

PRINCIPAL FTSE CHINA 50 ETF

INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2021

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INVESTORS' LETTER

Dear Valued Investor,

Greetings from Principal Asset Management and thank you for investing with us!

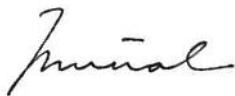
We are pleased to bring you a copy of the Interim Fund Report of the Principal FTSE China 50 ETF for the financial period ended 31 December 2021. You may also download this report from our website at www.principal.com.my.

We are happy to share that Principal was recognised with five awards at the 2021 Global Banking & Finance Awards®. The awards were Asset Management Company of the Year Malaysia 2021, Pension Fund Provider Malaysia 2021, Best Pension Fund Manager Malaysia 2021, Fund Distribution Network Provider of the Year Malaysia 2021, and for Asset Management CEO of the Year Malaysia 2021. Principal also won Asia Asset Management's 2022 Best of the Best Awards in the Greater China Equity (10 Years) category.

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

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

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



Munirah Khairuddin
Chief Executive Officer

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 has met its objective in closely corresponding 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 2021?

RM6.49 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 2021?

There was no distribution made for the six months financial period ended 31 December 2021.

PERFORMANCE DATA

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

	31.12.2021	31.12.2020	31.12.2019
	%	%	%
Quoted securities			
- Basic Materials	1.49	1.36	1.39
- Consumer Products	36.51	20.68	9.10
- Energy	2.78	5.46	9.04
- Finance	27.26	35.62	45.31
- Health Care	4.58	8.17	0.71
- Industrials	1.14	0.46	3.40
- Information Technology	5.10	7.20	1.92
- Real Estate	2.43	13.64	17.67
- Telecommunications	18.20	0.06	0.31
- Utilities	-	1.36	1.39
Cash and other assets	2.08	7.03	10.70
Liabilities	(1.57)	(1.04)	(0.94)
	<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:

	31.12.2021	31.12.2020	31.12.2019
Total asset value (RM Million)	6.57	7.97	11.89
Net Asset Value ("NAV") (RM Million)	6.49	7.89	11.78
Units in circulation (Million)	4.55	4.55	7.15
NAV per Unit (RM)	1.4261	1.7344	1.6474
	01.07.2021	01.07.2020	01.07.2019
	to 31.12.2021	to 31.12.2020	to 31.12.2019
Highest NAV per Unit (RM)	1.7762	1.8046	1.6643
Lowest NAV per Unit (RM)	1.3943	1.5504	1.4620
Market Price per Unit (RM)	1.4400	1.6500	1.6500
Highest Market Price per Unit (RM)	1.9000	1.5300	1.6500
Lowest Market Price per Unit (RM)	1.4300	1.7500	1.4700
Total return (%) [^]	19.62	8.16	2.26
- Capital growth (%)	19.62	8.16	2.26
- Income distribution (%)	-	-	-
Management Expenses Ratio ("MER") (%) [*]	0.68	0.79	0.59
Portfolio Turnover Ratio ("PTR") (times) [#]	0.17	0.32	0.07

[^] based on NAV per unit

^{*} The Fund's MER decreased from 0.79% to 0.68% due to the decrease in expenses during the financial period under review.

[#] The Fund's PTR was decreased from 0.32 times to 0.17 times, due to lesser trading activities from portfolio rebalancing within the reporting period.

PERFORMANCE DATA (CONTINUED)

	31.12.2021	31.12.2020	31.12.2019	31.12.2018	31.12.2017
	%	%	%	%	%
Annual total return	17.74	5.23	12.07	(10.79)	20.59

(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 2021 TO 31 DECEMBER 2021)

The FTSE China A50 Index fell 8.65% in USD terms for the financial period under review to end at 2,469.76 points.

Chinese equities fell sharply in July 2021, following a regulatory tightening on technology and education industries. A frosty start to US-China talks further weakened investor sentiment. The COVID-19 situation seems to have moderated.

Chinese equities were flat overall in August 2021 amid concerns over increased regulation. Official data showed factory activity grew at a reduced pace in the month, suggesting a slowdown in the country's economy.

At the end of September 2021, the Chinese market had experienced a significant sell-off during the quarter. This was partially due to concerns over the ability of property group Evergrande to service its debts. Sentiment towards the country weakened due to the regulatory crackdown affecting the education and technology sectors. Power outages and the rationing of energy also spooked investors, hurting the production of key commodities.

In October 2021, China finished ahead of the index, driven by a pickup in several internet and e-commerce stocks that were hurt by regulatory action earlier this year. The market was also boosted after real estate group Evergrande made an interest payment on its debt, allaying fears of contagion.

Chinese stocks fell sharply in November 2021 on fears that new lockdown measures would be introduced. This follows the broad market sell-off following the emergence of the Omicron variant of COVID-19 and a surge in new cases in some countries.

In December 2021, Chinese equities were relatively flat with some weakness as investors worried that new lockdown restrictions would be instigated. Apart from virus developments China's economic background continues to be uncertain with concerns over growth in general and the property sector in particular as developers continue to struggle with debt payments.

FUND PERFORMANCE

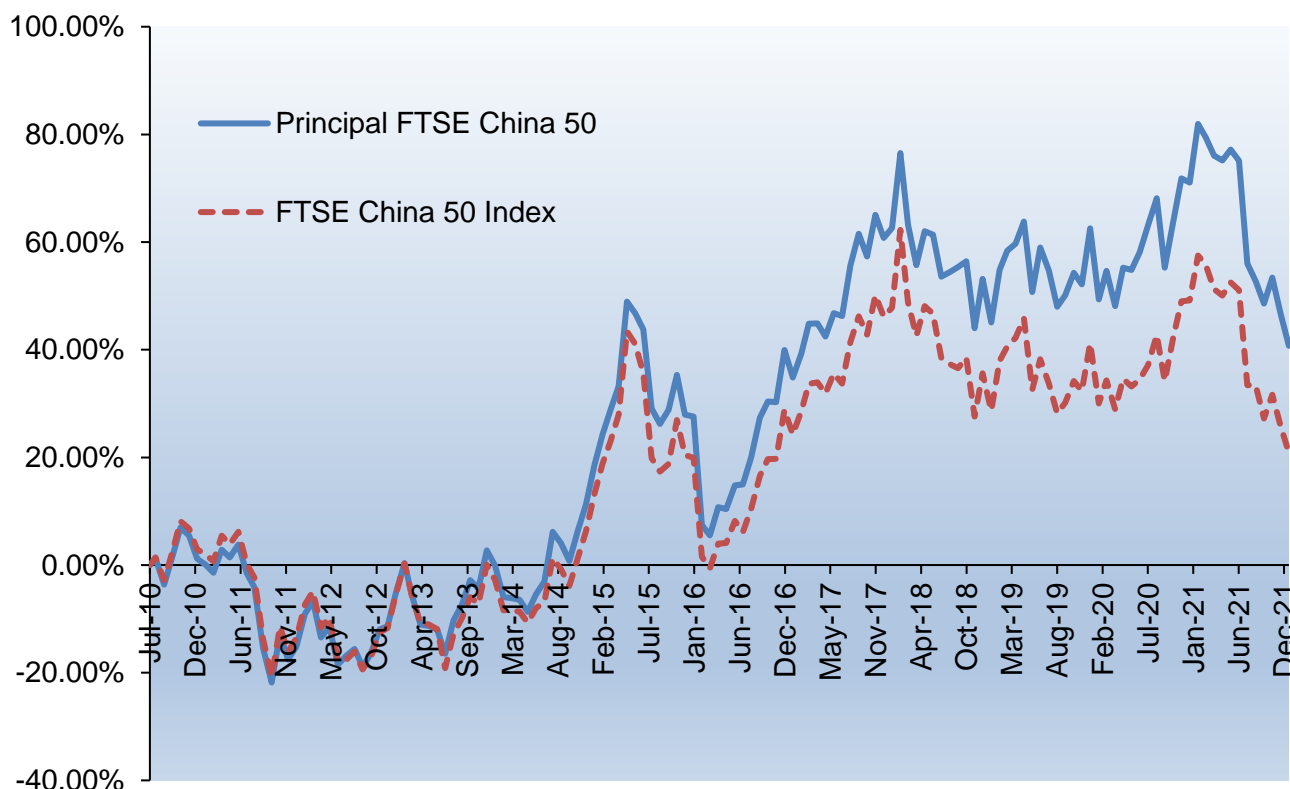
	6 months to 31.12.2021 %	1 year to 31.12.2021 %	3 years to 31.12.2021 %	5 years to 31.12.2021 %	Since inception to 31.12.2021 %
Income Distribution	-	-	-	-	-
Capital Growth [^]	(19.62)	(17.74)	(2.99)	4.36	40.72
Total Return [^]	(19.62)	(17.74)	(2.99)	4.36	40.72
Average Total Return [^]	(35.17)	(17.74)	(1.01)	0.86	3.02
Benchmark	(19.99)	(18.96)	(6.07)	(2.76)	20.86
Changes in Market Price per Unit	(19.33)	(12.73)	(12.73)	(13.25)	41.18

[^] based on NAV per Unit

^{^^} based on Last Published Market Price

For the financial period under review, the Fund decreased by 19.62%, still outperforming the benchmark which decreased by 19.99%.

The last available published market price of the Fund quoted on Bursa Malaysia decreased from RM1.6500 to RM1.4400 during the period under review, representing a decrease 19.33%.



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

	31.12.2021	30.06.2021 Audited	Changes %
NAV (RM Million)	6.49	8.07	(19.58)
NAV/Unit (RM)	1.4261	1.7742	(19.62)

For the 6-month financial period under review, the Fund's NAV was lower at RM6.49 million as at 31 December 2021 compared to RM8.07 million on 30 June 2021. On the other hand, the NAV per unit decreased to RM1.4261 per unit from RM1.7742 per unit due to the negative investment performance during the financial period.

PORTFOLIO STRUCTURE**Asset allocation**

(% of NAV)	31.12.2021	30.06.2021 Audited
Quoted securities	99.49	98.85
Cash and other assets	2.08	2.33
Liabilities	(1.57)	(1.18)
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*

The correction in Chinese equities in 2021 has produced opportunities in a variety of sectors. Compared to the beginning of 2021, current valuations are much healthier. Regarding investment projects, new infrastructure and green-related capital investment will likely be the key areas of growth. On the other hand, the slowdown in property investment is likely to continue given ongoing deleveraging in the sector. The policy direction is clearer, with debt reduction and narrowing income disparity the top priorities. A long-term shift in economic drivers and de-risking are still the focus of policymakers.

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

INVESTMENT STRATEGY

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 2021 were 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	161	0.08	1.76
1,001 to 10,000	150	0.59	12.97
10,001 to 100,000	60	1.59	34.95
100,001 to less than 5% of approved fund size	3	0.77	16.92
5% and above the approved fund size	3	1.52	33.40
Total	383	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 2021**

	Note	01.07.2021 to 31.12.2021 RM	01.07.2020 to 31.12.2020 RM
(LOSS)/INCOME			
Dividend income		79,246	188,300
Net (loss)/gain on financial assets at fair value through profit or loss	8	(1,596,207)	747,952
Net foreign exchange loss		(1)	(29,756)
		<u>(1,516,962)</u>	<u>906,496</u>
EXPENSES			
Management fee	4	21,459	25,903
Trustee and custodian fees	5	6,761	21,524
Audit fee		12,805	13,762
Tax agent's fee		2,218	2,319
Transaction costs		11,884	12,597
Other expenses	6	12,227	24,010
		<u>67,354</u>	<u>100,115</u>
(LOSS)/PROFIT BEFORE TAXATION		(1,584,316)	806,381
Taxation	7	-	-
(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		<u>(1,584,316)</u>	<u>806,381</u>
(Loss)/Profit after taxation is made up as follows:			
Realised amount		(53,395)	365,654
Unrealised amount		(1,530,921)	440,727
		<u>(1,584,316)</u>	<u>806,381</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 2021**

		31.12.2021	30.06.2021
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	9	116,537	131,936
Financial assets at fair value through profit or loss	8	6,455,246	7,980,088
Dividends receivable		949	56,032
TOTAL ASSETS		<u>6,572,732</u>	<u>8,168,056</u>
LIABILITIES			
Accrued management fee		3,491	4,085
Amount due to Trustee		1,054	1,021
Other payables and accruals	11	79,574	90,021
TOTAL LIABILITIES		<u>84,119</u>	<u>95,127</u>
NET ASSET VALUE OF THE FUND		<u>6,488,613</u>	<u>8,072,929</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>6,488,613</u>	<u>8,072,929</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)	12	<u>4,550,000</u>	<u>4,550,000</u>
NET ASSET VALUE PER UNIT (RM)		<u>1.4261</u>	<u>1.7742</u>

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

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDER
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

	Note	01.07.2021 to 31.12.2021 RM	01.07.2020 to 31.12.2020 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT BEGINNING OF THE FINANCIAL PERIOD		<u>8,072,929</u>	<u>9,384,212</u>
Movement due to units created and cancelled during the financial period:			
Cancellation of units		<u>-</u>	<u>(2,298,855)</u>
Total comprehensive (loss)/income for the financial period		<u>(1,584,316)</u>	<u>806,381</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD	10	<u>6,488,613</u>	<u>7,891,738</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 2021**

	01.07.2021 to 31.12.2021 RM	01.07.2020 to 31.12.2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	1,144,582	3,801,267
Purchase of quoted securities	(1,215,695)	(1,708,519)
Dividend income received	127,065	300,763
Management fee paid	(22,053)	(26,948)
Trustee and custodian fees paid	(6,728)	(21,488)
Tax agent fees paid	(1,500)	-
Payments for other fees and expenses	(40,963)	(30,019)
Net realized loss on foreign exchange	(1)	(29,756)
Net cash (used in)/generated from operating activities	<u>(15,293)</u>	<u>2,285,300</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for cancellation of units	-	(2,298,855)
Net cash used in from financing activities	<u>-</u>	<u>(2,298,855)</u>
Net decrease in cash and cash equivalents	(15,293)	(13,555)
Effects of foreign exchange differences	(106)	-
Cash and cash equivalents at the beginning of the financial period	<u>131,936</u>	<u>99,172</u>
Cash and cash equivalents at the end of the financial period	<u><u>116,537</u></u>	<u><u>85,617</u></u>
<u>Cash and cash equivalents comprised of:</u>		
Bank balances	<u>116,537</u>	<u>85,617</u>
Cash and cash equivalents at the end of the financial period	<u><u>116,537</u></u>	<u><u>85,617</u></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 2021****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 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 2021 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 2022 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.

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

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

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

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

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 considers both historical analysis and forward-looking information in determining any ECL. Management 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.

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

(d) Foreign currencyFunctional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in 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.

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at 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.

(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 are 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(h) Unit holders' contributions**

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 RM 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' capital 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
31.12.2021				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>6,455,246</u>	<u>-</u>	<u>-</u>	<u>6,455,246</u>
30.06.2021				
Audited				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>7,980,088</u>	<u>-</u>	<u>-</u>	<u>7,980,088</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).

Financial instruments that are not carried at fair value

- (ii) 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 2021, the management fee is recognised at a rate of 0.60% per annum (31.12.2020: 0.60% per annum).

There was 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 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 2021, the Trustee fee is recognised at a rate of 0.08% per annum subject to a minimum fee of RM12,000 per annum (31.12.2020: 0.08% per annum subject to a minimum fee of RM12,000 per annum), while the foreign sub-custodian fee is recognised at RM711 (31.12.2020: RM15,474).

There was 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

	01.07.2021 to 31.12.2021	01.07.2020 to 31.12.2020
	RM	RM
Printing costs	1,430	2,485
Listing fee	3,679	1,382
Foreign tax on foreign taxable income	7,118	20,143
	<u>12,227</u>	<u>24,010</u>

7. TAXATION

	01.07.2021 to 31.12.2021 RM	01.07.2020 to 31.12.2020 RM
Tax charged for the financial period:		
- Current taxation	-	-

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

	01.07.2021 to 31.12.2021 RM	01.07.2020 to 31.12.2020 RM
(Loss)/Profit before taxation	(1,584,316)	806,381
Taxation at Malaysian statutory rate of 24%	(380,236)	193,531
Tax effects of:		
Income not subject to tax	376,599	(217,559)
Expenses not deductible for tax purposes	6,747	14,094
Restriction on tax deductible expenses for ETFs	7,710	9,934
Taxation	-	-

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2021 RM	30.06.2021 Audited RM
At fair value through profit or loss at inception:		
- Quoted securities	6,455,246	7,980,088
	01.07.2021 to 31.12.2021 RM	01.07.2020 to 31.12.2020 RM
Net (loss)/gain on financial assets at fair value through profit or loss:		
- Realised (loss)/gain on disposals	(65,538)	307,393
- Unrealised fair value (loss)/gain	(1,530,669)	440,559
	(1,596,207)	747,952

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 %
31.12.2021				
QUOTED SECURITIES				
Basic Materials				
Anhui Conch Cement Co Ltd	1,680	21,707	35,019	0.54
Ganfeng lithium Co. Ltd.	280	22,149	18,386	0.28
Zijin Mining Group Co Ltd	8,680	42,980	43,107	0.67
	<u>10,640</u>	<u>86,836</u>	<u>96,512</u>	<u>1.49</u>
Consumer Products				
Alibaba Group Holding Ltd	9,415	1,000,488	599,081	9.23
Anta Sports Products Ltd	1,680	60,260	105,101	1.62
BYD Company Limited	1,260	91,608	179,769	2.77
China Resources Beer (Holdings) Company Limited	2,240	85,816	76,541	1.17
Geely Automobile Holdings Limited	8,050	111,224	91,761	1.42
Great Wall Motor Company Limited	4,550	63,290	65,257	1.01
Haier Smart Home Co., Ltd.	3,430	59,199	60,483	0.93
JD Health International Inc.	1,050	50,830	34,530	0.53
JD.Com, Inc.	1,995	365,652	292,534	4.51
Li Ning Company Limited	3,500	159,211	159,866	2.46
Meituan Dianping	4,655	376,934	561,510	8.65
Shenzhou International Group Holdings Limited	1,120	98,490	89,847	1.39
Smoore International Holdings Ltd	2,485	79,406	52,862	0.82
	<u>45,430</u>	<u>2,602,408</u>	<u>2,369,142</u>	<u>36.51</u>
Energy				
China Petroleum & Chemical Corporation	39,410	104,060	76,559	1.18
China Shenhua Energy Co Limited	4,830	49,714	47,251	0.73
30,520110,25256,6760.87 PetroChina Co Ltd	30,520	110,252	56,676	0.87
	<u>74,760</u>	<u>264,026</u>	<u>180,486</u>	<u>2.78</u>
Finance				
Agricultural Bank of China Ltd	46,795	75,002	67,115	1.03
Bank of China Ltd	114,450	189,625	172,110	2.65
Bank of Communications Co Ltd	11,900	33,085	29,995	0.46

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 %
31.12.2021 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Finance (continued)				
China Citic Bank Corporation Limited	15,400	35,694	27,856	0.43
China Construction Bank Corporation	146,300	450,178	422,787	6.52
China Everbright Bank Company Ltd	5,110	9,650	7,548	0.12
China International Capital Corporation Ltd	2,100	20,234	24,162	0.37
China Life Insurance Co Ltd	11,130	117,688	76,956	1.19
China Merchants Bank Co Ltd	5,705	51,520	184,864	2.85
China Minsheng Banking Corp Ltd	10,150	30,320	16,187	0.25
China Pacific Insurance (Group) Co Ltd	3,920	54,534	44,369	0.68
China Securities Co. Ltd	1,400	4,520	6,391	0.10
CITIC Securities Co Ltd	3,150	31,145	34,305	0.53
Industrial and Commercial Bank of China Ltd	127,050	332,456	299,165	4.61
Ping An Insurance (Group) Company of China Ltd	9,870	340,842	296,586	4.57
Postal Savings Bank of China Co Ltd	14,000	36,738	40,983	0.63
The People's Insurance Company (Group) of China Ltd	13,650	25,506	17,240	0.27
	<u>542,080</u>	<u>1,838,737</u>	<u>1,768,619</u>	<u>27.26</u>
Health Care				
Wuxi Apptec Co Ltd	532	18,715	38,435	0.59
Wuxi Biologics (Cayman) Inc.	5,222	234,822	258,641	3.99
	<u>5,754</u>	<u>253,537</u>	<u>297,076</u>	<u>4.58</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 %
31.12.2021 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
Industrials				
CITIC Ltd	7,560	33,804	31,153	0.48
Cosco Shipping Holdings Co., Ltd.	5,320	44,209	43,047	0.66
	<u>12,880</u>	<u>78,103</u>	<u>74,200</u>	<u>1.14</u>
Information Technology				
Hanergy Thin Film Power Group Ltd *	102,900	332,879	-	0.00
Sunny Optical Technology (Group) Company Limited	980	118,528	129,331	1.99
Xiaomi Corporation	19,950	306,559	201,785	3.11
	<u>123,830</u>	<u>757,966</u>	<u>331,116</u>	<u>5.10</u>
Real Estate				
China Resources Land Ltd	4,200	41,483	73,724	1.14
China Vanke Co Ltd	3,080	30,863	29,900	0.46
Longfor Group Holdings Limited	2,730	34,555	53,618	0.83
	<u>10,010</u>	<u>106,901</u>	<u>157,242</u>	<u>2.43</u>
Telecommunication Services				
Baidu, Inc.	3,500	298,787	270,844	4.17
China Tower Corp Ltd	71,050	54,138	32,700	0.51
Kuaishou Technology	2,310	198,167	89,070	1.37
NetEase, Inc.	2,275	216,128	191,754	2.96
Tencent Holdings Ltd	2,440	429,359	596,485	9.19
	<u>81,575</u>	<u>1,196,579</u>	<u>1,180,853</u>	<u>18.20</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 %
31.12.2021 (CONTINUED) QUOTED SECURITIES (CONTINUED)				
TOTAL QUOTED SECURITIES	<u>906,959</u>	7,185,003	<u>6,455,246</u>	<u>99.49</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(729,757)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>6,455,246</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 %
30.06.2021				
Audited				
QUOTED SECURITIES				
HONG KONG, CHINA				
Basic Materials				
Anhui Conch Cement Co Ltd	2,450	31,656	53,999	0.67
Zijin Mining Group Co Ltd	12,530	62,043	69,980	0.87
	<u>14,980</u>	<u>93,699</u>	<u>123,979</u>	<u>1.54</u>
Consumer Products				
Alibaba Group Holding Ltd	6,545	804,841	770,288	9.54
Anta Sports Products Ltd	2,310	82,857	225,896	2.80
BYD Co Ltd	1,610	117,055	199,990	2.48
China Resources Beer (Holdings) Co Ltd	3,150	120,680	117,537	1.45
Great Wall Motor Company Ltd	6,300	87,632	84,593	1.05
Haidilao International Holding Ltd	2,030	52,682	44,416	0.55
Haier Smart Home Co Ltd	4,830	83,361	70,022	0.87
JD.Com Inc	2,240	410,557	365,964	4.53
JD Health International Inc	350	20,801	20,839	0.26
Meituan Dianping	4,375	337,369	749,880	9.29
Shenzhou International Group Holdings Ltd	1,540	135,424	161,555	2.00
Smoore International Holdings Ltd	3,535	112,958	81,411	1.01
	<u>38,815</u>	<u>2,366,217</u>	<u>2,892,391</u>	<u>35.83</u>
Energy				
China Petroleum & Chemical Corporation	53,410	141,026	112,289	1.39
China Shenhua Energy Co Ltd	6,930	71,329	56,425	0.70

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 %
30.06.2021 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES				
(CONTINUED)				
HONG KONG, CHINA				
(CONTINUED)				
Energy (continued)				
Hanergy Thin Film Power Group Ltd*	102,900	332,879	-	-
Petrochina Co Ltd	43,120	155,768	87,195	1.08
	<u>206,360</u>	<u>701,002</u>	<u>255,909</u>	<u>3.17</u>
Finance				
Agricultural Bank of China Ltd	66,395	106,417	95,900	1.19
Bank of China Ltd	158,550	262,692	236,642	2.93
Bank of Communications Co Ltd	16,800	46,708	46,914	0.58
China Citic Bank Corporation Ltd	18,900	43,807	37,208	0.46
China Construction Bank Corporation	143,500	441,833	469,045	5.81
China Everbright Bank Co Ltd	7,210	13,616	12,227	0.15
China International Capital Corp Ltd	3,150	30,351	35,219	0.44
China Life Insurance Co Ltd	15,330	162,098	126,294	1.56
China Merchants Bank Co Ltd	7,665	69,220	271,656	3.37
China Merchant Securities Co Ltd	2,310	14,743	13,346	0.17
China Minsheng Banking Corp Ltd	15,050	44,958	29,950	0.37
China Pacific Insurance (Group) Co Ltd	5,180	72,063	67,753	0.84
China Securities Co Ltd	2,100	6,780	10,571	0.13
Citic Securities Co Ltd	4,550	44,988	47,416	0.59
Industrial and Commercial Bank of China Ltd	131,250	344,093	320,173	3.97
Ping An Insurance (Group) Company of China Ltd	9,030	315,967	367,374	4.55
Postal Savings Bank of China Co Ltd	20,300	53,269	56,796	0.70
The People's Insurance Company (Group) of China Ltd	17,150	32,046	23,762	0.29
	<u>644,420</u>	<u>2,105,649</u>	<u>2,268,246</u>	<u>28.10</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 %
30.06.2021 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES				
(CONTINUED)				
HONG KONG, CHINA				
(CONTINUED)				
Health Care				
Alibaba Health Information Technology Ltd	10,150	108,097	93,502	1.16
Hansoh Pharmaceutical Group Co Ltd	1,960	41,415	35,650	0.44
Wuxi Apptec Co Ltd	672	23,640	65,176	0.81
Wuxi Biologics (Cayman) Inc	5,362	240,892	408,181	5.06
	<u>18,144</u>	<u>414,044</u>	<u>602,509</u>	<u>7.47</u>
Industrials				
CITIC Ltd	9,100	40,689	40,746	0.50
COSCO Shipping Holdings Co Ltd	4,900	52,935	51,273	0.63
	<u>14,000</u>	<u>93,624</u>	<u>92,019</u>	<u>1.13</u>
Real Estate				
China Resources Land Ltd	5,530	54,619	93,039	1.15
China Vanke Co Ltd	3,780	37,877	49,138	0.61
Country Garden Holdings Co Ltd	16,100	59,286	74,932	0.93
Longfor Properties Co Ltd	3,990	50,504	92,850	1.15
	<u>29,400</u>	<u>202,286</u>	<u>309,959</u>	<u>3.84</u>
Technology				
Xiaomi Corporation	23,100	354,963	333,654	4.13
Telecommunication services				
China Tower Corporation Ltd	96,950	73,873	55,495	0.69
Kuaishou Technology	560	110,207	58,358	0.72
Netease, Inc.	2,975	282,629	279,946	3.47
Tencent Holdings Ltd	2,265	380,984	707,623	8.76
	<u>102,750</u>	<u>847,693</u>	<u>1,101,422</u>	<u>13.64</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 %
30.06.2021 (CONTINUED)				
Audited (Continued)				
QUOTED SECURITIES (CONTINUED)				
HONG KONG, CHINA (CONTINUED)				
TOTAL QUOTED SECURITIES	<u>1,091,969</u>	<u>7,179,177</u>	<u>7,980,088</u>	<u>98.85</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>800,911</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>7,980,088</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

	31.12.2021	30.06.2021
	RM	Audited RM
Bank balances	<u>116,537</u>	<u>131,936</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	31.12.2021	30.06.2021
	RM	Audited RM
Unit holders' contributions	(51,281)	(51,281)
Retained earnings	<u>6,539,894</u>	<u>7,943,019</u>
	<u>6,488,613</u>	<u>7,891,738</u>

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

	Unit holders' capital RM	Retained earnings RM	Total RM
Balance as at 1 July 2021	(51,281)**	8,124,210	8,072,929
Movement in unit holders' contributions:			
Cancellation of units	-	-	-
Total comprehensive income for the financial period	-	(1,584,316)	(1,584,316)
Balance as at 31 December 2021	<u>(51,281)</u>	<u>6,539,894</u>	<u>6,488,613</u>
Balance as at 1 July 2020	2,247,574	7,136,638	9,384,212
Movement in unit holders' contributions:			
Cancellation of units	(1,018,907)	(1,279,948)	(2,298,855)
Total comprehensive income for the financial period	-	806,381	806,381
Balance as at 31 December 2020	<u>1,228,667</u>	<u>6,663,071</u>	<u>7,891,738</u>

** The negative Unitholders' contributions balance as at reporting date is due to the cancellation of units at a higher NAV price than when the units were created.

11. OTHER PAYABLES AND ACCRUALS

	31.12.2021	30.06.2021
	RM	Audited RM
Provision for audit fee	12,805	25,400
Provision for tax agent's fee	5,117	4,400
Other accruals	<u>61,652</u>	<u>60,221</u>
	<u>79,574</u>	<u>90,021</u>

12. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.07.2021 to 31.12.2021	01.07.2020 to 30.06.2021 Audited
	No of units	No of units
At the beginning of the financial period/year	4,550,000	5,850,000
Less: Cancellation of units	-	(1,300,000)
At the end of the financial period/year	<u>4,550,000</u>	<u>4,550,000</u>

13. MANAGEMENT EXPENSE RATIO (“MER”)

	01.07.2021 to 31.12.2021	01.07.2020 to 31.12.2020
	%	%
MER	<u>0.68</u>	<u>0.79</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 RM7,094,304 (31.12.2020: RM8,563,512).

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.07.2021 to 31.12.2021	01.07.2020 to 31.12.2020
PTR (times)	<u>0.17</u>	<u>0.32</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	=	RM1,217,981 (31.12.2020: RM1,711,219)
total disposal for the financial period	=	RM1,142,161 (31.12.2020: RM3,808,208)

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 were as follows:

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

	31.12.2021		30.06.2021 Audited	
	No. of units	RM	No. of units	RM
Fellow related parties to the Manager				
CGS-CIMB Nominees (Tempatan) Sdn Bhd	-	-	47,900	84,984
Fellow subsidiary and associated company of the ultimate holding company of the shareholder of the Manager				
CIMSEC Nominees (Tempatan) Sdn Bhd	-	-	210,000	372,582

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.

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 (continued)

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

	01.07.2021 to 31.12.2021 RM	01.07.2020 to 31.12.2020 RM
Cancellation of units		
- CGS-CIMB Nominees (Tempatan) Sdn Bhd	-	2,298,855

16. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the brokers/dealers for the six months financial period ended 31 December 2021 were as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Instinet Pacific Limited Hong Kong Branch	1,724,667	73.08	3,252	73.01
CIMB Securities (Singapore) PTE Ltd #	635,357	26.92	1,202	26.99
	<u>2,360,024</u>	<u>100.00</u>	<u>4,454</u>	<u>100.00</u>

Details of transactions with the broker/dealers for the six months financial period ended 31 December 2020 were 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
	<u>5,522,552</u>	<u>100.00</u>	<u>8,525</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities (Singapore) Pte Ltd, fellow related party to the Manager amounting to RM635,357 (31.12.2020: RM4,388,861). 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 PERIOD

The COVID-19 pandemic and related lockdowns and movement restrictions have had, and will continue to have, a significant impact on global economic conditions and the environment in which the Fund operates.

The Manager continue to closely monitor the macro-economic outlook as a result of COVID-19 pandemic and its impact to the Fund's performance and will be managing the risks to achieve the Fund's objective.

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TRUST DIRECTORY

Manager

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