

PRINCIPAL FTSE CHINA 50 ETF

INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020

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INVESTORS' LETTER

Dear Valued Investor,

Firstly, allow me to wish you a very Happy New Year! Every year is a new beginning, for us to look back at our achievements and set new goals. My guess is all of us will remember 2020 as one of the most interesting, if not most challenging periods of our lives. Families, businesses and communities are all adjusting as we face new challenges and opportunities.

Here at Principal, it means a renewed commitment to helping our customers. In 2021, we will continue to deliver exciting new investment opportunities and digital innovations for our customers. We are grateful for the opportunity to serve you and for the trust you place in us.

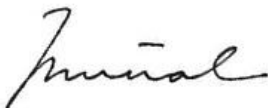
Amid a global pandemic, it might be tempting to think about delaying your investment goals. But, in reality "now" is always a better time than "later" for pursuing your goals and dreams. At Principal, customers are a top priority. We will always work to help you reach your goals, as we did last year throughout the pandemic. We will continue to focus on finding ways to make it easier for you to do investments with us, by offering new solutions around digital payments, digital submissions and digital onboarding to name a few. And, we're just getting started.

We continue to prefer equities over bonds and are more comfortable with our overweight position. Growth will remain as the core strategy as it is complemented by tactical strategies on value plays. We maintain our preference for Asian over global equities due to higher growth, resilient economies and currencies and higher anticipated inflows.

As we look towards this year, the team is excited to bring you more insights, tips and innovative solutions to help you manage your investments and reach your long-term financial goals. Visit our website (www.principal.com.my) and follow our Facebook page (@PrincipalAssetMY) in order not to miss these updates and promotions.

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 period under review, the Fund underperformed its Benchmark Index but has met its long-term 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

When was the Fund launched?

9 July 2010*

* Listing date

What was the size of the Fund as at 31 December 2020?

RM7.89 million (4.55 million units)

What is the Fund's benchmark?

The FTSE China 50 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 six months financial period ended 31 December 2020?

There was no distribution made for the six months financial period ended 31 December 2020.

PERFORMANCE DATA

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

	31.12.2020	31.12.2019	31.12.2018
	%	%	%
Quoted securities			
- Basic Materials	1.36	1.39	1.16
- Consumer Products	20.68	9.10	6.07
- Energy	5.46	9.04	11.56
- Finance	35.62	45.31	45.98
- Health Care	8.17	0.71	-
- Industrials	0.46	3.40	5.20
- Information Technology	7.20	1.92	0.61
- Real Estate	7.35	9.45	9.43
- Telecommunications	13.64	17.67	18.90
- Utilities	-	1.70	1.09
Cash and other assets	1.10	1.25	0.98
Liabilities	(1.04)	(0.94)	(0.98)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.12.2020	31.12.2019	31.12.2018
Total asset value (RM Million)	7.97	11.89	10.61
Net Asset Value ("NAV") (RM Million)	7.89	11.78	10.51
Units in circulation (Million)	4.55	7.15	7.15
NAV per Unit (RM)	1.7344	1.6474	1.4699
	01.07.2020	01.07.2019	01.07.2018
	to 31.12.2020	to 31.12.2019	to 31.12.2018
Highest NAV per Unit (RM)	1.8046	1.6643	1.6000
Lowest NAV per Unit (RM)	1.5504	1.4620	1.4550
Market Price per Unit (RM)	1.6500	1.6500	1.4700
Highest Market Price per Unit (RM)	1.5300	1.6500	1.5800
Lowest Market Price per Unit (RM)	1.7500	1.4700	1.4700
Total return (%) [^]	8.16	2.26	(5.53)
- Capital growth (%)	8.16	2.26	(5.53)
- Income distribution (%)	-	-	-
Management Expenses Ratio ("MER") (%) *	0.79	0.59	0.55
Portfolio Turnover Ratio ("PTR") (times) #	0.32	0.07	0.35

[^] based on NAV per unit

* The Fund's MER increased from 0.59% to 0.79% due to decrease in average NAV during the financial period under review.

The Fund's PTR was increased from 0.07 times to 0.32 times, due to more trading activities from portfolio rebalancing within the reporting period.

PERFORMANCE DATA (CONTINUED)

	31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
	%	%	%	%	%
Annual total return	5.23	12.07	(10.79)	20.59	5.68

(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 period have been extracted from Lipper.

MARKET REVIEW (1 JULY 2020 TO 31 DECEMBER 2020)

The Chinese market generated a robust return in July 2020, outperforming most other Asian and developed world markets. Despite further acceleration in new Coronavirus 2019 (“COVID-19”) cases and an escalation in US-China tensions, the market benefited from an improvement in economic data. Hong Kong recorded a negative return as the recent tightening of national security laws and the loss of its favoured trading nation status from the US impacted sentiment towards the market. Taiwan was the best-performing index market, led higher by technology stocks.

In August 2020, both the China and Hong Kong markets performed well, aided by hopes of a COVID-19 vaccine, falling virus infection rates, ongoing economic recovery, and US Dollar (“USD”) weakness. In China, upside surprises in second-quarter earnings’ results boosted sentiment, and exports expanded strongly, though there were rising tensions with the US. Although China’s commitment to phase one of the US-China trade deal was a positive, other tensions brewed, including US sanctions on Chinese technology giant Huawei. Conversely, the Taiwanese market finished in negative territory. Taiwanese equities fell due to lower returns from Information Technology (“IT”) stocks. Apple Inc. supply-chain stocks, in particular, were negatively impacted by the US-China tensions.

Chinese equities were strong in September 2020, as economic data signaled ongoing recovery and second-quarter corporate earnings results were positive. However, tensions with the US escalated, including new restrictions on Chinese telecommunications company Huawei. In addition, President Donald Trump signed an executive order to prevent US companies from doing business with Chinese-owned TikTok and WeChat.

The China market delivered a positive return in October 2020, comfortably outperforming the MSCI World index and regional indices. Recovering economic performance, hopes of a win by the Democrats’ Joe Biden in the US election and potentially a smoother road forward for US-China relations supported Chinese equities. The performance of its internet companies and several positive third-quarter earnings surprises further aided sentiment. Taiwan finished in positive territory but underperformed the index. Earnings forecasts for Taiwan’s companies increased as the outlook for growth improved. Hong Kong equities fell but still outperformed global equities, in aggregate.

The MSCI China index rose over the month of November 2020 as the news regarding the impending production and distribution of COVID-19 vaccines across the globe boosted investor sentiment. However, China, which has outperformed significantly on a year-to-date (“YTD”) basis, underperformed other Asian and global markets amid a rotation in market leadership. The Hong Kong market, which has been a distinct laggard in the YTD, rose strongly in November 2020 and outperformed China. Taiwanese equities were also very strong.

Greater China equities rose strongly in the December 2020 as optimism regarding the new COVID-19 vaccines boosted sentiment. Across the strait in Taiwan, the economy appears to have enjoyed a sweet spot over the past few quarters, amid the US-China tariff war. Its successful containment of COVID-19 has also supported the economy and market sentiment.

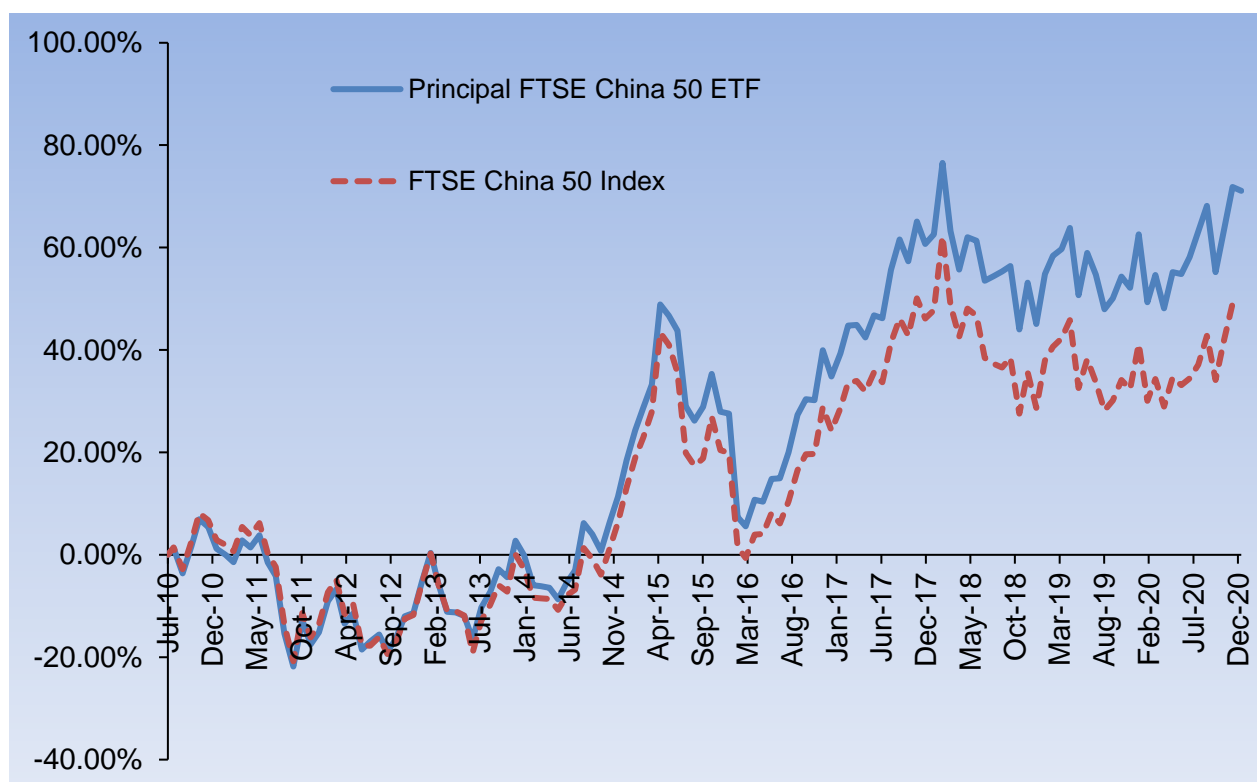
FUND PERFORMANCE

	6 months to 31.12.2020	1 year to 31.12.2020	3 years to 31.12.2020	5 years to 31.12.2020	Since inception to 31.12.2020
	%	%	%	%	%
Income Distribution	-	-	-	-	-
Capital Growth [^]	8.16	5.23	5.21	34.08	71.07
Total Return [^]	8.16	5.23	5.21	34.08	71.07
Average Total Return [^]	N/A	5.23	1.71	6.04	5.25
Benchmark	10.91	5.61	0.91	24.39	49.14
Changes in Market Price per Unit	2.80	-	(0.60)	26.92	13.40

[^] based on NAV per Unit

For the financial period under review, the Fund increased by 8.16%, however still underperforming the benchmark which increased by 10.91%.

The last available published market price of the Fund quoted on Bursa Malaysia was RM1.6500. This representing a positive change of 2.80% for the same reporting period.



FUND PERFORMANCE (CONTINUED)**Changes in NAV**

	31.12.2020	30.06.2020 Audited	Changes
			%
NAV (RM Million)	7.89	9.38	(15.88)
NAV/Unit (RM)	1.7344	1.6041	8.12

For the 6-month financial period under review, the Fund's NAV was lower at RM7.89 million as at 31 December 2020 compared to RM9.38 million on 30 June 2020. On the other hand, the NAV per unit increased to RM1.7344 per unit from RM1.6041 per unit due to the positive investment performance during the period.

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

PORTFOLIO STRUCTURE**Asset allocation**

(% of NAV)	31.12.2020	30.06.2020 Audited
Quoted securities	99.94	98.51
Cash and other assets	1.10	2.48
Liabilities	(1.04)	(0.99)
TOTAL	100.00	100.00

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

MARKET OUTLOOK*

Having suffered its slump early in the year and avoided a significant second wave, economic growth in China is set to accelerate as the recovery continues and the impact of stimulus measures, launched in 2020, feed through. Despite the global pandemic, exports have done surprisingly well in 2020, due to strong global demand on healthcare products and China's fast resumption of industrial activities. China's solid economic recovery has also been supported by the government's unprecedented levels of fiscal and monetary stimulus. This has, in turn, dramatically reduced bankruptcy risks and allowed investors to look through the current slump in earnings towards a more normal operating environment into 2021.

* 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 ETF, 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 31 December 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	77	0.04	0.91
1,001 to 10,000	104	0.46	10.05
10,001 to 100,000	54	1.49	33.79
100,001 to less than 5% of approved fund size	4	0.73	13.47
5% and above the approved fund size	3	1.83	41.78
Total	248	4.55	100.00

Note: 0.00* denotes value less than 0.01 million.

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 Principal Malaysia Fund (“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 period 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.

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	Note	01.07.2020 to 31.12.2020 RM	01.07.2019 to 31.12.2019 RM
INCOME			
Dividend income		188,300	139,881
Net gain on financial assets at fair value through profit or loss	8	747,952	203,008
Net foreign exchange loss		(29,756)	(1,024)
		<u>906,496</u>	<u>341,865</u>
EXPENSES			
Management fee	4	25,903	33,651
Trustee and custodian fees	5	21,524	12,746
Audit fee		13,762	13,725
Tax agent's fee		2,319	2,313
Transaction costs		12,597	2,133
Other expenses	6	24,010	16,996
		<u>100,115</u>	<u>81,564</u>
PROFIT BEFORE TAXATION		806,381	260,301
Taxation	7	-	-
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>806,381</u>	<u>260,301</u>
Profit after taxation is made up as follows:			
Realised amount		365,654	(23,624)
Unrealised amount		440,727	283,925
		<u>806,381</u>	<u>260,301</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

		31.12.2020	30.06.2020
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	9	85,617	99,172
Financial assets at fair value through profit or loss	8	7,886,862	9,244,424
Dividends receivable		1,153	133,590
TOTAL ASSETS		<u>7,973,632</u>	<u>9,477,186</u>
LIABILITIES			
Accrued management fee		4,078	5,123
Amount due to Trustee		1,054	1,018
Other payables and accruals	10	76,762	86,833
TOTAL LIABILITIES		<u>81,894</u>	<u>92,974</u>
NET ASSET VALUE OF THE FUND		<u>7,891,738</u>	<u>9,384,212</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	11	<u>7,891,738</u>	<u>9,384,212</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	12	<u>4,550,000</u>	<u>5,850,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.7344</u>	<u>1.6041</u>

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	Note	01.07.2020 to 31.12.2020 RM	01.07.2019 to 31.12.2019 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD		<u>9,384,212</u>	<u>11,518,338</u>
Movement due to units created and cancelled during the financial period:			
Cancellation of units		<u>(2,298,855)</u>	<u>-</u>
Increase in net assets attributable to unit holders during the financial period		<u>806,381</u>	<u>260,301</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS DURING THE FINANCIAL PERIOD	11	<u>7,891,738</u>	<u>11,778,639</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	01.07.2020 to 31.12.2020 RM	01.07.2019 to 31.12.2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	3,801,267	701,100
Purchase of quoted securities	(1,708,519)	(837,878)
Dividend income received	300,763	283,443
Management fee paid	(26,948)	(33,322)
Trustee and custodian fees paid	(21,488)	(12,716)
Payments for other fees and expenses	(30,019)	(1,216)
Net realized loss on foreign exchange	(29,756)	(1,024)
Net cash generated from operating activities	<u>2,285,300</u>	<u>98,387</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for cancellation of units	(2,298,855)	-
Net cash used in from financing activities	<u>(2,298,855)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(13,555)	98,387
Effects of foreign exchange differences	-	-
Cash and cash equivalents at the beginning of the financial period	<u>99,172</u>	<u>47,062</u>
Cash and cash equivalents at the end of the financial period	<u>85,617</u>	<u>145,449</u>
<u>Cash and cash equivalents comprised of:</u>		
Bank balances	<u>85,617</u>	<u>145,449</u>
Cash and cash equivalents at the end of the financial period	<u>85,617</u>	<u>145,449</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2020****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

Principal FTSE China 50 ETF (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 SC Guidelines on ETFs, SC requirements, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

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

2. 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 Malaysian Financial Reporting Standards (“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 period.

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 assumptions are based on the Manager's best knowledge of current events and actions, actual results may differ.

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

There are no other standards, amendments to standards or interpretations that are effective for financial periods beginning on 1 July 2020 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 periods beginning on/after 1 January 2021 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 other comprehensive income ("OCI").

The Fund classifies cash and cash equivalents and dividend 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 financial liabilities measured at amortised cost.

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

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 bases 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Impairment for assets carried at amortised costs

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

Write-off

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

(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 Malaysian Ringgit ("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 Funds are denominated in MYR.
- ii) Significant portion of the Fund's expenses 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 period-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 period.

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

Withholding taxes on investment income from investment are based on tax regime of the respective countries that the Fund invests in. Such withholding taxes are not "income tax" in nature and are recognised and measured based on the requirements of MFRS 137. They are presented within other expenses line in the statement of comprehensive income.

(g) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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 period 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.

(i) 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.

(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. RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

(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.

(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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(c) Liquidity risk**

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

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

(d) Capital risk management

The capital of the Fund is represented by equity consisting of unit holders' contributions and retained earnings. 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 period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy

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

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

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

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

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
31.12.2020				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>7,886,862</u>	<u>-</u>	<u>-</u>	<u>7,886,862</u>
30.06.2020				
Audited				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>9,244,424</u>	<u>-</u>	<u>-</u>	<u>9,244,424</u>

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(e) Fair value estimation (continued)****(i) Fair value hierarchy (continued)**

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).

(ii) 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 six months financial period ended 31 December 2020, the management fee is recognised at a rate of 0.60% per annum (31.12.2019: 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 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 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 six months financial period ended 31 December 2020, the Trustee fee is recognised at a rate of 0.08% per annum subject to a minimum fee of RM12,000 per annum (31.12.2019: 0.08% per annum), subject to a minimum fee of RM12,000 per annum, while the foreign sub-custodian fee is recognised at RM15,474 (31.12.2019: RM6,713).

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. OTHER EXPENSES

	01.07.2020 to 31.12.2020	01.07.2019 to 31.12.2019
	RM	RM
Printing costs	2,485	3,088
Listing fee	1,382	373
Foreign tax on foreign taxable income	20,143	13,535
	<u>24,010</u>	<u>16,996</u>

7. TAXATION

	01.07.2020 to 31.12.2020 RM	01.07.2019 to 31.12.2019 RM
Tax charged for the financial period:		
- 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:

	01.07.2020 to 31.12.2020 RM	01.07.2019 to 31.12.2019 RM
Profit before taxation	<u>806,381</u>	<u>260,301</u>
Taxation at Malaysian statutory rate of 24%	193,531	62,472
Tax effects of:		
Income not subject to tax	(217,559)	(82,048)
Expenses not deductible for tax purposes	14,094	11,500
Restriction on tax deductible expenses for ETFs	<u>9,934</u>	<u>8,076</u>
Taxation	<u>-</u>	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2020 RM	30.06.2020 Audited RM
At fair value through profit or loss at inception:		
- Quoted securities	<u>7,886,862</u>	<u>9,244,424</u>
	01.07.2020 to 31.12.2020 RM	01.07.2019 to 31.12.2019 RM
Net gain on financial assets at fair value through profit or loss:		
- Realised gain/(loss) on disposals	307,393	(80,245)
- Unrealised fair value gain	<u>440,559</u>	<u>283,253</u>
	<u>747,952</u>	<u>203,008</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market Value RM	Percentage of NAV %
31.12.2020				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Co Ltd	3,500	45,222	88,117	1.12
Zijin Mining Group Co Ltd	4,130	17,642	18,804	0.24
	<u>7,630</u>	<u>62,864</u>	<u>106,921</u>	<u>1.36</u>
Consumer Products				
Alibaba Group Holding Ltd	2,905	368,421	350,396	4.44
Anta Sports Products Ltd	3,500	125,542	223,061	2.83
BYD Company Limited	1,610	102,776	169,649	2.15
Haidilao International Holding Ltd	2,030	52,682	62,845	0.80
JD.Com, Inc.	245	40,893	43,451	0.55
Meituan Dianping	4,970	263,142	759,263	9.62
Smooore International Holdings Ltd	735	20,923	22,812	0.29
	<u>15,995</u>	<u>974,379</u>	<u>1,631,477</u>	<u>20.68</u>
Energy				
China Petroleum & Chemical Corporation	70,210	216,110	160,288	2.03
China Shenhua Energy Co Limited	9,380	185,386	126,337	1.60
CNOOC Ltd	43,050	96,547	71,016	0.90
PetroChina Co Ltd	59,220	213,929	73,703	0.93
	<u>181,860</u>	<u>711,972</u>	<u>431,344</u>	<u>5.46</u>
Finance				
Agricultural Bank of China Ltd	84,595	135,588	124,585	1.58
Bank of China Ltd	190,050	314,882	261,166	3.31
Bank of Communications Co Ltd	21,700	60,331	46,137	0.58

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

Name of counter	Quantity Units	Aggregate cost RM	Market Value RM	Percentage of NAV %
31.12.2020				
(CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
Finance (continued)				
China Citic Bank Corporation Limited	25,200	58,409	42,993	0.55
China Construction Bank Corporation	225,050	672,236	687,380	8.71
China Everbright Bank Company Ltd	8,960	16,921	13,707	0.17
China International Capital Corporation Ltd	3,150	30,351	34,303	0.43
China Life Insurance Co Ltd	20,300	214,650	180,009	2.28
China Merchants Bank Co Ltd	10,465	94,506	265,912	3.37
China Minsheng Banking Corp Ltd	17,150	51,231	39,309	0.50
China Pacific Insurance (Group) Co Ltd	7,840	109,069	123,389	1.56
CITIC Securities Co Ltd	6,650	65,751	60,279	0.76
CSC Financial Co Ltd	3,500	11,300	18,694	0.24
Guotai Junan Securities Co Ltd	2,380	20,432	13,946	0.18
Huatai Securities Co Ltd	4,900	42,149	31,000	0.39
Industrial and Commercial Bank of China Ltd	140,700	366,235	366,999	4.65
Ping An Insurance (Group) Company of China Ltd	8,260	264,937	406,918	5.16
Postal Savings Bank of China Co Ltd	28,350	74,393	64,392	0.82
The People's Insurance Company (Group) of China Ltd	23,800	44,472	30,361	0.38
	<u>833,000</u>	<u>2,647,843</u>	<u>2,811,479</u>	<u>35.62</u>
Health Care				
Alibaba Health Information Technology Ltd	11,550	123,007	137,158	1.74
Hansoh Pharmaceutical Group Co Ltd	3,080	65,080	60,054	0.76
Wuxi Apptec Co Ltd	490	18,209	38,572	0.49
Wuxi Biologics (Cayman) Inc.	7,672	341,900	408,982	5.18
	<u>22,792</u>	<u>548,196</u>	<u>644,766</u>	<u>8.17</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2020 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Industrials				
CITIC Ltd	12,740	83,685	36,270	0.46
Information Technology				
Hanergy Thin Film Power Group Ltd *	102,900	332,879	-	0.00
Semiconductor Manufacturing International Corporation	10,850	119,026	124,344	1.58
Xiaomi Corporation	25,760	207,306	443,493	5.62
	<u>139,510</u>	<u>659,211</u>	<u>567,837</u>	<u>7.20</u>
Real Estate				
China Evergrande Group	7,910	70,639	61,117	0.77
China Overseas Land & Investment Ltd	10,430	112,222	91,189	1.16
China Resources Land Ltd	7,490	73,977	124,290	1.58
China Vanke Co Ltd	4,900	49,099	67,971	0.86
Country Garden Holdings Company Ltd	22,400	82,485	124,522	1.58
Longfor Properties Co Ltd	4,690	59,364	110,416	1.40
	<u>57,820</u>	<u>447,786</u>	<u>579,505</u>	<u>7.35</u>
Telecommunication Services				
China Mobile Ltd	11,060	425,036	253,501	3.21
China Telecom Corp Ltd	43,470	83,091	48,465	0.61
China Tower Corp Ltd	141,050	107,477	83,384	1.06
NetEase, Inc.	385	28,519	29,468	0.37
Tencent Holdings Ltd	2,265	302,465	662,445	8.39
	<u>198,230</u>	<u>946,588</u>	<u>1,077,263</u>	<u>13.64</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
31.12.2020 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	<u>1,469,577</u>	7,082,524	<u>7,886,862</u>	<u>99.94</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>804,338</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>7,886,862</u>		

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

Name of counter	Quantity Units	Aggregate Cost RM	Market value RM	Percentage of NAV %
30.06.2020				
Audited				
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
	<u>11,925</u>	<u>562,803</u>	<u>898,424</u>	<u>9.57</u>
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
	<u>379,470</u>	<u>1,393,273</u>	<u>730,570</u>	<u>7.78</u>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2020 (CONTINUED)				
Audited (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>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2020 (CONTINUED)				
Audited (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 Apptec 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>

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

Name of counter	Quantity Units	Aggregate cost RM	Market value RM	Percentage of NAV %
30.06.2020 (CONTINUED)				
Audited (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>		

* 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.

9. CASH AND CASH EQUIVALENTS

	31.12.2020	30.06.2020
	RM	Audited RM
Bank balances	<u>85,617</u>	<u>99,172</u>

10. OTHER PAYABLES AND ACCRUALS

	31.12.2020	30.06.2020
	RM	Audited RM
Provision for audit fee	11,284	25,400
Provision for tax agent's fee	6,719	4,400
Other accruals	<u>58,759</u>	<u>57,033</u>
	<u>76,762</u>	<u>86,833</u>

11. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

Net assets attributable to unit holders as at the reporting date comprise:

	31.12.2020	30.06.2020
	RM	Audited RM
Unit holders' contributions	(51,281)	2,247,574
Retained earnings	<u>7,943,019</u>	<u>7,136,638</u>
	<u>7,891,738</u>	<u>9,384,212</u>

The movement in the components of net assets attributable to unit holders for the period are as follows:

	Unit holders' contributions RM	Retained earnings RM	Total RM
Balance as at 1 July 2020	2,247,574	7,136,638	9,384,212
Movement in unit holders' contributions:			
Cancellation of units	(2,298,855)	-	(2,298,855)
Total comprehensive income for the financial period	<u>-</u>	<u>806,381</u>	<u>806,381</u>
Balance as at 31 December 2020	<u>(51,281)</u>	<u>7,943,019</u>	<u>7,891,738</u>
Balance as at 1 July 2019	4,386,204	7,132,134	11,518,338
Movement in unit holders' contributions:			
Total comprehensive income for the financial period	<u>-</u>	<u>260,301</u>	<u>260,301</u>
Balance as at 31 December 2019	<u>4,386,204</u>	<u>7,392,435</u>	<u>11,778,639</u>

12. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.07.2020 to 31.12.2020	01.07.2019 to 30.06.2020 Audited
	No of units	No of units
At the beginning of the financial period/year	5,850,000	7,150,000
Less: Cancellation of units	(1,300,000)	(1,300,000)
At the end of the financial period/year	<u>4,550,000</u>	<u>5,850,000</u>

13. MANAGEMENT EXPENSE RATIO (“MER”)

	01.07.2020 to 31.12.2020 %	01.07.2019 to 31.12.2019 %
MER	<u>0.79</u>	<u>0.59</u>

MER is derived from the following calculation:

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

A	=	Management fee
B	=	Trustee and custodian fees
C	=	Audit fee
D	=	License fee
E	=	Tax agent’s fee
F	=	Other expenses excluding withholding tax
G	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on daily basis is RM8,563,512 (31.12.2019: RM11,155,582).

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.07.2020 to 31.12.2020	01.07.2019 to 31.12.2019
PTR (times)	<u>0.32</u>	<u>0.07</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial period	=	RM1,711,219 (31.12.2019: RM839,035)
total disposal for the financial period	=	RM3,808,208 (31.12.2019: RM702,931)

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

Units held by the Manager and parties related to the Manager

There were no units held by the Manager, Directors and parties related to the Manager as at the end of each financial period.

	31.12.2020		30.06.2020	
	No. of units	RM	No. of units	RM
Fellow related parties to the Manager				
CGS-CIMB Nominees (Tempatan) Sdn Bhd	26,400	45,788	450,800	723,128
Fellow subsidiary and associated company of the ultimate holding company of the shareholder of the Manager				
CIMSEC Nominees (Tempatan) Sdn Bhd	236,400	410,012	210,000	336,861

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

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

The units are held beneficially by the 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

	01.07.2020 to 31.12.2020 RM	01.07.2019 to 31.12.2019 RM
Cancellation of units - CGS-CIMB Nominees (Tempatan) Sdn Bhd	2,298,855	-

16. TRANSACTIONS WITH BROKERS

Details of transactions with the brokers for the six months financial period ended 31 December 2020 are as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CIMB Securities (Singapore) PTE Ltd #	4,388,861	79.47	6,951	81.54
CLSA Ltd (Hong Kong)	1,133,691	20.53	1,574	18.46
	5,522,552	100.00	8,525	100.00

Details of transactions with the broker for the six months financial period ended 31 December 2019 are as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
JP Morgan Securities (Asia Pacific)	1,541,966	100.00	2133	100.00
	1,541,966	100.00	2133	100.00

Included in the transactions are trades conducted with CGS-CIMB Securities (Singapore) Pte Ltd, fellow related party to the Manager amounting to RM4,388,861(31.12.2019: Nil). 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 period.

18. SIGNIFICANT EVENT DURING THE PERIOD

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 period.

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

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TRUST DIRECTORY

Manager

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