| Movement due to units created and cancelled during the financial period/year: | | |
| Creation of units from distributions | | |
| - Class AUD-H | - | 1,188 |
| - Class MYR-H | - | 453 |
| - Class USD | - | 7 |
| | <u>-</u> | <u>1,648</u> |
| Cancellation of units | | |
| - Class AUD-H | (11,047) | (8,432) |
| - Class MYR-H | (93,185) | (16,738) |
| - Class USD | - | (678) |
| | <u>(104,232)</u> | <u>(25,848)</u> |
| Total comprehensive loss for the financial period/year | <u>(9,465)</u> | <u>(19,512)</u> |
| NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD/YEAR | <u>-</u> | <u>113,697</u> |

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

STATEMENT OF CASH FLOWS**FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2024 TO 16 APRIL 2024 (DATE OF TERMINATION)**

| | Note | 01.02.2024 to 16.04.2024 (date of termination) USD | 01.02.2023 to 31.01.2024 USD |
|---|-----------|--|------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Proceeds from disposal of collective investment scheme | | 115,637 | 43,000 |
| Purchase of collective investment scheme | | - | (9,000) |
| Dividend income received | | 1,031 | 5,106 |
| Management fee paid | | (315) | (1,652) |
| Management fee rebate received | | 52 | 471 |
| Trustee fee paid | | (8) | (47) |
| Tax paid | | (2,068) | (1,311) |
| Payments for other fees and expenses | | 290 | (2,901) |
| Net realised loss on forward foreign currency contracts (Payment)/Receipt of other foreign exchange (loss)/gain | | (998) | (10,272) |
| | | (148) | 58 |
| Net cash generated from operating activities | | 113,473 | 23,452 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments for cancellation of units | | (26,982) | (25,848) |
| Net cash used in financing activities | | (26,982) | (25,848) |
| Net increase/(decrease) in cash and cash equivalents | | 86,491 | (2,396) |
| Effects of foreign exchange differences | | 111 | (137) |
| Cash and cash equivalents at the beginning of the financial period/year | | 3,061 | 5,594 |
| Cash and cash equivalents at the end of the financial period/year | 10 | 89,663 | 3,061 |
| <u>Cash and cash equivalents comprised:</u> | | | |
| Bank balances | | 89,663 | 3,061 |
| Cash and cash equivalents at the end of financial period/year | 10 | 89,663 | 3,061 |

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2024 TO 16 APRIL 2024 (DATE OF TERMINATION)

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal US Mortgage Fund (the “Fund”) is governed by Principal Deed dated 6 March 2017 and a First Supplemental Deed dated 30 December 2019 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund is a feeder fund, and it invests in a single collective investment scheme, i.e. BNP Paribas Flexi I US Mortgage Fund (“Target Fund”). The Fund may also invest in liquid asset for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its NAV in the BNP Paribas Flexi I US Mortgage Fund; a UCITS domiciled in Luxembourg and established on 25 September 2015¹. The Fund will also maintain up to 5% of its NAV in liquid assets for liquidity purposes.

Information on the Target Fund:

| | |
|----------------------|---|
| Company | : BNP Paribas Flexi I, an open-ended investment company with variable capital (société d'investissement à capital variable) incorporated on 4 July 2006 under the name “FORTIS SOLUTIONS” for an indefinite period in accordance with the provisions of Part I of the Luxembourg law of 20 December 2002 governing undertakings for collective investment. It was renamed “BNP Paribas Flexi I” on 13 September 2010. |
| Management Company | : BNP Paribas ASSET MANAGEMENT Luxembourg. |
| Investment Manager | : BNP Paribas Asset Management USA and BNP Paribas Asset Management UK (FX Management). |
| Regulatory authority | : Commission de Surveillance du Secteur Financier |

Note 1: On 25 September 2015, the Target Fund was established and merged with the Irish Fund Parselect US Mortgage that was launched on 1 December 2007.

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 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.

The Manager had submitted a Notification of Commencement of Termination of the Fund to the SC on 15 January 2024 and completed the termination on 16 April 2024.

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").

As disclosed in Note 1, the Manager had submitted a Notification of Commencement of Termination of the Fund to the SC on 15 January 2024 and completed the termination on 16 April 2024. Accordingly, the financial statements of the Fund have been prepared on a basis other than that of a going concern. The carrying values of the assets are written down to their recoverable amounts and liabilities are recorded to the extent that such costs were committed at the end of the reporting period. All assets and liabilities have been classified as current.

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 period.

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

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

There are no other standards, amendments to standards or interpretations effective for financial period beginning on 1 February 2024 that have a material effect on the financial statements of 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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

The contractual cash flows of the Fund's debt securities are solely payment of 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(k)).

The Fund classifies cash and cash equivalents 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 period/year which they arise.

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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.

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 period/year.

(c) Income recognition

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

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

(d) 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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)**(e) Distributions**

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

(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 period/year.

Tax on income from foreign collective investment scheme 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 Honourable Finance Minister II, tax on foreign-sourced income will be exempted for the period from 1 January 2024 until 31 December 2026.

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

The analysis of realised and unrealised portions of profit or loss after tax as presented on the statement of comprehensive income is guided by SC Guidelines on Unit Trust Funds¹.

(h) 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.

(i) Functional and presentation currencyFunctional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in United States Dollar ("USD"), which is the Fund's functional and presentation currency.

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in USD primarily due to the following factors:

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Functional and presentation 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 period/year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

(j) Unit holders' contributions

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

The Fund issues cancellable units, in four classes of units, known respectively as the Class AUD-H, Class MYR-H, Class SGD-H and Class USD which are cancelled at the unit holder's option. The units are classified as financial liabilities.

Cancellable units can be reinvested 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 reinvest the unit to the Fund.

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

(k) Derivative financial instruments

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

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

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

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

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

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)

(k) Derivative financial instruments (continued)

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

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

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Funds' results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgements are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

| | Financial assets at fair value through profit or loss USD | Financial assets at amortised cost USD | Total USD |
|--|---|--|----------------|
| 16.04.2024 (date of termination) | | | |
| Cash and cash equivalents (Note 10) | - | 89,663 | 89,663 |
| 31.01.2024 | | | |
| Cash and cash equivalents (Note 10) | - | 3,061 | 3,061 |
| Collective investment scheme (Note 8) | 117,924 | - | 117,924 |
| Derivative assets at fair value through profit or loss (Note 9) | 241 | - | 241 |
| | <u>118,165</u> | <u>3,061</u> | <u>121,226</u> |

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

The Fund aims to maximize total return through investments in one collective investment scheme, which invests primarily in mortgage related securities in the US.

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.

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

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 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:

| | 16.04.2024 (date of termination) USD | 31.01.2024 USD |
|---|--|-------------------|
| Financial assets at fair value through profit or loss: | | |
| - Collective investment scheme | - | 117,924 |

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

| % Change in price of collective investment scheme | Market value USD | Impact on profit or loss/NAV USD |
|---|---------------------|--|
| 31.01.2024 | | |
| -5% | 112,028 | (5,896) |
| 0% | 117,924 | - |
| 5% | 123,820 | 5,896 |

(ii) Currency risk

Currency risk is associated with investments that are quoted and/or priced in foreign currency denomination. Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Manager will evaluate the likely directions of a foreign currency versus USD based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

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

(a) Market risk (continued)

(ii) Currency risk (continued)

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

| Financial assets | Cash and cash equivalents USD | Derivative assets at fair value through profit or loss USD | Total USD |
|--|--|--|----------------|
| 16.04.2024 (date of termination) | | | |
| AUD | 247 | - | 247 |
| MYR | 162 | - | 162 |
| SGD | 379 | - | 379 |
| | <u>788</u> | <u>-</u> | <u>788</u> |
| 31.01.2024 | | | |
| AUD | 253 | 244 | 497 |
| MYR | 356 | (4) | 352 |
| SGD | 386 | 1 | 387 |
| | <u>995</u> | <u>241</u> | <u>1,236</u> |
| Financial liabilities | Derivative liabilities at fair value through profit or loss USD | Net assets attributable to unit holders USD | Total USD |
| 16.04.2024 (date of termination) | | | |
| AUD | 1,896 | - | 1,896 |
| MYR | - | - | - |
| SGD | 8 | - | 8 |
| | <u>1,904</u> | <u>-</u> | <u>1,904</u> |
| 31.01.2024 | | | |
| AUD | - | 96,726 | 96,726 |
| MYR | - | 16,539 | 16,539 |
| SGD | - | 429 | 429 |
| | <u>-</u> | <u>113,694</u> | <u>113,694</u> |

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

(a) Market risk (continued)

(ii) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange rate movements at the end of the reporting period/year. The analysis is based on the assumption that the foreign exchange rate fluctuated by 5%, with all other variables remain constant. 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 | |
|-----|--|---|-------------------|
| | | 16.04.2024 (date of termination) USD | 31.01.2024 USD |
| AUD | +/-5 | -/+82 | -/+ 4,811 |
| MYR | +/-5 | +/-8 | -/+809 |
| SGD | +/-5 | +/-19 | -/+2 |
| | | <u>-/+55</u> | <u>-/+ 5,622</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.

In derivative activities, credit risk arises when counterparties to derivative contracts, are unable or unwilling to fulfil their obligation to pay the positive fair value or receivable resulting from the execution of contract terms.

The following table sets out the credit risk concentration of the Fund:

| | Cash and cash equivalents USD | Derivative assets at fair value through profit or loss USD | Total USD |
|---|--|--|---------------|
| 16.04.2024 (date of termination) | | | |
| - AAA | <u>89,663</u> | <u>-</u> | <u>89,663</u> |
| 31.01.2024 | | | |
| - AAA | 3,061 | - | 3,061 |
| - Not rated | <u>-</u> | <u>241</u> | <u>241</u> |
| | <u>3,061</u> | <u>241</u> | <u>3,302</u> |

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

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and other instruments, which are capable of being converted into cash within 7 business days. The Fund's investments in collective investment scheme are realisable which are capable of being converted into cash within 10 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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

| | Less than 1 month USD | Between 1 month to 1 year USD | Total USD |
|--|-----------------------------|--|----------------|
| 16.04.2024 (date of termination) | | | |
| Derivative liabilities at fair value | | | |
| through profit or loss | 1,850 | - | 1,850 |
| Amount due to manager | 77,250 | | 77,250 |
| Accrued management fee | 41 | - | 41 |
| Amount due to Trustee | 1 | - | 1 |
| Other payables and accruals | - | 12,539 | 12,539 |
| Contractual undiscounted cash flows | 79,142 | 12,539 | 91,681 |
| 31.01.2024 | | | |
| Accrued management fee | 121 | - | 121 |
| Amount due to Trustee | 3 | - | 3 |
| Other payables and accruals | - | 7,131 | 7,131 |
| Net assets attributable to unit holders* | 113,697 | - | 113,697 |
| Contractual undiscounted cash flows | 113,821 | 7,131 | 120,952 |

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

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

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders of nil (31.01.2024: USD113,697). 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.

The Manager had submitted a Notification of Commencement of Termination of the Fund to the SC on 15 January 2024 and completed the termination on 16 April 2024.

(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 period/year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread.

In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

(i) Fair value hierarchy

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

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

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

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

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

| | Level 1 USD | Level 2 USD | Level 3 USD | Total USD |
|--|----------------|----------------|----------------|----------------|
| 16.04.2024 (date of termination) | | | | |
| Derivative liabilities at fair value through profit or loss: | | | | |
| - Forward foreign currency contracts | <u>-</u> | <u>(1,850)</u> | <u>-</u> | <u>(1,850)</u> |
| 31.01.2024 | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| - Collective investment scheme | <u>117,924</u> | <u>-</u> | <u>-</u> | <u>117,924</u> |
| Derivative assets at fair value through profit or loss: | | | | |
| - Forward foreign currency contracts | <u>-</u> | <u>241</u> | <u>-</u> | <u>241</u> |

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

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include forward foreign currency contracts.

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

(ii) The carrying values of cash and cash equivalents, and all other liabilities are a reasonable approximation of their fair values due to their short-term nature.

4. MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a maximum management fee of 3.00% per annum for each class, calculated daily based on the NAV of the Fund.

For the financial period from 1 February 2024 to 16 April 2024 (date of termination) and the financial year ended 31.01.2024, the management fee is recognised at the following rates:

| Class AUD-H | Class MYR | Class MYR-H | Class SGD-H | Class USD |
|-------------|-----------|-------------|-------------|-----------|
| 1.25% | 1.25% | 1.25% | 1.25% | 1.25% |

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

5. TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to a fee up to 0.08% per annum, calculated daily based on the NAV of the Fund. The Trustee fee includes local custodian fees and charges but excludes foreign sub-custodian fees and charges, if any.

For the financial period from 1 February 2024 to 16 April 2024 (date of termination), the Trustee fee is recognised at the rate of 0.03% per annum (For the financial period from 1 February 2023 until 31 July 2023, the Trustee fee is recognised at the rate of 0.04% per annum. Effective 1 August 2023, the Trustee fee is recognised at the rate of 0.03% per annum).

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

6. DISTRIBUTION

Breakdown of distribution were as follows:

| | 01.02.2024 to 16.04.2024 (date of termination) | | 01.02.2023 to 31.01.2024 | |
|--|---|----------|--------------------------------|---------------|
| | USD | % | USD | % |
| Source of distribution | | | | |
| Distribution out of current period/year's income | - | - | 1,648 | 100.00 |
| Distribution out of prior period/year's income/capital | - | - | - | - |
| Total | - | - | 1,648 | 100.00 |

6. DISTRIBUTION (CONTINUED)

| | 01.02.2024 to 16.04.2024 (date of termination) | 01.02.2023 to 31.01.2024 |
|--|--|-----------------------------|
| Gross/ Net distribution per unit (cent) | | |
| Distribution on 20 March 2023 | | |
| - Class AUD-H | - | 0.21 |
| - Class MYR-H | - | 0.07 |
| - Class USD | - | 0.32 |
| Distribution on 20 June 2023 | | |
| - Class AUD-H | - | 0.36 |
| - Class MYR-H | - | 0.12 |
| - Class USD | - | 0.60 |

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

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

7. TAXATION

| | 01.02.2024 to 16.04.2024 (date of termination) USD | 01.02.2023 to 31.01.2024 USD |
|--|---|------------------------------------|
| Tax charged for the financial period/year: | | |
| - Tax on foreign source income | - | 1,485 |
| - Overprovision in prior year | (224) | - |
| | <u>(224)</u> | <u>1,485</u> |

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

| | 01.02.2024 to 16.04.2024 (date of termination) USD | 01.02.2023 to 31.01.2024 USD |
|---|---|------------------------------------|
| Loss before taxation | <u>(9,689)</u> | <u>(18,027)</u> |
| Taxation at Malaysian statutory rate of 24% (2023: 24%) | (2,325) | (4,326) |
| Tax effects of: | | |
| - Investment loss not deductible for tax purpose | 1,039 | 2,392 |
| - Expenses not deductible for tax purposes | 1,010 | 938 |
| - Restriction on tax deductible expenses for Wholesale Funds | 276 | 996 |
| Tax on foreign source income | - | 1,485 |
| Overprovision in prior year | <u>(224)</u> | <u>-</u> |
| Taxation | <u>(224)</u> | <u>1,485</u> |

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 16.04.2024 (date of termination) USD | 31.01.2024 USD |
|---|--|-----------------------------|
| At fair value through profit or loss: | | |
| - Collective investment scheme | - | 117,924 |
| | | |
| | 01.02.2024 to 16.04.2024 (date of termination) | 01.02.2023 to 31.01.2024 |
| Net loss on financial assets at fair value through profit or loss: | | |
| - Realised loss on disposals | (23,761) | (10,001) |
| - Unrealised fair value gain/(loss) | 21,474 | 6,916 |
| - Management fee rebate # | 52 | 471 |
| | (2,235) | (2,614) |

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 period from 1 February 2024 to 16 April 2024 (date of termination), management fee rebate is recognised at a rate of 0.30% per annum (31.01.2024: 0.30% per annum) for each class.

| Name of counter | Quantity Units | Aggregate cost USD | Market value USD | Percentage of NAV % |
|---|-------------------|--------------------------|------------------------|---------------------------|
| 31.01.2024 COLLECTIVE INVESTMENT SCHEME | | | | |
| BNP Paribas Investment Partners Luxembourg SA - BNP Paribas Flexi I - US Mortgage | 1,491 | 139,398 | 117,924 | 103.72 |
| TOTAL COLLECTIVE INVESTMENT SCHEME | 1,491 | 139,398 | 117,924 | 103.72 |
| ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | (21,474) | | |
| TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | 117,924 | | |

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

| | 16.04.2024 (date of termination) USD | 31.01.2024 USD |
|--|---|---|
| Derivative (liabilities)/asset: | | |
| Forward foreign currency contracts | <u>(1,850)</u> | <u>241</u> |
| | 01.02.2024 to 16.04.2024 (date of termination) USD | 01.02.2023 to 31.01.2024 USD |
| Net loss on derivatives at fair value through profit or loss: | | |
| - Realised loss on forward foreign currency contracts | (998) | (10,272) |
| - Unrealised fair value loss on forward foreign currency contracts | <u>(2,091)</u> | <u>(2,112)</u> |
| | <u>(3,089)</u> | <u>(12,384)</u> |

As at 16 April 2024, there were 5 outstanding (31.01.2024: 3 outstanding) USD/Australian Dollar (AUD), USD/Malaysian Ringgit ("MYR"), USD/Singapore Dollar ("SGD") forward foreign currency contracts. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD83,924 (31.01.2024: USD112,617).

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

As the Fund has not adopted hedge accounting during the financial period/year, any changes in the fair value of the forward foreign currency contracts are recognised immediately in the statement of comprehensive income during the period/year in which it was incurred.

10. CASH AND CASH EQUIVALENTS

| | 16.04.2024 (date of termination) USD | 31.01.2024 USD |
|---------------|---|---------------------------|
| Bank balances | <u>89,663</u> | <u>3,061</u> |

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

| | 16.04.2024 (date of termination) No. of units | 31.01.2024 No. of units |
|-------------------|--|------------------------------------|
| Class AUD-H (i) | - | 210,061 |
| Class MYR-H (ii) | - | 117,417 |
| Class SGD-H (iii) | - | 1,011 |
| Class USD (iv) | - | 4 |
| | <u>-</u> | <u>328,493</u> |

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

| | 16.04.2024 (date of termination) | 31.01.2024 |
|---|---|---------------------|
| | No. of units | No. of units |
| (i) Class AUD-H | | |
| At the beginning of the financial period/year | 210,061 | 224,209 |
| Add : Creation of units from distributions | - | 2,474 |
| Less : Cancellation of units | (210,061) | (16,622) |
| At the end of the financial period/year | - | 210,061 |
| (ii) Class MYR-H | | |
| At the beginning of the financial period/year | 117,417 | 238,419 |
| Add : Creation of units from distributions | - | 3,021 |
| Less : Cancellation of units | (117,417) | (124,023) |
| At the end of the financial period/year | - | 117,417 |
| (iii) Class SGD-H | | |
| At the beginning of the financial period/year | 1,011 | 1,011 |
| Less : Cancellation of units | (1,011) | - |
| At the end of the financial period/year | - | 1,011 |
| (iv) Class USD | | |
| At the beginning of the financial period/year | 4 | 922 |
| Add : Creation of units from distributions | - | 10 |
| Less : Cancellation of units | (4) | (928) |
| At the end of the financial period/year | - | 4 |

12. TOTAL EXPENSE RATIO ("TER")

| | 16.04.2024 (date of termination) | 31.01.2024 |
|-----|---|-------------------|
| | % | % |
| TER | 5.92 | 4.62 |

TER is derived from the following calculation:

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

| | | |
|---|---|---|
| A | = | Management fee (exclude management fee rebate) |
| B | = | Trustee fee |
| C | = | Audit fee |
| D | = | Tax agent's fee |
| E | = | Other expenses |
| F | = | Average NAV of the Fund calculated on a daily basis |

The average NAV of the Fund for the financial period/year calculated on a daily basis is USD89,699 (31.01.2024: USD128,707).

13. PORTFOLIO TURNOVER RATIO ("PTR")

| | 16.04.2024 (date of termination) | 31.01.2024 |
|-------------|---|-------------------|
| PTR (times) | <u>0.64</u> | <u>0.19</u> |

PTR is derived based on the following calculation:

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

where:

| | |
|---|--------------------------------------|
| total acquisition for the financial period/year | = Nil (31.01.2024: USD6,000) |
| total disposal for the financial period/year | = USD115,637 (31.01.2024: USD43,000) |

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 the Manager |

Units held by the Manager and parties related to the Manager

| | 16.04.2024 (date of termination) | | 31.01.2024 | |
|-----------------------------------|---|------------|---------------------|------------|
| | No. of units | USD | No. of units | USD |
| Manager | | | | |
| Principal Asset Management Berhad | | | | |
| - Class AUD-H | - | - | 3 | 2 |
| - Class MYR-H | - | - | 8 | 1 |
| - Class SGD-H | - | - | 1,011 | 429 |
| - Class USD | - | - | 4 | 3 |

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)

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

Other than those disclosed elsewhere in the financial statements, there were no significant related party transactions and balances during the financial period/year.

15. TRANSACTIONS WITH BROKER/DEALER

Details of transactions with the broker/dealer for the financial period from 1 February 2024 to 16 April 2024 (termination date) are as follows:

| Broker/ Dealer | Value of trades USD | Percentage of total trades % |
|--|--------------------------------|---|
| BNP Paribas Investment Partners Luxembourg | <u>115,637</u> | <u>100.00</u> |

Details of transactions with the broker/dealer for the financial year ended 31 January 2024 are as follows:

| Broker/ Dealer | Value of trades USD | Percentage of total trades % |
|--|--------------------------------|---|
| BNP Paribas Investment Partners Luxembourg | <u>49,000</u> | <u>100.00</u> |

16. APPROVAL OF FINANCIAL STATEMENTS

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

DIRECTORY

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