

PRINCIPAL WORLD SELECTION MODERATE CONSERVATIVE FUND

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 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 World Selection Moderate Conservative Fund for the financial year ended 31 August 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 long term total returns through investments in one collective investment scheme, which is managed with low to medium risk strategy by investing primarily in bonds and shares, either directly or through investing into other funds.

Has the Fund achieved its objective?

The fund is in line to achieve its long-term objective as stated under the fund 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. HSBC Portfolios - World Selection 2 ("HSBC-WS2"). 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 HSBC-WS2; a portfolio established on 20 October 2009 under the HSBC Portfolios ("Company"). The Fund will also maintain up to 5% of its NAV in liquid assets for liquidity purposes.

Information on the Target Fund

Target Fund	:	HSBC-WS2
Share Class	:	AM USD
Company	:	HSBC Portfolios
Management Company	:	HSBC Investment Funds (Luxembourg) S.A.
Investment Adviser	:	HSBC Global Asset Management (UK) Limited
Regulatory Authority	:	Commission de Surveillance du Secteur Financier

Base Currency

United States Dollar ("USD")

Fund category/type

Feeder Fund/Income & Growth

When was the Fund launched?

Name of Class	Launch date
Class USD	15 May 2019
Class AUD-Hedged ("AUD-H")	15 May 2019
Class GBP-Hedged ("GBP-H")	15 May 2019
Class MYR-Hedged ("MYR-H")	15 May 2019
Class GBP-Hedged ("SGD-H")	15 May 2019

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

USD6.78 million (14.84 million units)

What is the Fund's benchmark?

The Fund is benchmark unconstrained as HSBC-WS2 is benchmark unconstrained, i.e. it will be actively managed without reference to any specific benchmark.

What is the Fund distribution policy?

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

FUND OBJECTIVE AND POLICY (CONTINUED)

What was the net income distribution for the financial year ended 31 August 2024?

The Fund distributed a total net income of USD0.13 million to unit holders for the financial year ended 31 August 2024.

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

Date	NAV per unit (before distribution) USD	NAV per unit (after distribution) USD
Distribution on 6 September 2023		
- Class AUD-H	0.5597	0.5576
- Class GBP-H	1.1298	1.1255
- Class MYR-H	0.1973	0.1966
- Class SGD-H	0.6623	0.6599
- Class USD	0.9374	0.9340
Distribution on 6 December 2023		
- Class AUD-H	0.5867	0.5843
- Class GBP-H	1.1571	1.1523
- Class MYR-H	0.1998	0.1990
- Class SGD-H	0.6830	0.6801
- Class USD	0.9548	0.9507
Distribution on 6 March 2024		
- Class AUD-H	0.6011	0.5981
- Class GBP-H	1.2073	1.2012
- Class MYR-H	0.2023	0.2013
- Class SGD-H	0.7038	0.7006
- Class USD	0.9873	0.9824
Distribution on 12 June 2024		
- Class AUD-H	0.6162	0.6127
- Class GBP-H	1.2279	1.2209
- Class MYR-H	0.2040	0.2028
- Class SGD-H	0.7050	0.7008
- Class USD	1.0002	0.9944

Breakdown of distribution were as follows:

Source of distribution	2024		2023	
	USD	%	USD	%
Distribution out of current year's income	131,566	100.00	210,610	100.00
Distribution out of prior year's income/capital	-	-	-	-
Total	131,566	100.00	210,610	100.00

PERFORMANCE DATA

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

	31.08.2024	31.08.2023	31.08.2022
	%	%	%
Collective investment scheme	97.12	98.48	98.90
Cash and other assets	5.41	2.27	2.42
Liabilities	(2.53)	(0.75)	(1.32)
	100.00	100.00	100.00

PRINCIPAL WORLD SELECTION MODERATE CONSERVATIVE FUND

PERFORMANCE DATA (CONTINUED)

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

	31.08.2024	31.08.2023	31.08.2022
NAV (USD Million)			
- Class AUD-H	1.50	1.59	2.03
- Class GBP-H	1.34	1.46	1.30
- Class MYR-H	2.21	2.82	3.27
- Class SGD-H	0.24	0.36	0.35
- Class USD	1.49	1.66	1.91
Units in circulation (Million)			
- Class AUD-H	2.33	2.77	3.21
- Class GBP-H	1.04	1.27	1.18
- Class MYR-H	9.71	14.05	15.00
- Class SGD-H	0.32	0.53	0.51
- Class USD	1.45	1.75	1.98
NAV per unit (USD)			
- Class AUD-H	0.6438	0.5736	0.6333
- Class GBP-H	1.2938	1.1556	1.1010
- Class MYR-H	0.2277	0.2008	0.2182
- Class SGD-H	0.7461	0.6751	0.6772
- Class USD	1.0279	0.9461	0.9673
Highest NAV per unit (USD)			
- Class AUD-H	0.6433	0.6526	0.8126
- Class GBP-H	1.3005	1.2117	1.5419
- Class MYR-H	0.2269	0.2295	0.2739
- Class SGD-H	0.7460	0.7214	0.8262
- Class USD	1.0258	0.9717	1.1316
Lowest NAV per unit (USD)			
- Class AUD-H	0.5318	0.5308	0.6169
- Class GBP-H	1.0523	0.9496	1.1011
- Class MYR-H	0.1845	0.1899	0.2171
- Class SGD-H	0.6317	0.6059	0.6673
- Class USD	0.8995	0.8929	0.9562
Total return (%)			
- Class AUD-H	8.43	(7.76)	1.46
- Class GBP-H	9.67	(6.00)	3.80
- Class MYR-H	7.27	(7.76)	6.10
- Class SGD-H	8.23	(6.57)	4.70
- Class USD	10.35	(3.33)	9.73
Capital growth (%)			
- Class AUD-H	6.44	(13.07)	(7.32)
- Class GBP-H	7.66	(11.44)	(5.24)
- Class MYR-H	5.31	(13.08)	(3.22)
- Class SGD-H	6.27	(12.11)	(4.52)
- Class USD	8.30	(8.89)	0.12
Income distribution (%)			
- Class AUD-H	1.87	6.11	9.48
- Class GBP-H	1.87	6.13	9.54
- Class MYR-H	1.86	6.13	9.62
- Class SGD-H	1.84	6.30	9.65
- Class USD	1.89	6.11	9.60
Total Expense Ratio ("TER") (%) ^	0.61	0.61	0.62
Portfolio Turnover Ratio ("PTR") (times) #	0.22	0.21	0.26

PERFORMANCE DATA (CONTINUED)

During the financial year under review, the Fund's PTR increased from 0.21 times to 0.22 times, as there were more trading activities. As a feeder fund, the turnover reflects the investments and withdrawals from in the target fund.

	31.08.2024	31.08.2023	31.08.2022
Gross/Net distribution per unit (cent)			
Distribution on 6 September 2023			
- Class AUD-H	0.21	-	-
- Class GBP-H	0.42	-	-
- Class MYR-H	0.07	-	-
- Class SGD-H	0.24	-	-
- Class USD	0.34	-	-
Distribution on 6 December 2023			
- Class AUD-H	0.24	-	-
- Class GBP-H	0.47	-	-
- Class MYR-H	0.08	-	-
- Class SGD-H	0.29	-	-
- Class USD	0.41	-	-
Distribution on 6 March 2024			
- Class AUD-H	0.30	-	-
- Class GBP-H	0.60	-	-
- Class MYR-H	0.10	-	-
- Class SGD-H	0.32	-	-
- Class USD	0.49	-	-
Distribution on 12 June 2024			
- Class AUD-H	0.35	-	-
- Class GBP-H	0.70	-	-
- Class MYR-H	0.12	-	-
- Class SGD-H	0.41	-	-
- Class USD	0.58	-	-
Distribution on 12 September 2022			
- Class AUD-H	-	0.40	-
- Class GBP-H	-	0.71	-
- Class MYR-H	-	0.13	-
- Class SGD-H	-	0.42	-
- Class USD	-	0.59	-
Distribution on 8 December 2022			
- Class AUD-H	-	0.30	-
- Class GBP-H	-	0.56	-
- Class MYR-H	-	0.11	-
- Class SGD-H	-	0.35	-
- Class USD	-	0.50	-
Distribution on 10 March 2023			
- Class AUD-H	-	0.40	-
- Class GBP-H	-	0.72	-
- Class MYR-H	-	0.14	-
- Class SGD-H	-	0.45	-
- Class USD	-	0.60	-
Distribution on 9 June 2023			
- Class AUD-H	-	0.42	-
- Class GBP-H	-	0.81	-
- Class MYR-H	-	0.15	-
- Class SGD-H	-	0.49	-
- Class USD	-	0.67	-

PERFORMANCE DATA (CONTINUED)

	31.08.2024	31.08.2023	31.08.2022
Gross/Net distribution per unit (cent)			
Distribution on 10 September 2021			
- Class AUD-H	-	-	0.24
- Class GBP-H	-	-	0.51
- Class MYR-H	-	-	0.09
- Class SGD-H	-	-	0.27
- Class USD	-	-	0.37
Distribution on 10 December 2021			
- Class AUD-H	-	-	0.27
- Class GBP-H	-	-	0.48
- Class MYR-H	-	-	0.09
- Class SGD-H	-	-	0.41
- Class USD	-	-	0.37
Distribution on 9 March 2022			
- Class AUD-H	-	-	0.29
- Class GBP-H	-	-	0.56
- Class MYR-H	-	-	0.10
- Class SGD-H	-	-	0.31
- Class USD	-	-	0.42
Distribution on 10 June 2022			
- Class AUD-H	-	-	0.35
- Class GBP-H	-	-	0.63
- Class MYR-H	-	-	0.12
- Class SGD-H	-	-	0.36
- Class USD	-	-	0.51

	31.08.2024	31.08.2023	31.08.2022	31.08.2021	31.08.2020
	%	%	%	%	%
Annual total return					
- Class AUD-H	8.43	(1.75)	(14.24)	7.63	2.41
- Class GBP-H	9.67	(1.32)	(13.61)	7.63	2.92
- Class MYR-H	7.27	(2.25)	(11.90)	9.43	5.13
- Class SGD-H	8.23	(1.36)	(12.82)	8.26	3.61
- Class USD	10.35	0.24	(12.37)	8.61	4.51

(Launch date: 15 May 2019)

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 SEPTEMBER 2023 TO 31 AUGUST 2024)

The investment landscape experienced a period marked by volatility and shifting dynamics, influenced by both global and regional events. The early part of this period was characterized by market responses to fluctuating economic data, with central banks around the world grappling with inflationary pressures and varying growth rates. The Federal Reserve's (the "Fed") stance on interest rates was particularly influential, as it adjusted its policies in response to evolving inflation trends, impacting global investor sentiment and market stability.

In late 2023 and early 2024, geopolitical developments played a significant role in shaping market behavior. Tensions in key regions, such as ongoing conflicts in Eastern Europe and trade disputes between major economies, introduced a layer of uncertainty. These geopolitical events led to fluctuations in commodity prices, particularly oil and natural gas, which had downstream effects on inflation and economic forecasts across various regions.

MARKET REVIEW (1 SEPTEMBER 2023 TO 31 AUGUST 2024) (CONTINUED)

Corporate earnings reports and economic data releases also contributed to market movements during this period. While some sectors demonstrated resilience and growth, others faced challenges due to shifting consumer demand and supply chain disruptions. Technology and energy sectors, in particular, showed varied performances, reflecting broader trends in innovation and energy transition.

By the end of August 2024, markets had adjusted to the new economic and geopolitical realities, with a focus on longer-term trends such as sustainability and technological advancement. Investors became increasingly attentive to central bank signals and the broader economic outlook, while also navigating the evolving landscape of international relations and regulatory changes. This period highlighted the interconnected nature of global markets and the importance of staying informed about both macroeconomic and microeconomic factors.

FUND PERFORMANCE

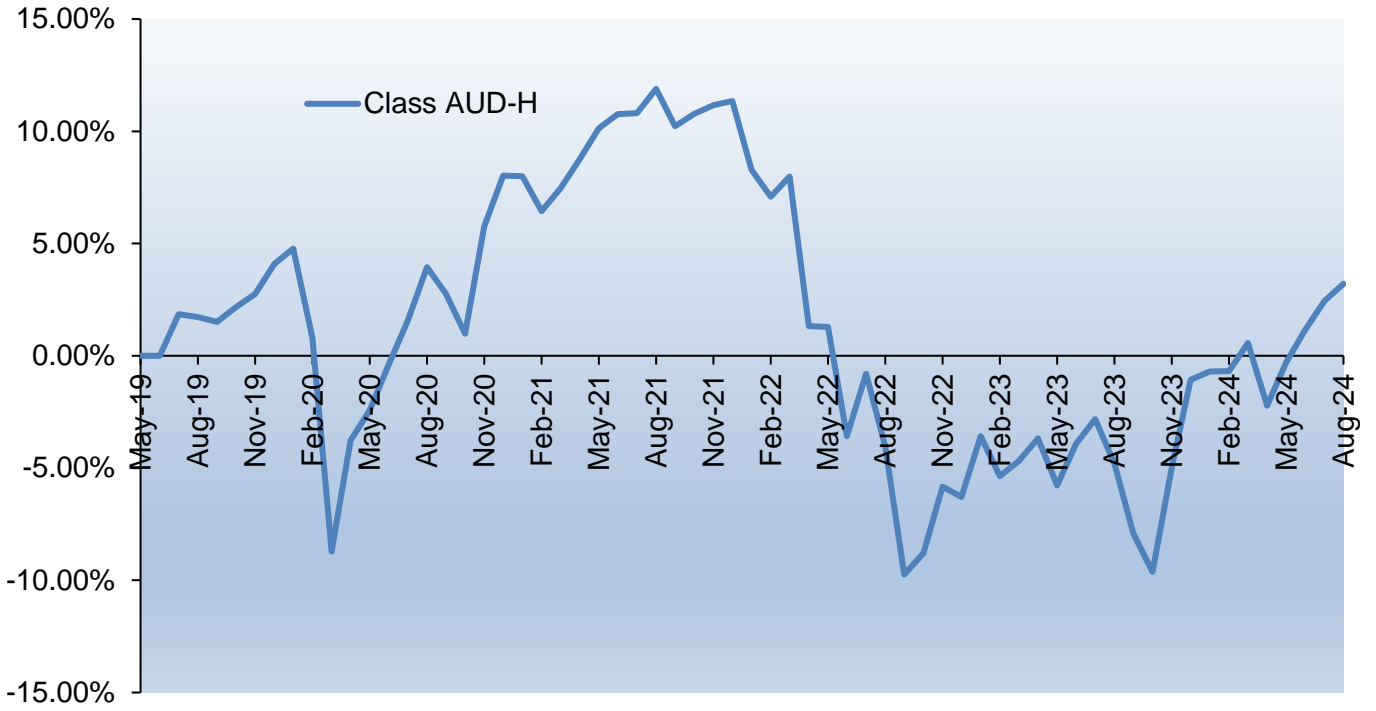
	1 year	3 years	5 years	Since
	to 31.08.2024	to 31.08.2024	to 31.08.2024	inception to
	%	%	%	31.08.2024
				%
Income Distribution				
- Class AUD-H	1.87	6.11	9.48	9.48
- Class GBP-H	1.87	6.13	9.54	9.54
- Class MYR-H	1.86	6.13	9.62	9.62
- Class SGD-H	1.84	6.30	9.65	9.65
- Class USD	1.89	6.11	9.60	9.60
Capital Growth				
- Class AUD-H	6.44	(13.07)	(7.32)	(5.73)
- Class GBP-H	7.66	(11.44)	(5.24)	(2.19)
- Class MYR-H	5.31	(13.08)	(3.22)	(2.00)
- Class SGD-H	6.27	(12.11)	(4.52)	(3.15)
- Class USD	8.30	(8.89)	0.12	2.44
Total Return				
- Class AUD-H	8.43	(7.76)	1.46	3.21
- Class GBP-H	9.67	(6.00)	3.80	7.14
- Class MYR-H	7.27	(7.76)	6.10	7.43
- Class SGD-H	8.23	(6.57)	4.70	6.19
- Class USD	10.35	(3.33)	9.73	12.27
Benchmark				
- Class AUD-H	-	-	-	-
- Class GBP-H	-	-	-	-
- Class MYR-H	-	-	-	-
- Class SGD-H	-	-	-	-
- Class USD	-	-	-	-
Average Total Return				
- Class AUD-H	8.43	(2.65)	0.29	0.60
- Class GBP-H	9.67	(2.04)	0.75	1.31
- Class MYR-H	7.27	(2.65)	1.19	1.36
- Class SGD-H	8.23	(2.24)	0.92	1.14
- Class USD	10.35	(1.12)	1.87	2.21

During the financial year under review, all classes for the fund returned positively, Class AUD-H, Class GBP-H, Class MYR-H, Class SGD-H, and Class USD increased by 8.43%, 9.67%, 7.27%, 8.23%, and 10.35% respectively. The fund does not have a benchmark as comparison.

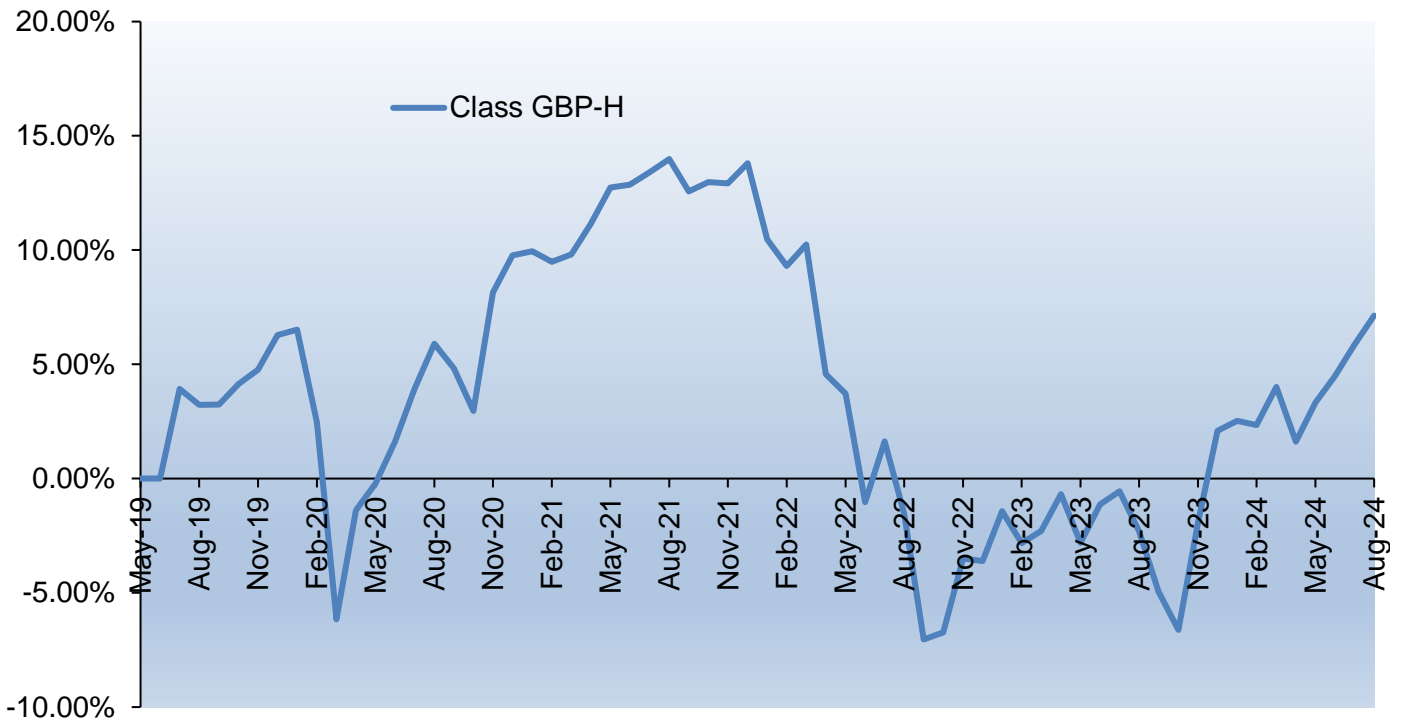
FUND PERFORMANCE (CONTINUED)

Since Inception

CLASS AUD-H



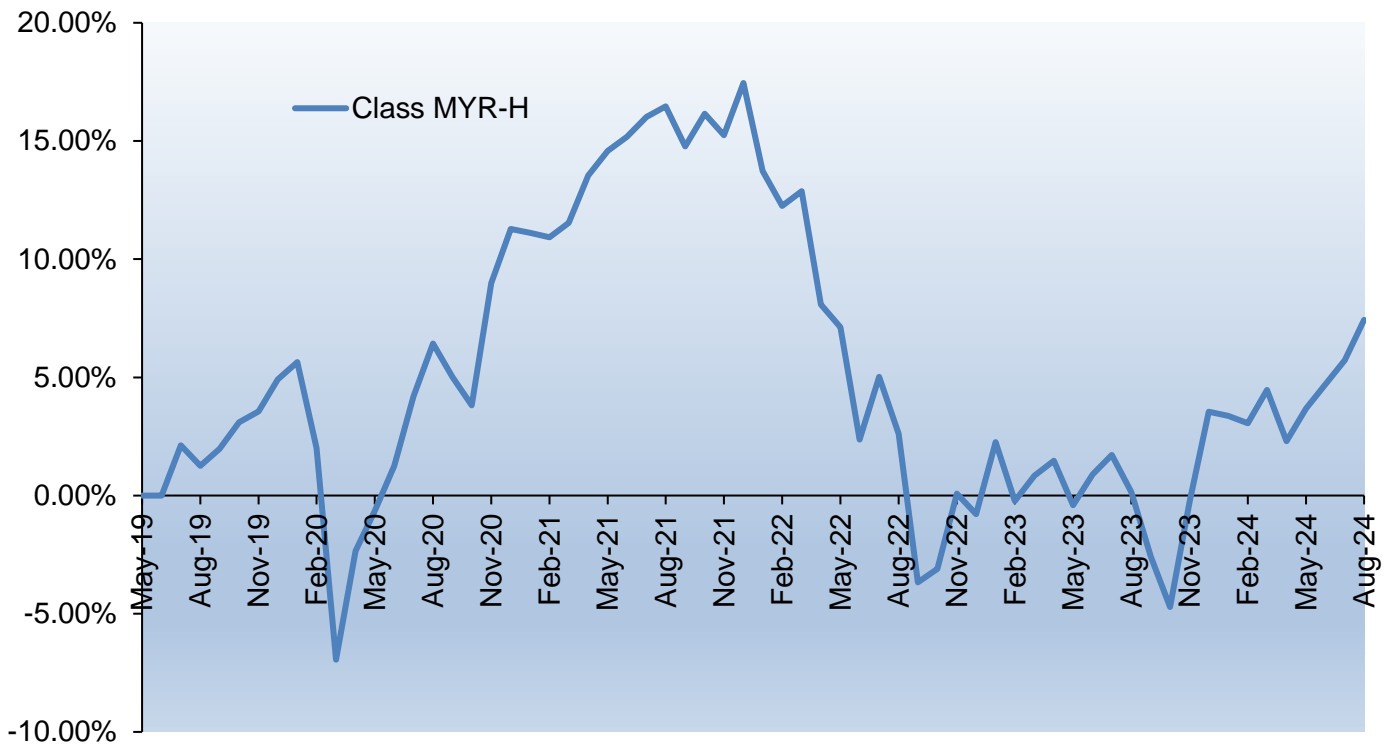
Class GBP-H



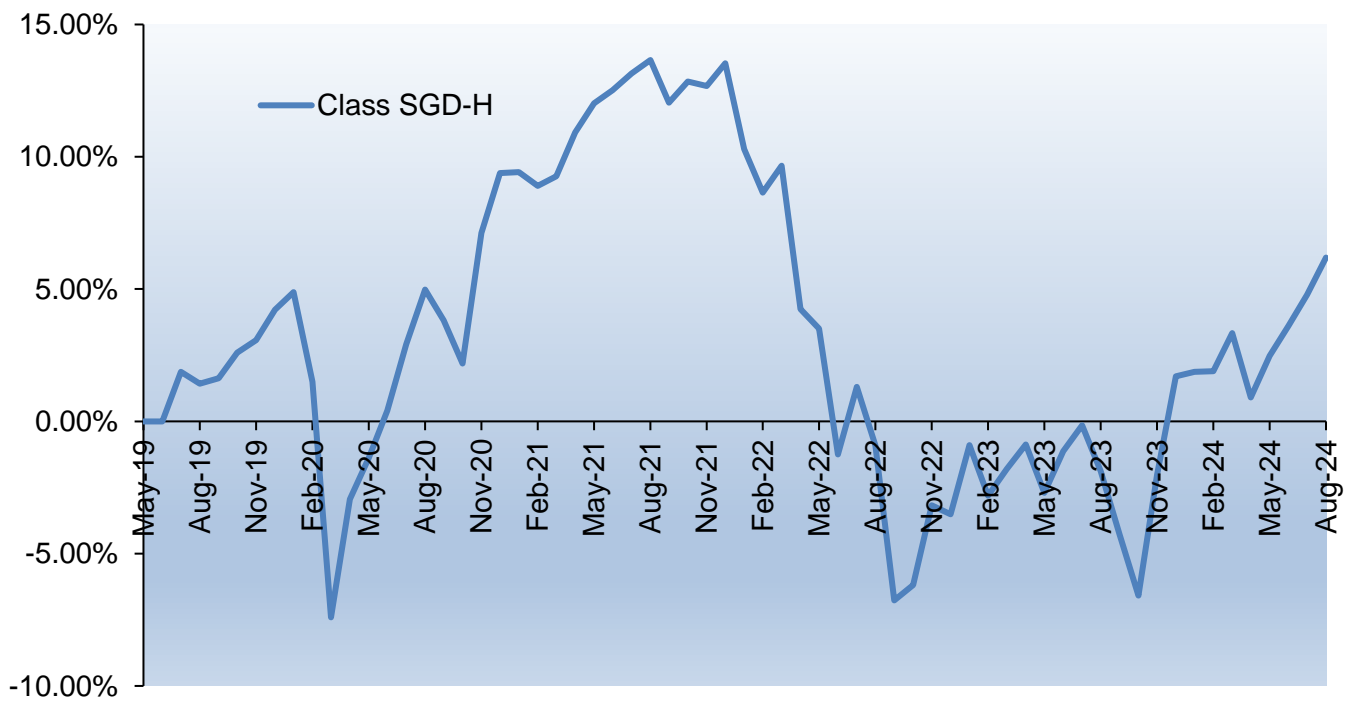
FUND PERFORMANCE (CONTINUED)

Since Inception

Class MYR-H



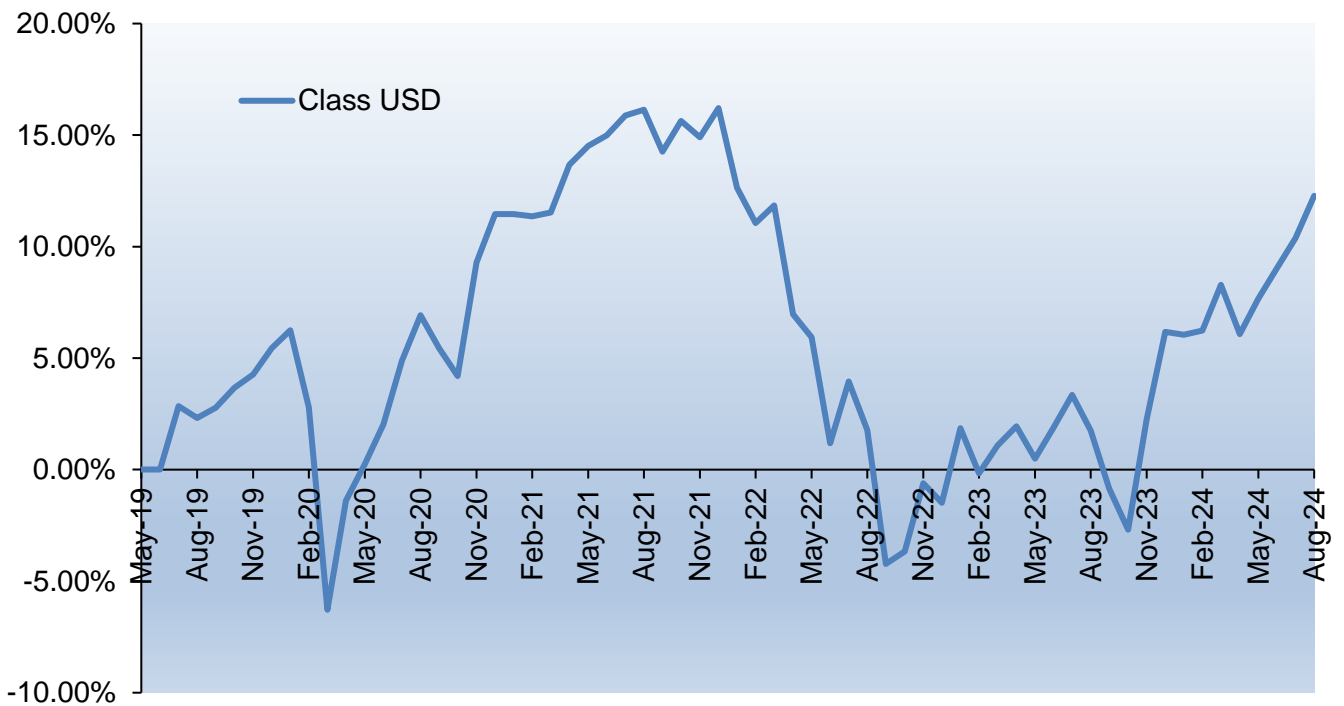
Class SGD-H



FUND PERFORMANCE (CONTINUED)

Since Inception

Class USD



Changes in NAV

	31.08.2024	31.08.2023	Changes %
CLASS AUD-H			
NAV (USD Million)	1.50	1.59	(5.66)
NAV/Unit (USD)	0.6438	0.5736	12.24
CLASS GBP-H			
NAV (USD Million)	1.34	1.46	(8.22)
NAV/Unit (USD)	1.2938	1.1556	11.96
CLASS MYR-H			
NAV (USD Million)	2.21	2.82	(21.63)
NAV/Unit (USD)	0.2277	0.2008	13.40
CLASS SGD-H			
NAV (USD Million)	0.24	0.36	(33.33)
NAV/Unit (USD)	0.7461	0.6751	10.52
CLASS USD			
NAV (USD Million)	1.49	1.66	(10.24)
NAV/Unit (USD)	1.0279	0.9461	8.65

For the financial year under review, the fund's NAV for Class AUD-H, Class GBP-H, Class MYR-H, Class SGD-H, and Class USD decreased by 5.66%, 8.22%, 21.63%, 33.33%, and 10.24% respectively.

In addition, the NAV per unit for Class AUD-H, Class GBP-H, Class MYR-H, Class SGD-H, and Class USD increased by 12.24%, 11.96%, 13.40%, 10.52%, and 8.65% respectively.

FUND PERFORMANCE (CONTINUED)

Changes in NAV (continued)

At the time of reporting, Class MYR-H has the highest total NAV, stood at USD 2.20 million.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.08.2024	31.08.2023
Collective investment scheme	97.12	98.48
Cash and other assets	5.41	2.27
Liabilities	(2.53)	(0.75)
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 *	31.08.2024
Apple Inc	1.41
Microsoft Corp	1.25
NVIDIA Corp	1.25
Alphabet Inc	0.73
US Treasury N/B 4.000	0.63
Amazon.com Inc	0.54
Meta Platforms Inc	0.51
US Treasury N/B 4.625	0.42
Eli Lilly & Co	0.39
Australian Government 0.500	0.38

	% of NAV
Top 10 holdings *	31.08.2023
Apple Inc	1.60
Microsoft Corp	1.27
Alphabet IncAma	0.87
NVIDIA Corp	0.67
US Treasury N/B 3.000 15/07/2025	0.64
US Treasury N/B 0.375 31/01/2026	0.62
Amazon.com Inc	0.52
US Treasury N/B 0.500 28/02/2026	0.48
US Treasury N/B 1.625 15/05/2031	0.44
Jackson National Life Global 5.25012/04/2028	0.41

* As per disclosed in Fund Fact Sheet.

MARKET OUTLOOK*

Market dynamics are likely to remain vibrant as they adapt to ongoing economic and geopolitical developments. Central banks will continue to play a crucial role in shaping expectations, particularly as they balance inflation control with fostering economic growth. Investors should monitor monetary policy adjustments and economic indicators closely, as these will influence trends and investment strategies.

Geopolitical uncertainties and evolving regional dynamics are expected to persist, impacting global trade and commodity markets. Companies and investors will need to navigate these complexities while focusing on long-term growth areas such as technology and sustainability. As the global economy adjusts to these challenges, adaptability and strategic planning will be key to capitalizing on opportunities and managing risks.

* 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 maintain fully invested in the target fund with minimal cash kept for redemption purposes.

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the “Manager”) and the Trustee will not retain any form of rebate or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Principal Malaysia Funds (“Funds”). 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 dealer, 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

There were no significant changes in the state of affairs of the Fund during the financial year and up to the date of Manager’s report, not otherwise disclosed in the financial statements.

CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF UNIT HOLDERS

There were no circumstances that had materially affected the interest of the unit holders during the financial year under review.

CROSS TRADE

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

UNIT SPLIT

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL WORLD SELECTION MODERATE CONSERVATIVE 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 financial position of the Fund as at 31 August 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 October 2024

TRUSTEE'S REPORT

**TO THE UNIT HOLDERS OF
PRINCIPAL WORLD SELECTION MODERATE CONSERVATIVE FUND ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 31 August 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 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.

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

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
16 October 2024

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL WORLD SELECTION MODERATE CONSERVATIVE FUND**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal World Selection Moderate Conservative Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 31 August 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 31 August 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 WORLD SELECTION MODERATE CONSERVATIVE 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 WORLD SELECTION MODERATE CONSERVATIVE 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 WORLD SELECTION MODERATE CONSERVATIVE 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. 03013/10/2026 J
Chartered Accountant

Kuala Lumpur, Malaysia
16 October 2024

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

	Note	2024 USD	2023 USD
INCOME/(LOSS)			
Dividend income		278,556	305,189
Net gain/(loss) on financial assets at fair value through profit or loss	8	525,240	(107,794)
Net gain/(loss) on derivatives at fair value through profit or loss	9	158,463	(220,858)
Net foreign exchange (loss)/gain		<u>(1,313)</u>	<u>2,285</u>
		<u>960,946</u>	<u>(21,178)</u>
EXPENSES			
Management fee	4	104,474	124,377
Trustee fee	5	2,090	3,249
Audit fee		1,722	1,785
Tax agent's fee		1,421	1,472
Other expenses		<u>1,431</u>	<u>1,892</u>
		<u>111,138</u>	<u>132,775</u>
PROFIT/(LOSS) BEFORE DISTRIBUTIONS AND TAXATION		849,808	(153,953)
Distributions:			
- Class AUD-H		26,398	46,924
- Class GBP-H		24,706	33,613
- Class MYR-H		44,817	76,392
- Class SGD-H		5,531	8,885
- Class USD		<u>30,114</u>	<u>44,796</u>
	6	<u>(131,566)</u>	<u>210,610</u>
PROFIT/(LOSS) BEFORE TAXATION		718,242	(364,563)
Taxation	7	<u>(20,916)</u>	<u>(64,745)</u>
PROFIT/(LOSS) AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		<u>697,326</u>	<u>(429,308)</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		26,506	(507,022)
Unrealised amount		<u>670,820</u>	<u>77,714</u>
		<u>697,326</u>	<u>(429,308)</u>

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

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

	Note	2024 USD	2023 USD
ASSETS			
Cash and cash equivalents	10	198,842	64,902
Financial assets at fair value through profit or loss	8	6,587,962	7,771,255
Derivative assets at fair value through profit or loss	9	46,015	6,144
Amount due from dealer		28,411	15,174
Amount due from Manager		14,026	-
Amount due from Manager of collective investment scheme			
- Sales of collective investment scheme		-	45,000
- Management fee rebate		35,254	21,673
Dividends receivable		21,783	26,153
Tax recoverable		22,908	-
TOTAL ASSETS		6,955,201	7,950,301
LIABILITIES			
Amount due to dealer		28,332	15,125
Amount due to Manager		14,439	15,174
Amount due to Manager of collective investment scheme			
- Purchase of collective investment scheme		115,000	-
Accrued management fees		8,370	10,118
Amount due to Trustee		167	202
Tax payable		-	12,703
Other payables and accruals		5,352	5,465
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		171,660	58,787
NET ASSET VALUE OF THE FUND		6,783,541	7,891,514
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		6,783,541	7,891,514
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (USD)			
- Class AUD-H		1,498,288	1,592,023
- Class GBP-H		1,346,137	1,463,869
- Class MYR-H		2,209,935	2,820,970
- Class SGD-H		238,544	357,977
- Class USD		1,490,637	1,656,675
		6,783,541	7,891,514

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

PRINCIPAL WORLD SELECTION MODERATE CONSERVATIVE FUND

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 AUGUST 2024 (CONTINUED)**

	Note	2024 USD	2023 USD
REPRESENTED BY:			
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class AUD-H		2,327,250	2,775,458
- Class GBP-H		1,040,426	1,266,738
- Class MYR-H		9,705,451	14,050,776
- Class SGD-H		319,726	530,266
- Class USD		1,450,167	1,751,017
	11	<u>14,843,020</u>	<u>20,374,255</u>
NET ASSET VALUE PER UNIT (USD)			
- Class AUD-H		0.6438	0.5736
- Class GBP-H		1.2938	1.1556
- Class MYR-H		0.2277	0.2008
- Class SGD-H		0.7461	0.6751
- Class USD		<u>1.0279</u>	<u>0.9461</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- Class AUD-H		AUD0.9427	AUD0.8858
- Class GBP-H		GBP0.9781	GBP0.9087
- Class MYR-H		MYR0.9799	MYR0.9309
- Class SGD-H		SGD0.9686	SGD0.9117
- Class USD		<u>USD1.0244</u>	<u>USD0.9461</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024**

	2024	2023
	USD	USD
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>7,891,514</u>	<u>8,863,342</u>
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class AUD-H	315,397	58,578
- Class GBP-H	103,523	84,238
- Class MYR-H	33,774	64,991
- Class SGD-H	-	3,726
- Class USD	-	10,182
	<u>452,694</u>	<u>221,715</u>
Creation of units from distributions		
- Class AUD-H	26,398	46,924
- Class GBP-H	24,706	33,613
- Class MYR-H	44,817	76,392
- Class SGD-H	5,531	8,885
- Class USD	30,114	44,796
	<u>131,566</u>	<u>210,610</u>
Cancellation of units		
- Class AUD-H	(584,566)	(361,857)
- Class GBP-H	(384,889)	(15,579)
- Class MYR-H	(943,304)	(330,759)
- Class SGD-H	(150,012)	-
- Class USD	(326,788)	(266,650)
	<u>(2,389,559)</u>	<u>(974,845)</u>
Total comprehensive income/(loss) for the financial year	<u>697,326</u>	<u>(429,308)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	<u><u>6,783,541</u></u>	<u><u>7,891,514</u></u>

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

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

	Note	2024 USD	2023 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Purchase of collective investment scheme		(620,000)	(1,320,000)
Proceeds from disposal of collective investment scheme		2,420,000	2,080,000
Dividend income received		282,926	303,512
Management fee paid		(106,222)	(125,847)
Management fee rebate received		54,952	84,377
Trustee fees paid		(2,125)	(3,356)
Tax paid		(56,527)	(65,676)
Payments for other fees and expenses		(4,687)	(3,848)
Net realised gain/(loss) on forward foreign currency contracts		118,562	(259,210)
(Payment)/Receipt of other foreign exchange (loss)/gain		(771)	1,984
Net cash generated from operating activities		2,086,108	691,936
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		438,668	277,040
Payments for cancellation of units		(2,390,294)	(959,671)
Net cash used in financing activities		(1,951,626)	(682,631)
Net increase in cash and cash equivalents		134,482	9,305
Effect of foreign exchange differences		(542)	301
Cash and cash equivalents at the beginning of the financial year		64,902	55,296
Cash and cash equivalents at the end of the financial year	10	198,842	64,902
<u>Cash and cash equivalents comprised of:</u>			
Bank balance		198,842	64,902
Cash and cash equivalents at the end of the financial year	10	198,842	64,902

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal World Selection Moderate Conservative Fund (the “Fund”) was constituted pursuant to the execution of a Principal Master Deed dated 9 May 2019 and a First Supplemental Master Deed dated 2 February 2024 (referred to as the “Deed”), between Principal Asset Management Berhad and HSBC (Malaysia) Trustees Berhad (the “Trustee”).

The Fund aims to provide long term total returns through investments in one collective investment scheme, which is managed with low to medium risk strategy by investing primarily in bonds and shares, either directly or through investing into other funds.

The Fund is a feeder fund and it invests in a single collective investment scheme, i.e. HSBC-WS2. 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 HSBC-WS2; a portfolio established on 20 October 2009 under the HSBC Portfolios (“Company”). The Fund will also maintain up to 5% of its NAV in liquid assets for liquidity purposes.

Information on the Target Fund

Target Fund	:	HSBC-WS2
Share Class	:	AM USD
Company	:	HSBC Portfolios
Management Company	:	HSBC Investment Funds (Luxembourg) S.A.
Investment Adviser	:	HSBC Global Asset Management (UK) Limited
Regulatory Authority	:	Commission de Surveillance du Secteur Financier

All investments are subjected to the Securities Commission Malaysia (“SC”) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, SC requirements, the 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.

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 International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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.

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

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 September 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 September 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 contractual cash flows of the Fund's investments are solely principal and interest. However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Investment in collective investment scheme has debt instrument with contractual cash flow that do not represent solely payment of principal and interest ("SPPI") and therefore are classified as fair value through profit or loss.

The contractual cash flows of the Fund's investments are solely principal and interest. Derivatives are financial assets/liabilities at fair value through profit or loss unless they are designated hedges (Note 2(m)).

The Fund classifies cash and cash equivalents, amount due from dealer, amount due from Manager of collective investment scheme - sale of collective investment scheme, and amount due from Manager of collective investment scheme - management fee rebate and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

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

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

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Income recognition

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

Realised gain or loss on disposal of collective investment scheme are accounted for as the difference between the net disposal proceeds and the carrying amount of quoted securities and collective investment scheme, 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 and deposits held in highly liquid investments with original maturities of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(e) Foreign currency

Functional and presentation currency

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

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) 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.

(f) Distribution

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

(g) Taxation

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

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

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) Realised and unrealised portions of profit or loss after tax

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

(i) Amount due from/to dealer

Amounts due from and amount due to dealer represent receivables for Spot FX sold and payables for Spot FX purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

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

Amounts due to Manager of collective investment scheme represent 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.

¹ The presentation of the analysis of realised and unrealised portions of profit or loss after tax 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) Management fee rebate

Management fee rebate derived from the Manager and Manager of the collective investment scheme 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.

(l) 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 the Class AUD-H, Class GBP-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 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 unit holder exercises the right to put back the unit to the Fund.

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

(m) Derivative financial instruments

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

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

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

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

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

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged.

Derivatives that do not qualify for hedge accounting are classified as held-for-trading and accounted for in accordance with the accounting policy set out in Note 2(b).

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss USD	Financial assets at amortised cost USD	Total USD
2024			
Cash and cash equivalents (Note 10)	-	198,842	198,842
Collective investment scheme (Note 8)	6,587,962	-	6,587,962
Derivative assets at fair value through profit or loss (Note 9)	46,015	-	46,015
Amount due from dealer	-	28,411	28,411
Amount due from Manager	-	14,026	14,026
Amount due from Manager of collective investment scheme			
- Management fee rebate	-	35,254	35,254
Dividends receivable	-	21,783	21,783
	<u>6,633,977</u>	<u>298,316</u>	<u>6,932,293</u>
2023			
Cash and cash equivalents (Note 10)	-	64,902	64,902
Collective investment scheme (Note 8)	7,771,255	-	7,771,255
Derivative assets at fair value through profit or loss (Note 9)	6,144	-	6,144
Amount due from dealer	-	15,174	15,174
Amount due from Manager of collective investment scheme			
- Management fee rebate	-	21,673	21,673
- Sales of collective investment scheme	-	45,000	45,000
Dividends receivable	-	26,153	26,153
	<u>7,777,399</u>	<u>172,902</u>	<u>7,950,301</u>

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

All of the Fund's financial liabilities (excluding the derivatives) are measured at amortised cost.

The Fund aims to provide long term total returns through investments in one collective investment scheme, which is managed with low to medium risk strategy by investing primarily in bonds and shares, either directly or through investing into other funds.

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

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

(a) Market risk

(i) Price risk

This 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 investment in a 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 Deed.

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

	2024	2023
	USD	USD
Financial assets at fair value through profit or loss:		
- Collective investment scheme	<u>6,587,962</u>	<u>7,771,255</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 USD	Impact on profit or loss/NAV USD
2024		
-5%	6,258,564	(329,398)
0%	6,587,962	-
+5%	<u>6,917,360</u>	<u>329,398</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	Market value USD	Impact on profit or loss/NAV USD
2023		
-5%	7,382,692	(388,563)
0%	7,771,255	-
+5%	<u>8,159,818</u>	<u>388,563</u>

(ii) Currency risk

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

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

	Cash and cash equivalents USD	Derivative assets at fair value through profit or loss USD	Amount due from Manager USD	Amount due from dealer USD	Total USD
Financial assets 2024					
AUD	681	10,375	-	28,411	39,467
GBP	674	4,968	-	-	5,642
MYR	2,506	30,260	14,026	-	46,792
SGD	255	412	-	-	666
	<u>4,116</u>	<u>46,014</u>	<u>14,026</u>	<u>28,411</u>	<u>92,567</u>
2023					
AUD	648	12,064	-	15,174	27,886
GBP	853	(11,784)	-	-	(10,931)
MYR	4,521	4,887	-	-	9,408
SGD	390	977	-	-	1,367
	<u>6,412</u>	<u>6,144</u>	<u>-</u>	<u>15,174</u>	<u>27,730</u>

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

(a) Market risk (continued)

(ii) Currency risk (continued)

	Amount due to Manager USD	Tax payable USD	Net assets attributable to unit holders USD	Total USD
Financial liabilities				
2024				
AUD	14,439	-	1,493,228	1,507,667
GBP	-	-	1,341,591	1,341,591
MYR	-	-	2,202,472	2,202,472
SGD	-	-	237,738	237,738
	<u>14,439</u>	<u>-</u>	<u>5,275,029</u>	<u>5,289,468</u>
2023				
AUD	15,174	-	1,592,023	1,607,197
GBP	-	-	1,463,869	1,463,869
MYR	-	12,703	2,820,970	2,833,673
SGD	-	-	357,977	357,977
	<u>15,174</u>	<u>12,703</u>	<u>6,234,839</u>	<u>6,262,716</u>

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 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. The disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate	Impact on profit or loss/NAV	2024	2023
	%	USD	USD	USD
AUD	-/+5	+/-73,410	+/-78,966	+/-78,966
GBP	-/+5	+/- 66,797	+/- 73,740	+/- 73,740
MYR	-/+5	+/-107,784	+/-141,213	+/-141,213
SGD	-/+5	+/-11,854	+/-17,831	+/-17,831
		<u>+/-259,845</u>	<u>+/-311,750</u>	<u>+/-311,750</u>

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

(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 Manager of collective investment scheme, the Fund will invest with an investment management company of the collective investment scheme which is authorised or approved by the relevant regulatory authority in its home jurisdiction.

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	Amount due from dealer USD	Amount due from Manager USD	Amount due from Manager of collective investment scheme - management fee rebate USD	Amount due from Manager of collective investment scheme - Sales of collective investment scheme USD	Dividends receivable USD	Derivative assets at fair value through profit or loss USD	Total USD
2024								
AAA	198,842	-	-	-	-	-	-	198,842
Not rated	-	28,411	14,026	35,254	-	21,783	46,015	145,489
	198,842	28,411	14,026	35,254	-	21,783	46,015	344,331
2023								
AAA	64,902	-	-	-	-	-	-	64,902
Not rated	-	15,174	-	21,673	45,000	26,153	6,144	114,144
	64,902	15,174	-	21,673	45,000	26,153	6,144	179,046

(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.

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

(c) Liquidity risk (continued)

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 USD	Between 1 month to 1 year USD	Total USD
2024			
Amount due to dealer	28,332	-	28,332
Amount due to Manager	14,439	-	14,439
Amount due from Manager of collective investment scheme			
- Purchase of collective investment scheme	115,000	-	115,000
Accrued management fee	8,370	-	8,370
Amount due to Trustee	167	-	167
Other payables and accruals	-	5,352	5,352
Net assets attributable to unit holders*	6,783,541	-	6,783,541
Contractual undiscounted cash flows	<u>6,949,849</u>	<u>5,352</u>	<u>6,955,201</u>
2023			
Amount due to dealer	15,125	-	15,125
Amount due to Manager	15,174	-	15,174
Accrued management fee	10,118	-	10,118
Amount due to Trustee	202	-	202
Tax payable	12,703	-	12,703
Other payables and accruals	-	5,465	5,465
Net assets attributable to unit holders*	7,891,514	-	7,891,514
Contractual undiscounted cash flows	<u>7,944,836</u>	<u>5,465</u>	<u>7,950,301</u>

* 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 asset attributable to unit holders of USD6,783,541 (2023: USD7,891,514). The amount of capital can change significantly on a daily basis as the Fund is subjected 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 holder and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

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

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

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

(i) Fair value hierarchy

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

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

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

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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
2024				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	6,587,962	-	-	6,587,962
Derivative assets at fair value through profit or loss:				
- Forward foreign currency contracts	-	46,015	-	46,015
2023				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	7,771,255	-	-	7,771,255
Derivative assets at fair value through profit or loss:				
- Forward foreign currency contracts	-	6,144	-	6,144

Investments whose values are based on quoted market prices in active markets and are therefore classified within Level 1, include quoted securities and 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).

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

(e) Fair value estimation (continued)

- (ii) The carrying values of cash and cash equivalents, amount due from dealer, amount due from Manager of collective investment scheme - sales of collective investment scheme, amount due from Manager of collective investment scheme - management fee rebate, dividends receivable and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

4. MANAGEMENT FEE

In accordance with the Deed, the Manager is entitled to a fee of up to 3.00% per annum, calculated and accrued daily based on the NAV of the Fund.

For the financial year ended 31 August 2024 and 31 August 2023, the management fee for the respective classes were recognised at the following rates:

Class AUD-H	Class GBP-H	Class MYR-H	Class SGD-H	Class USD
1.50%	1.50%	1.50%	1.50%	1.50%

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

5. TRUSTEE FEE

In accordance with the Deed, the Trustee is entitled to a fee up to 0.04% per annum, calculated and accrued daily based on the NAV of the Fund. The Trustee's fee includes local custodian fee but excludes foreign sub-custodian fees and charges.

For the financial year ended 31 August 2024, the Trustee fee was recognised at a rate of 0.03% per annum for each unit class. (2023: 0.04% per annum).

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

6. DISTRIBUTIONS

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

Breakdown of distribution were as follows:

Source of distribution	2024		2023	
	USD	%	USD	%
Distribution out of current year's income	131,566	100.00	210,610	100.00
Distribution out of prior year's income/capital *	-	-	-	-
Total	131,566	100.00	210,610	100.00

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

6. DISTRIBUTIONS (CONTINUED)

	2024 USD	2023 USD
Gross/Net distribution per unit (cent)		
Distribution on 6 September 2023		
- Class AUD-H	0.21	-
- Class GBP-H	0.42	-
- Class MYR-H	0.07	-
- Class SGD-H	0.24	-
- Class USD	0.34	-
Distribution on 6 December 2023		
- Class AUD-H	0.24	-
- Class GBP-H	0.47	-
- Class MYR-H	0.08	-
- Class SGD-H	0.29	-
- Class USD	0.41	-
Distribution on 6 March 2024		
- Class AUD-H	0.30	-
- Class GBP-H	0.60	-
- Class MYR-H	0.10	-
- Class SGD-H	0.32	-
- Class USD	0.49	-
Distribution on 12 June 2024		
- Class AUD-H	0.35	-
- Class GBP-H	0.70	-
- Class MYR-H	0.12	-
- Class SGD-H	0.41	-
- Class USD	0.58	-
Distribution on 12 September 2022		
- Class AUD-H	-	0.40
- Class GBP-H	-	0.71
- Class MYR-H	-	0.13
- Class SGD-H	-	0.42
- Class USD	-	0.59
Distribution on 8 December 2022		
- Class AUD-H	-	0.30
- Class GBP-H	-	0.56
- Class MYR-H	-	0.11
- Class SGD-H	-	0.35
- Class USD	-	0.50
Distribution on 10 March 2023		
- Class AUD-H	-	0.40
- Class GBP-H	-	0.72
- Class MYR-H	-	0.14
- Class SGD-H	-	0.45
- Class USD	-	0.60
Distribution on 9 June 2023		
- Class AUD-H	-	0.42
- Class GBP-H	-	0.81
- Class MYR-H	-	0.15
- Class SGD-H	-	0.49
- Class USD	-	0.67

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

6. DISTRIBUTIONS (CONTINUED)

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

There are no unrealised losses during the financial year ended 31 August 2024 (2023: NIL).

7. TAXATION

	2024 USD	2023 USD
Tax charged for the financial year:		
- Tax on foreign source income	23,254	72,843
- Over provision of tax in prior year	<u>(2,338)</u>	<u>(8,098)</u>
	<u>20,916</u>	<u>64,745</u>

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

	2024 USD	2023 USD
Profit/(Loss) before taxation	<u>718,242</u>	<u>(364,563)</u>
Taxation at Malaysian statutory rate of 24% (2023: 24%)	172,378	(87,495)
Tax effects of:		
- (Investment income not subject to tax)/Loss not deductible for tax purposes	(230,626)	5,084
- Expenses not deductible for tax purposes	32,762	52,134
- Restriction on tax deductible expenses for Wholesale Funds	25,486	30,277
- Tax on foreign source income	23,254	72,843
- Over provision of tax in prior year	<u>(2,338)</u>	<u>(8,098)</u>
Taxation	<u>20,916</u>	<u>64,745</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 USD	2023 USD
At fair value through profit or loss:		
- Collective investment scheme	<u>6,587,962</u>	<u>7,771,255</u>

	2024 USD	2023 USD
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(174,783)	(228,729)
- Unrealised fair value gain	631,490	39,120
- Management fee rebate #	<u>68,533</u>	<u>81,815</u>
	<u>525,240</u>	<u>(107,794)</u>

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

Management fee rebate was derived from the Fund's investment in collective investment scheme on an accruals basis to ensure no double charging of management fee. It is accrued daily based on the fair value of the collective investment scheme held.

For the financial year ended 31 August 2024, the rebate is recognised at a rate of 1.00% per annum (2023: 1.00% per annum) calculated and accrued daily based on the NAV of the collective investment scheme.

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
2024				
COLLECTIVE INVESTMENT SCHEME				
HSBC Investment Funds (Luxembourg) S.A -World Selection 2	<u>648,332</u>	<u>6,658,811</u>	<u>6,587,962</u>	<u>97.12</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>648,332</u>	<u>6,658,811</u>	<u>6,587,962</u>	<u>97.12</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(70,849)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>6,587,962</u>		
2023				
COLLECTIVE INVESTMENT SCHEME				
HSBC Investment Funds (Luxembourg) S.A -World Selection 2	<u>821,303</u>	<u>8,473,594</u>	<u>7,771,255</u>	<u>98.48</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>821,303</u>	<u>8,473,594</u>	<u>7,771,255</u>	<u>98.48</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(702,339)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>7,771,255</u>		

9. DERIVATIVE ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 USD	2023 USD
Forward foreign currency contracts	46,015	6,144
	2024 USD	2023 USD
Net gain/(loss) on derivatives at fair value through profit or loss:		
- Realised gain/(loss) on forward foreign currency contracts	118,592	(259,152)
- Unrealised fair value gain on forward foreign currency contracts	39,871	38,294
	158,463	(220,858)

As at 31 August 2024, there were total of 4 outstanding (2023: 4 outstanding) USD/AUD, USD/GBP, USD/MYR and USD/SGD forward foreign currency contracts respectively. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD46,015 (2023: USD6,203,922).

The USD/AUD, USD/GBP, USD/MYR, USD/SGD and GBP/USD forward foreign currency contracts were entered into during the financial year to minimise the risk of foreign exchange exposure between the USD 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 foreign currency contract is recognised immediately in the statement of comprehensive income during the financial year.

10. CASH AND CASH EQUIVALENTS

	2024 USD	2023 USD
Bank balances	198,842	64,902

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2024 No. of units	2023 No. of units
Class AUD-H (i)	2,327,250	2,775,458
Class GBP-H (ii)	1,040,426	1,266,738
Class MYR-H (iii)	9,705,451	14,050,776
Class SGD-H (iv)	319,726	530,266
Class USD (v)	1,450,167	1,751,017
	14,843,020	20,374,255

(i) Class AUD-H

At the beginning of the financial year	2,775,458	3,210,209
Add : Creation of units from applications	518,247	102,905
Add : Creation of units from distribution	44,744	77,575
Less: Cancellation of units	(1,011,199)	(615,231)
At the end of the financial year	2,327,250	2,775,458

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

	<u>2024</u>	<u>2023</u>
	No. of units	No. of units
(ii) Class GBP-H		
At the beginning of the financial year	1,266,738	1,178,304
Add : Creation of units from applications	85,440	73,454
Add : Creation of units from distribution	20,946	30,112
Less: Cancellation of units	<u>(332,698)</u>	<u>(15,132)</u>
At the end of the financial year	<u>1,040,426</u>	<u>1,266,738</u>
(iii) Class MYR-H		
At the beginning of the financial year	14,050,776	15,004,668
Add : Creation of units from applications	168,706	316,034
Add : Creation of units from distribution	223,931	363,871
Less: Cancellation of units	<u>(4,737,962)</u>	<u>(1,633,797)</u>
At the end of the financial year	<u>9,705,451</u>	<u>14,050,776</u>
(iv) Class SGD-H		
At the beginning of the financial year	530,266	511,825
Add : Creation of units from applications	-	5,310
Add : Creation of units from distribution	8,067	13,131
Less: Cancellation of units	<u>(218,607)</u>	<u>-</u>
At the end of the financial year	<u>319,726</u>	<u>530,266</u>
(v) Class USD		
At the beginning of the financial year	1,751,017	1,976,048
Add : Creation of units from applications	-	11,404
Add : Creation of units from distribution	31,100	47,287
Less: Cancellation of units	<u>(331,950)</u>	<u>(283,722)</u>
At the end of the financial year	<u>1,450,167</u>	<u>1,751,017</u>

12. TOTAL EXPENSE RATIO (“TER”)

	<u>2024</u>	<u>2023</u>
	%	%
TER	<u>0.61</u>	<u>0.61</u>

TER is derived based on the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on a daily basis is USD6,951,768 (2023: USD8,292,588).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2024	2023
PTR (times)	<u>0.22</u>	<u>0.21</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial year = USD735,000 (2023: USD1,320,000)

total disposal for the financial year = USD2,375,000 (2023: USD2,125,000)

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

	<u>No. of units</u>	<u>2024 USD</u>	<u>No. of units</u>	<u>2023 USD</u>
Manager				
Principal Asset Management Berhad				
- Class AUD-H	2	1	2	1
- Class GBP-H	37	47	37	43
- Class MYR-H	2	1	2	0.00*
- Class SGD-H	1	1	1	1
- Class USD	5	5	5	5

*Amount less than 0.

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

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

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

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

15. TRANSACTIONS WITH BROKER/DEALER

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

Broker	Value of trades USD	Percentage of total trades %	Brokerage fees USD	Percentage of total brokerage fees %
HSBC Institutional Trust Services (Singapore) Ltd	<u>3,110,000</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

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

Broker	Value of trades USD	Percentage of total trades %	Brokerage fees USD	Percentage of total brokerage fees %
HSBC Institutional Trust Services (Singapore) Ltd	<u>3,445,000</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 October 2024.

DIRECTORY

Head Office of the Manager

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