

**PRINCIPAL FTSE CHINA 50 ETF**

**UNAUDITED SEMI-ANNUAL REPORT**

**FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

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## INVESTORS' LETTER

Dear Valued Investor,

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

We are pleased to bring you a copy of the Unaudited Semi-Annual Fund Report Principal FTSE China 50 ETF for the financial period ended 31 December 2023. You may also download this report from our website at [www.principal.com.my](http://www.principal.com.my).

We are happy to share that Principal Malaysia won two honours at the Asia Asset Management 2024 Best of the Best Awards. The awards were for Best of the Best Performance Awards: China A-Share Equity (3 years) for the Principal China Direct Opportunities Fund (Class MYR) and Best of the Best Country Awards: Best Institutional House – Malaysia. We also won another two awards at the 2024 Global Banking & Finance Awards® for Asset Management CEO of the Year Malaysia 2024 - Munirah Khairuddin and Asset Management Company of the Year Malaysia 2024.

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](http://www.principal.com.my)), like our Facebook page (@PrincipalAssetMY), follow us on our Instagram account (@principalassetmanagement\_my), and LinkedIn page (Principal Asset Management Berhad) for the latest updates, market insights and investment articles.

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

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

**Munirah Khairuddin**  
Country Head and Chief Executive Officer, Malaysia  
Non-Independent Executive Director

## MANAGER'S REPORT

### FUND OBJECTIVE AND POLICY

#### **What is the investment objective of the Fund?**

The Fund aims to provide 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 2023?**

RM4.80 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 2023?**

There was no distribution made for the six months financial period ended 31 December 2023.

**PERFORMANCE DATA**

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

	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	%	%	%
Quoted securities			
- Basic Materials	1.08	1.76	1.49
- Consumer Products	35.70	36.96	36.51
- Energy	4.75	4.47	2.78
- Finance	28.76	26.73	27.26
- Health Care	3.05	3.72	4.58
- Industrials	1.57	1.24	1.14
- Information Technology	3.55	2.52	5.10
- Real Estate	2.35	3.20	2.43
- Telecommunications	18.30	18.40	18.20
- Utilities	-	0.49	-
Cash and other assets	2.70	3.08	2.08
Liabilities	(1.81)	(2.57)	(1.57)
	<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:

	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Total asset value (RM Million)	4.88	5.56	6.57
Net Asset Value ("NAV") (RM Million)	4.80	5.42	6.49
Units in circulation (Million)	4.55	4.55	4.55
NAV per Unit (RM)	1.0542	1.1909	1.4261
Market Price per Unit (RM)	1.0600	1.2200	1.4400
	<b>01.07.2023</b>	<b>01.07.2022</b>	<b>01.07.2021</b>
	<b>to 31.12.2023</b>	<b>to 31.12.2022</b>	<b>to 31.12.2021</b>
Highest NAV per Unit (RM)	1.2758	1.3973	1.7762
Lowest NAV per Unit (RM)	1.0111	0.9185	1.3943
Highest Market Price per Unit (RM)	1.2750	1.4000	1.9000
Lowest Market Price per Unit (RM)	1.0600	1.1000	1.4300
Total return (%) ^	(12.21)	(13.95)	19.62
- Capital growth (%)	(12.21)	(13.95)	19.62
- Income distribution (%)	-	-	-
Total Expenses Ratio ("TER") (%)	0.82	0.82	0.68
Portfolio Turnover Ratio ("PTR") (times) #	0.06	0.07	0.17

^ based on NAV per unit

# The Fund's PTR decreased from 0.07 times to 0.06 times, due to lesser trading activities from portfolio rebalancing within the reporting financial period.

**PERFORMANCE DATA (CONTINUED)**

	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Annual total return	(11.46)	(16.49)	17.74	5.23	12.07

(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 2023 TO 31 DECEMBER 2023)**

During the financial period under review the FTSE China A50 Index fell 6.05% in US dollar (“USD”) terms. China domestic services demand was boosted by the reopening, but not import demand and manufacturing. Manufacturing has been weighed down by soft global demand and modest domestic goods demand, as consumers remain cautious due to job market uncertainty and the property slump.

The Government has refrained from massive infrastructure spending and despite mounting signs of economic weakness, authorities in Beijing held back from rolling out the old stimulus playbook.

**FUND PERFORMANCE**

	<b>6 months to</b>	<b>1 year to</b>	<b>3 years to</b>	<b>5 years to</b>	<b>Since</b>
	<b>31.12.2023</b>	<b>31.12.2023</b>	<b>31.12.2023</b>	<b>31.12.2023</b>	<b>inception to</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>31.12.2023</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Income					
Distribution	-	-	-	-	-
Capital Growth <sup>^</sup>	(12.21)	(11.46)	(39.17)	(28.27)	4.06
Total Return <sup>^</sup>	(12.21)	(11.46)	(39.17)	(28.27)	4.06
Average Total					
Return <sup>^</sup>	(22.76)	(11.46)	(15.27)	(6.42)	0.30
Benchmark	(12.35)	(11.81)	(40.82)	(31.41)	(11.74)
Changes in					
Market Price					
per Unit	(13.82)	(13.11)	(33.96)	(27.89)	3.92

<sup>^</sup> based on NAV per Unit

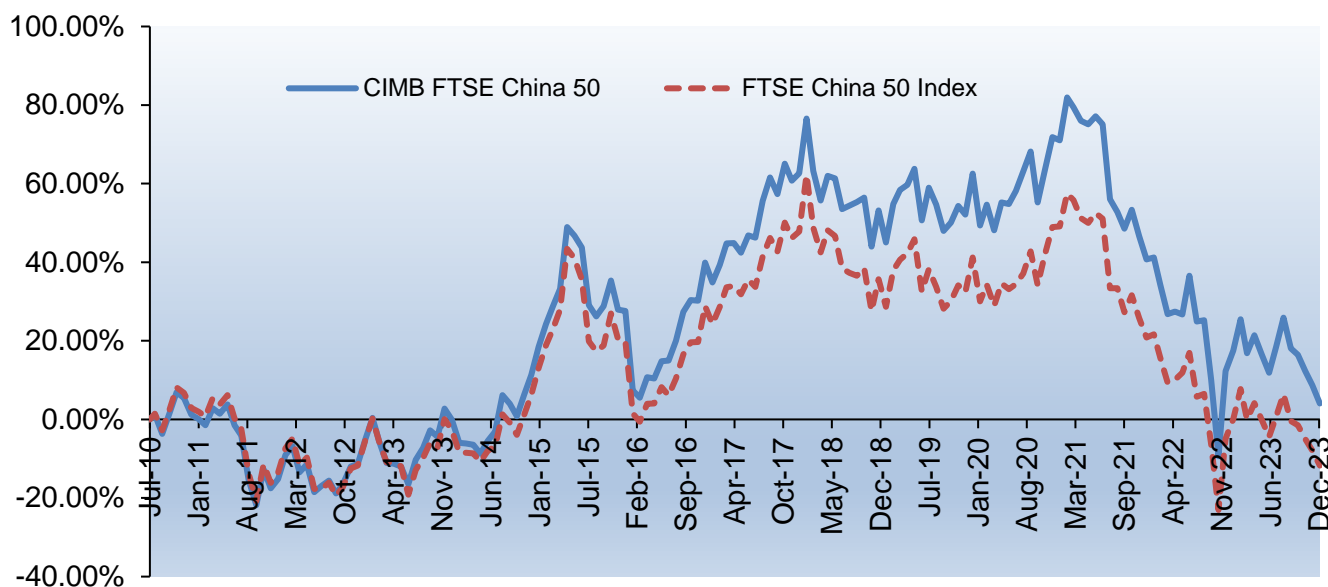
<sup>^^</sup> based on Last Published Market Price

For the financial period under review, the Fund decreased by 12.21%, outperforming the benchmark which decreased by 12.35%.

The last available published market price of the Fund quoted on Bursa Malaysia decreased from RM1.2300 to RM1.0600 during the financial period under review, representing a decrease of 13.82%.

**FUND PERFORMANCE (CONTINUED)**

**Since Inception**



**Changes in NAV**

	<b>31.12.2023</b>	<b>30.06.2023</b> <b>Audited</b>	<b>Changes</b>
			<b>%</b>
NAV (RM Million)	4.80	5.46	(12.09)
NAV/Unit (RM)	1.0542	1.2008	(12.21)

For the financial period under review, the Fund’s NAV was lower at RM4.80 million as at 31 December 2023 compared to RM5.46 million on 30 June 2023. On the other hand, the NAV per unit decreased to RM1.0542 per unit from RM1.2008 per unit due to the negative investment performance during the financial period.

**PORTFOLIO STRUCTURE**

**Asset allocation**

<b>(% of NAV)</b>	<b>31.12.2023</b>	<b>30.06.2023</b> <b>Audited</b>
Quoted securities	99.11	98.51
Cash and other assets	2.70	3.27
Liabilities	(1.81)	(1.78)
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

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\*

China Gross Domestic Product (“GDP”) target growth for 2024 likely to be around 4.5% to 5% where it can only be achieved with further policy stimulus. A more coherent framework for restructuring property are needed to play a part of the recovery story. China is at the beginning of transitioning to a new growth model based on new technologies. Market valuations are at a depressed level, if China can show its economic resiliency, then it could trigger a meaningful rerating.

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

## INVESTMENT STRATEGY

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

## SOFT COMMISSIONS AND REBATES

Principal Malaysia (the “Manager”) and the Trustee will not retain any form of rebate from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Principal Malaysia Funds (“Funds”). Accordingly, any rebate or shared commission will be directed to the account of the Fund. The Manager may retain goods and services (soft commission) provided by any broker or dealer if the following conditions are met:

- (a) the soft commission brings direct benefit or advantage to the management of the Fund and may include research and advisory related services;
- (b) any dealings with the broker or dealer is executed on terms which are the most favourable for the Fund; and
- (c) the availability of soft commission is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and we and the fund the manager will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commission.

During the financial period under review, the Manager and Trustee did not receive any rebates from the brokers or dealers but the Manager has retained soft commission in the form of goods and services 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

In relation to this Fund, the Fund has issued the s First Supplemental Prospectus is dated 28 July 2023. We are of view that the changes above do not affect the existing unit holder to stay invested in the Fund and it is not a significant change.

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 2023**

	Note	01.07.2023 to 31.12.2023 RM	01.07.2022 to 31.12.2022 RM
<b>INCOME/(LOSS)</b>			
Dividend income		113,520	90,881
Net loss on financial assets at fair value through profit or loss	<b>8</b>	(684,471)	(886,893)
Net foreign exchange (loss)/gain		(1,539)	4,595
		<u>(572,490)</u>	<u>(791,417)</u>
<b>EXPENSES</b>			
Management fee	<b>4</b>	15,964	16,234
Trustee and custodian fees	<b>5</b>	10,934	10,624
Audit fee		12,770	12,805
Tax agent's fee		2,212	2,218
Transaction costs		1,130	1,437
Other expenses	<b>6</b>	12,486	10,711
		<u>55,496</u>	<u>54,029</u>
<b>LOSS BEFORE TAXATION</b>		(627,986)	(845,446)
Taxation	<b>7</b>	(39,078)	(32,770)
<b>LOSS AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD</b>		<u>(667,064)</u>	<u>(878,216)</u>
Loss after taxation is made up as follows:			
Realised amount		(90,707)	(109,154)
Unrealised amount		(576,357)	(769,062)
		<u>(667,064)</u>	<u>(878,216)</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 2023**

		31.12.2023	30.06.2023
	Note	RM	Audited RM
<b>ASSETS</b>			
Cash and cash equivalents	9	124,140	136,542
Financial assets at fair value through profit or loss	8	4,753,515	5,383,109
Dividends receivable		5,439	36,657
Tax recoverable		141	5,888
<b>TOTAL ASSETS</b>		<u>4,883,235</u>	<u>5,562,196</u>
<b>LIABILITIES</b>			
Accrued management fee		2,545	2,853
Amount due to Trustee		1,051	1,021
Other payables and accruals	11	83,213	94,832
<b>TOTAL LIABILITIES</b>		<u>86,809</u>	<u>98,706</u>
<b>NET ASSET VALUE OF THE FUND</b>		<u>4,796,426</u>	<u>5,463,490</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<u>4,796,426</u>	<u>5,463,490</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>	12	<u>4,550,000</u>	<u>4,550,000</u>
<b>NET ASSET VALUE PER UNIT (RM)</b>		<u>1.0542</u>	<u>1.2008</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 HOLDERS  
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	Note	01.07.2023 to 31.12.2023 RM	01.07.2022 to 31.12.2022 RM
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT BEGINNING OF THE FINANCIAL PERIOD</b>		<u>5,463,490</u>	<u>6,296,983</u>
Total comprehensive loss for the financial period		<u>(667,064)</u>	<u>(878,216)</u>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD</b>	<b>10</b>	<u><u>4,796,426</u></u>	<u><u>5,418,767</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 2023**

	<b>01.07.2023 to 31.12.2023 RM</b>	<b>01.07.2022 to 31.12.2022 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from disposal of quoted securities	313,740	326,622
Purchase of quoted securities	(369,747)	(432,038)
Dividend income received	133,594	136,081
Management fee paid	(16,272)	(16,532)
Trustee and custodian fees paid	(10,904)	(10,591)
Tax agent fees paid	-	(530)
Tax paid	(44,147)	-
Payments for other fees and expenses (Payment)/receipts of other foreign exchange (loss)/gain	(17,453) (765)	(10,974) 4,595
<b>Net cash used in operating activities</b>	<u>(11,954)</u>	<u>(3,367)</u>
Net decrease in cash and cash equivalents	(11,954)	(3,367)
Effects of foreign exchange differences	(448)	(117)
Cash and cash equivalents at the beginning of the financial period	<u>136,542</u>	<u>169,872</u>
Cash and cash equivalents at the end of the financial period	<u><u>124,140</u></u>	<u><u>166,388</u></u>
<u>Cash and cash equivalents comprised:</u>		
Bank balances	<u>124,140</u>	<u>166,388</u>
Cash and cash equivalents at the end of the financial period	<u><u>124,140</u></u>	<u><u>166,388</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 2023****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, a Third Supplemental Deed dated 2 August 2019 and a Fourth Supplemental Deed dated 31 May 2023 (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. MATERIAL 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. MATERIAL 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 2023 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 2024 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. MATERIAL 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. MATERIAL 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 currency**Functional and presentation currency

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

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

- i) Units of the Funds are denominated in MYR.
- ii) Significant portion of the Fund's expenses are denominated in MYR.

Transactions and balances

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

**(e) Cash and cash equivalents**

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

**2. MATERIAL 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. MATERIAL 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.

	<b>Level 1 RM</b>	<b>Level 2 RM</b>	<b>Level 3 RM</b>	<b>Total RM</b>
<b>31.12.2023</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>4,753,515</u>	<u>-</u>	<u>-</u>	<u>4,753,515</u>
<b>30.06.2023</b>				
<b>Audited</b>				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>5,383,109</u>	<u>-</u>	<u>-</u>	<u>5,383,109</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 2023, the management fee is recognised at a rate of 0.60% per annum (31.12.2022: 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 2023, the Trustee fee is recognised at a rate of 0.08% per annum subject to a minimum fee of RM12,000 per annum (31.12.2022: 0.08% per annum subject to a minimum fee of RM12,000 per annum), while the foreign sub-custodian fee is recognised at RM6,033 (31.12.2022: RM4,574).

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**

	<b>01.07.2023 to 31.12.2023</b>	<b>01.07.2022 to 31.12.2022</b>
	<b>RM</b>	<b>RM</b>
Printing costs	1,064	1,082
Listing fee	605	1,297
Foreign tax on foreign taxable income	10,817	8,332
	<u>12,486</u>	<u>10,711</u>

**7. TAXATION**

	<b>01.07.2023 to 31.12.2023</b>	<b>01.07.2022 to 31.12.2022</b>
	<b>RM</b>	<b>RM</b>
Tax charged for the financial period:		
- Current taxation	<u>39,078</u>	<u>32,770</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:

	<b>01.07.2023 to 31.12.2023</b>	<b>01.07.2022 to 31.12.2022</b>
	<b>RM</b>	<b>RM</b>
Loss before taxation	<u>(627,986)</u>	<u>(845,446)</u>
Taxation at Malaysian statutory rate of 24% (31.12.2022: 24%)	(150,717)	(202,907)
Tax effects of:		
Income not subject to tax	137,397	191,940
Expenses not deductible for tax purposes	6,169	4,461
Restriction on tax deductible expenses for ETFs	7,151	6,506
Tax on foreign source income	<u>39,078</u>	<u>32,770</u>
Taxation	<u>39,078</u>	<u>32,770</u>

**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>31.12.2023</b>	<b>30.06.2023</b>
	<b>RM</b>	<b>Audited RM</b>
At fair value through profit or loss at inception:		
- Quoted securities	<u>4,753,515</u>	<u>5,383,109</u>

	<b>01.07.2023 to 31.12.2023</b>	<b>01.07.2022 to 31.12.2022</b>
	<b>RM</b>	<b>RM</b>
Net loss on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(108,888)	(118,031)
- Unrealised fair value loss	<u>(575,583)</u>	<u>(768,862)</u>
	<u>(684,471)</u>	<u>(886,893)</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 %
<b>31.12.2023</b>				
<b>QUOTED SECURITIES</b>				
<b>HONG KONG, CHINA</b>				
<b>Consumer Discretionary</b>				
Alibaba Group Holding Ltd	10,115	914,328	449,555	9.37
Anta Sports Products Ltd	1,610	60,246	71,698	1.49
BYD Co Ltd	1,225	99,301	154,403	3.22
China Resources Beer (Holdings) Co Ltd	105	10,072	4,731	0.10
Great Wall Motor Company Ltd	2,800	38,948	16,691	0.35
Haier Smart Home Co Ltd	2,940	50,742	38,111	0.79
JD.Com Inc	2,951	461,694	195,172	4.07
Li Auto Inc.	1,400	71,177	121,070	2.52
Meituan Dianping	7,373	567,395	354,996	7.40
Trip.Com Group Limited	665	113,242	108,527	2.26
Yum China Holdings, Inc.	490	121,612	95,695	2.00
	<u>31,674</u>	<u>2,508,757</u>	<u>1,610,649</u>	<u>33.57</u>
<b>Consumer Staples</b>				
China Resources Beer (Holdings) Company Ltd	2,030	76,903	40,815	0.85
Nongfu Spring Co., Ltd.	2,310	48,062	61,315	1.28
	<u>4,340</u>	<u>124,965</u>	<u>102,130</u>	<u>2.13</u>
<b>Energy</b>				
China Petroleum & Chemical Corporation	31,710	83,014	76,246	1.59
China Shenhua Energy Co Ltd	4,480	47,493	70,453	1.47
Petrochina Co Ltd	26,670	96,344	80,904	1.69
	<u>62,860</u>	<u>226,851</u>	<u>227,603</u>	<u>4.75</u>
<b>Financials</b>				
Agricultural Bank of China Ltd	39,095	62,661	69,180	1.44
Bank of China Ltd	105,000	174,188	183,951	3.84
Bank of Communications Co Ltd	9,450	26,273	27,056	0.56
China Citic Bank Corporation Ltd	11,900	27,582	25,745	0.54
China Construction Bank Corporation	128,100	386,048	350,185	7.30
China Everbright Bank Co Ltd	5,110	9,650	6,970	0.15



## 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 %
<b>31.12.2023 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>HONG KONG, CHINA (CONTINUED)</b>				
<b>Financials (continued)</b>				
China International Capital Corporation Ltd	2,100	20,234	14,148	0.29
China Life Insurance Co Ltd	9,380	99,183	55,806	1.16
China Merchants Bank Co Ltd	4,725	46,761	75,555	1.58
China Minsheng Banking Corporation Ltd	9,450	28,229	14,722	0.31
China Pacific Insurance (Group) Co Ltd	3,500	48,691	32,428	0.68
China Securities Co Ltd	1,400	4,520	5,679	0.12
Citic Securities Co Ltd	2,730	26,969	25,583	0.53
Industrial and Commercial Bank of China Ltd	107,100	276,785	240,518	5.01
Picc Property and Casualty Company Limited	8,400	48,079	45,827	0.95
Ping An Insurance (Group) Company of China Ltd	7,980	268,639	165,839	3.46
Postal Savings Bank of China Co Ltd	11,900	31,227	26,095	0.54
The People's Insurance Company (Group) of China Ltd	10,150	18,966	14,321	0.30
	<u>477,470</u>	<u>1,604,685</u>	<u>1,379,608</u>	<u>28.76</u>
<b>Health Care</b>				
Beigene, Ltd.	805	53,067	52,105	1.09
Wuxi Apptec Co Ltd	357	12,558	16,675	0.35
Wuxi Biologics (Cayman) Inc	4,452	197,255	77,472	1.61
	<u>5,614</u>	<u>262,880</u>	<u>146,252</u>	<u>3.05</u>
<b>Industrials</b>				
China Railway Group Limited	4,900	13,666	10,025	0.21
CITIC Ltd	7,420	33,243	34,025	0.71
COSCO Shipping Holdings Co Ltd	3,920	32,575	18,091	0.38
Crrc Corporation Limited	6,300	17,890	12,741	0.27
	<u>22,540</u>	<u>97,374</u>	<u>74,882</u>	<u>1.57</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 %
<b>31.12.2023 (CONTINUED)</b>				
<b>QUOTED SECURITIES (CONTINUED)</b>				
<b>HONG KONG, CHINA (CONTINUED)</b>				
<b>Information Technology</b>				
Hanergy Thin Film Power Group Limited – delisted*	102,900	332,879	-	0.00
Xiaomi Corporation	18,550	269,593	170,123	3.55
	<u>121,450</u>	<u>602,472</u>	<u>170,123</u>	<u>3.55</u>
<b>Materials</b>				
Zijin Mining Group Co Ltd	6,930	34,315	51,822	1.08
<b>Real Estate</b>				
China Overseas Land & Investment Ltd.	4,970	64,124	40,204	0.84
China Resources Land Ltd	3,640	37,794	59,918	1.25
China Vanke Co Ltd	2,940	29,460	12,479	0.26
	<u>11,550</u>	<u>131,378</u>	<u>112,601</u>	<u>2.35</u>
<b>Telecommunication services</b>				
Baidu, Inc.	2,800	237,145	191,111	3.98
Kuaishou Technology	3,360	229,942	104,592	2.18
Netease, Inc.	2,240	206,207	185,152	3.86
Tencent Holdings Ltd	2,300	376,661	396,990	8.28
	<u>10,700</u>	<u>1,049,955</u>	<u>877,845</u>	<u>18.30</u>
<b>TOTAL QUOTED SECURITIES</b>	<b><u>755,128</u></b>	<b><u>6,643,632</u></b>	<b><u>4,753,515</u></b>	<b><u>99.11</u></b>
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>(1,890,117)</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>4,753,515</u></b>		

## 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 %
<b>30.06.2023</b>				
<b>Audited</b>				
<b>QUOTED SECURITIES</b>				
<b>HONG KONG, CHINA</b>				
<b>Consumer Discretionary</b>				
Alibaba Group Holding Ltd	9,975	956,589	483,276	8.84
Anta Sports Products Ltd	1,645	61,556	78,569	1.44
BYD Company Ltd	1,295	104,976	193,168	3.53
China Tourism Group Duty Free Corporation Ltd	140	13,429	8,854	0.16
Great Wall Motor Company Ltd	3,150	43,816	16,859	0.31
Haier Smart Home Co. Ltd.	3,080	53,158	45,300	0.83
JD.Com, Inc.	2,916	473,405	230,357	4.22
Li Auto Inc.	1,400	71,177	113,186	2.07
Meituan	6,708	536,668	489,492	8.96
Yum China Holdings, Inc.	560	138,985	147,551	2.70
	<u>30,869</u>	<u>2,453,759</u>	<u>1,806,612</u>	<u>33.06</u>
<b>Consumer Staples</b>				
China Resources Beer (Holdings) Company Ltd	2,030	76,903	62,499	1.14
Jd Health International Inc.	1,330	55,391	39,241	0.72
Nongfu Spring Co., Ltd.	2,310	48,062	59,611	1.09
	<u>5,670</u>	<u>180,356</u>	<u>161,351</u>	<u>2.95</u>
<b>Energy</b>				
China Petroleum & Chemical Corporation	32,760	85,763	89,719	1.64
China Shenhua Energy Company Limited	4,760	50,462	68,020	1.24
PetroChina Company Ltd	27,720	100,137	89,643	1.64
	<u>65,240</u>	<u>236,362</u>	<u>247,382</u>	<u>4.52</u>
<b>Financials</b>				
Agricultural Bank of China Ltd	42,595	68,270	78,277	1.43
Bank of China Limited	103,950	172,228	194,751	3.56

## 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 %
<b>30.06.2023 Audited (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>HONG KONG, CHINA (CONTINUED)</b>				
<b>Financials (continued)</b>				
Bank of Communications Co Ltd.	10,150	28,219	31,431	0.58
China Citic Bank Corporation Limited	11,900	27,581	26,129	0.48
China Construction Bank Corporation	116,200	354,357	351,512	6.43
China Everbright Bank Company Ltd	5,110	9,650	6,860	0.13
China International Capital Corporation Ltd	2,100	20,234	17,216	0.32
China Life Insurance Company Ltd	10,080	106,585	78,547	1.44
China Merchants Bank Co., Ltd.	5,075	50,225	107,798	1.97
China Minsheng Banking Cor Ltd.	10,150	30,320	17,563	0.32
China Pacific Insurance (Group) Co., Ltd.	3,500	48,691	42,288	0.77
China Securities Co., Ltd.	1,400	4,520	6,749	0.12
Citic Securities Company Ltd	3,150	31,119	26,689	0.49
Industrial And Commercial Bank of China Ltd	97,300	254,607	242,669	4.44
PICC Property and Casualty Company Ltd	9,100	52,085	47,292	0.87
Ping An Insurance (Group) Company of China, Ltd.	7,700	262,529	229,024	4.19
Postal Savings Bank of China Co., Ltd.	11,900	31,227	34,223	0.63
The People's Insurance Company (Group) of China Ltd	13,650	25,506	23,130	0.42
	<u>465,010</u>	<u>1,577,953</u>	<u>1,562,148</u>	<u>28.59</u>
<b>Health Care</b>				
WuXi AppTec Co., Ltd.	357	12,558	13,313	0.24
Wuxi Biologics (Cayman) Inc.	4,662	206,559	104,450	1.91
	<u>5,019</u>	<u>219,117</u>	<u>117,763</u>	<u>2.15</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 %
<b>30.06.2023 Audited (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>HONG KONG, CHINA (CONTINUED)</b>				
<b>Industrials</b>				
China Railway Group Ltd	4,900	13,666	15,115	0.28
CITIC Ltd	7,560	33,804	42,175	0.77
COSCO Shipping Holdings Co., Ltd.	4,620	38,392	19,461	0.36
CRRC Corporation Ltd	6,300	17,890	16,126	0.30
	<u>23,380</u>	<u>103,752</u>	<u>92,877</u>	<u>1.71</u>
<b>Information Technology</b>				
Hanergy Thin Film Power Group Ltd *	102,900	332,879	-	0.00
Xiaomi Corporation	19,950	289,940	127,604	2.33
	<u>122,850</u>	<u>622,819</u>	<u>127,604</u>	<u>2.33</u>
<b>Materials</b>				
Anhui Conch Cement Company Ltd	1,680	21,707	20,850	0.38
Zijin Mining Group Company Ltd	7,630	37,781	52,354	0.96
	<u>9,310</u>	<u>59,488</u>	<u>73,204</u>	<u>1.34</u>
<b>Real Estate</b>				
China Overseas Land & Investment Ltd.	4,970	64,124	50,649	0.93
China Resources Land Ltd	3,640	37,794	72,105	1.32
China Vanke Co., Ltd.	2,940	29,460	18,454	0.34
	<u>11,550</u>	<u>131,378</u>	<u>141,208</u>	<u>2.59</u>
<b>Telecommunication Services</b>				
Baidu, Inc.	2,835	240,708	224,635	4.11
Kuaishou Technology	3,500	239,523	111,830	2.05
Netease, Inc.	2,415	222,317	219,886	4.02
Tencent Holdings Ltd	2,510	410,111	496,609	9.09
	11,260	1,112,659	1,052,960	19.27
<b>TOTAL QUOTED SECURITIES</b>	<b><u>750,158</u></b>	<b><u>6,697,643</u></b>	<b><u>5,383,109</u></b>	<b><u>98.51</u></b>

## 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 %
<b>30.06.2023 Audited (CONTINUED) QUOTED SECURITIES (CONTINUED)</b>				
<b>ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>(1,314,534)</u></b>		
<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<b><u>5,383,109</u></b>		

- \* 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

	<b>31.12.2023</b>	<b>30.06.2023</b>
	<b>RM</b>	<b>Audited RM</b>
Bank balances	<u>124,140</u>	<u>136,542</u>

## 10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

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

	<b>31.12.2023</b>	<b>30.06.2023</b>
	<b>RM</b>	<b>Audited RM</b>
Unit holders' contributions	(51,281)**	(51,281)**
Retained earnings	<u>4,847,707</u>	<u>5,514,771</u>
	<u>4,796,426</u>	<u>5,463,490</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.

**10. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS (CONTINUED)**

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
<b>Balance as at 1 July 2023</b>	(51,281)**	5,514,771	5,463,490
Movement in unit holders' contributions:			
Total comprehensive loss for the financial period	-	(667,064)	(667,064)
<b>Balance as at 31 December 2023</b>	<u>(51,281)**</u>	<u>4,847,707</u>	<u>4,796,426</u>
<b>Balance as at 1 July 2022</b>	(51,281)**	6,348,264	6,296,983
Movement in unit holders' contributions:			
Total comprehensive loss for the financial period	-	(878,216)	(878,216)
<b>Balance as at 31 December 2022</b>	<u>(51,281)**</u>	<u>5,470,048</u>	<u>5,418,767</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**

	31.12.2023 RM	30.06.2023 Audited RM
Provision for audit fee	2,264	25,400
Provision for tax agent's fee	13,380	4,400
Other accruals	67,569	65,032
	<u>83,213</u>	<u>94,832</u>

**12. NUMBER OF UNITS IN CIRCULATION (UNITS)**

	01.07.2023 to 31.12.2023 No of units	01.07.2022 to 30.06.2023 Audited No of units
At the beginning of the financial period/year	4,550,000	4,550,000
At the end of the financial period/year	<u>4,550,000</u>	<u>4,550,000</u>

**13. TOTAL EXPENSE RATIO (“TER”)**

	<b>01.07.2023 to 31.12.2023 %</b>	<b>01.07.2022 to 31.12.2022 %</b>
TER	<u>0.82</u>	<u>0.82</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 RM5,292,280 (31.12.2022: RM5,367,078).

**14. PORTFOLIO TURNOVER RATIO (“PTR”)**

	<b>01.07.2023 to 31.12.2023</b>	<b>01.07.2022 to 31.12.2022</b>
PTR (times)	<u>0.06</u>	<u>0.07</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial period	=	RM369,860 (31.12.2022: RM432,038)
total disposal for the financial period	=	RM314,361 (31.12.2022: RM326,422)

**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



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

The related parties and their relationship with the Fund were as follows (continued):

<u>Related parties</u>	<u>Relationship</u>
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.

	<b>31.12.2023</b>		<b>30.06.2023</b>	
	<b>No. of units</b>	<b>RM</b>	<b>No. of units</b>	<b>Audited RM</b>
<b>Fellow related parties to the Manager</b>				
CGS-CIMB Nominees (Tempatan) Sdn Bhd	55,200	58,192	96,900	116,386
<b>Fellow subsidiary and associated company of the ultimate holding company of the shareholder of the Manager</b>				
CIMSEC Nominees (Tempatan) Sdn Bhd	210,000	221,382	210,000	252,231

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.

## 16. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the brokers/dealers for the six months financial period ended 31 December 2023 were as follows:

Brokers	Value of trades RM	Percentage of total trades %	Brokerage fees RM	Percentage of total brokerage fees %
CLSA Ltd (Hong Kong) CGS-CIMB Securities International Pte Ltd.#	349,641	51.15	494	43.75
	333,959	48.85	636	56.25
	<u>683,600</u>	<u>100.00</u>	<u>1,130</u>	<u>100.00</u>

Details of transactions with the broker 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) Ltd	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>

# Included in the transactions are trades conducted with CGS-CIMB Securities International Pte Ltd, fellow related party to the Manager amounting to RM333,959 (31.12.2022: RM317,306). 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.

## **DIRECTORY**

### **TRUST DIRECTORY**

#### **Manager**

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##### *Business address*

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## **CORPORATE DIRECTORY**

### **Fund Administration and Fund Accounting Service Provider**

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Deutsche Trustees Malaysia Berhad

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