

PRINCIPAL FTSE CHINA 50 ETF

UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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INVESTORS' LETTER

Dear Valued Investor,

Greetings from Principal Asset Management Berhad ("Principal Malaysia") and thank you for investing with us!

Firstly, allow me to wish you a very Happy New Year! The new year marks a fresh start and an opportunity to establish new goals. While many of us had a challenging year in 2022, we look forward to 2023 and hope it will be a better year for everyone.

We are pleased to bring you a copy of the unaudited financial statements of the Principal FTSE China 50 ETF for the financial period ended 31 December 2022. You may also download this report from our website at www.principal.com.my.

We are pleased to share that Principal Malaysia was accorded with the ESG Asset Management Company of the Year-Highly Commended (Malaysia) award at The Asset Triple A Sustainable Investing Awards 2022 for Institutional Investor, ETF, and Asset Servicing Providers 2022. Principal Malaysia was also awarded the Top Investment House, Asset Manager-Highly Commended (Malaysia) award at the Asset Benchmark Research Asian Local Currency Bond Benchmark Review 2022.

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 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 2022?

RM5.42 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 2022?

There was no distribution made for the six months financial period ended 31 December 2022.

PERFORMANCE DATA

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

	31.12.2022	31.12.2021	31.12.2020
	%	%	%
Quoted securities			
- Basic Materials	1.76	1.49	1.36
- Consumer Products	36.96	36.51	20.68
- Energy	4.47	2.78	5.46
- Finance	26.73	27.26	35.62
- Health Care	3.72	4.58	8.17
- Industrials	1.24	1.14	0.46
- Information Technology	2.52	5.10	7.20
- Real Estate	3.20	2.43	13.64
- Telecommunications	18.40	18.20	0.06
- Utilities	0.49	-	1.36
Cash and other assets	3.08	2.08	7.03
Liabilities	(2.58)	(1.57)	(1.04)
	<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:

	31.12.2022	31.12.2021	31.12.2020
Total asset value (RM Million)	5.56	6.57	7.97
Net Asset Value ("NAV") (RM Million)	5.42	6.49	7.89
Units in circulation (Million)	4.55	4.55	4.55
NAV per Unit (RM)	1.1909	1.4261	1.7344
Market Price per Unit (RM)	1.2200	1.4400	1.6500
	01.07.2022	01.07.2021	01.07.2020
	to 31.12.2022	to 31.12.2021	to 31.12.2020
Highest NAV per Unit (RM)	1.3973	1.7762	1.8046
Lowest NAV per Unit (RM)	0.9185	1.3943	1.5504
Highest Market Price per Unit (RM)	1.4000	1.9000	1.5300
Lowest Market Price per Unit (RM)	1.1000	1.4300	1.7500
Total return (%) [^]	(13.95)	19.62	8.16
- Capital growth (%)	(13.95)	19.62	8.16
- Income distribution (%)	-	-	-
Total Expenses Ratio ("TER") (%) [*]	0.82	0.68	0.79
Portfolio Turnover Ratio ("PTR") (times) [#]	0.07	0.17	0.32

[^] based on NAV per unit

^{*} The Fund's TER increased from 0.68% to 0.82% due to the increase in expenses during the financial period under review.

[#] The Fund's PTR decreased from 0.17 times to 0.07 times, due to lesser trading activities from portfolio rebalancing within the reporting period.

PERFORMANCE DATA (CONTINUED)

	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
	%	%	%	%	%
Annual total return	(16.49)	17.74	5.23	12.07	(10.79)

(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 2022 TO 31 DECEMBER 2022)

The FTSE China A50 Index fell 15.88% in USD terms for the financial period under review to end at 1,881.52 points (“pts”).

During the financial period under review, there were concerns over the property sector that subdued investment outlook. The People’s Bank of China cut policy rates and in late August 2022 while the State Council announced a RMB1 trillion worth of fiscal stimulus. The policies are also slowly shifting to be more pragmatic after the 20th Party Congress in October 2022, specifically on zero Coronavirus Disease 2019 (“COVID-19”).

FUND PERFORMANCE

	6 months to	1 year to	3 years to	5 years to	Since
	31.12.2022	31.12.2022	31.12.2022	31.12.2022	inception to
	%	%	%	%	31.12.2022
	%	%	%	%	%
Income					
Distribution	-	-	-	-	-
Capital Growth [^]	(13.95)	(16.49)	(27.70)	(18.98)	17.53
Total Return [^]	(13.95)	(16.49)	(27.70)	(18.98)	17.53
Average Total					
Return [^]	(25.76)	(16.49)	(10.24)	(6.28)	1.30
Benchmark	(14.39)	(17.19)	(22.22)	(19.48)	0.08
Changes in					
Market Price					
per Unit	(12.23)	(15.28)	(26.06)	(26.51)	19.61

[^] based on NAV per Unit

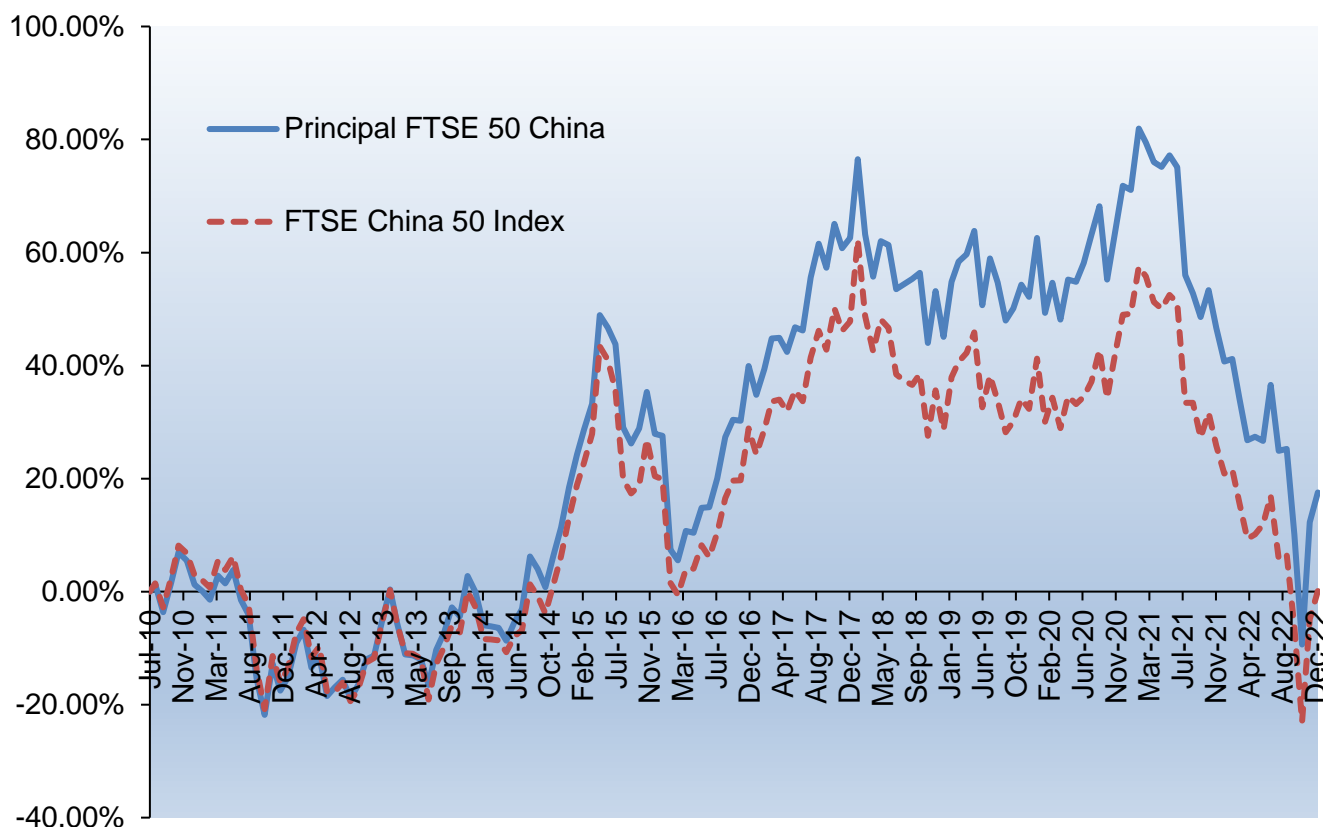
^{^^} based on Last Published Market Price

For the financial period under review, the Fund decreased by 13.95%, still outperforming the benchmark which decreased by 14.39%.

The last available published market price of the Fund quoted on Bursa Malaysia decreased from RM1.3900 to RM1.2200 during the period under review, representing a decrease of 12.23%.

FUND PERFORMANCE (CONTINUED)

Since Inception



Changes in NAV

	31.12.2022	30.06.2022 Audited	Changes %
NAV (RM Million)	5.42	6.30	(13.97)
NAV/Unit (RM)	1.1909	1.3840	(13.95)

For the financial period under review, the Fund's NAV was lower at RM5.42 million as at 31 December 2022 compared to RM6.30 million on 30 June 2022. On the other hand, the NAV per unit decreased to RM1.1909 per unit from RM1.3840 per unit due to the negative investment performance during the period.

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.12.2022	30.06.2022 Audited
Quoted securities	99.49	98.03
Cash and other assets	3.08	3.56
Liabilities	(2.58)	(1.59)
TOTAL	100.00	100.00

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

MARKET OUTLOOK*

The Politburo meeting and the Central Economic Work Conference in China pointed to a refocus on growth and restoring confidence. The meetings also flagged a COVID-19 policy was further eased that set China on a sure footing to re-open the economy further in January. We expect a more enhanced execution on economic growth, following its Two Session Meeting in March 2023 by the Chinese government. However, to note, China's pivot on zero COVID-19 could lead to a near term contraction to the economy as the country faces a surge in infections.

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.

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 Funds ("Funds") unless the soft commission received is retained in the form of goods and services such as research and advisory services that assists in the decision-making process relating to the Fund's investments. 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 the dealers but the Manager has retained soft commission in the form of goods and services for the benefit of the fund such as financial wire services and stock quotations system incidental to investment management of the Funds and there was no churning of trades.

SECURITIES FINANCING TRANSACTIONS

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

STATE OF AFFAIR OF THE FUND

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

CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF UNIT HOLDERS

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

CROSS TRADE

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

UNIT SPLIT

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

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

	Note	01.07.2022 to 31.12.2022 RM	01.07.2021 to 31.12.2021 RM
LOSS			
Dividend income		90,881	79,246
Net loss on financial assets at fair value through profit or loss	8	(886,893)	(1,596,207)
Net foreign exchange gain/(loss)		4,595	(1)
		<u>(791,417)</u>	<u>(1,516,962)</u>
EXPENSES			
Management fee	4	16,234	21,459
Trustee and custodian fees	5	10,624	6,761
Audit fee		12,805	12,805
Tax agent's fee		2,218	2,218
Transaction costs		1,437	11,884
Other expenses	6	10,711	12,227
		<u>54,029</u>	<u>67,354</u>
LOSS BEFORE TAXATION		(845,446)	(1,584,316)
Taxation	7	<u>(32,770)</u>	-
LOSS AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u>(878,216)</u>	<u>(1,584,316)</u>
Loss after taxation is made up as follows:			
Realised amount		(109,154)	(53,395)
Unrealised amount		<u>(769,062)</u>	<u>(1,530,921)</u>
		<u>(878,216)</u>	<u>(1,584,316)</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 2022**

		31.12.2022	30.06.2022
	Note	RM	Audited RM
ASSETS			
Cash and cash equivalents	9	166,388	169,872
Financial assets at fair value through profit or loss	8	5,391,387	6,172,663
Dividends receivable		556	54,171
TOTAL ASSETS		<u>5,558,331</u>	<u>6,396,706</u>
LIABILITIES			
Accrued management fee		2,857	3,155
Amount due to Trustee		1,054	1,021
Tax payable		32,770	-
Other payables and accruals	11	102,883	95,547
TOTAL LIABILITIES		<u>139,564</u>	<u>99,723</u>
NET ASSET VALUE OF THE FUND		<u>5,418,767</u>	<u>6,296,983</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>5,418,767</u>	<u>6,296,983</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>1.1909</u>	<u>1.3840</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 2022**

	Note	01.07.2022 to 31.12.2022 RM	01.07.2021 to 31.12.2021 RM
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT BEGINNING OF THE FINANCIAL PERIOD		<u>6,296,983</u>	<u>8,072,929</u>
Total comprehensive loss for the financial period		<u>(878,216)</u>	<u>(1,584,316)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD	10	<u><u>5,418,767</u></u>	<u><u>6,488,613</u></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 2022**

	01.07.2022 to 31.12.2022 RM	01.07.2021 to 31.12.2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	326,622	1,144,582
Purchase of quoted securities	(432,038)	(1,215,695)
Dividend income received	136,081	127,065
Management fee paid	(16,532)	(22,053)
Trustee and custodian fees paid	(10,591)	(6,728)
Tax agent fees paid	(530)	(1,500)
Payments for other fees and expenses	(10,974)	(40,963)
Net realised gain/(loss) on foreign exchange	4,595	(1)
Net cash used in operating activities	(3,367)	(15,293)
Net decrease in cash and cash equivalents	(3,367)	(15,293)
Effects of foreign exchange differences	(117)	(106)
Cash and cash equivalents at the beginning of the financial period	169,872	131,936
Cash and cash equivalents at the end of the financial period	166,388	116,537
<u>Cash and cash equivalents comprised of:</u>		
Bank balances	166,388	116,537
Cash and cash equivalents at the end of the financial period	166,388	116,537

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 2022****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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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 2022 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 2023 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (continued)

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.

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.

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk

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

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

(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 net assets attributable to unit holders. 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
31.12.2022				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>5,391,387</u>	<u>-</u>	<u>-</u>	<u>5,391,387</u>
30.06.2022				
Audited				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>6,172,663</u>	<u>-</u>	<u>-</u>	<u>6,172,663</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 2022, the management fee is recognised at a rate of 0.60% per annum (31.12.2021: 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 2022, the Trustee fee is recognised at a rate of 0.08% per annum subject to a minimum fee of RM12,000 per annum (31.12.2021: 0.08% per annum subject to a minimum fee of RM12,000 per annum), while the foreign sub-custodian fee is recognised at RM4,574 (31.12.2021: RM711).

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

	01.07.2022 to 31.12.2022	01.07.2021 to 31.12.2021
	RM	RM
Printing costs	1,082	1,430
Listing fee	1,297	3,679
Foreign tax on foreign taxable income	8,332	7,118
	<u>10,771</u>	<u>12,227</u>

7. TAXATION

	01.07.2022 to 31.12.2022	01.07.2021 to 31.12.2021
	RM	RM
Tax charged for the financial period:		
- Current taxation	<u>32,770</u>	<u>-</u>

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

	01.07.2022 to 31.12.2022	01.07.2021 to 31.12.2021
	RM	RM
Loss before taxation	<u>(845,446)</u>	<u>(1,584,316)</u>
Taxation at Malaysian statutory rate of 24%	(202,907)	(380,236)
Tax effects of:		
Income not subject to tax	191,940	376,599
Expenses not deductible for tax purposes	4,461	6,747
Restriction on tax deductible expenses for ETFs	6,506	7,710
Tax on foreign source income	<u>32,770</u>	<u>-</u>
Taxation	<u>32,770</u>	<u>-</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2022	30.06.2022
	RM	Audited RM
At fair value through profit or loss at inception:		
- Quoted securities	<u>5,391,387</u>	<u>6,172,663</u>

	01.07.2022 to 31.12.2022	01.07.2021 to 31.12.2021
	RM	RM
Net loss on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(118,031)	(65,538)
- Unrealised fair value loss	<u>(768,862)</u>	<u>(1,530,669)</u>
	<u>(886,893)</u>	<u>(1,596,207)</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 %
31.12.2022				
QUOTED SECURITIES				
HONG KONG, CHINA				
Basic Materials				
Anhui Conch Cement Co Ltd	1,680	21,707	25,941	0.48
Ganfeng Lithium Co., Ltd.	532	27,209	17,543	0.32
Zijin Mining Group Co Ltd	8,680	42,980	51,943	0.96
	<u>10,892</u>	<u>91,896</u>	<u>95,427</u>	<u>1.76</u>
Consumer Products				
Alibaba Group Holding Ltd	9,555	940,438	466,131	8.60
Anta Sports Products Ltd	1,680	60,260	97,208	1.79
BYD Co Ltd	1,190	92,642	129,635	2.39
China Resources Beer (Holdings) Co Ltd	2,310	87,511	71,273	1.32
Great Wall Motor Company Ltd	4,550	63,290	26,147	0.48
Haier Smart Home Co Ltd	3,430	59,199	51,605	0.95
Jd Health International Inc.	1,050	45,837	42,374	0.78
JD.Com Inc	2,566	440,872	319,589	5.90
Li Ning Company Limited	3,220	143,908	123,391	2.28
Meituan Dianping	4,585	372,248	453,054	8.36
Nongfu Spring Co., Ltd.	2,660	55,344	66,350	1.22
Yum China Holdings, Inc.	630	156,359	156,430	2.89
	<u>37,426</u>	<u>2,517,908</u>	<u>2,003,187</u>	<u>36.96</u>
Energy				
China Petroleum & Chemical Corporation	38,360	100,423	81,797	1.51
China Shenhua Energy Co Ltd	4,760	50,462	60,711	1.12
Petrochina Co Ltd	30,520	110,252	61,627	1.14
Yankuang Energy Group Co Ltd	2,800	52,928	37,692	0.70
	<u>76,440</u>	<u>314,065</u>	<u>241,827</u>	<u>4.47</u>
Financials				
Agricultural Bank of China Ltd	46,795	75,002	70,934	1.31
Bank of China Ltd	110,950	183,826	178,223	3.29
Bank of Communications Co Ltd	10,150	28,219	25,777	0.48
China Citic Bank Corporation Ltd	11,900	27,582	23,288	0.43

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 %
31.12.2022 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
HONG KONG, CHINA (CONTINUED)				
Financials (continued)				
China Construction Bank Corporation	98,000	301,068	271,052	5.00
China Everbright Bank Co Ltd	5,110	9,650	6,879	0.13
China International Capital Corp Ltd	2,100	20,234	17,698	0.33
China Life Insurance Co Ltd	11,130	117,688	84,356	1.56
China Merchants Bank Co Ltd	5,425	53,688	133,937	2.47
China Minsheng Banking Corp Ltd	10,150	30,320	15,501	0.29
China Pacific Insurance (Group) Co Ltd	3,920	54,534	38,535	0.71
China Securities Co Ltd	1,400	4,520	5,408	0.10
Citic Securities Co Ltd	3,150	31,119	28,115	0.52
Industrial and Commercial Bank of China Ltd	109,900	287,579	249,886	4.61
Ping An Insurance (Group) Company of China Ltd	8,190	279,235	239,261	4.42
Postal Savings Bank of China Co Ltd	14,000	36,738	38,404	0.71
The People's Insurance Company (Group) of China Ltd	13,650	25,506	19,996	0.37
	<u>465,920</u>	<u>1,566,508</u>	<u>1,447,250</u>	<u>26.73</u>
Health Care				
Wuxi Apptec Co Ltd	532	18,714	24,810	0.46
Wuxi Biologics (Cayman) Inc	5,222	231,371	176,774	3.26
	<u>5,754</u>	<u>250,085</u>	<u>201,584</u>	<u>3.72</u>
Industrials				
China Railway Group Limited	4,900	13,666	11,419	0.21
CITIC Ltd	7,560	33,804	35,234	0.65
COSCO Shipping Holdings Co Ltd	4,620	38,392	20,800	0.38
	<u>17,080</u>	<u>85,862</u>	<u>67,453</u>	<u>1.24</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 %
31.12.2022 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
HONG KONG, CHINA (CONTINUED)				
Real Estate				
China Overseas Land & Investment Ltd.	5,880	75,865	68,511	1.26
China Resources Land Ltd	3,920	40,701	79,265	1.46
China Vanke Co Ltd	2,940	29,460	26,274	0.48
	<u>12,740</u>	<u>146,026</u>	<u>174,050</u>	<u>3.20</u>
Technology				
Hanergy Thin Film Power Group Limited – delisted	102,900	332,879	-	-
Xiaomi Corporation	22,050	320,460	136,441	2.52
	<u>124,950</u>	<u>653,339</u>	<u>136,441</u>	<u>2.52</u>
Telecommunication services				
Baidu, Inc.	3,220	273,396	203,436	3.75
Kuaishou Technology	2,800	214,762	112,523	2.08
Netease, Inc.	2,695	248,093	174,535	3.22
Tencent Holdings Ltd	2,685	461,901	507,234	9.35
	<u>11,400</u>	<u>1,198,152</u>	<u>997,728</u>	<u>18.40</u>
Utilities				
China Longyuan Power Group Corporation Ltd	4,900	40,966	26,440	0.49
TOTAL QUOTED SECURITIES	<u>767,502</u>	<u>6,864,807</u>	<u>5,391,387</u>	<u>99.49</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(1,473,420)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>5,391,387</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 %
30.06.2022				
QUOTED SECURITIES				
HONG KONG, CHINA				
Basic Materials				
Anhui Conch Cement Co Ltd	1,680	21,707	32,095	0.51
Ganfeng Lithium Co., Ltd.	392	22,149	19,020	0.30
Zijin Mining Group Co Ltd	8,680	42,980	46,870	0.74
	<u>10,752</u>	<u>86,836</u>	<u>97,985</u>	<u>1.55</u>
Consumer Products				
Alibaba Group Holding Ltd	8,925	921,651	561,166	8.91
Anta Sports Products Ltd	1,680	60,260	91,000	1.45
BYD Co Ltd	1,260	98,091	222,307	3.53
China Resources Beer (Holdings) Co Ltd	2,240	85,816	73,630	1.17
Great Wall Motor Company Ltd	4,550	63,290	41,264	0.66
Haier Smart Home Co Ltd	3,430	59,199	55,988	0.89
JD.Com Inc	2,636	452,899	374,434	5.95
Li Ning Company Limited	3,570	159,550	145,833	2.32
Meituan Dianping	4,900	397,822	534,686	8.49
Nongfu Spring Co., Ltd.	2,520	51,860	63,789	1.01
Shenzhen International Group Holdings Ltd	1,120	98,490	59,817	0.95
Xpeng Inc.	1,610	89,894	114,347	1.82
	<u>38,441</u>	<u>2,538,822</u>	<u>2,338,261</u>	<u>37.15</u>
Energy				
China Petroleum & Chemical Corporation	36,960	97,591	73,309	1.16
China Shenhua Energy Co Ltd	4,830	49,714	61,064	0.97
Petrochina Co Ltd	30,520	110,252	64,137	1.02
	<u>72,310</u>	<u>257,557</u>	<u>198,510</u>	<u>3.15</u>
Financials				
Agricultural Bank of China Ltd	46,795	75,002	77,829	1.24
Bank of China Ltd	114,450	189,625	201,286	3.20
Bank of Communications Co Ltd	11,900	33,085	36,241	0.58
China Citic Bank Corporation Ltd	15,400	35,694	30,372	0.48

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 %
30.06.2022 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
HONG KONG, CHINA (CONTINUED)				
Financials				
China Construction Bank Corporation	100,800	310,171	298,486	4.74
China Everbright Bank Co Ltd	5,110	9,650	7,293	0.12
China International Capital Corp Ltd	2,100	20,234	19,729	0.31
China Life Insurance Co Ltd	11,130	117,687	85,428	1.36
China Merchants Bank Co Ltd	5,845	57,845	172,424	2.74
China Minsheng Banking Corp Ltd	10,150	30,320	15,969	0.25
China Pacific Insurance (Group) Co Ltd	3,920	54,534	42,246	0.67
China Securities Co Ltd	1,400	4,520	6,545	0.10
Citic Securities Co Ltd	3,850	38,034	37,944	0.60
Industrial and Commercial Bank of China Ltd	110,950	290,326	290,514	4.61
Ping An Insurance (Group) Company of China Ltd	8,820	300,715	264,397	4.20
Postal Savings Bank of China Co Ltd	14,000	36,737	49,008	0.78
The People's Insurance Company (Group) of China Ltd	13,650	25,506	18,408	0.29
	<u>480,270</u>	<u>1,629,685</u>	<u>1,654,119</u>	<u>26.27</u>
Health Care				
Wuxi Apptec Co Ltd	532	18,715	31,238	0.50
Wuxi Biologics (Cayman) Inc	5,362	237,575	216,324	3.44
	<u>5,894</u>	<u>256,290</u>	<u>247,562</u>	<u>3.94</u>
Industrials				
China Railway Group Limited	7,000	19,523	19,076	0.30
CITIC Ltd	7,560	33,803	33,771	0.54
COSCO Shipping Holdings Co Ltd	4,620	38,392	28,452	0.45
	<u>19,180</u>	<u>91,718</u>	<u>81,299</u>	<u>1.29</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 %
30.06.2022 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
HONG KONG, CHINA (CONTINUED)				
Real Estate				
China Overseas Land & Investment Ltd.	5,600	72,086	78,036	1.24
China Resources Land Ltd	3,990	39,408	82,055	1.30
China Vanke Co Ltd	2,940	29,460	32,577	0.52
Longfor Properties Co Ltd	2,730	34,555	56,833	0.90
	<u>15,260</u>	<u>175,509</u>	<u>249,501</u>	<u>3.96</u>
Technology				
Hanergy Thin Film Power Group Limited – delisted	102,900	332,879	-	-
Xiaomi Corporation	22,050	320,460	168,996	2.68
	<u>124,950</u>	<u>653,339</u>	<u>168,996</u>	<u>2.68</u>
Telecommunication services				
Baidu, Inc.	3,150	268,909	262,839	4.17
Kuaishou Technology	3,010	230,869	147,819	2.35
Netease, Inc.	2,275	215,433	184,204	2.92
Tencent Holdings Ltd	2,510	431,288	499,828	7.94
	<u>10,945</u>	<u>1,146,499</u>	<u>1,094,690</u>	<u>17.38</u>
Utilities				
China Longyuan Power Group Corporation Limited	4,900	40,966	41,740	0.66
TOTAL QUOTED SECURITIES	<u>782,902</u>	<u>6,877,221</u>	<u>6,172,663</u>	<u>98.03</u>
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>(704,558)</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		<u>6,172,663</u>		

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

- * 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

	31.12.2022	30.06.2022
	RM	Audited RM
Bank balances	<u>166,388</u>	<u>169,872</u>

10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	31.12.2022	30.06.2022
	RM	Audited RM
Unit holders' contributions	(51,281)**	(51,281)**
Retained earnings	<u>5,470,048</u>	<u>6,348,264</u>
	<u>5,418,767</u>	<u>6,296,983</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 2022	(51,281)**	6,348,264	6,296,983
Movement in unit holders' contributions:			
Total comprehensive loss for the financial period	<u>-</u>	<u>(878,216)</u>	<u>(878,216)</u>
Balance as at 31 December 2022	<u>(51,281)**</u>	<u>5,470,048</u>	<u>5,418,767</u>
Balance as at 1 July 2021	(51,281)**	8,124,210	8,072,929
Movement in unit holders' contributions:			
Cancellation of units	-	-	-
Total comprehensive loss for the financial period	<u>-</u>	<u>(1,584,316)</u>	<u>(1,584,316)</u>
Balance as at 31 December 2021	<u>(51,281)**</u>	<u>6,539,894</u>	<u>6,488,613</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

	31.12.2022	30.06.2022
	RM	Audited RM
Provision for audit fee	29,965	25,400
Provision for tax agent's fee	8,987	7,299
Other accruals	63,931	62,848
	<u>102,883</u>	<u>95,547</u>

12. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.07.2022 to 31.12.2022	01.07.2021 to 30.06.2022
	No of units	Audited No of units
At the beginning of the financial period/year	4,550,000	4,550,000
Less: Cancellation of units	-	-
At the end of the financial period/year	<u>4,550,000</u>	<u>4,550,000</u>

13. TOTAL EXPENSE RATIO ("TER")

	01.07.2022 to 31.12.2022	01.07.2021 to 31.12.2021
	%	%
TER	<u>0.82</u>	<u>0.68</u>

TER is derived from the following calculation:

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

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 RM5,367,078 (31.12.2021: RM7,094,304).

14. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.07.2022 to 31.12.2022	01.07.2021 to 31.12.2021
PTR (times)	<u>0.07</u>	<u>0.17</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 = RM432,855 (31.12.2021: RM1,217,981)

total disposal for the financial period = RM325,801 (31.12.2021: RM1,142,161)

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.

	31.12.2022		30.06.2022 Audited	
	No. of units	RM	No. of units	RM
Fellow related parties to the Manager				
CGS-CIMB Nominees (Tempatan) Sdn Bhd	<u>402,900</u>	<u>479,845</u>	<u>199,500</u>	<u>276,108</u>

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)

	31.12.2022		30.06.2022 Audited	
	No. of units	RM	No. of units	RM
Fellow subsidiary and associated company of the ultimate holding company of the shareholder of the Manager				
CIMSEC Nominees (Tempatan) Sdn Bhd	-	-	200,000	276,800

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

	01.07.2022 to 31.12.2022 RM	01.07.2021 to 31.12.2021 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 2022 were as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
Macquarie Securities (Australia) Limited	441,154	58.16	836	58.19
CGS-CIMB Securities International Pte Ltd.#	317,306	41.84	601	41.81
	<u>758,460</u>	<u>100.00</u>	<u>1,437</u>	<u>100.00</u>

16. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the broker 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
CGS-CIMB Securities International 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>

Included in the transactions are trades conducted with CGS-CIMB Securities International Pte Ltd, fellow related party to the Manager amounting to RM317,306 (31.12.2021: RM635,357). 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 COVID-19 pandemic, with its related lockdowns and movement restrictions, together with geopolitical tensions and heightened inflationary environment globally have had, and will continue to have, a significant impact on global economic conditions and the environment 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.

DIRECTORY

TRUST DIRECTORY

Manager

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