

Principal World Selection Moderate Fund

Annual Report

For The Financial Year Ended 31 August 2023

PRINCIPAL WORLD SELECTION MODERATE FUND
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

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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 Fund for the financial year ended 31 August 2023. You may also download this report from our website at www.principal.com.my.

We are happy to share that Principal Malaysia won two awards at the International Finance's 2023 Financial Awards and Leadership Awards. The awards were for Best Asset Management Company (Malaysia) and Best Asset Management CEO (Malaysia) – Ms. Munirah Khairuddin.

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 provide long term total returns through investments in one collective investment scheme, which is managed with 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 objectives as stated under the Fund investment policy.

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 3 ("HSBC-WS3"). 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-WS3; 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-WS3
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 AUD-Hedged ("AUD-H")	15 May 2019
Class GBP-Hedged ("GBP-H")	15 May 2019
Class MYR-Hedged ("MYR-H")	15 May 2019
Class SGD-Hedged ("SGD-H")	15 May 2019
Class USD	15 May 2019

What was the size of the Fund as at 31 August 2023?

USD21.94 million (72.95 million units)

What is the Fund's benchmark?

The Fund is benchmark unconstrained as HSBC-WS3 is benchmark unconstrained, i.e. it will be actively managed without reference to any specific benchmark.

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund distribution policy?

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

What was the net income distribution for financial year ended 31 August 2023?

The Fund distributed a total net income of USD0.64 million to unit holders for the financial year ended 31 August 2023.

The Fund's NAV per unit were as follows:

Date	NAV per unit (before distribution) USD	NAV per unit (after distribution) USD
Distribution on 13 September 2022		
- Class AUD-H	0.6572	0.6528
- Class GBP-H	1.1200	1.1124
- Class MYR-H	0.2263	0.2248
- Class SGD-H	0.7071	0.7025
- Class USD	1.0122	1.0058
Distribution on 12 December 2022		
- Class AUD-H	0.6366	0.6330
- Class GBP-H	1.1566	1.1503
- Class MYR-H	0.2260	0.2248
- Class SGD-H	0.7178	0.7139
- Class USD	0.9960	0.9903
Distribution on 14 March 2023		
- Class AUD-H	0.6164	0.6119
- Class GBP-H	1.1306	1.1227
- Class MYR-H	0.2197	0.2181
- Class SGD-H	0.7124	0.7074
- Class USD	0.9874	0.9807
Distribution on 12 June 2023		
- Class AUD-H	0.6415	0.6368
- Class GBP-H	1.1992	1.1901
- Class MYR-H	0.2174	0.2157
- Class SGD-H	0.7335	0.7280
- Class USD	1.0154	1.0078

Source of distribution	2023		2022	
	USD	%	USD	%
Distribution out of current year's income	637,537	100.00	523,422	100.00
Distribution out of prior year's income/capital	-	-	-	-
Total	637,537	100.00	523,422	100.00

PERFORMANCE DATA

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

	31.08.2023	31.08.2022	31.08.2021
			%
Collective investment scheme	98.84	98.63	94.75
Cash and other assets	2.34	1.86	6.53
Liabilities	(1.18)	(0.49)	(1.28)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.08.2023	31.08.2022	31.08.2021
NAV (USD Million)			
- Class AUD-H	2.41	2.80	3.65
- Class GBP-H	1.87	1.76	1.53
- Class MYR-H	13.56	15.50	17.81
- Class SGD-H	1.71	1.73	1.49
- Class USD	2.39	3.15	3.62
Units in circulation (Million)			
- Class AUD-H	3.91	4.25	4.32
- Class GBP-H	1.54	1.57	0.97
- Class MYR-H	62.81	68.11	61.58
- Class SGD-H	2.34	2.44	1.71
- Class USD	2.35	3.12	3.03
NAV per unit (USD)			
- Class AUD-H	0.6153	0.6593	0.8441
- Class GBP-H	1.2151	1.1215	1.5840
- Class MYR-H	0.2159	0.2275	0.2892
- Class SGD-H	0.7300	0.7097	0.8745
- Class USD	1.0203	1.0102	1.1975
Highest NAV per unit (USD)			
- Class AUD-H	0.6901	0.8642	0.8951
- Class GBP-H	1.2764	1.6042	1.6181
- Class MYR-H	0.2433	0.2913	0.2895
- Class SGD-H	0.7687	0.8816	0.8822
- Class USD	1.0422	1.2049	1.1975
Lowest NAV per unit (USD)			
- Class AUD-H	0.5441	0.6344	0.6835
- Class GBP-H	0.9530	1.1160	1.2331
- Class MYR-H	0.1964	0.2237	0.2388
- Class SGD-H	0.6254	0.6905	0.7168
- Class USD	0.9189	0.9862	1.0026
Total return (%)			
- Class AUD-H	1.40	(15.42)	14.46
- Class GBP-H	2.01	(14.67)	14.23
- Class MYR-H	0.97	(12.80)	16.39
- Class SGD-H	1.92	(13.79)	15.18
- Class USD	3.67	(13.27)	15.61

PERFORMANCE DATA (CONTINUED)

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

	31.08.2023	31.08.2022	31.08.2021
Capital growth (%)			
- Class AUD-H	(1.26)	(17.01)	12.20
- Class GBP-H	(0.67)	(16.27)	12.10
- Class MYR-H	(1.73)	(14.45)	14.13
- Class SGD-H	(0.75)	(15.37)	12.97
- Class USD	0.97	(14.87)	13.33
Income distribution (%)			
- Class AUD-H	2.70	1.91	2.02
- Class GBP-H	2.69	1.91	1.91
- Class MYR-H	2.75	1.92	1.98
- Class SGD-H	2.69	1.86	1.96
- Class USD	2.68	1.88	2.01
Total Expense Ratio ("TER") (%)	0.39	0.39	0.38
Portfolio Turnover Ratio ("PTR") (times) #	0.16	0.18	0.31

For the financial year under review, the PTR decreased from 0.18 times to 0.16 times. As a feeder fund, the turnover reflects investments and withdrawals in the target funds.

	31.08.2023	31.08.2022	31.08.2021
Gross/Net distribution per unit (cent)			
Distribution on 13 September 2022			
- Class AUD-H	0.43	-	-
- Class GBP-H	0.75	-	-
- Class MYR-H	0.15	-	-
- Class SGD-H	0.46	-	-
- Class USD	0.64	-	-
Distribution on 12 December 2022			
- Class AUD-H	0.35	-	-
- Class GBP-H	0.62	-	-
- Class MYR-H	0.12	-	-
- Class SGD-H	0.39	-	-
- Class USD	0.57	-	-
Distribution on 14 March 2023			
- Class AUD-H	0.44	-	-
- Class GBP-H	0.78	-	-
- Class MYR-H	0.16	-	-
- Class SGD-H	0.50	-	-
- Class USD	0.67	-	-
Distribution on 12 June 2023			
- Class AUD-H	0.47	-	-
- Class GBP-H	0.90	-	-
- Class MYR-H	0.17	-	-
- Class SGD-H	0.55	-	-
- Class USD	0.76	-	-
Distribution on 13 September 2021			
- Class AUD-H	-	0.34	-
- Class GBP-H	-	0.60	-
- Class MYR-H	-	0.11	-
- Class SGD-H	-	0.33	-
- Class USD	-	0.45	-

PERFORMANCE DATA (CONTINUED)

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

	31.08.2023	31.08.2022	31.08.2021
Gross/Net distribution per unit (cent)			
Distribution on 13 December 2021			
- Class AUD-H	-	0.35	-
- Class GBP-H	-	0.61	-
- Class MYR-H	-	0.12	-
- Class SGD-H	-	0.34	-
- Class USD	-	0.49	-
Distribution on 11 March 2022			
- Class AUD-H	-	0.36	-
- Class GBP-H	-	0.68	-
- Class MYR-H	-	0.13	-
- Class SGD-H	-	0.38	-
- Class USD	-	0.53	-
Distribution on 13 June 2022			
- Class AUD-H	-	0.40	-
- Class GBP-H	-	0.72	-
- Class MYR-H	-	0.14	-
- Class SGD-H	-	0.42	-
- Class USD	-	0.60	-
Distribution on 24 September 2020			
- Class AUD-H	-	-	0.35
- Class GBP-H	-	-	0.57
- Class MYR-H	-	-	0.12
- Class SGD-H	-	-	0.37
- Class USD	-	-	0.52
Distribution on 17 December 2020			
- Class AUD-H	-	-	0.41
- Class GBP-H	-	-	0.67
- Class MYR-H	-	-	0.13
- Class SGD-H	-	-	0.37
- Class USD	-	-	0.55
Distribution on 18 March 2021			
- Class AUD-H	-	-	0.42
- Class GBP-H	-	-	0.74
- Class MYR-H	-	-	0.14
- Class SGD-H	-	-	0.41
- Class USD	-	-	0.56
Distribution on 14 June 2021			
- Class AUD-H	-	-	0.44
- Class GBP-H	-	-	0.78
- Class MYR-H	-	-	0.14
- Class SGD-H	-	-	0.43
- Class USD	-	-	0.58

PERFORMANCE DATA (CONTINUED)

	31.08.2023	31.08.2022	31.08.2021	31.08.2020	Since inception to 31.08.2019
	%	%	%	%	%
Annual total return					
- Class AUD-H	1.40	(15.42)	14.46	3.84	0.52
- Class GBP-H	2.01	(14.67)	14.23	4.17	(0.28)
- Class MYR-H	0.97	(12.80)	16.39	6.61	(0.01)
- Class SGD-H	1.92	(13.79)	15.18	4.96	0.42
- Class USD	3.67	(13.27)	15.61	6.18	0.80

(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 2022 TO 31 AUGUST 2023)

In September 2022, the continuation of hawkish monetary policy, the Russia-Ukraine war, and mainland China property market volatility triggered a further fall in equity markets. The MSCI All Country World Index ("ACWI") fell -9.5% in USD terms. Notably, sterling weakness cushioned the equity market falls for UK investors, MSCI ACWI Index fell only 5.7% in GBP terms. The falls were led by Asian and US equities, while European markets proved more stable. Global Government bonds provided relative stability over the month, falling modestly over the period. Gilts were in the spotlight, as markets priced in further Bank of England ("BoE") tightening after the UK's 'mini' budget. While yields rose across the curve, pain was most acute at the long end.

Global Equities delivered strong returns in October 2022 as markets reacted positively to the month's inflation prints and began to price in a potential slowing in monetary tightening. The bounce was led by US equities which were further supported by the start of the fourth quarter earnings season. UK equities delivered positive absolute returns, but were a notable laggard among developed markets, as political uncertainty weighed on the market. Conversely, negative returns from mainland China equity dragged Emerging Markets into negative territory. Meanwhile, global Government Bonds delivered negative returns in October 2022.

Global Equities delivered a second consecutive month of positive returns in November 2022; erasing more of the falls experienced earlier in the year. The November 2022 rally was led by the Emerging Markets, with Chinese equity delivering particularly strong returns. The positive returns have been driven by signs that bond yields might be peaking, and favorable announcements made by the authorities in mainland China, such as relaxation of a Coronavirus Disease 2019 ("COVID-19") related restrictions and support package for the property sector. November brought a wave of cautious optimism in developed bond markets on the back of a US Consumer Price Index ("CPI") undershoot and more dovish the Federal Reserve (the "Fed") commentary. The Fed and BoE both increased rates by 75 basis points ("bps") over the month.

All major equity markets posted negative returns in December 2022 as investors began to price in the risks of impending recession. The strongest declines were seen in developed markets (MSCI World Index fell 4.2%) while emerging markets were relatively resilient (MSCI Emerging Market Index fell 1.5%). Emerging markets were supported by Chinese equities which rallied in December 2022 on the back of lifting of restrictions related to COVID-19. Government bonds also posted negative returns during the final month of the year. As expected, the European Central Bank ("ECB") delivered a 50bps hike. However, a surprisingly hawkish statement, and forecasts triggered a sell-off across Eurozone markets.

MARKET REVIEW (1 SEPTEMBER 2022 TO 31 AUGUST 2023) (CONTINUED)

In January 2023, global equities rallied during the month, led by Mainland China and Eurozone, with US also rebounding strongly from the previous month. China reopening continued to support investor sentiment in emerging markets while Europe was supported by softening inflation. Government bonds also posted strong return.

Global equities suffered from rising rate expectations in February 2023, primarily due to strong economic data releases in the US. Emerging markets were the worst performing region, with broad-based losses across mainland China, Brazil, South Africa, and Mexico. Rising yields seemed to help value-inclined European equities outperform, led by UK and France. Sector-wise, commodity-related sectors including basic materials and energy underperformed as the major victims of the falling commodity price. The global bond market was dominated by strong US economic data.

At the global level major asset classes managed to deliver positive returns over the month of March 2023 as concerns around the banking sector were assuaged by regulators and markets priced in fewer central bank rate hikes from here. Markets were shocked by the collapse of Silicon Valley Bank, with the spotlight quickly moving to other US regional banks and then to Credit Suisse in Europe. Regulators and central banks acted swiftly to maintain financial stability by providing liquidity and announcing other measures, with UBS agreeing to a government-brokered deal to acquire Credit Suisse. It was notable that central banks separated their role of maintaining financial stability from continuing to fight inflation.

Despite the turmoil in the banking sector, the Fed hiked rates by 25bps, with the ECB and BoE hiking by 50bps and 25bps respectively. However, markets moderated their expectations of further hikes from here and now price in US rate cuts later this year.

At the global level, equity markets rose over in April 2023, reflecting hopes that central banks will be able to bring inflation down towards targeted ranges without tipping economies into recession. Looking at regional performance, the US was held back by marked weakness in the technology sector, although the first quarter reporting season got off to a good start with earnings coming in better than lowered expectations. In the final days of the month focus shifted to regional banks, with First Republic Bank being taken over by the Federal Deposit Insurance Corporation ("FDIC") which subsequently sold its deposits and most of its assets to JP Morgan Chase.

Global equities and the fixed income complex posted modest losses in May 2023 as sticky inflation, signs of softening growth and US debt ceiling negotiations dominated investor attention. Major central banks continued their inflation fight with the BoE, ECB and the Fed all raising official interest rates by 25bps. Accompanying narrative suggested that US rates may be closer to peak given that regional bank stresses are likely to tighten credit availability and also weigh on growth. Government bond yields generally rose over the month impacting returns across the fixed income spectrum.

Global equities made a sharp recovery in June 2023 while bond returns remained mostly flat amid the resolution of debt ceiling negotiations in the US, persistent inflation, and hawkish rhetoric from most of the G10 central banks. Major central banks continued their hawkish stances with the BoE, ECB, and the Bank of Canada all raising the official interest rates. The Federal Reserve made it clear that the unchanged policy rate this month was a 'skip' rather than the start of a prolonged pause, with the latest Federal Open Market Committee ("FOMC") dot plot suggesting two more hikes by the end of this year.

Global equities posted another strong month in July 2023, with Emerging Markets leading the rally. China delivered particularly strong returns, as expectations of government stimulus gathered pace. Key ASEAN markets also outperformed, including Singapore, Malaysia, and Thailand. Meanwhile, the US continued to deliver strong returns as lower-than-expected inflation data (both headline and core Consumer Price Index ("CPI")), fueled hopes of an imminent peak in the rate tightening cycle.

After strong performance so far this year, global equities fell modestly in August 2023. A weakening macro-economic outlook, sticky inflation, and an increase in bond yields weighed on investor sentiment. Emerging market equities underperformed developed markets, as China fell on softer than expected activity data. Across developed markets, Germany, the UK, and the US saw the largest falls.

MARKET REVIEW (1 SEPTEMBER 2022 TO 31 AUGUST 2023) (CONTINUED)

Sticky services and core inflation, and the windfall tax on Italian banks, caused concern in Europe, while downgrades of the US government and US banks' credit ratings also hurt sentiment.

FUND PERFORMANCE

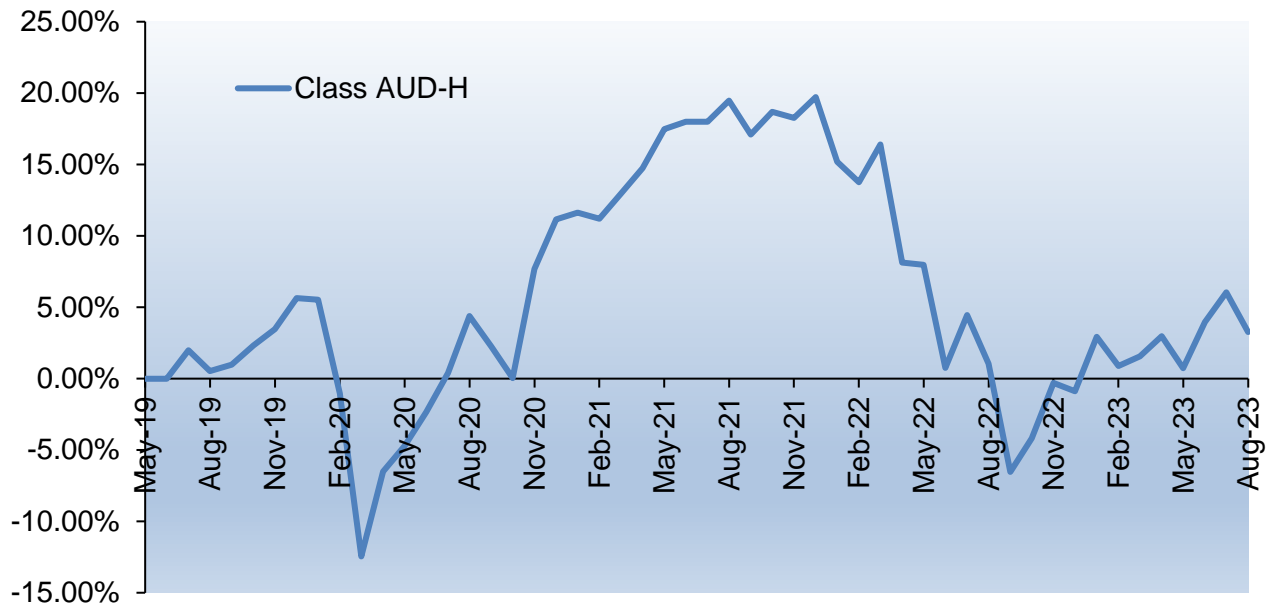
	1 year to 31.08.2023 %	3 years to 31.08.2023 %	Since inception to 31.08.2023 %
Income Distribution			
- Class AUD-H	2.70	6.77	8.69
- Class GBP-H	2.69	6.64	8.51
- Class MYR-H	2.75	6.80	8.82
- Class SGD-H	2.69	6.66	8.45
- Class USD	2.68	6.71	8.58
Capital Growth			
- Class AUD-H	(1.26)	(7.34)	(4.99)
- Class GBP-H	(0.67)	(6.44)	(4.48)
- Class MYR-H	(1.73)	(4.36)	0.06
- Class SGD-H	(0.75)	(4.93)	(1.45)
- Class USD	0.97	(3.03)	2.00
Total Return			
- Class AUD-H	1.40	(1.07)	3.27
- Class GBP-H	2.01	(0.22)	3.65
- Class MYR-H	0.97	2.15	8.89
- Class SGD-H	1.92	1.40	6.88
- Class USD	3.67	3.48	10.75
Benchmark			
- Class AUD-H	-	-	-
- Class GBP-H	-	-	-
- Class MYR-H	-	-	-
- Class SGD-H	-	-	-
- Class USD	-	-	-
Average Total Return			
- Class AUD-H	1.40	(0.36)	0.75
- Class GBP-H	2.01	(0.07)	0.84
- Class MYR-H	0.97	0.71	2.00
- Class SGD-H	1.92	0.46	1.56
- Class USD	3.67	1.15	2.40

For the financial year under review, Class AUD-H, Class GBP-H, Class MYR-H, Class SGD-H, and Class USD increased by 1.40%, 2.01%, 0.97%, 1.92%, and 3.67% respectively. The Fund does not have a benchmark for comparison.

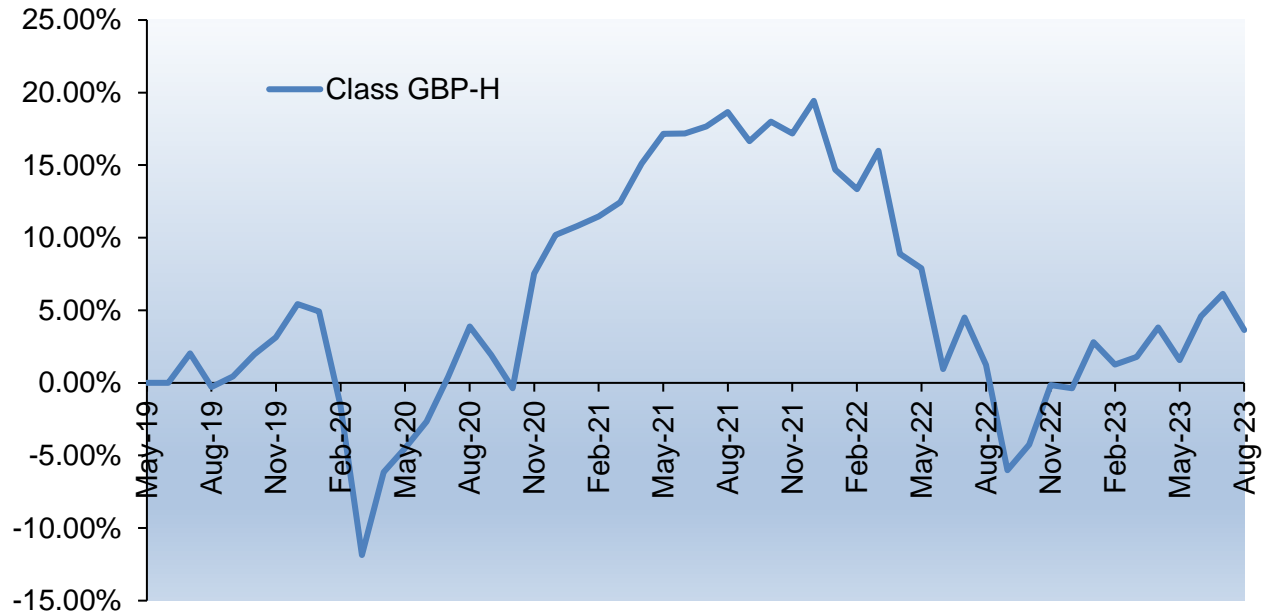
FUND PERFORMANCE (CONTINUED)

Since Inception

CLASS AUD-H



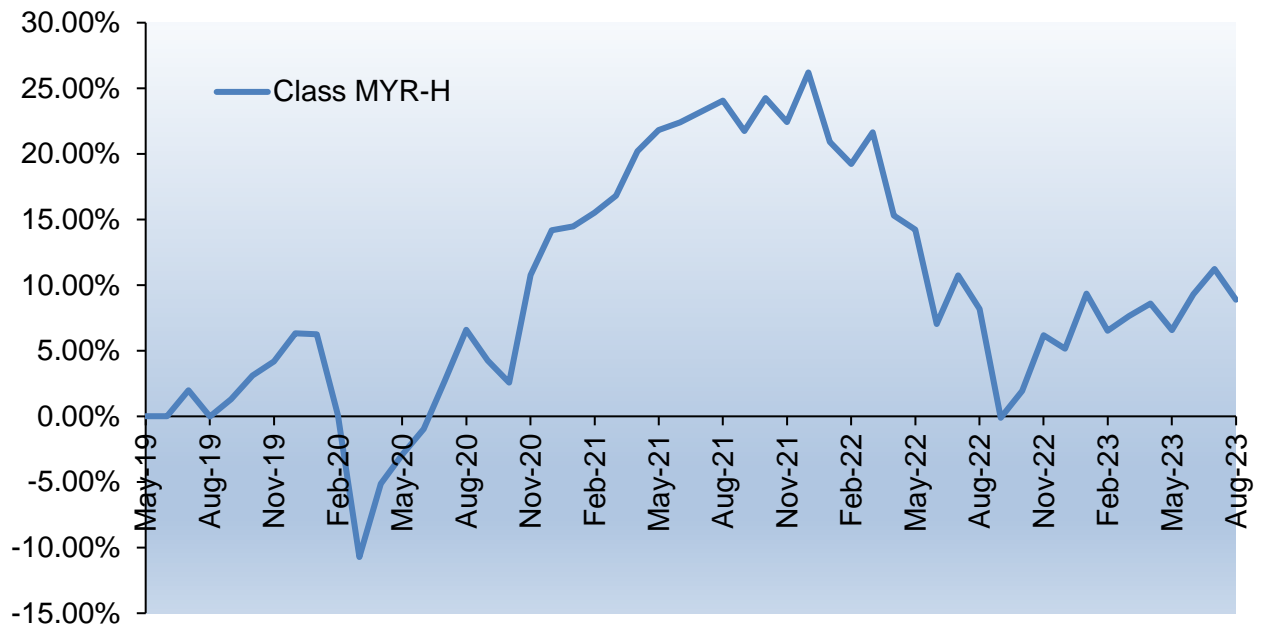
Class GBP-H



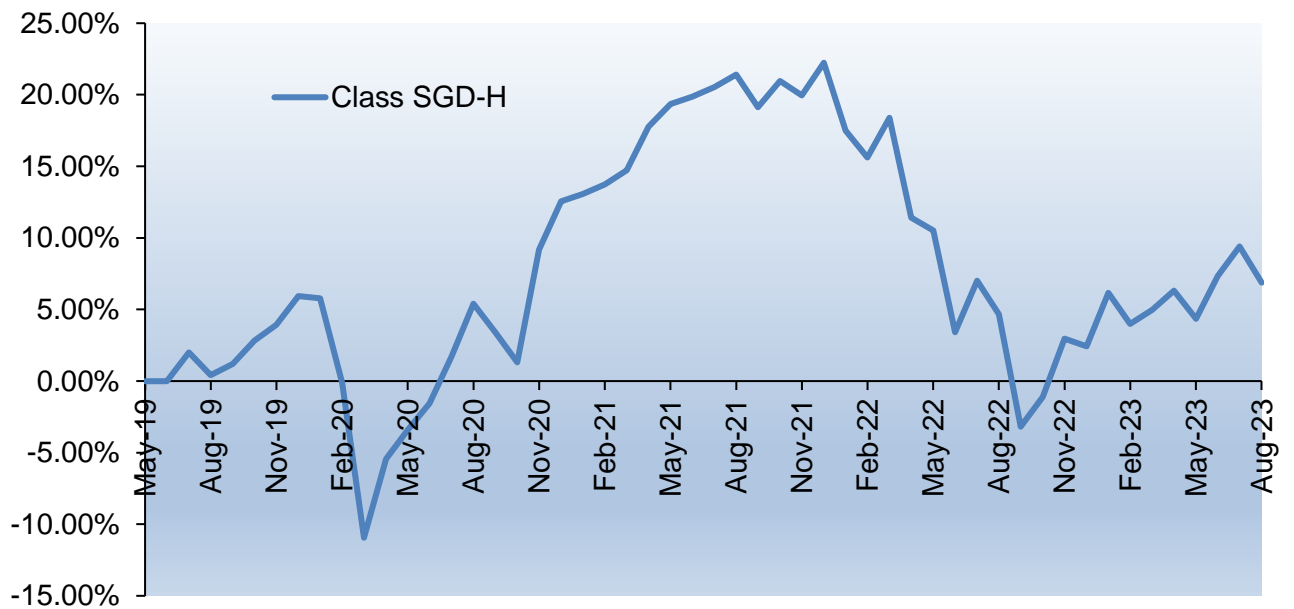
FUND PERFORMANCE (CONTINUED)

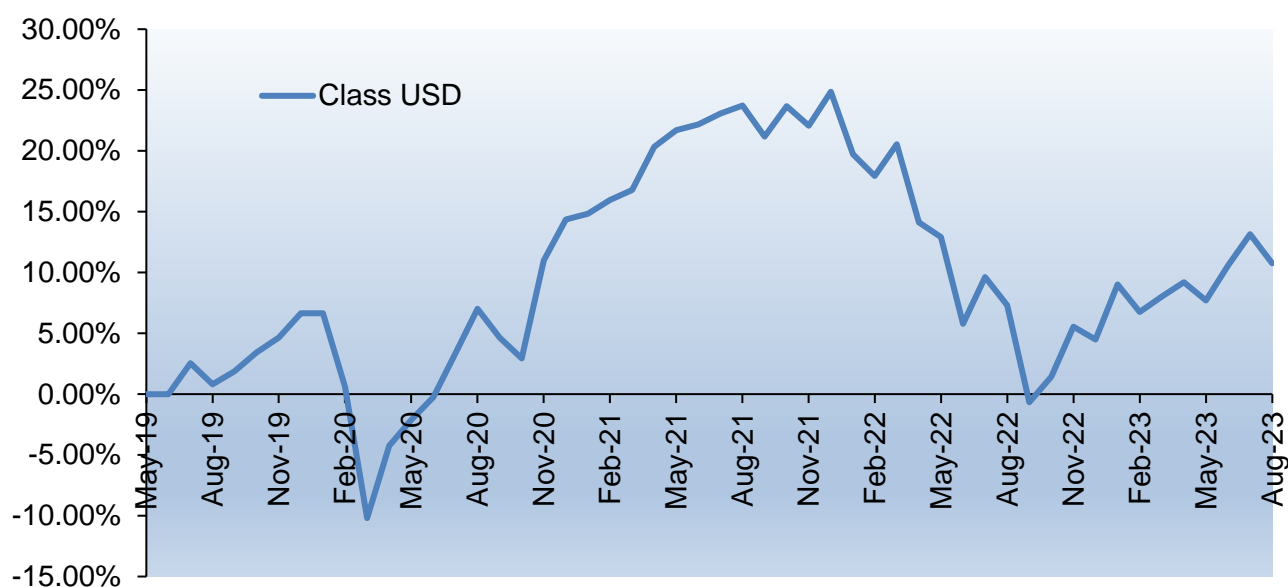
Since Inception

Class MYR-H



Class SGD-H



FUND PERFORMANCE (CONTINUED)
Since Inception
Class USD

Changes in NAV

	31.08.2023	31.08.2022	Changes %
CLASS AUD-H			
NAV (USD Million)	2.41	2.80	(13.93)
NAV/Unit (USD)	0.6153	0.6593	(6.67)
CLASS GBP-H			
NAV (USD Million)	1.87	1.76	6.25
NAV/Unit (USD)	1.2151	1.1215	8.35
CLASS MYR-H			
NAV (USD Million)	13.56	15.50	(12.52)
NAV/Unit (USD)	0.2159	0.2275	(5.10)
CLASS SGD-H			
NAV (USD Million)	1.71	1.73	(1.16)
NAV/Unit (USD)	0.7300	0.7097	2.86
CLASS USD			
NAV (USD Million)	2.39	3.15	(24.13)
NAV/Unit (USD)	1.0203	1.0102	1.00

For the financial year under review, the Fund's NAV for Class AUD-H, Class MYR-H, Class SGD-H, and Class USD decreased by 13.93%, 12.52%, 1.16%, and 24.13% respectively. Meanwhile, Class GBP-H increased by 6.25% during the same financial year under review.

In addition, the Fund's NAV per unit (USD) during the financial year under review for Class AUD-H, and Class MYR-H decreased by 6.67%, and 5.10% respectively. On the other hand, Class GBP-H, Class SGD-H, and Class USD increased by 8.35%, 2.86%, and 1.00% respectively during the same financial year under review.

FUND PERFORMANCE (CONTINUED)

Changes in NAV (continued)

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.08.2023	31.08.2022
Collective investment scheme	98.84	98.63
Cash and other assets	2.34	1.86
Liabilities	(1.18)	(0.49)
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 liquidity purposes.

Top 10 holdings of the Target Fund:

	% of NAV
Top 10 holdings *	31.08.2023
Apple Inc	2.51
Microsoft Corp	2.01
Alphabet Inc	1.12
NVIDIA Corp	1.02
Amazon.Com Inc	0.87
Meta Platforms Inc	0.50
UnitedHealth Group Inc	0.48
Tesla Inc	0.45
Samsung Electronics Co Ltd	0.44
Johnson & Johnson	0.43

	% of NAV
Top 10 holdings *	31.08.2022
Apple Inc	2.01
Microsoft Corp	1.59
Alphabet Inc-CI A	1.04
Amazon.Com Inc	0.79
Johnson & Johnson	0.51
Tesla Inc	0.48
Meta Platforms Inc	0.39
Us Treasury N/B 3.000 15/07/2025	0.36
Exxon Mobil Corp	0.34
Unitedhealth Group Inc	0.34

* As per disclosed in Fund Fact Sheet.

MARKET OUTLOOK*

Western and Eastern economies are diverging; disinflation continues in the West, but core inflation remains sticky, raising the probability of small additional rate hikes. Conversely, Eastern economies face a much more benign growth and inflation mix.

Upwardly revised growth figures are raising hopes of a soft landing in the US. However, a recession is still possible towards the end of 2023, as tight monetary policy slows growth. The Fed is now likely at peak hawkishness, we expect a policy pause in September and potential cuts at the end of 2023. In the East, inflation is much less of a concern, and areas of supportive policy can help maintain growth. There are risks that a global slowdown might dampen trade revenues, but this can be partially offset by a weaker US Dollar.

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

INVESTMENT STRATEGY

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

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the “Manager”) and the Trustee will not retain any form of rebate or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the 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 dealers, but the Manager has retained soft commission in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. The Manager confirms that the goods and services received were for the benefit of the Fund, the trades were made on a best execution basis and there was no churning of trades.

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIR OF THE FUND

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 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 34 are drawn up in accordance with the provisions of the Deed and give a true and fair view of the financial position as at 31 August 2023 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

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
17 October 2023

TRUSTEE'S REPORT

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

We have acted as Trustee of the Fund for the financial year then ended 31 August 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management Berhad has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the Deed, securities laws and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;
2. Valuation and pricing is carried out in accordance with the Deed; and
3. Any creation and cancellation of units are carried out in accordance with the Deed and any regulatory 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
17 October 2023

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal World Selection Moderate Fund (the "Fund"), which comprise the statement of financial position of the Fund as at 31 August 2023 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 August 2023, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL WORLD SELECTION MODERATE FUND (CONTINUED)**

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 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 FUND (CONTINUED)

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 FUND (CONTINUED)**

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, the Capital Markets and Services Act 2007 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
17 October 2023

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023**

	Note	2023 USD	2022 USD
INCOME/(LOSS)			
Dividend income		882,814	805,044
Net gain/(loss) on financial assets at fair value through profit or loss	8	487,538	(4,517,710)
Net loss on derivatives assets at fair value through profit or loss	9	(881,479)	(1,829,312)
Net foreign exchange gain/(loss)		3,415	(3,413)
		<u>492,288</u>	<u>(5,545,391)</u>
EXPENSES			
Management fee	4	353,320	420,172
Trustee fee	5	9,234	11,205
Audit fee		1,854	3,043
Tax agent's fee		1,463	1,200
Other expenses		3,886	5,137
		<u>369,757</u>	<u>440,757</u>
PROFIT/(LOSS) BEFORE DISTRIBUTION AND TAXATION		122,531	(5,986,148)
Distribution:			
- Class AUD-H		70,075	61,919
- Class GBP-H		47,097	34,142
- Class MYR-H		398,590	332,953
- Class SGD-H		46,538	30,560
- Class USD		75,237	63,848
	6	<u>637,537</u>	<u>523,422</u>
LOSS BEFORE TAXATION		(515,006)	(6,509,570)
Taxation	7	<u>(189,211)</u>	<u>(66,378)</u>
LOSS AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>(704,217)</u>	<u>(6,575,948)</u>
Loss after taxation is made up as follows:			
Realised amount		(1,368,166)	(1,138,984)
Unrealised amount		663,949	(5,436,964)
		<u>(704,217)</u>	<u>(6,575,948)</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 2023**

	Note	2023 USD	2022 USD
ASSETS			
Cash and cash equivalents	10	237,907	276,429
Financial assets at fair value through profit or loss	8	21,681,824	24,598,266
Derivative assets at fair value through profit or loss	9	30,868	-
Amount due from dealers		94,818	10,422
Amount due from Manager		-	10,210
Amount due from Manager of collective investment scheme			
- Management fee rebate		82,920	92,641
Dividends receivable		67,518	73,640
TOTAL ASSETS		<u>22,195,855</u>	<u>25,061,608</u>
LIABILITIES			
Derivative liabilities at fair value through profit or loss	9	-	27,321
Amount due to dealers		94,655	10,426
Amount due to Manager		94,818	5,176
Accrued management fees		28,123	32,989
Amount due to Trustee		562	880
Tax payable		35,423	41,319
Other payables and accruals		5,236	3,873
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>258,817</u>	<u>121,984</u>
NET ASSET VALUE OF THE FUND		<u>21,937,038</u>	<u>24,939,624</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>21,937,038</u>	<u>24,939,624</u>

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 AUGUST 2023 (CONTINUED)

	Note	2023 USD	2022 USD
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (USD)			
- Class AUD-H		2,404,779	2,802,482
- Class GBP-H		1,870,776	1,756,489
- Class MYR-H		13,559,127	15,501,175
- Class SGD-H		1,708,676	1,729,882
- Class USD		2,393,680	3,149,596
		<u>21,937,038</u>	<u>24,939,624</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)			
	11		
- Class AUD-H		3,908,114	4,250,516
- Class GBP-H		1,539,579	1,566,125
- Class MYR-H		62,813,683	68,111,157
- Class SGD-H		2,340,750	2,437,259
- Class USD		2,346,025	3,117,760
		<u>72,948,151</u>	<u>79,482,817</u>
NET ASSET VALUE PER UNIT (USD)			
- Class AUD-H		0.6153	0.6593
- Class GBP-H		1.2151	1.1215
- Class MYR-H		0.2159	0.2275
- Class SGD-H		0.7300	0.7097
- Class USD		<u>1.0203</u>	<u>1.0102</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- Class AUD-H		AUD0.9504	AUD0.9622
- Class GBP-H		GBP0.9555	GBP0.9616
- Class MYR-H		MYR1.0008	MYR1.0183
- Class SGD-H		SGD0.9858	SGD0.9930
- Class USD		<u>USD1.0203</u>	<u>USD1.0102</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 2023**

	2023 USD	2022 USD
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>24,939,624</u>	<u>28,112,377</u>
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class AUD-H	6,101	696,183
- Class GBP-H	19,993	913,482
- Class MYR-H	306,329	4,617,859
- Class SGD-H	12,357	671,892
- Class USD	-	721,187
	<u>344,780</u>	<u>7,620,603</u>
Creation of units from distributions		
- Class AUD-H	70,075	61,919
- Class GBP-H	47,097	34,142
- Class MYR-H	398,590	332,953
- Class SGD-H	46,538	30,560
- Class USD	75,237	63,848
	<u>637,537</u>	<u>523,422</u>
Cancellation of units		
- Class AUD-H	(292,967)	(804,935)
- Class GBP-H	(93,895)	(71,052)
- Class MYR-H	(1,912,730)	(3,072,950)
- Class SGD-H	(132,825)	(107,988)
- Class USD	(848,269)	(683,905)
	<u>(3,280,686)</u>	<u>(4,740,830)</u>
Total comprehensive loss for the financial year	<u>(704,217)</u>	<u>(6,575,948)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	<u>21,937,038</u>	<u>24,939,624</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 2023**

	Note	2023 USD	2022 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Purchase of collective investment scheme		(2,245,000)	(6,585,000)
Proceeds from disposal of collective investment scheme		5,370,000	3,725,000
Dividend income received		888,936	782,865
Management fee paid		(358,186)	(421,167)
Management fee rebate received		288,701	327,890
Trustee fee paid		(9,552)	(11,231)
Tax paid		(195,107)	(25,059)
Payments for other fees and expenses		(5,840)	(9,270)
Net realized loss on forward foreign currency contracts		(939,835)	(1,356,479)
Payment of other foreign exchange loss		(1,945)	(3,291)
Net cash generated from/(used in) operating activities		<u>2,792,172</u>	<u>(3,575,742)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		354,990	8,350,431
Payments for cancellation of units		(3,191,044)	(4,761,312)
Net cash (used in)/generated from financing activities		<u>(2,836,054)</u>	<u>3,589,119</u>
Net (decrease)/increase in cash and cash equivalents		(43,882)	13,377
Effect of foreign exchange differences		5,360	(122)
Cash and cash equivalents at the beginning of the financial year		<u>276,429</u>	<u>263,174</u>
Cash and cash equivalents at the end of the financial year	10	<u>237,907</u>	<u>276,429</u>
<u>Cash and cash equivalents comprised:</u>			
Bank balances		<u>237,907</u>	<u>276,429</u>
Cash and cash equivalents at the end of the financial year	10	<u>237,907</u>	<u>276,429</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2023

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

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

The Fund is a feeder fund and it invests in a single collective investment scheme, i.e. HSBC-WS3. 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-WS3; a portfolio established on 20 October 2009 under the 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-WS3
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 Deed, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

2. SUMMARY OF SIGNIFICANT 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.

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(n).

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 September 2022 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 2023 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

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, derivatives assets, amount due from dealers, amount due from Manager of collective investment scheme – management fee rebates, dividends receivable and other receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

All of the Fund's financial liabilities (excluding Net Assets Attributable to Unit Holders) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and financial liabilities (continued)**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.

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 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) Foreign 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 USD, which is the Fund’s functional and presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(d) Foreign currency (continued)**Functional and presentation currency (continued)

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.

Transactions and balances

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

(e) Cash and cash equivalents

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

(f) Distribution

A distribution to the Fund's unit holders is accounted for as finance cost in the statement of comprehensive income as the unit holders' contributions are classified as financial liability as per Note 2(l). A proposed distribution is recognised as a liability in the financial year in which it is approved by the Trustee.

(g) Taxation

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

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

(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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(i) 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 member 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 members of respective classes with the total number of outstanding units of respective classes.

(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.

(k) Amount due from/to dealers

Amounts due from and amount due to dealers 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.

(l) Management fee rebate

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

(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 unfavorable.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Derivative financial instruments (continued)

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).

(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 were as follows:

	Financial assets at fair value through profit or loss USD	Financial assets at amortised cost USD	Total USD
2023			
Cash and cash equivalents (Note 10)	-	237,907	237,907
Collective investment scheme (Note 8)	21,681,824	-	21,681,824
Derivative assets at fair value through profit or loss (Note 9)	30,868	-	30,868
Amount due from dealers	-	94,818	94,818
Amount due from Manager of collective investment scheme			
- Management fee rebate	-	82,920	82,920
Dividends receivable	-	67,518	67,518
	<u>21,712,692</u>	<u>483,163</u>	<u>22,195,855</u>

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

Financial instruments of the Fund were as follows (continued):

	Financial assets at fair value through profit or loss USD	Financial assets at amortised cost USD	Total USD
2022			
Cash and cash equivalents (Note 10)	-	276,429	276,429
Collective investment scheme (Note 8)	24,598,266	-	24,598,266
Amount due from dealers	-	10,422	10,422
Amount due from Manager	-	10,210	10,210
Amount due from Manager of collective investment scheme			
- Management fee rebate	-	92,641	92,641
Dividends receivable	-	73,640	73,640
	<u>24,598,266</u>	<u>463,342</u>	<u>25,061,608</u>

All of the Fund's financial liabilities (excluding the net assets attributable to unit holders) 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 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 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 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.

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

(a) Market risk (continued)

(ii) Price risk (continued)

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

	2023 USD	2022 USD
Financial assets at fair value through profit or loss:		
- Collective investment scheme	21,681,824	24,598,266

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
2023		
-5%	20,597,733	(1,084,091)
0%	21,681,824	-
5%	22,765,915	1,084,091
2022		
-5%	23,368,353	(1,229,913)
0%	24,598,266	-
5%	25,828,179	1,229,913

(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:

	Cash and cash equivalents USD	Amount due from dealers USD	Amount due from Manager USD	Derivative assets at fair value through profit or loss USD	Total USD
Financial assets					
2023					
AUD	648	-	-	17,984	18,632
GBP	783	-	-	(14,976)	(14,193)
MYR	10,620	94,818	-	23,228	128,666
SGD	619	-	-	4,632	5,251
	12,670	94,818	-	30,868	138,356

2022					
AUD	686	-	-	-	686
GBP	818	-	-	-	818
MYR	7,081	-	10,210	-	17,291
SGD	283	-	-	-	283
	8,867	-	10,210	-	19,077

	Amount due to dealers USD	Amount due to Manager of collective investment scheme USD	Derivative liabilities at fair value through profit or loss USD	Total USD
Financial liabilities				
2023				
AUD	-	-	-	-
GBP	-	-	-	-
MYR	-	94,818	-	94,818
SGD	-	-	-	-
	-	94,818	-	94,818

2022				
AUD	-	-	(18,378)	(18,378)
GBP	-	-	(28,377)	(28,377)
MYR	10,210	-	21,462	31,672
SGD	-	-	(2,028)	(2,028)
	10,210	-	(27,321)	(17,111)

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

(a) Market 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 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	
		2023 USD	2022 USD
	%		
AUD	+/- 5	+/- 932	+/- 953
GBP	+/- 5	+/- 710	+/- 1,460
MYR	+/- 5	+/- 1,692	+/- 719
SGD	+/- 5	+/- 263	+/- 116
		<u>3,597</u>	<u>3,248</u>

(b) Credit risk

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

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

For amount due from 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 dealers USD	Amount due from Manager of collective investment scheme – management fee rebate USD	Dividends receivable USD	Derivative assets at fair value through profit or loss USD	Total USD
2023						
- AAA	237,907	-	-	-	-	237,907
- Not rated	-	94,818	82,920	67,518	30,868	276,124
	<u>237,907</u>	<u>94,818</u>	<u>82,920</u>	<u>67,518</u>	<u>30,868</u>	<u>514,031</u>

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

(b) Credit risk (continued)

	Cash and cash equivalents USD	Amount due from dealers USD	Amount due from Manager USD	Amount due from Manager of collective investment scheme – management fee rebate USD	Dividends receivable USD	Derivative liabilities at fair value through profit or loss USD	Total USD
2022							
- AAA	276,429	-	-	-	-	-	276,429
- Not rated	-	10,422	10,210	92,641	73,640	(27,321)	159,592
	<u>276,429</u>	<u>10,422</u>	<u>10,210</u>	<u>92,641</u>	<u>73,640</u>	<u>(27,321)</u>	<u>436,021</u>

(c) Liquidity risk

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

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances 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 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
2023			
Amount due to dealers	94,655	-	94,655
Amount due to Manager	94,818	-	94,818
Accrued management fee	28,123	-	28,123
Amount due to Trustee	562	-	562
Other payables and accruals	-	5,236	5,236
Tax payable	35,423	-	35,423
Net assets attributable to unit holders*	<u>21,937,038</u>	<u>-</u>	<u>21,937,038</u>
Contractual undiscounted cash flows	<u>22,190,619</u>	<u>5,236</u>	<u>22,195,855</u>

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

(c) Liquidity risk (continued)

	Less than 1 month USD	Between 1 month to 1 year USD	Total USD
2022			
Derivative liabilities at fair value through profit or loss	27,321	-	27,321
Amount due to dealers	10,426	-	10,426
Amount due to Manager	5,176	-	5,176
Accrued management fee	32,989	-	32,989
Amount due to Trustee	880	-	880
Other payables and accruals	-	3,873	3,873
Tax payable	41,319	-	41,319
Net assets attributable to unit holders*	24,939,624	-	24,939,624
Contractual undiscounted cash flows	25,057,735	3,873	25,061,608

* 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.

(d) Capital risk management

The capital of the Fund is represented by net asset attributable to unit holders of USD21,937,038 (2022: USD24,939,624). 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.

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy

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

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

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

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

Assessing the significance of a particular input to the fair value measurement in its entirety requires 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.

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2023				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	21,681,824	-	-	21,681,824
Financial assets at fair value through profit or loss:				
- Derivative assets at fair value through profit or loss	-	30,868	-	30,868

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2022				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	24,598,266	-	-	24,598,266
Financial liabilities at fair value through profit or loss:				
- Derivative liabilities at fair value through profit or loss	-	27,321	-	27,321

Investments whose values are based on quoted market prices in active markets and are therefore classified within Level 1, include collective investment scheme which invests 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 unquoted fixed income securities and forward foreign currency contracts. 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, amount due from dealers, derivatives assets, 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 2023 and 31 August 2022, the management fee for the respective classes is 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 fee includes local custodian fee but excludes foreign sub-custodian fees and charges.

For the financial year ended 31 August 2023, the Trustee fee was recognised at a rate of 0.04% per annum for each unit class. (2022: 0.04% per annum).

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

6. DISTRIBUTION

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

	2023		2022	
	USD	%	USD	%
Source of distribution				
Distribution out of current year's income	637,537	100.00	523,422	100.00
Distribution out of prior year's income/capital	-	-	-	-
Total	637,537	100.00	523,422	100.00
		2023	2022	
		USD	USD	
Dividend income		637,537	523,422	
Less:				
Expenses		-	-	
Net distribution amount		637,537	523,422	
		2023	2022	
		USD	USD	
Gross/Net distribution per unit (cent)				
Distribution on 13 September 2022				
- Class AUD-H		0.43	-	
- Class GBP-H		0.75	-	
- Class MYR-H		0.15	-	
- Class SGD-H		0.46	-	
- Class USD		0.64	-	
Distribution on 12 December 2022				
- Class AUD-H		0.35	-	
- Class GBP-H		0.62	-	
- Class MYR-H		0.12	-	
- Class SGD-H		0.39	-	
- Class USD		0.57	-	
Distribution on 14 March 2023				
- Class AUD-H		0.44	-	
- Class GBP-H		0.78	-	
- Class MYR-H		0.16	-	
- Class SGD-H		0.50	-	
- Class USD		0.67	-	

6. DISTRIBUTION (CONTINUED)

	2023 USD	2022 USD
Gross/Net distribution per unit (cent)		
Distribution on 12 June 2023		
- Class AUD-H	0.47	-
- Class GBP-H	0.90	-
- Class MYR-H	0.17	-
- Class SGD-H	0.55	-
- Class USD	0.76	-
Distribution on 13 September 2021		
- Class AUD-H	-	0.34
- Class GBP-H	-	0.60
- Class MYR-H	-	0.11
- Class SGD-H	-	0.33
- Class USD	-	0.45
Distribution on 13 December 2021		
- Class AUD-H	-	0.35
- Class GBP-H	-	0.61
- Class MYR-H	-	0.12
- Class SGD-H	-	0.34
- Class USD	-	0.49
Distribution on 11 March 2022		
- Class AUD-H	-	0.36
- Class GBP-H	-	0.68
- Class MYR-H	-	0.13
- Class SGD-H	-	0.38
- Class USD	-	0.53
Distribution on 13 June 2022		
- Class AUD-H	-	0.40
- Class GBP-H	-	0.72
- Class MYR-H	-	0.14
- Class SGD-H	-	0.42
- Class USD	-	0.60

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

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

There are no unrealised losses during the financial year ended 31 August 2023 (2022: USD 5,436,964).

7. TAXATION

	2023 USD	2022 USD
Tax charged for the financial year:		
- Tax on foreign source income	213,345	66,378
- Over provision of tax in prior year	(24,134)	-
	<u>189,211</u>	<u>66,378</u>

7. TAXATION

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

	2023 USD	2022 USD
Loss before taxation	(515,006)	(6,509,570)
Taxation at Malaysian statutory rate of 24% (2022: 24%)	(123,601)	(1,562,297)
Tax effects of:		
- (Investment income not subject to tax)/loss not deductible for tax purposes	(118,148)	1,330,895
- Expenses not deductible for tax purposes	156,508	129,831
- Restriction on tax deductible expenses for Wholesale Funds	85,241	101,571
Tax on foreign source income	213,345	66,378
Over provision of tax in prior year	(24,134)	-
Taxation	<u>189,211</u>	<u>66,378</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.08.2023 USD	31.08.2022 USD
At fair value through profit or loss:		
- Collective investment scheme	<u>21,681,824</u>	<u>24,598,266</u>
Net (loss)/gain on financial assets at fair value through profit or loss:		
- Realised (loss)/gain on disposals	(391,841)	113,743
- Unrealised fair value gain/(loss)	600,399	(4,962,912)
- Management fee rebate #	<u>278,980</u>	<u>331,459</u>
	<u>487,538</u>	<u>(4,517,710)</u>

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

For the financial year ended 31 August 2023, the rebate is recognised at a rate of 0.70% per annum (31 August 2022: 0.70% per annum) calculated and accrued daily based on the NAV of the collective investment scheme.

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
2023				
COLLECTIVE				
INVESTMENT SCHEME				
HSBC Investment Funds (Luxembourg) S.A. HSBC-WS3	<u>2,125,002</u>	<u>22,574,886</u>	<u>21,681,824</u>	<u>98.84</u>
TOTAL COLLECTIVE	<u>2,125,002</u>	<u>22,574,886</u>	<u>21,681,824</u>	<u>98.84</u>
INVESTMENT SCHEME				
ACCUMULATED				
UNREALISED LOSS ON				
FINANCIAL ASSETS AT				
FAIR VALUE THROUGH				
PROFIT OR LOSS		<u>(893,062)</u>		
TOTAL FINANCIAL				
ASSETS AT FAIR				
VALUE THROUGH				
PROFIT OR LOSS		<u><u>21,681,824</u></u>		
2022				
COLLECTIVE				
INVESTMENT SCHEME				
HSBC Investment Funds (Luxembourg) S.A. HSBC-WS3	<u>2,442,218</u>	<u>26,091,727</u>	<u>24,598,266</u>	<u>98.63</u>
TOTAL COLLECTIVE	<u>2,442,218</u>	<u>26,091,727</u>	<u>24,598,266</u>	<u>98.63</u>
INVESTMENT SCHEME				
ACCUMULATED				
UNREALISED LOSS ON				
FINANCIAL ASSETS AT				
FAIR VALUE THROUGH				
PROFIT OR LOSS		<u>(1,493,461)</u>		
TOTAL FINANCIAL				
ASSETS AT FAIR				
VALUE THROUGH				
PROFIT OR LOSS		<u><u>24,598,266</u></u>		

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

	2023 USD	2022 USD
Forward foreign currency contracts	<u>30,868</u>	<u>(27,321)</u>
Net loss on derivative assets at fair value through profit or loss:		
- Realised loss on forward foreign currency contracts	(939,669)	(1,355,384)
- Unrealised fair value gain/(loss) on forward foreign currency contracts	58,190	(473,928)
	<u>(881,479)</u>	<u>(1,829,312)</u>

As at 31 August 2023, there were total of 4 (2022: 7) USD/AUD, USD/GBP, USD/MYR, USD/SGD and MYR/USD outstanding forward foreign currency contracts respectively. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD19,311,940 (2022: USD22,782,378).

The USD/AUD, USD/GBP, USD/MYR, USD/SGD and MYR/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

	2023 USD	2022 USD
Bank balances	<u>237,907</u>	<u>276,429</u>

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2023 No. of units	2022 No. of units
Class AUD-H (i)	3,908,114	4,250,516
Class GBP-H (ii)	1,539,579	1,566,125
Class MYR-H (iii)	62,813,683	68,111,157
Class SGD-H (iv)	2,340,750	2,437,259
Class USD (v)	2,346,025	3,117,760
	<u>72,948,151</u>	<u>79,482,817</u>

(i) Class AUD-H

At the beginning of the financial year	4,250,516	4,321,052
Add : Creation of units from applications	10,076	905,501
Add : Creation of units from distributions	110,627	26,288
Less: Cancellation of units	(463,105)	(1,002,325)
At the end of the financial year	<u>3,908,114</u>	<u>4,250,516</u>

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

	2023	2022
	No. of units	No. of units
(ii) Class GBP-H		
At the beginning of the financial year	1,566,125	967,588
Add : Creation of units from applications	17,633	641,748
Add : Creation of units from distributions	41,147	9,407
Less: Cancellation of units	(85,326)	(52,618)
At the end of the financial year	<u>1,539,579</u>	<u>1,566,125</u>
(iii) Class MYR-H		
At the beginning of the financial year	68,111,157	61,584,276
Add : Creation of units from applications	1,398,226	17,435,454
Add : Creation of units from distributions	1,808,141	417,176
Less: Cancellation of units	(8,503,841)	(11,325,749)
At the end of the financial year	<u>62,813,683</u>	<u>68,111,157</u>
(iv) Class SGD-H		
At the beginning of the financial year	2,437,259	1,709,286
Add : Creation of units from applications	17,877	842,091
Add : Creation of units from distributions	65,242	13,627
Less: Cancellation of units	(179,628)	(127,745)
At the end of the financial year	<u>2,340,750</u>	<u>2,437,259</u>
(v) Class USD		
At the beginning of the financial year	3,117,760	3,026,758
Add : Creation of units from applications	-	664,248
Add : Creation of units from distributions	75,517	18,791
Less: Cancellation of units	(847,252)	(592,037)
At the end of the financial year	<u>2,346,025</u>	<u>3,117,760</u>

12. TOTAL EXPENSE RATIO ("TER")

	2023	2022
	%	%
TER	<u>0.39</u>	<u>0.39</u>

TER was derived based on the following calculation:

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

A	=	Management fee (exclude management fee rebates)
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 was RM23,560,002 (2022: RM28,022,154).

13. PORTFOLIO TURNOVER RATIO ("PTR")

	2023	2022
PTR (times)	0.16	0.18

PTR was derived based on the following calculation:

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

where:

total acquisition for the financial year = USD2,245,000 (2022: USD6,535,000)

total disposal for the financial year = USD5,370,000 (2022: USD3,725,000)

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 were 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

		2023		2022
	No. of units	USD	No. of units	USD
Manager				
Principal Asset Management Berhad				
- Class AUD-H	2	1	2	1
- Class GBP-H	3	4	13	15
- Class MYR-H	0.00*	0.00*	59	13
- Class SGD-H	2	1	2	1
- Class USD	9	9	195	197

*0.00 denotes units less than 0.01

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 PARTIES TRANSACTIONS AND BALANCES (CONTINUED)

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

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

15. TRANSACTIONS WITH BROKERS

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	7,615,000	100.00	-	-
	<u>7,615,000</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

Details of transactions with the brokers for the financial year ended 31 August 2022 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	10,260,000	100.00	-	-
	<u>10,260,000</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 17 October 2023.

DIRECTORY

Head Office of the Manager

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))
10th Floor, Bangunan CIMB,
Jalan Semantan,
Damansara Heights,
50490 Kuala Lumpur,
MALAYSIA.
Tel: (03) 2084 8888

Website

www.principal.com.my

E-mail address

service@principal.com.my

Customer Care Centre

(03) 7723 7260

Chat with us via WhatsApp
(6016) 299 9792

Trustee for the Principal World Selection Moderate Fund

HSBC (Malaysia) Trustee Berhad (Company No.: 193701000084 (001281-T))
19th Floor, Menara IQ, Lingkaran TRX,
55188 Tun Razak Exchange, Kuala Lumpur
MALAYSIA.
Tel: (03) 2075 7800
Fax: (03) 8894 2611

Auditors of the Fund

Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: +603 7495 8000
Fax: +603 2095 5332

Principal Asset Management Berhad
199401018399 (304078-K)

Enquiries:

Customer Care Centre
(603)7723 7260

Chat with us via WhatsApp
(6016)299 9792

Email
service@principal.com.my

Website
www.principal.com.my