

Principal FTSE China 50 ETF

(formerly known as CIMB FTSE China 50)

Annual Report

For The Financial Year Ended 30 June 2020

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(formerly known as CIMB FTSE China 50)

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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INVESTORS' LETTER

Dear Valued Investor,

We have seen the reopening of schools and more families enjoying domestic vacations in Malaysia albeit with the necessary measures and standard operating procedures in place. These developments continue to provide positivity and confidence for us to overcome the setbacks experienced in recent times due to the pandemic. The Malaysian economy has been positive with the local unemployment rate starting to reduce as most sectors reopened during the Recovery Movement Control Order ("RMCO"). The FBMKLCI has seen a rebound from the March 2020 low by 21.18% to 1,603 levels as of 31 July 2020. In terms of participation, the retail investors recorded an increase of approximately 33% this year as of 30 June 2020.

Meanwhile, markets globally have shown positive effects of the massive policy support around the world coupled with the reopening of economies. In July 2020, markets rallied across the board with indices within Asia-Pacific bourses outperforming the developed markets. The MSCI Asia ex-Japan Index rose 3.96%, followed by Shanghai 12.09%, and Taiwan 8.64% compared with 5.29% for the S&P 500. The bond market remained positive with increases of 4% to 6%. Nevertheless, markets continue to remain cautious with the ongoing rhetoric between US-China and the US presidential elections in November 2020.

We believe each investor should maintain a diverse portfolio that matches risk tolerance preferences and helps achieve long-term financial goals. For our:

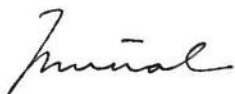
- **Conservative investors, we recommend:** Malaysia focus bond and balanced funds that are income focussed.
- **More aggressive investors, we recommend:** Growth-oriented funds that offer exposure to growth areas in China, Asia-Pacific, Global Technology, ASEAN and Malaysian aggressive funds.

Visit our website (www.principal.com.my) and Facebook account (@PrincipalAssetMY) for additional insights and investing articles.

Please be informed that effective 30 September 2019, the Fund has been renamed as Principal FTSE China 50 ETF following the issuance of the Replacement Prospectus Issue No. 2. We also wish to inform that we have appointed Ernst & Young PLT ("EY") as the auditor of the Fund in respect of the audit for the financial year ended 30 June 2020 onwards. The change of Fund Auditor has been approved by the Trustee of the Fund, Deutsche Trustees Malaysia Berhad, in accordance with the provisions of the Deed in relation to the Fund.

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

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

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

Has the Fund achieved its objective?

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

What are the Fund investment policy and principal investment strategy?

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

Replication Strategy

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

Representative Sampling Strategy

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

Fund category/type

Exchange-traded Fund ("ETF")/Equity/Index tracking

How long should you invest for?

Medium to long-term

When was the Fund launched?

9 July 2010*

* Listing date

What was the size of the Fund as at 30 June 2020?

RM9.38 million (5.85 million units)

What is the Fund's benchmark?

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

What is the Fund distribution policy?

Annually, subject to the discretion of the Manager.

What was the net income distribution for the financial year ended 30 June 2020?

There was no distribution made for the financial year ended 30 June 2020.

PERFORMANCE DATA

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

	30.06.2020	30.06.2019	30.06.2018
	%	%	%
Quoted securities			
- Basic Materials	1.38	1.24	1.57
- Consumer Products	9.57	7.52	3.55
- Energy	7.78	9.93	12.11
- Finance	45.35	43.85	46.52
- Health Care	1.49	-	-
- Industrials	1.79	4.39	4.38
- Real estate	8.24	9.46	9.00
- Technology	2.77	1.84	2.44
- Telecommunications	18.67	19.32	17.53
- Utilities	1.47	1.47	1.12
Cash and other net assets	1.49	0.98	1.78
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	30.06.2020	30.06.2019	30.06.2018
Total asset value (RM Million)	9.48	11.61	15.26
Net Asset Value ("NAV") (RM Million)	9.38	11.52	15.17
Units in circulation (Million)	5.85	7.15	9.75
NAV per Unit (RM)	1.6041	1.6109	1.5559
Highest NAV per Unit (RM)	1.6813	1.7051	1.8292
Lowest NAV per Unit (RM)	1.3507	1.4214	1.4720
Market Price per Unit (RM)	1.6050	1.5850	1.5400
Highest Market Price per Unit (RM)	1.6700	1.6900	1.8450
Lowest Market Price per Unit (RM)	1.3000	1.4500	1.4600
Total return (%) [^]	(0.51)	3.53	5.00
- Capital growth (%)	(0.51)	3.53	5.00
- Income distribution (%)	-	-	-
Management Expenses Ratio ("MER") (%) *	1.19	1.18	1.13
Portfolio Turnover Ratio ("PTR") (times) #	0.27	0.52	0.14

[^] based on NAV per unit

* The Fund's MER increased from 1.18% to 1.19% due to decrease in average NAV during the financial year under review.

During the financial year under review, the Fund's PTR was 0.27 times, lower compared to the same period last year which was at 0.52 times, due to lesser trading activities from portfolio rebalancing within the reporting period.

PERFORMANCE DATA (CONTINUED)

	30.06.2020	30.06.2019	30.06.2018	30.06.2017	30.06.2016
	%	%	%	%	%
Annual total return	(0.51)	3.53	5.00	27.21	(20.04)

(Listing date: 9 July 2010)

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

MARKET REVIEW (1 JULY 2019 TO 30 JUNE 2020)

China posted a small loss during the month of July 2019. The boost to equities from the US-China trade talks in late June 2019 turned out to be short-lived. There was little further progress to the situation in July 2019, but another meeting is scheduled for September 2019. Economic data for June 2019 saw some recovery, though it was downplayed due to concerns over the outlook for the second half of 2019. The best performing sectors were healthcare and Information Technology (“IT”). Meanwhile, real estate performed poorly on the back of new measures to keep real estate financing in check while the materials sector also underperformed during the month.

China equities remained on the negative in August 2019. The US announced 10% tariffs on USD300 billion of Chinese goods with effect from 1 September 2019, albeit around half of these were later delayed to 15 December 2019. The Chinese Yuan Renminbi (“CNY”) subsequently depreciated beyond the symbolic 7-per-US Dollar (“USD”) threshold, and in response the US Treasury (“UST”) labelled the country a currency manipulator. The Chinese authorities retaliated to trade actions with tariffs on USD75 billion of imports from the US, and also suspended new US agricultural product purchases. Meanwhile, fresh policy support was announced in response to domestic economic weakness.

Overall for the third quarter of 2019, Chinese markets fell alongside other Asian equity markets, as a re-escalation of US-China trade tensions and continuing political unrest in Hong Kong sent shockwaves through equity markets. In this environment, returns from the Chinese market were marginally worse than the Asian region as a whole. Regarding the Hong Kong market, share price weakness was pronounced amid ongoing and steadily escalating protests and demonstrations in the city.

China markets finally rebounded in October 2019, in line with Emerging Markets (“EM”). Global markets continued to be driven by US-China trade negotiations and the tentative trade truce in mid-October 2019 was positive for sentiment. The agreed outline of a mini-trade deal includes a significant increase in China’s purchase of US agricultural products, a currency pact, China’s further opening of the financial sector, some tech transfer and Intellectual Property (“IP”) protection issues, and the suspension of 15 October 2019 tariff increase from the US. Recently, both sides have signalled positive progress toward a deal signing, which will likely still take place in November 2019 despite the cancellation of the Asia-Pacific Economic Cooperation (“APEC”) summit. On the domestic front, China’s third quarter of 2019 Gross Domestic Product (“GDP”) growth was slightly weaker than expected at 6.0% year-on-year (“y-o-y”), but did end the quarter on a stronger note with improving September 2019 data.

China markets recorded positive returns in November 2019 as the Government provided modest stimulus in response to ongoing soft economic data. Industrial production and retail sales growth slowed more than expected in October 2019. Taiwanese equities also moved higher as aggregate corporate earnings revisions increased. Hong Kong underperformed as the ongoing protests continued to weigh on sentiment. Nevertheless, investor sentiment remained fragile on the back of escalating violence in Hong Kong between protesters and the police, while a stronger USD was a headwind for several markets. The US and China remained in dialogue over a “phase-one” trade agreement, although no deal was reached.

MARKET REVIEW (1 JULY 2019 TO 30 JUNE 2020) (CONTINUED)

China markets came in strong to close off the year in December 2019. For China equities, the cyclical rotation continues to gain traction, evidenced by the outperformance of the real estate, materials, IT and energy sectors. The key driver is the mitigation of geopolitical risk, as the US and China announced on 13 December 2019 that an agreement on Phase One trade negotiation had been reached. As anticipated, the US will delay indefinitely the new tariffs that were set to take effect on 15 December 2019 on ~USD160 billion of Chinese imports. In addition, the tariff on USD120 billion of Chinese imports will be reduced to 7.5% from 15%, which represents the first tariff rollback since the inception of the trade war in July 2018.

China markets started 2020 on a weaker note as it declined in January 2020, amid concerns over the impact of the COVID-19 outbreak in China on economic growth. This was despite of an initial improvement in sentiment mid-month, as the US and China signed a 'Phase One' trade deal, as expected. In line with fears over an outbreak, the Chinese authorities responded by imposing travel restrictions and cancelling lunar new year events. As the virus spread, factory re-openings were delayed after the new year holiday. Hong Kong and Taiwanese equities also fell over the month. In Taiwan, President Tsai-Ing-wen was re-elected for a second term.

In February 2020, China recorded a modestly positive return, outperforming all other equity markets in Asia. COVID-19 infection rates in the mainland appeared to stabilize and some activity indicators started to improve. The Hong Kong and Taiwanese markets also outperformed the wider Asian market.

While global and other Asian equities plummeted over the period, the Chinese market was a notable outperformer during the first quarter of 2020. China, seen as 'ahead of the curve' as it was the first country to record cases of COVID-19, took measures to lock down the city of Wuhan. Its measures to contain the spread were deemed a success as the number of active cases of the virus in mainland China appeared to peak in February 2020 and subsequently fell sharply. A mixture of interest rate cuts and fiscal (tax and spending) measures were announced during the quarter by the Chinese authorities. Meanwhile, the spread of the virus appeared to be relatively contained in Hong Kong.

In April 2020, Chinese equities continued posting positive returns. March 2020 activity data confirms that recovery is on track with the start of relaxation of social distancing measures. China's official Purchasing Manager's Index ("PMI") eased to 50.8 from 52 in March 2020 while Caixin fell back into contractionary territory to 49.4. New export orders tumbled as external demand collapsed while service PMI rose to 53.2. In addition, The People's Bank of China ("PBoC") also lowered its one-year medium-term lending facility ("MLF") by 20 basis points ("bps"), from 3.15% to 2.95% on 15 April 2020, the lowest since September 2014.

In May 2020, Chinese equities underperformed world and most other Asian markets over the month. Hong Kong, where a new national security law was proposed, was the worst-performing market in the region. The other Greater China markets of China and Taiwan also posted losses, as Beijing's relationship with the US become strained once again amid talk of delisting Chinese companies from US markets and compensatory tariffs for COVID-19.

Chinese market rose strongly over the second quarter, although it underperformed other Asian markets in aggregate. The market was buoyed by ongoing stimulus from the Central Bank and a return to normalcy after the COVID-19-related lockdown. During the second quarter of 2020, economic activity in China continued to recover, with the manufacturing PMI improving to 51.2 in June 2020, though exports fell by 3.3% year on year in May 2020 after expanding in April 2020. Meanwhile, the government announced further fiscal support at the National People's Congress in May 2020. However, geopolitical concerns increased as the US-China confrontation expanded beyond trade and technology issues.

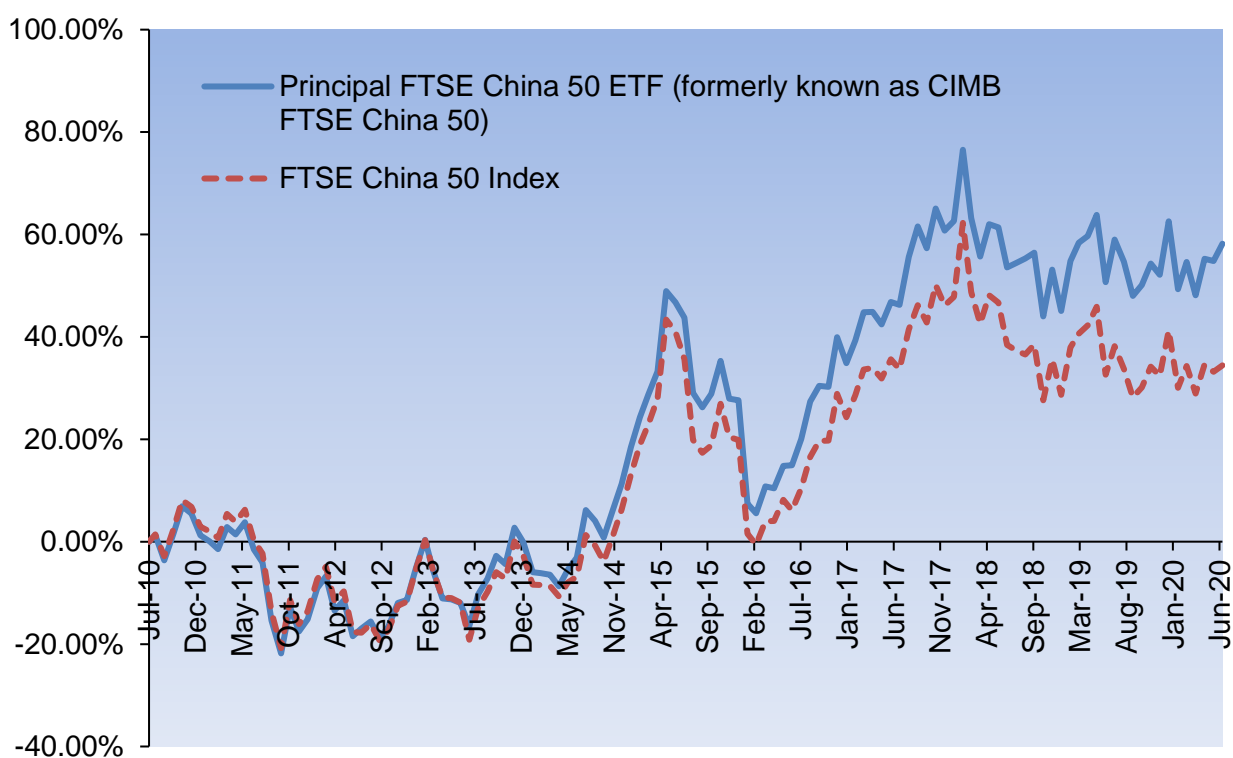
FUND PERFORMANCE (CONTINUED)

	1 year to 30.06.2020	3 years to 30.06.2020	5 years to 30.06.2020	Since inception to 30.06.2020
	%	%	%	%
Income Distribution	-	-	-	-
Capital Growth [^]	(0.51)	8.16	10.02	58.16
Total Return [^]	(0.51)	8.16	10.02	58.16
Average Total Return [^]	(0.51)	2.65	1.93	4.70
Benchmark	(2.70)	0.57	(0.84)	34.46
Changes in Market Price per Unit	1.26	8.45	10.31	57.35

[^] based on NAV per Unit

For the financial year under review, the Fund decreased by 0.51%, outperforming the benchmark which decreased by 2.70%

The last available published market price of the Fund quoted on Bursa Malaysia fell from RM1.6109 to RM1.6041 during the financial year under review, representing a decline of 0.42%



FUND PERFORMANCE (CONTINUED)

Changes in NAV

	30.06.2020	30.06.2019	Changes %
NAV (RM Million)	9.38	11.52	(18.58)
NAV/Unit (RM)	1.6041	1.6109	(0.42)

For the 1-year period, the Fund's NAV was lower at RM9.38 million as at 30 June 2020 compared to RM11.52 million on 30 June 2019. On the other hand, the NAV per unit decreased to RM1.6041 per unit from RM1.6109 per unit due to the negative investment performance during the financial year.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	30.06.2020	30.06.2019
Quoted securities	98.56	99.02
Cash and other net assets	1.44	0.98
TOTAL	100.00	100.00

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

MARKET OUTLOOK*

The Chinese equity markets have traded higher in recent weeks of June 2020 as the pandemic seems to have eased, with a sharp slowdown in reported COVID-19 cases evident. Although there has been an uptick in the number of cases in certain states in the US, investors seem to be willing to look through this development. This is mainly because of the amount of liquidity being pumped into the system, and the fact that Donald Trump is unlikely to order a nationwide lockdown again so close to the US presidential election. Therefore, as the visibility on the relaxation of lockdown protocols continued to increase, market sentiment improved.

Looking ahead, the pace of normalization following the COVID-19 shock, policy responses and political tension between China and the US will remain the key drivers of China's economic dynamics and market movements.

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

INVESTMENT STRATEGY

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

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 30 June 2020 are as follows:

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
Less than 100	6	0.00	0.00
100 to 1,000	82	0.04	0.68
1,001 to 10,000	114	0.51	8.72
10,001 to 100,000	51	1.41	24.10
100,001 to less than 5% of approved fund size	9	1.97	33.68
5% and above the approved fund size	2	1.92	32.82
Total	264	5.85	100.00

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the “Manager”) and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Funds unless the soft commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. All dealings with brokers are executed on best available terms.

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 commissions in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds.

ADDITIONAL INFORMATION

Key Personnel of the Manager

There are eleven (11) members sitting on the Board of Directors of Principal Malaysia including two (2) Alternate Directors and four (4) Independent Directors. The Board of Directors oversees the management and operations of Principal Malaysia and meets at least once every quarter.

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

Name:	A.Huzaim Bin Dato' Abdul Hamid* (resigned w.e.f. from 1 August 2020)
Age:	55
Nationality:	Malaysian
Designation:	Independent Non-Executive Director of Principal Asset Management Bhd.
Qualifications:	Master of Science, Financial Economics, School of Oriental and African Studies (SOAS), University of London, United Kingdom, 2010; Advanced Diploma in Russian Language from the Russian Center of Science and Culture, Kuala Lumpur, and the Pushkin State Institute of Russian Language, Moscow, Russia 2009; Bachelor of Science, Economics, Louisiana State University, Baton Rouge Louisiana, United States of America, 1988.
Experience:	<p>Huzaim has spent 27 years in various aspects of finance, economics, and public policy advisory. 12 of those years was spent as a fund manager, where he was, among others, a Chief Investment Officer with Alliance Capital Asset Management and as a member of the Pacific Region Team and a Global Commodities Specialist with Hong Kong's Jardine Fleming Investment Management which is now part of JP Morgan, Chase and Co. He was an independent Investment Committee member for 6 years for Principal Asset Management as well as being the same for Principal Islamic Asset Management Sdn Bhd and CIMB Wealth Advisors Bhd for several years. He also served as an independent Investment Committee member for CIMB Aviva Assurance and CIMB Aviva Takaful for two years.</p> <p>Huzaim is the Chairman & CEO of Ingenium Advisors, a financial economics advisory established in 2013. He was, prior to that, the Head of Strategic Operations at Malaysia's Employees Provident Fund, where he was deeply engaged in the reform of the Malaysian pension and social security system, which resulted in the private pension system, minimum wages, and minimum retirement age acts.</p> <p>Huzaim also spent several years serving as a Senior Fellow at the then renowned Institute of Strategic and International Studies ("ISIS") Malaysia, reporting directly to its late Chairman, Tan Sri Noordin Sopiee. He was most active in economic, finance, and geostrategic issues. He was engaged heavily in OIC and East Asian matters, and was appointed the Deputy Secretary General for the Malaysian chapter of the Network of East Asian Think-tanks ("NEAT"). Huzaim speaks, thinks and writes in 5 languages.</p>
Date appointed to Board:	2 May 2013
Details of Membership of any Board Committee:	Investment Committee Member
Directorship of other public companies:	None
Family relationship with any Director:	None

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	A.Huzaim Bin Dato' Abdul Hamid* (resigned w.e.f. from 1 August 2020) (continued)
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2019 to 30 June 2020):	4 of 7
Name:	Hisham bin Zainal Mokhtar*
Age:	58
Nationality:	Malaysian
Designation:	Independent Non-Executive Director
Qualifications:	Master in Business Administration, Massachusetts Institute of Technology, under the Sloan Fellow Program at the MIT Sloan School of Management; Master of Science (MS) Mathematics, Illinois State University; Bachelor of Science (BS) Mathematics, Illinois State University; Chartered Financial Analyst ("CFA") Charter Holder.
Experience:	Hisham began his career in the insurance industry at Universal Life and General Insurance in 1987. He joined William M Mercer Sdn Bhd in 1988 before becoming an investment analyst with Crosby Research (M) Sdn Bhd in 1991. He joined Barings Research (Malaysia) Sdn Bhd in 1994 and UBS Research (Malaysia) Sdn Bhd in 1996. He became a financial consultant at Sithe Pacific LLC in 1998, a regional independent power producer, and later ventured out to setup a boutique investment advisory firm, KE Malaysia Capital Partners Sdn Bhd. He served Tricubes Bhd as an Executive Director and Vice President of Corporate and Financing Planning from April 2001 to April 2005. He then joined Khazanah Nasional Bhd in May 2005 and later served as a Director in the Investment Division from April 2009 to June 2014. He was Chief Operating Officer with Astro Overseas Limited from July 2014 until June 2018 and after that a Director in the Group Managing Director's Office at Malaysian Industrial Development Finance Bhd from July 2018 until March 2019.
Date appointed to Board:	11 February 2015
Details of Membership of any Board Committee:	Audit Committee Member of Principal Asset Management Bhd and Principal Islamic Asset Management Sdn Bhd.
Directorship of other public companies:	1) Telekom Malaysia Bhd 2) VADS Bhd 3) Media Prima Bhd

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name: Hisham bin Zainal Mokhtar* (continued)

Family relationship with any Director: None

Conflict of interest with the Fund: None

List of convictions for offences within the past 10 years other than traffic offences: None

Number of board meetings attended in the financial year (1 July 2019 to 30 June 2020): 7 of 7

Name: Juan Ignacio Eyzaguirre Baraona

Age: 63

Nationality: Chilean

Designation: Chief Executive Officer, ASEAN Region

Qualifications: Civil Engineering Degree from the Universidad de Chile
Degree in Philosophy from the Universidad de Los Andes.

Experience: Juan has 30 years of experience in various senior positions in asset management, banking, insurance and fund management. He is currently the Chief Executive Officer, ASEAN for Principal Asset Management Berhad.

In 2008, Juan founded Vistage Chile, a business coaching and management development consultancy headquartered in San Diego, California. Prior to this, Juan served as an executive of Principal Latin America where he drove regional business growth and strategy and led teams in Argentina, Chile and within Principal's joint venture in Brazil.

Date appointed to Board: 13 May 2019

Details of Membership of any Board Committee: None

Directorship of other public companies: None

Family relationship with any Director: None

Conflict of interest with the Fund: None

List of convictions for offences within the past 10 years other than traffic offences: None

Number of board meetings attended in the financial year (1 July 2019 to 30 June 2020): 7 of 7

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Munirah binti Khairuddin
Age:	45
Nationality:	Malaysian
Designation:	Chief Executive Officer/Executive Director
Qualifications:	Bachelor of Arts (Honours) in Accounting & Financial Analysis, University of Newcastle Upon Tyne, UK; Chartered Financial Analyst Charterholder and Capital Markets Services Representative's License holder for fund management.
Experience:	<p>Munirah joined Principal Asset Management Berhad in November 2006 and was later appointed as Deputy CEO in November 2008. Then, Munirah was responsible for the development of institutional, corporate and international business opportunities and institutional sales. She previously worked as a G7 Economist and strategist for a Fortune 500 multinational oil and gas company. Prior to that, she was a fixed income portfolio manager for emerging markets at Rothschild Asset Management in London.</p> <p>Munirah was appointed as CEO/Executive Director on 15 May 2013. She has been instrumental in helping the company to grow its Assets Under Management ("AUM"), deepening its retail leadership with new focus in private retirement space, and maintaining consistent risk management and investment performance. Munirah also played an integral part in growing the agency force business of Principal nationwide. Munirah also oversees both the retail and corporate businesses for Singapore.</p> <p>She was also named as the CEO of the Year, Malaysia in the Asia Asset Management's 2015 Best of the Best Awards for the second year in a row. Munirah was also selected as one of the recipients for the "Top 25 Women of Asset Management" award by AsianInvestor in 2014.</p>
Date appointed to Board:	31 January 2012
Details of Membership of any Board Committee:	None
Directorship of other public companies:	CIMB Wealth Advisors Bhd
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2019 to 30 June 2020):	7 of 7

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Paul Wong Chee Kin
Age:	51
Nationality:	Malaysian
Designation:	Group Chief Operations Officer, CIMB Group
Qualifications:	Bachelor of Business (Major in Banking & Finance), Monash University
Experience:	Paul Wong was appointed as Group Chief Operations Officer on 1 October 2018 with key focus in strategizing and overseeing the Operations function of CIMB Group. He previously held the position as Head of Consumer Business Strategic Support since May 2016 with key focus in driving sales and operational productivity, improving customer experience and strengthening compliance at branches. Other previous appointments include Head of Regional Projects in driving sales and operational efficiency in Group Consumer Banking, and Head of ASEAN Business Solutions to oversee cross-border acquisition for retail products from July 2013 to April 2016. Paul was also Head of Sales Management under Consumer Sales & Distribution from 2007 to 2013 where he led the team drive and manage initiatives on marketing, compliance and employee engagement to optimize productivity from sales channels. During the period, Paul was also appointed as the designated Head of Retail Banking for Bank of Commerce (“BOC”) in Philippines to lead the re-engineering of overall retail banking strategies as CIMB was exploring the acquisition of BOC. Prior to joining CIMB Bank, Paul served in various capacities in several financial institution including Alliance Bank, Prudential Assurance, OCBC, UOB, and DBS in Malaysia and Singapore.
Date appointed to Board:	8 September 2016
Details of Membership of any Board Committee:	None
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2019 to 30 June 2020):	6 of 7

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Pedro Esteban Borda
Age:	59
Nationality:	Argentinean
Designation:	Senior Vice President and Chief Operating Officer, Principal International
Qualifications:	Bachelor Degree in Business Administration and a Master Degree in Finance, both from Universidad Argentina de la Empresa ("U.A.D.E"), Buenos Aires, Argentina.
Experience:	Pedro was previously the President, Principal South Asia & India of Principal International (South Asia) Sdn Bhd ("PISA") based in Malaysia. He is also a Non-Independent Non-Executive Director of Principal Asset Management Bhd since 20 June 2013. Prior joining Principal International, he was Chief Executive Officer, ASEAN Region of Principal Asset Management Bhd. In addition, he was the Country Head - Mexico from 2004 to February 2013, Vice President of Principal Financial Group and previously a member of the Board of Directors of Principal Financial Group, Chile.
Date appointed to Board:	20 June 2013
Details of Membership of any Board Committee:	None
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2019 to 30 June 2020):	4 of 7
Name:	Wong Joon Hian*
Age:	71
Nationality:	Malaysian
Designation:	Independent Non-Executive Director
Qualifications:	Member of the Malaysian Institute of Accountants and a life member of The Malaysian Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Wong Joon Hian* (continued)
Experience:	<p>He has been an independent non-executive director of Principal Asset Management Bhd since 22 August 2007.</p> <p>He has accumulated over 40 years of working experience in the areas of audit, accountancy, financial services and corporate management. He commenced his career when he joined Price Waterhouse & Co. in England after qualifying as a Chartered Accountant in 1973. He returned to Malaysia in 1975 to work for Price Waterhouse (now known as PricewaterhouseCoopers PLT), Malaysia until 1985. He then served as the Technical Manager of The Malaysian Association of Certified Public Accountants from 1986 until he was appointed as the General Manager-Operations of Supreme Finance (Malaysia) Bhd in December 1987. After Mayban Finance Bhd had completed the acquisition of Supreme Finance (Malaysia) Bhd in 1991, he joined BDO Binder as an Audit Principal until 1994 when he joined Advance Synergy Bhd. He was appointed the managing director of United Merchant Group Bhd (now known as Advance Synergy Capital Sdn Bhd) in 1995 until 2020. During the period from 1995 until 2007 he was a director of Ban Hin Lee Bank Bhd, Southern Investment Bank Bhd and United Merchant Finance Bhd. Currently, he is a non-executive director in several dormant companies under the CIMB Group Holdings Bhd Group and serves as an independent non-executive director of Principal Islamic Asset Management Sdn Bhd.</p>
Date appointed to Board:	22 August 2007
Details of Membership of any Board Committee:	Chairman of Audit Committee of Principal Asset Management Bhd and Principal Islamic Asset Management Sdn Bhd
Directorship of other public companies:	1) SFB Auto Bhd 2) SIBB Bhd
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2019 to 30 June 2020):	7 of 7
Name:	Effendy Shahul Hamid
Age:	47
Nationality:	Malaysian
Designation:	Chief Executive Officer, Group Ventures & Partnerships, CIMB Group
Qualifications:	<ul style="list-style-type: none"> • Honours in Electronic Engineering with Optoelectronics, University College London, United Kingdom • Digital Business Leadership Programme, Columbia Business School, Columbia University • CIMB Leadership Programme, INSEAD

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Effendy Shahul Hamid (continued)
Experience:	<p>Effendy is responsible for the development of the Group's new and disruptive revenue and value creation streams through a focus on creating and cultivating platform partnerships at scale, venturing through selective strategic investments in platform based businesses, steering CIMB's approach and practices in terms of financial technology trends, and managing the Group's operations in Vietnam and the Philippines. Also responsible for leading efforts and strategies in the virtual banking space for the Group.</p> <p>He is also responsible for the Group's asset management and investments business across both public and private markets, including the Group's regional asset management business, its private equity fund management business and the Group's equity investments portfolio in companies such as Principal Asset Management and Touch n Go.</p> <p>Most recently, Effendy was CEO of Group Commercial Banking, managing the Group's regional banking businesses for the small and medium enterprise and mid-sized corporate segment, with a key lean on creating differentiated propositions and executing long term growth strategies. Prior to that, he was Group Chief Marketing and Communications Officer, managing the Group's entire marketing and communications initiatives and lead franchise-wide efforts to ensure a consistent and differentiated CIMB brand for all of the Group's businesses across the region. Before that, he served as a Director in the Group's Investment Banking Division, primarily focusing on corporate advisory and origination. Prior to joining the Group, career stints in several international companies in a corporate development capacity, mostly involved in private equity, merger and acquisition activities across Asia Pacific and general business expansion initiatives. Regional business experience having worked and lived in Malaysia, Hong Kong and Singapore.</p>
Date appointed to Board:	17 August 2015
Details of Membership of any Board Committee:	None
Directorship of other public companies:	1) CIG Bhd
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2019 to 30 June 2020):	2 of 7

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Cheong Wee Yee, Thomas (Alternate Director) ^
Age:	52
Nationality:	Singaporean
Designation:	Senior Vice President & President Asia
Qualifications:	<ul style="list-style-type: none"> • Masters in Business Administration degree from Olin Business School, Washington University in St. Louis (Beta Gamma Sigma honors). • Bachelors Degree in Econometrics from the London School of Economics, University of London (First Class honors).
Experience:	<ul style="list-style-type: none"> • Since joining Principal in 2015, he led the development of Principal's retail pension and asset management businesses in China and Hong Kong, and managed key partnerships in the region. Currently serves on the board of Principal's China joint venture and several of Principal companies' in Hong Kong. • More than 20 years of operating and management experience in Asia, holding various senior management positions with P&L responsibilities. Has worked and lived in mainland China, Hong Kong, Taiwan, Singapore and Malaysia, and has extensive experience in the asset management, pension, and life insurance businesses. • Prior to joining Principal, served as Chief Executive Officer and executive director of Manulife Asset Management in Taiwan, Vice President at Manulife's Asset Management in China, Chief Executive Officer at Prudential UK's Funds Management in Malaysia, and acting Chief Executive Officer of Prudential UK's Fund Management in China.
Date appointed to Board:	8 November 2019
Details of Membership of any Board Committee:	Audit Committee Member of Principal Asset Management Bhd and Principal Islamic Asset Management Sdn Bhd.
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2019 to 30 June 2020):	5 of 7 (since appointment)

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name: Chong Chooi Wan (Alternate Director) ^
Age: 42
Nationality: Malaysian
Designation: Director, Group Ventures & Partnerships, CIMB Group
Qualifications: Bachelor Degree in Finance with Summa Cum Laude Honours from the University of Tennessee, Knoxville, U.S.A.
Experience: More than 20 years of experience in strategic planning and investment, corporate developments, mergers and acquisitions in various industries ranging from financial sector to energy sector. In 2020, she joined CIMB Group as the Director of Group Ventures and Partnerships where she is tasked to oversee business optimization projects as well as portfolio management for the bank's investments.

Date appointed to Board: 30 April 2020.

Details of Membership of any Board Committee: None

Directorship of other public companies: None

Family relationship with any Director: None

Conflict of interest with the Fund: None

List of convictions for offences within the past 10 years other than traffic offences: None

Number of board meetings attended in the financial year (1 July 2019 to 30 June 2020): 1 of 7 (since appointment)

Name: Liew Swee Lin*
Age: 50
Nationality: Malaysian
Designation: Independent Non-Executive Director
Qualifications: Master of International Marketing from the University of Strathclyde, United Kingdom
Experience: Swee Lin is a senior board level executive with more than 28 years of management experience in the ASEAN region creating shareholder value in media, financial services and e-commerce sectors. Since 2007, she served as Executive Director at financial services and media entities in Malaysia.

Currently she is an External Advisor to Bain & Company, a global consulting firm and was most recently attached to Astro Malaysia Holdings Bhd, ASEAN's leading consumer media company as its Group Chief Operating Officer. She also served as an Executive Director of Astro Go Shop, a joint venture with GS Home Shopping Inc. Korea after she spearheaded Astro's vertical expansion into e-commerce which she set up as its pioneer management team in 2015.

ADDITIONAL INFORMATION (CONTINUED)

Key Personnel of the Manager (continued)

Name:	Liew Swee Lin* (continued)
Experience (continued)	<p>Prior to joining Astro, Swee Lin was an Executive Vice President at Alliance Financial Group's Retail Bank in Malaysia and was also an Executive Director of Alliance Islamic Bank. She played an instrumental role in spearheading its retail banking transformation and successfully reshaped its business operating model which set it on a new growth trajectory. She has also held senior leadership positions at Standard Chartered Bank with responsibilities for its Wealth Management, Priority Banking, Credit Cards and Personal Loan portfolios. In the earlier years of her career, she gained multidisciplinary industry exposure in FMCG, insurance, food and beverage and pharmaceuticals when she headed up a regional business at Ogilvy One Worldwide, part of WPP PLC (a FTSE 100), which operated in Malaysia to serve its Asia Pacific clients.</p> <p>A keen champion of entrepreneurship, she is part of Endeavor Global Inc.'s mentor network with presence in 40 countries, which is dedicated to global entrepreneurship by driving economic expansion via active mentorship.</p> <p>A native of Malaysia, she graduated from University of Strathclyde (UK) with an MSc in International Marketing and completed her Stanford Executive Programme at Stanford Graduate School of Business in 2017. She had attended several senior leadership programmes conducted by Insead, University of Oxford's Business School as well as Global Leaders programmes run by Temasek as well as board related training programmes for Directors of listed entities. She is a member of Financial Planning Association of Malaysia (FPAM), Singapore Institute of Directors and Institute of Corporate Directors Malaysia.</p>
Date appointed to Board:	21 August 2020
Details of Membership of any Board Committee:	None
Directorship of other public companies:	None
Family relationship with any Director:	None
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of board meetings attended in the financial year (1 July 2019 to 30 June 2020):	N/A

* Independent Director

^ Alternate Director

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee

As required by the ETF Guidelines, the Manager is required to establish an Investment Committee for the Fund whose role is to ensure that the investment management of the Fund is consistent with:

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

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

Accordingly, the Manager has appointed an Investment Committee for the Fund, comprising of six (6) members including four (4) independent members.

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

Name:	Kim Teo Poh Jin*
Age:	62
Nationality:	Singaporean
Designation:	Chairman of the Investment Committee of Principal Asset Management Bhd and Principal Islamic Asset Management Bhd. Executive Director and Group Chief Executive Officer, Boardroom Limited. Director, Livet Company Pte. Ltd. Director, Marina Yacht Services Pte. Ltd.
Qualifications:	Bachelor of Arts (Hons) in Economics from the Heriot-Watt University of Edinburgh.
Experience:	He has about 25 years of experience in the financial industry, having worked in senior positions of major financial institutions.
Date appointed to Investment Committee:	3 January 2008
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2019 to 30 June 2020):	11 of 11

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	Mohamad Safri bin Shahul Hamid												
Age:	47												
Nationality:	Malaysian												
Designation:	Senior Managing Director, Senior Bankers Group, CIMB Investment Bank Bhd												
Qualifications:	Master of Business Administration (Globalisation) from Maastricht School of Management, The Netherlands; Bachelor of Accounting (Honours) from International Islamic University Malaysia; Chartered Accountant ("CA") with the Malaysian Institute of Accountants ("MIA").												
Experience:	<table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">July 2020 - present</td> <td>Senior Managing Director, Senior Bankers Group, CIMB Investment Bank Bhd</td> </tr> <tr> <td>February 2011 - July 2020</td> <td>Deputy Chief Executive Officer/Senior Managing Director (since April 2014) - CIMB Islamic Bank Bhd</td> </tr> <tr> <td>2009 - 2011</td> <td>Deputy Chief Executive Officer - MIDF Amanah Investment Bank, Kuala Lumpur</td> </tr> <tr> <td>February 2008 - December 2008</td> <td>Director - Global Markets & Regional Head, Islamic Structuring (Asia) of Deutsche Bank Dubai International Financial Centre (Dubai)</td> </tr> <tr> <td>2003 - 2008</td> <td>Director & Head - Debt Capital Markets, CIMB Islamic Bank Bhd</td> </tr> <tr> <td>2000 - 2003</td> <td>Senior Analyst - Malaysian Rating Corporation Bhd</td> </tr> </table>	July 2020 - present	Senior Managing Director, Senior Bankers Group, CIMB Investment Bank Bhd	February 2011 - July 2020	Deputy Chief Executive Officer/Senior Managing Director (since April 2014) - CIMB Islamic Bank Bhd	2009 - 2011	Deputy Chief Executive Officer - MIDF Amanah Investment Bank, Kuala Lumpur	February 2008 - December 2008	Director - Global Markets & Regional Head, Islamic Structuring (Asia) of Deutsche Bank Dubai International Financial Centre (Dubai)	2003 - 2008	Director & Head - Debt Capital Markets, CIMB Islamic Bank Bhd	2000 - 2003	Senior Analyst - Malaysian Rating Corporation Bhd
July 2020 - present	Senior Managing Director, Senior Bankers Group, CIMB Investment Bank Bhd												
February 2011 - July 2020	Deputy Chief Executive Officer/Senior Managing Director (since April 2014) - CIMB Islamic Bank Bhd												
2009 - 2011	Deputy Chief Executive Officer - MIDF Amanah Investment Bank, Kuala Lumpur												
February 2008 - December 2008	Director - Global Markets & Regional Head, Islamic Structuring (Asia) of Deutsche Bank Dubai International Financial Centre (Dubai)												
2003 - 2008	Director & Head - Debt Capital Markets, CIMB Islamic Bank Bhd												
2000 - 2003	Senior Analyst - Malaysian Rating Corporation Bhd												
Date appointed to Investment Committee:	1 April 2014												
Conflict of interest with the Fund:	None												
List of convictions for offences within the past 10 years other than traffic offences:	None												
Number of Investment Committee meetings attended in the financial year (1 July 2019 to 30 June 2020):	8 of 11												

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	A.Huzaima Bin Dato' Abdul Hamid* (resigned w.e.f. from 1 August 2020)
Age:	55
Nationality:	Malaysian
Designation:	Independent Non-Executive Director of Principal Asset Management Bhd.
Qualifications:	Master of Science, Financial Economics, School of Oriental and African Studies (SOAS), University of London, United Kingdom, 2010; Advanced Diploma in Russian Language from the Russian Center of Science and Culture, Kuala Lumpur, and the Pushkin State Institute of Russian Language, Moscow, Russia 2009; Bachelor of Science, Economics, Louisiana State University, Baton Rouge Louisiana, United States of America, 1988.
Experience:	<p>Huzaima has spent 27 years in various aspects of finance, economics, and public policy advisory. 12 of those years was spent as a fund manager, where he was, among others, a Chief Investment Officer with Alliance Capital Asset Management and as a member of the Pacific Region Team and a Global Commodities Specialist with Hong Kong's Jardine Fleming Investment Management which is now part of JP Morgan, Chase and Co. He was an independent Investment Committee member for 6 years for Principal Asset Management as well as being the same for Principal Islamic Asset Management Sdn Bhd and CIMB Wealth Advisors Bhd for several years. He also served as an independent Investment Committee member for CIMB Aviva Assurance and CIMB Aviva Takaful for two years.</p> <p>Huzaima is the Chairman & CEO of Ingenium Advisors, a financial economics advisory established in 2013. He was, prior to that, the Head of Strategic Operations at Malaysia's Employees Provident Fund, where he was deeply engaged in the reform of the Malaysian pension and social security system, which resulted in the private pension system, minimum wages, and minimum retirement age acts.</p> <p>Huzaima also spent several years serving as a Senior Fellow at the then renowned Institute of Strategic and International Studies ("ISIS") Malaysia, reporting directly to its late Chairman, Tan Sri Noordin Sopiee. He was most active in economic, finance, and geostrategic issues. He was engaged heavily in OIC and East Asian matters, and was appointed the Deputy Secretary General for the Malaysian chapter of the Network of East Asian Think-tanks ("NEAT"). Huzaima speaks, thinks and writes in 5 languages.</p>
Date appointed to Investment Committee:	3 September 2014
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2019 to 30 June 2020):	11 of 11

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	Alejandro Elias Echegorri Rodriguez
Age:	59
Nationality:	Mexican
Designation:	Chief Investment Officer, Principal Global Asset Management Asia, Director of Principal Asset Management (S) Pte Ltd, Director, CIMB Wealth Advisors Bhd, Director, Principal Trustee Company Private Limited, India.
Qualifications:	Degree in Economics from the Universidad Mayor de la Republica, Uruguay and a Master in Economics degree from Universidad Centro de Estudios Macroeconomicos de Argentina.
Experience:	Mr. Echegorri is the Chief Investment Officer for Principal Global Asset Management in Asia and as such he is responsible for the overall investment strategy and the investment process for the group and for overseeing the management of pension, mutual funds and general accounts in the Asia as well as for supporting the overall development of the asset management business in the region. Prior to that Mr. Echegorri was Chief Executive Officer, ASEAN Region of Principal Asset Management Bhd, with responsibilities over Malaysia, Indonesia, Thailand and Singapore. Previously he was the Chief Investment Officer for Principal International in Latin America. He joined Principal in 2003 as Head of Institutional Asset Management and Chief Investment Officer for Principal Financial Group in Mexico. Prior to that, he was the Senior Investment Officer for Citibank's Pension Fund Business in Latin America. He had also held different positions in the investment area in countries such as Uruguay, Argentina, Chile, Mexico and the United Kingdom.
Date appointed to Investment Committee:	28 July 2015
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2019 to 30 June 2020):	10 of 11

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	Peter James Warnes*
Age:	53
Nationality:	British
Designation:	Investment Committee member, Principal Asset Management Bhd
Qualifications:	Bachelor of Arts (Hons) in Economics from the Kingston University, Surrey, United Kingdom (1989).
Experience:	<p>August 2014 - Senior Managing Director and Head of Portfolio Solutions Group, International</p> <p>January 2018 Manulife Asset Management (Hong Kong)</p> <p>December 1994 - June 2014 J.P. Morgan Asset Management</p> <p>July 1999 - June 2014 (Hong Kong) Managing Director and Senior Portfolio Manager for Global Multi Asset and Global Equity Portfolios.</p> <p>January 1999 - June 1999 (London) Portfolio Manager for Global Portfolios for UK and European clients.</p> <p>December 1994 - December 1998 (London) Portfolio Manager for segregated Pacific ex Japan mandates and Asian component of GEM portfolios.</p> <p>December 1993 - November 1994 Senior Analyst/Portfolio Manager for Pacific ex Japan portfolios - Invesco Asset Management (London).</p>
Date appointed to Investment Committee:	4 December 2019
Conflict of interest with the Fund:	None
List of convictions for offences within the past 10 years other than traffic offences:	None
Number of Investment Committee meetings attended in the financial year (1 July 2019 to 30 June 2020):	5 of 11 (since appointment)

ADDITIONAL INFORMATION (CONTINUED)

The Investment Committee (continued)

Name:	Yoon Mun Thim*						
Age:	56						
Nationality:	Singaporean						
Designation:	Investment Committee member, Principal Asset Management Bhd						
Qualifications:	Bachelor of Arts (Honours) from Cambridge University, Master of Arts (Honours) from Cambridge University, Master of Business Administration (Distinction) from Warwick Business School, University of Warwick and CFA Charter Holder.						
Experience:	<table border="0" style="width: 100%;"> <tr> <td style="width: 20%;">2009 - 2017</td> <td>Group Chief Investment Officer - The Great Eastern Life Assurance Co Ltd</td> </tr> <tr> <td>2008 - 2009</td> <td>Chief Investment Officer - Prudential Fund Management Bhd</td> </tr> <tr> <td>2003 - 2007</td> <td>Chief Investment Officer - Prudential Assurance Malaysia Bhd</td> </tr> </table>	2009 - 2017	Group Chief Investment Officer - The Great Eastern Life Assurance Co Ltd	2008 - 2009	Chief Investment Officer - Prudential Fund Management Bhd	2003 - 2007	Chief Investment Officer - Prudential Assurance Malaysia Bhd
2009 - 2017	Group Chief Investment Officer - The Great Eastern Life Assurance Co Ltd						
2008 - 2009	Chief Investment Officer - Prudential Fund Management Bhd						
2003 - 2007	Chief Investment Officer - Prudential Assurance Malaysia Bhd						
Date appointed to Investment Committee:	4 December 2019						
Conflict of interest with the Fund:	None						
List of convictions for offences within the past 10 years other than traffic offences:	None						
Number of Investment Committee meetings attended in the financial year (1 July 2019 to 30 June 2020):	6 of 11 (since appointment)						

*Independent member

STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL FTSE CHINA 50 ETF
(formerly known as CIMB FTSE China 50)

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 33 to 62 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 June 2020 and of its financial performance, changes in equity 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/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA
Director

Kuala Lumpur
26 August 2020

TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
PRINCIPAL FTSE CHINA 50 ETF
(formerly known as CIMB FTSE China 50)

We have acted as Trustee for Principal FTSE China 50 ETF (*formerly known as CIMB FTSE China 50*) (the "Fund") for the financial year ended 30 June 2020. To the best of our knowledge, for the financial year under review, Principal Asset Management Berhad (the "Manager") has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager and Trustee under the Deed(s), the Securities Commission's Guidelines on Exchange-Traded Funds, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) the valuation/pricing for the Fund has been carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements; and
- (c) creation and cancellation of units for the Fund are carried out in accordance with the Deed(s) of the Fund and applicable regulatory requirements.

For Deutsche Trustees Malaysia Berhad

Ng Hon Leong
Head, Trustee Operations

Richard Lim Hock Seng
Chief Executive Officer

Kuala Lumpur
26 August 2020

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL FTSE CHINA 50 ETF
(formerly known as CIMB FTSE China 50)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal FTSE CHINA 50 ETF (*formerly known as CIMB FTSE China 50*) (the "Fund"), which comprise the statement of financial position as at 30 June 2020, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 33 to 62.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2020, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

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

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

Key audit matters

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

Description	Our responses
<p><u>Valuation and existence of investments</u></p> <p>The risk: The valuation of the financial assets held in the investment portfolio is the key driver of the Fund's net asset value and investment return. Incorrect financial assets pricing or a failure to maintain proper legal title of the financial assets by the Fund could have a significant impact on portfolio valuation and, therefore, the return generated for unitholders.</p> <p>We therefore identified the valuation and existence of the investment portfolio as risks that require particular audit attention.</p> <p>The investment portfolio at the year-end comprised listed equity investment valued at RM9,244,424 and disclosures on investment portfolio are in Note 2(b), Note 3(e) and Note 9 to the financial statements.</p>	<p>Our response: Our audit work included, but was not restricted to, understanding the Manager of the Fund's process and controls for the valuation of investments in order to assess compliance with relevant accounting standards, performing walkthrough procedures and testing the operating effectiveness of relevant controls on a sample basis. We agreed the valuation of all investments as at the year-end to an independent source of market prices. We obtained confirmation of the existence and ownership of the investments as at the year-end directly from the Fund's independent custodian.</p>

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL FTSE CHINA 50 ETF
(formerly known as CIMB FTSE China 50) (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 Trustee for the financial statements

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

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

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL FTSE CHINA 50 ETF
(formerly known as CIMB FTSE China 50) (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 Exchange-Traded Funds issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Fund for the year ended 30 June 2019, were audited by another auditor who expressed an unmodified opinion on those statements on 20 August 2019.

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

Yeo Beng Yean
No. 03013/10/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
26 August 2020

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Note	2020 RM	2019 RM
INCOME			
Dividend income		360,276	546,053
Net loss on financial assets at fair value through profit or loss	9	(185,011)	(25,518)
Net foreign exchange loss		(4,320)	(3,825)
		<u>170,945</u>	<u>516,710</u>
EXPENSES			
Management fee	4	66,544	71,988
Trustee's and custodian fees	5	22,314	24,936
Auditors' fee		25,400	27,300
License fee	6	4,436	4,800
Tax agent's fee		2,455	4,601
Transaction costs		8,923	33,361
Other expenses	7	36,369	56,543
		<u>166,441</u>	<u>223,529</u>
PROFIT BEFORE TAXATION		4,504	293,181
Taxation	8	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>4,504</u>	<u>293,181</u>
Profit after taxation is made up as follows:			
Realised amount		781,957	1,521,743
Unrealised amount		(777,453)	(1,228,562)
		<u>4,504</u>	<u>293,181</u>

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 RM	2019 RM
ASSETS			
Cash and cash equivalents	10	99,172	47,062
Financial assets at fair value through profit or loss	9	9,244,424	11,405,302
Dividends receivable		133,590	157,979
TOTAL ASSETS		<u>9,477,186</u>	<u>11,610,343</u>
LIABILITIES			
Accrued management fee		5,123	5,644
Amount due to Trustee		1,018	1,021
Other payables and accruals	11	86,833	85,340
TOTAL LIABILITIES		<u>92,974</u>	<u>92,005</u>
NET ASSET VALUE OF THE FUND		<u>9,384,212</u>	<u>11,518,338</u>
EQUITY			
Unit holders' capital		2,247,574	4,386,204
Retained earnings		7,136,638	7,132,134
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>9,384,212</u>	<u>11,518,338</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	12	<u>5,850,000</u>	<u>7,150,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.6041</u>	<u>1.6109</u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2019	4,386,204	7,132,134	11,518,338
Movement in unit holders' contributions:			
- Cancellation of units	(2,138,630)	-	(2,138,630)
Total comprehensive income for the financial year	-	4,504	4,504
Balance as at 30 June 2020	<u>2,247,574</u>	<u>7,136,638</u>	<u>9,384,212</u>
Balance as at 1 July 2018	8,331,964	6,838,953	15,170,917
Movement in unit holders' contributions:			
- Cancellation of units	(3,945,760)	-	(3,945,760)
Total comprehensive income for the financial year	-	293,181	293,181
Balance as at 30 June 2019	<u>4,386,204</u>	<u>7,132,134</u>	<u>11,518,338</u>

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of quoted securities		4,023,404	7,979,880
Purchase of quoted securities		(2,056,460)	(4,542,529)
Dividend income received, net of tax		355,529	483,945
Management fee paid		(67,065)	(74,293)
Trustee's and custodian fees paid		(22,317)	(24,994)
Net realised foreign exchange loss		(4,830)	(3,825)
Payments for other fees and expenses		<u>(38,032)</u>	<u>(42,787)</u>
Net cash generated from operating activities		<u>2,190,229</u>	<u>3,775,397</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Payments for cancellation of units		<u>(2,138,630)</u>	<u>(3,945,760)</u>
Net cash used in financing activities		<u>(2,138,630)</u>	<u>(3,945,760)</u>
Net increase/(decrease) in cash and cash equivalents		51,599	(170,363)
Effects of foreign exchange differences		511	(2,154)
Cash and cash equivalents at the beginning of the financial year		<u>47,062</u>	<u>219,579</u>
Cash and cash equivalents at the end of the financial year	10	<u>99,172</u>	<u>47,062</u>
<u>Cash and cash equivalents comprised of:</u>			
Bank balances		<u>99,172</u>	<u>47,062</u>
Cash and cash equivalents at the end of the financial year	10	<u>99,172</u>	<u>47,062</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

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

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

All investments will be subjected to the Securities Commission Malaysia (“SC”) Guidelines on ETFs, SC requirements, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Deed, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

The Fund has been renamed as Principal FTSE China 50 ETF Fund following the issuance of the Replacement Prospectus Issue No. 2 dated 30 September 2019.

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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

Standards, amendments to published standards or interpretations that are effective and relevant:

The Fund has applied the following amendments to published standards for the first time for the financial year beginning 1 July 2019:

- Amendments to MFRS 112 Income Taxes (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income ("OCI") or equity) depends on where the past transactions that generated distributable profits were recognised.

Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 July 2019 that have a material effect on the financial statements of the Fund.

There are no applicable standards, amendments to standards or interpretations that are effective for financial year beginning on/after 1 July 2020 to the financial statements of the Fund.

(b) Financial assets and financial liabilities

Classification

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

The contractual cash flows of the Fund's debt securities 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.

The Fund classifies cash and cash equivalents, and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies accrued management fee, amount due to Trustee, and other payables and accruals as other financial liabilities measured at amortised cost.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

Unrealised gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit or loss in the financial year which they arise.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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

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

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

(c) Income recognition

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency

Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in MYR, which is the Fund’s functional and presentation currency.

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

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

Transactions and balances

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

(e) Cash and cash equivalents

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

(f) Taxation

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

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

(g) Segment information

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Transactions costs

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

(i) Unit holders' contributions

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

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

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

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

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

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

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

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

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

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

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

	Financial assets at fair value through profit or loss RM	Financial assets at amortised cost RM	Total RM
2020			
Cash and cash equivalents (Note 10)	-	99,172	99,172
Quoted securities (Note 9)	9,244,424	-	9,244,424
Dividends receivable	-	133,590	133,590
	<u>9,244,424</u>	<u>232,762</u>	<u>9,477,186</u>
2019			
Cash and cash equivalents (Note 10)	-	47,062	47,062
Quoted securities (Note 9)	11,405,302	-	11,405,302
Dividends receivable	-	157,979	157,979
	<u>11,405,302</u>	<u>205,041</u>	<u>11,610,343</u>

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

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

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

Financial risk management is carried out through internal control process adopted by the Manager and adherence to the investment restrictions as stipulated in the Deeds and SC Guidelines on ETFs.

(a) Market risk

(i) Price risk

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

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

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

(a) Market risk (continued)

(i) Price risk (continued)

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

	2020	2019
	RM	RM
Financial assets at fair value through profit or loss:		
- Quoted securities	9,244,424	11,405,302

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of the Benchmark Index. The analysis is based on the assumptions that the Benchmark Index fluctuates by 23.17% (2019: 17.12%), which is the standard deviation of the daily fluctuation of the Benchmark Index, with all other variables held constant, and that the fair value of the investments moved in the same quantum with the fluctuation in the Benchmark Index. This represents management's best estimate of a reasonable possible shift in the quoted securities, having regard to the historical volatility of the prices.

% Change in Benchmark Index	Benchmark Index	Market value RM	Impact on profit or loss/ NAV RM
2020			
-23.17%	13,636	7,102,491	(2,141,933)
0%	17,748	9,244,424	-
23.17%	21,860	11,386,357	2,141,933
2019			
-17.12%	12,530	9,452,714	(1,952,588)
0%	15,118	11,405,302	-
17.12%	17,706	13,357,890	1,952,588

(ii) Currency risk

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

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 currency:

Financial assets	Cash and cash equivalents RM	Financial assets at fair value through profit or loss RM	Dividends receivable RM	Total RM
2020				
HKD	<u>98,787</u>	<u>9,244,424</u>	<u>133,590</u>	<u>9,476,801</u>
2019				
HKD	<u>46,424</u>	<u>11,405,302</u>	<u>157,979</u>	<u>11,609,705</u>

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5.27% (2019: 2.81%), which is the standard deviation of the daily fluctuation of the exchange rate of HKD against MYR, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	Change in foreign exchange rate %	Impact on profit or loss/ NAV RM
2020		
HKD	<u>+/- 5.27</u>	<u>+/- 499,427</u>
2019		
HKD	<u>+/- 2.81</u>	<u>+/- 326,233</u>

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

(b) Credit risk

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

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

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

	Cash and cash equivalents RM	Dividends receivable RM	Total RM
2020			
- AA1	99,172	-	99,172
- Not Rated	-	133,590	133,590
	<u>99,172</u>	<u>133,590</u>	<u>232,762</u>
2019			
- AA1	47,062	-	47,062
- Not Rated	-	157,979	157,979
	<u>47,062</u>	<u>157,979</u>	<u>205,041</u>

(c) Liquidity risk

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

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

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

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

(c) Liquidity risk (continued)

	Less than 1 month RM	Between 1 month to 1 year RM	Total RM
2020			
Accrued management fee	5,123	-	5,123
Amount due to Trustee	1,018	-	1,018
Other payables and accruals	-	86,833	86,833
Contractual undiscounted cash flows	6,141	86,833	92,974
2019			
Accrued management fee	5,644	-	5,644
Amount due to Trustee	1,021	-	1,021
Other payables and accruals	-	85,340	85,340
Contractual undiscounted cash flows	6,665	85,340	92,005

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holders' capital of RM2,247,574 (2019: RM4,386,204) and retained earnings of RM7,136,638 (2019: RM7,132,134). The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

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

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

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

(e) Fair value estimation (continued)

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

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

(i) Fair value hierarchy

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

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

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2020				
Financial assets at fair value through profit or loss:				
- Quoted securities	9,244,424	-	-	9,244,424

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2019				
Financial assets at fair value through profit or loss:				
- Quoted securities	11,405,302	-	-	11,405,302

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

(iii) Financial instruments that are not carried at fair value

The carrying values of cash and cash equivalents, dividends receivable and all current liabilities are a reasonable approximation of their fair values due to their short-term nature.

4. MANAGEMENT FEE

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

For the financial year ended 30 June 2020, the management fee is recognised at a rate of 0.60% per annum (2019: 0.60% per annum).

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

5. TRUSTEE'S AND CUSTODIAN FEES

In accordance with the Deeds, the Trustee is entitled to a fee not exceeding a maximum of 0.20% per annum, calculated daily based on the NAV of the Fund, subject to a minimum fee of RM18,000 per annum. However, the minimum Trustee's fee is revised to RM12,000 per annum effective from 1 June 2012 based on the agreement between the Trustee and the Manager, excluding foreign sub-custodian fees and charges. The foreign sub-custodian fee and charges are dependent on the country invested and are charged monthly.

For the financial year ended 30 June 2020, the Trustee's fee is recognised at a rate of 0.08% per annum subject to a minimum fee of RM12,000 per annum (2019: 0.08% per annum), subject to a minimum fee of RM12,000 per annum, while the foreign sub-custodian fee is recognised at RM10,313 (2019: RM12,928).

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

6. LICENSE FEE

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

For the financial year ended 30 June 2020, the license fee was recognised at a rate of 0.04% per annum (2019: 0.04% per annum) of the NAV of the Fund, calculated on daily basis.

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

7. OTHER EXPENSES

	2020	2019
	RM	RM
Goods and Services Tax (“GST”)	-	16
Withholding tax	29,136	48,814
Others	7,233	7,713
	<u>36,369</u>	<u>56,543</u>

8. TAXATION

	2020	2019
	RM	RM
Tax charged for the financial year:		
- Current taxation	<u>-</u>	<u>-</u>

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

	2020	2019
	RM	RM
Profit before taxation	<u>4,504</u>	<u>293,181</u>
Taxation at Malaysian statutory rate of 24% (2019: 24%)	1,081	70,363
Tax effects of:		
Investment income not subject to tax	(41,027)	(124,010)
Expenses not deductible for tax purposes	17,879	29,818
Restriction on tax deductible expenses for ETFs	<u>22,067</u>	<u>23,829</u>
Taxation	<u>-</u>	<u>-</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	RM	RM
At fair value through profit or loss:		
- Quoted securities	9,244,424	11,405,302
Net loss on financial assets at fair value through profit or loss:		
- Realised gain on disposals	592,953	1,200,891
- Unrealised fair value loss	(777,964)	(1,226,409)
	(185,011)	(25,518)

Name of counter	Quantity	Aggregate cost	Market value	Percentage of NAV
	Units	RM	RM	%
2020				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Co Ltd	4,500	58,143	129,872	1.38
Consumer Products				
Alibaba Group Holding Ltd	1,935	234,035	224,237	2.39
Anta Sports Products Ltd	3,600	122,825	136,142	1.45
Haidilao International Holding Ltd	900	16,884	16,271	0.17
Meituan Dianping	5,490	188,339	521,774	5.56
	11,925	562,803	898,424	9.57
Energy				
China Petroleum & Chemical Corporation	119,520	315,586	213,440	2.27
China Shenhua Energy Co Ltd	12,060	124,131	80,813	0.86
CNOOC Ltd	68,850	345,626	328,129	3.50
Hanergy Thin Film Power Group Ltd *	102,900	332,879	-	-
Petrochina Co Ltd	76,140	275,051	108,188	1.15
	379,470	1,393,273	730,570	7.78

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
Finance				
Agricultural Bank of China Ltd	118,665	198,974	204,697	2.18
Bank of China Ltd	234,450	400,221	372,019	3.96
Bank of Communications Co Ltd.	27,900	77,568	73,734	0.79
China Citic Bank Corporation Ltd	32,400	75,097	60,547	0.65
China Construction Bank Corporation	245,700	741,707	851,738	9.08
China Everbright Bank Co Ltd	11,520	21,756	18,534	0.20
China Life Insurance Co Ltd	31,500	333,078	271,687	2.90
China Merchants Bank Co Ltd.	15,255	137,763	300,680	3.20
China Minsheng Banking Corp Ltd.	103,050	307,835	303,105	3.23
China Pacific Insurance (Group) Co Ltd.	10,080	140,231	115,362	1.23
Citic Securities Company Ltd	8,550	84,537	69,300	0.74
CSC Financial Co Ltd.	4,500	14,528	21,820	0.23
Guotai Junan Securities Co Ltd.	3,060	26,270	18,136	0.19
Huatai Securities Co Ltd.	6,300	54,192	42,982	0.46
Industrial and Commercial Bank of China Ltd	243,000	632,517	631,448	6.73
PICC Property and Casualty Co Ltd	23,850	105,557	84,260	0.90
Ping An Insurance (Group) Company of China Ltd	16,020	513,836	686,432	7.31
Postal Savings Bank of China Co Ltd	36,450	95,649	89,679	0.96
The People's Insurance Company (Group) of China Ltd	30,600	57,178	38,235	0.41
	<u>1,202,850</u>	<u>4,018,494</u>	<u>4,254,395</u>	<u>45.35</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Health Care				
Alibaba Health Information Technology Ltd	4,950	60,437	61,851	0.66
Hansoh Pharmaceutical Group Co Ltd	2,160	47,080	43,589	0.46
Wuxi Aptec Co Ltd.	630	23,411	35,075	0.37
	<u>7,740</u>	<u>130,928</u>	<u>140,515</u>	<u>1.49</u>
Industrials				
China Railway Construction Corporation Ltd	7,650	40,781	25,758	0.27
China Railway Group Ltd	20,250	60,565	44,560	0.47
CITIC Ltd	16,380	107,594	65,929	0.70
CRRC Corporation Ltd	18,000	78,856	32,543	0.35
	<u>62,280</u>	<u>287,796</u>	<u>168,790</u>	<u>1.79</u>
Real Estate				
China Evergrande Group	7,470	67,048	82,602	0.88
China Overseas Land & Investment Ltd	13,860	148,823	179,696	1.92
China Resources Land Ltd	9,630	95,113	156,267	1.67
China Vanke Co Ltd	5,850	49,198	79,243	0.84
Country Garden Holdings Co Ltd	28,800	106,053	151,588	1.62
Longfor Properties Co. Ltd.	6,030	76,326	122,855	1.31
	<u>71,640</u>	<u>542,561</u>	<u>772,251</u>	<u>8.24</u>
Technology				
Xiaomi Corporation	32,670	218,657	231,926	2.47
ZTE Corporation	2,124	26,319	27,831	0.30
	<u>34,794</u>	<u>244,976</u>	<u>259,757</u>	<u>2.77</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2020 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Telecommunication Services				
China Mobile Ltd	15,390	591,438	445,014	4.74
China Telecom Corporation Ltd	55,890	106,832	67,054	0.71
China Tower Corporation Ltd	226,350	172,473	171,449	1.83
China Unicom (Hong Kong) Ltd	23,850	121,989	55,250	0.59
Tencent Holdings Ltd	3,676	490,888	1,013,354	10.80
	<u>325,156</u>	<u>1,483,620</u>	<u>1,752,121</u>	<u>18.67</u>
Utilities				
CGN Power Co Ltd.	46,800	51,918	41,400	0.44
China Gas Holdings Ltd	7,290	106,853	96,329	1.03
	<u>54,090</u>	<u>158,771</u>	<u>137,729</u>	<u>1.47</u>
TOTAL QUOTED SECURITIES	<u>2,154,445</u>	<u>8,880,645</u>	<u>9,244,424</u>	<u>98.51</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>363,779</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>9,244,424</u>		

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Co Ltd	5,500	71,064	142,666	1.24
Consumer Products				
BYD Co Ltd	3,300	71,619	82,452	0.72
Geely Automobile Holdings Ltd	23,650	250,802	167,434	1.45
Guangzhou Automobile Group Co Ltd	17,600	58,128	77,783	0.68
Meituan Dianping	8,800	270,883	319,432	2.77
Shenzhou International Group Holdings Ltd	3,842	202,217	218,659	1.90
	<u>57,192</u>	<u>853,649</u>	<u>865,760</u>	<u>7.52</u>
Energy				
China Petroleum & Chemical Corporation	116,050	328,651	326,546	2.83
China Shenhua Energy Co Ltd	14,740	151,716	127,787	1.11
CNOOC Ltd	67,540	382,015	478,159	4.15
Hanergy Thin Film Power Group Ltd *	102,900	332,879	-	-
Petrochina Co Ltd	92,840	335,725	212,040	1.84
	<u>394,070</u>	<u>1,530,986</u>	<u>1,144,532</u>	<u>9.93</u>
Finance				
Agricultural Bank of China Ltd	145,200	243,468	251,605	2.18
Bank of China Ltd	286,000	488,192	500,132	4.34
Bank of Communications Co Ltd	39,600	110,097	124,439	1.08
China Citic Bank Corporation Ltd	39,600	91,785	93,381	0.81
China Construction Bank Corporation	286,000	848,398	1,019,967	8.86
China Everbright Bank Co Ltd	14,080	26,591	26,711	0.23
China Life Insurance Co Ltd	36,300	401,273	370,098	3.21
China Merchants Bank Co Ltd	16,940	134,243	349,644	3.04
China Minsheng Banking Corporation Ltd	29,150	85,420	83,568	0.73

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Finance (continued)				
China Pacific Insurance (Group) Co Ltd	12,320	171,394	199,447	1.73
CITIC Securities Co Ltd	14,850	146,828	128,111	1.11
CSC Financial Co Ltd	5,500	17,757	16,933	0.15
GF Securities Co Ltd	6,270	62,802	30,867	0.27
Guotai Junan Securities Co Ltd	3,740	32,107	27,588	0.24
Huatai Securities Co Ltd	7,700	66,235	54,840	0.48
Industrial and Commercial Bank Of China Ltd	242,000	615,734	730,963	6.35
New China Life Insurance Co Ltd	5,610	95,053	112,967	0.98
PICC Property and Casualty Co Ltd	29,150	129,014	130,218	1.13
Ping An Insurance (Group) Company of China Ltd	12,650	294,669	628,780	5.46
Postal Savings Bank of China Co Ltd	44,550	116,904	109,540	0.95
The People's Insurance Company (Group) of China Ltd	37,400	69,884	60,447	0.52
	<u>1,314,610</u>	<u>4,247,848</u>	<u>5,050,246</u>	<u>43.85</u>
Industrials				
Air China Ltd	10,450	42,522	43,636	0.38
China Communications Construction Co Ltd	27,500	105,043	101,863	0.88
China Railway Construction Corporation Ltd	9,350	49,844	47,466	0.41
China Railway Group Ltd	24,750	74,024	77,905	0.68
CITIC Ltd	26,620	174,857	158,837	1.38
CRRC Corporation Ltd	22,000	96,379	76,127	0.66
	<u>120,670</u>	<u>542,669</u>	<u>505,834</u>	<u>4.39</u>
Real Estate				
China Evergrande Group	11,330	101,693	131,486	1.14
China Overseas Land and Investment Ltd	17,050	183,076	260,209	2.26
China Resources Land Ltd	11,770	116,249	214,556	1.86
China Vanke Co Ltd	7,150	60,131	111,014	0.96
Country Garden Holdings Co Ltd	35,530	130,834	223,675	1.94

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
2019 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Real Estate (continued)				
Longfor Group Holdings Ltd	9,570	121,133	149,349	1.30
	<u>92,400</u>	<u>713,116</u>	<u>1,090,289</u>	<u>9.46</u>
Technology				
Xiaomi Corporation	40,040	267,984	212,177	1.84
Telecommunications				
China Mobile Ltd	16,940	666,272	638,694	5.55
China Telecom Corporation Ltd	68,310	130,572	142,260	1.24
China Tower Corporation Ltd	209,000	154,392	227,041	1.97
China Unicom (Hong Kong) Ltd	29,150	149,097	132,381	1.15
Tencent Holdings Ltd	5,802	774,792	1,084,088	9.41
	<u>329,202</u>	<u>1,875,125</u>	<u>2,224,464</u>	<u>19.32</u>
Utilities				
China Gas Holdings Ltd	11,000	161,118	169,334	1.47
TOTAL QUOTED SECURITIES	<u>2,364,684</u>	<u>10,263,559</u>	<u>11,405,302</u>	<u>99.02</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>1,141,743</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>11,405,302</u>		

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

10. CASH AND CASH EQUIVALENTS

	2020	2019
	RM	RM
Bank balances	99,172	47,062

11. OTHER PAYABLES AND ACCRUALS

	2020	2019
	RM	RM
Provision for auditors' fee	25,400	27,300
Provision for tax agent's fee	4,400	5,445
Other accruals	57,033	52,595
	86,833	85,340

12. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2020	2019
	No of units	No of units
At the beginning of the financial year	7,150,000	9,750,000
Less: Cancellation of units	(1,300,000)	(2,600,000)
At the end of the financial year	5,850,000	7,150,000

13. MANAGEMENT EXPENSE RATIO ("MER")

	2020	2019
	%	%
MER	1.19	1.18

MER is derived from the following calculation:

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

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

The average NAV of the Fund for the financial year calculated on daily basis is RM11,094,968 (2019: RM11,997,474).

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	2020	2019
PTR (times)	<u>0.27</u>	<u>0.52</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	=	RM2,053,580 (2019: RM4,535,935)
total disposal for the financial year	=	RM4,029,447 (2019: RM8,006,645)

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

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

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

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

Units held by the Manager and parties related to the Manager

	2020		2019	
	No. of units	RM	No. of units	RM
Fellow related parties to the Manager				
CGS-CIMB Nominees (Asing) Sdn Bhd	-	-	300	483
CGS-CIMB Nominees (Tempatan) Sdn Bhd	450,800	723,128	1,195,800	1,926,314
	<u>450,800</u>	<u>723,128</u>	<u>1,196,100</u>	<u>1,926,797</u>
Fellow subsidiary and associated company of the ultimate holding company of the shareholder of the Manager				
CIMSEC Nominees (Tempatan) Sdn Bhd	210,000	336,861	210,000	338,289

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

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

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

Significant related party transaction

	2020	2019
	RM	RM
Cancellation of units		
- CGS-CIMB Nominees (Tempatan) Sdn Bhd	<u>2,138,630</u>	<u>-</u>

Significant related party balances

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

16. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with all brokers/dealers for the financial year ended 30 June 2020 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CGS-CIMB Securities International Pte Ltd #	2,583,223	42.47	4,090	45.83
CLSA Limited (Hong Kong)	1,910,940	31.41	2,635	29.54
JP Morgan Securities (Asia Pacific)	1,541,784	25.35	2,133	23.90
Deutsche Bank (Malaysia) Bhd	47,080	0.77	65	0.73
	<u>6,083,027</u>	<u>100.00</u>	<u>8,923</u>	<u>100.00</u>

Details of transactions with all brokers/dealers for the financial year ended 30 June 2019 are as follows:

Brokers/Dealers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Citigroup Global Markets Ltd	2,445,447	19.49	734	14.12
CGS-CIMB Securities International Pte Ltd <i>(formerly known as CIMB Securities (Singapore) Pte Ltd) #</i>	1,985,367	15.83	1,045	20.09
CLSA (Hong Kong) Ltd	1,968,213	15.69	599	11.52
Credit Suisse (Hong Kong) Ltd	1,687,310	13.45	875	16.83
Instinet Pacific Ltd (Hong Kong Branch)	1,667,870	13.30	834	16.04
JP Morgan Securities (Asia Pacific)	1,409,205	11.24	423	8.13
Macquarie Bank Ltd (Hong Kong)	1,379,168	11.00	690	13.27
	<u>12,542,580</u>	<u>100.00</u>	<u>5,200</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities International Pte Ltd *(formerly known as CIMB Securities (Singapore) Pte Ltd)*, fellow related party to the Manager amounting to RM2,583,223 (2019: RM1,985,367). The Manager is of the opinion that all transactions with the related company have been entered into in the normal course of business at agreed terms between the related party.

17. SEGMENT INFORMATION

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

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

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

18. SIGNIFICANT EVENT DURING THE YEAR

The worsening of the macro-economic outlook as a result of COVID-19, both domestically and globally, has impacted the Fund's performance during the financial year.

The Manager continues monitoring the situation closely and will be managing the portfolio to achieve the Fund's objective.

19. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 26 August 2020.

DIRECTORY

TRUST DIRECTORY

Manager

Registered Address

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

Business address

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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) 7718 3000

TRUST DIRECTORY (CONTINUED)

Board of Directors

Pedro Esteban Borda
Effendy Shahul Hamid
Paul Wong Chee Kin
Munirah binti Khairuddin
Juan Ignacio Eyzaguirre Baraona
Cheong Wee Yee, Thomas^
Chong Chooi Wan^
Wong Joon Hian*
A.Huzaima bin Dato' Abdul Hamid* (resigned w.e.f. from 1 August 2020)
Hisham bin Zainal Mokhtar*
Liew Swee Lin*

* *Independent director*

^ *Alternate director*

Investment Committee

Mohamad Safri bin Shahul Hamid
Alejandro Elias Echegorri Rodriguez
Yoon Mun Tim*
Peter James Warnes*
A.Huzaima bin Dato' Abdul Hamid* (resigned w.e.f. from 1 August 2020)
Kim Teo Poh Jin*

* *Independent member*

Audit Committee

Wong Joon Hian*
Cheong Wee Yee, Thomas
Hisham bin Zainal Mokhtar*

* *Independent member*

Company Secretary

Phang Ai Tee
(MAICSA 7013346)
8th Floor Bangunan CIMB
Jalan Semantan Damansara Heights
50490 Kuala Lumpur, Malaysia.
Tel: (03) 2084 8888

CORPORATE DIRECTORY

Fund Administration and Fund Accounting Service Provider

Deutsche Bank (Malaysia) Berhad

Registered Address

Level 18, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Business Address

Level 18-20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: (03) 2053 6788

Trustee

Deutsche Trustees Malaysia Berhad

Registered/Business Address

Level 20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Custodian (Trustee's Delegate)

Registered Address

Level 18, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

Business Address

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8, Jalan Sultan Ismail
50250 Kuala Lumpur

Tel: (03) 2053 6788 Fax: (03) 2031 9822

Auditors of the Fund (for financial year ended 30 June 2020)

Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039
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Jalan Damanlela
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50490 Kuala Lumpur
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CORPORATE DIRECTORY (CONTINUED)

Auditors of the Fund and of the Manager (for financial year ended 30 June 2019)

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)
Level 10, 1 Sentral,
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Tax Adviser

PricewaterhouseCoopers Taxation Services Sdn Bhd
PricewaterhouseCoopers Chartered Accountants
Level 10, 1 Sentral,
Jalan Rakyat, Kuala Lumpur Sentral,
PO Box 10192, 50706 Kuala Lumpur, MALAYSIA.

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