

Principal Greater China Equity Fund

Annual Report

For the Financial Year Ended 30 April 2021

PRINCIPAL GREATER CHINA EQUITY FUND
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

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INVESTORS' LETTER

Dear Valued Investor,

The latest lockdown in Malaysia is an important step taken by the government to flatten the Coronavirus Disease 2019 ("COVID-19") curve. Let us all do our part by staying home - I hope you and your family are keeping well.

Here at Principal, we are well positioned and experienced in managing our funds through this period of adversity. Our team of fund managers, investment professionals, customer service staff and advisors remain dedicated to helping you manage your investments based on your long-term goals.

The Global equity markets have continued its uptrend arising from a stronger economic growth in the United States. As an investment house, we remain positive on Asian equities on a long-term basis, maintained on the broadening of recovery in corporate earnings including financials, industrials, and energy. We have also added selected ASEAN names in anticipation of a broader economic recovery which would be strengthened by the greater availability of COVID-19 vaccines by mid-2021.

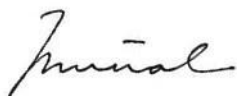
Because of the trust you placed in us, we continue to win accolades - the most recent recognition coming from Refinitiv Lipper Fund Awards 2021 for our Principal Asia Titans Fund in the Equity Asia Pacific ex Japan – Provident (10 years) category. We have also received the Fintech - Human Resource Technology award from the Malaysia Technology Excellence Awards 2021 in our effort to accelerate our digital transformation journey.

Please visit our website (www.principal.com.my), like our Facebook page (@PrincipalAssetMY) and follow us on our latest social media asset, our Instagram account (principalassetmanagement_my) for the latest market outlook, investment updates, tips and educational articles.

We also wish to inform that Ernst & Young PLT ("EY") has been appointed as the auditor of the Fund in respect of the audit for the financial year ended 30 April 2021 onwards. The appointment of the Fund Auditor by the Trustee of the Fund, HSBC (Malaysia) Trustee Berhad, is in accordance with the provisions of the Deed in relation to the Fund.

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

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT**FUND OBJECTIVE AND POLICY****What is the investment objective of the Fund?**

The Fund aims to achieve medium to long-term capital growth primarily through investment in a portfolio of equity securities with exposure to the Greater China region consisting of the People's Republic of China, Hong Kong Special Administrative Region ("SAR") and Taiwan.

Has the Fund achieved its objective?

For the financial year under review, the Fund has performed in line with its objective as stated under the Fund Performance section.

What are the Fund investment policy and principal investment strategy?

The Fund is a feeder fund that invests at least 95% of the Fund's Net Asset Value ("NAV") in the Schroder International Selection Fund ("ISF") Greater China (the "Target Fund"), a fund of the Schroder ISF, an open-ended investment company registered in Luxembourg. Information on the Target Fund is detailed below.

The asset allocation strategy for this Fund is as follows:

- at least 95% of the Fund's NAV will be invested in the Schroder ISF Greater China; and
- up to 5% of the Fund's NAV will be invested in liquid assets for liquidity purposes.

Information on the Target Fund:

Management Company: Schroder Investment Management (Luxembourg) S.A.

Investment Manager: Schroder Investment Management (Hong Kong) Limited

Regulatory Authority: Luxembourg – Commission de Surveillance du Secteur Financier ("CSSF")

Base Currency

US Dollar ("USD")

Fund category/type

Feeder Fund/Growth

When was the Fund launched?

| Name of Class | Launch Date |
|----------------------------|--------------------|
| Class MYR | 12 June 2007 |
| Class AUD-Hedged ("AUD-H") | 20 April 2020 |
| Class MYR-Hedged ("MYR-H") | 20 April 2020 |
| Class RMB-Hedged ("RMB-H") | 20 April 2020 |
| Class SGD-Hedged ("SGD-H") | 20 April 2020 |
| Class USD | 20 April 2020 |

What was the size of the Fund as at 30 April 2021?

USD576.92 million (1,655.98 million units)

What is the Fund's benchmark?

The Fund adheres to the benchmark of the Target Fund, i.e. MSCI Golden Dragon Index for performance comparison purpose only.

What is the Fund distribution policy?

Given its investment objective, the Fund is not expected to pay any distribution. However, the Manager has the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund.

FUND OBJECTIVE AND POLICY (CONTINUED)

What was the net income distribution for the financial year ended 30 April 2021?

The Fund distributed a total net income of USD33.38 million to unit holders for the financial year ended 30 April 2021.

The Fund's NAV per unit were as follows:

| Date | NAV per unit (before distribution) USD | NAV per unit (after distribution) USD |
|-------------|--|---|
| 07.08.2020 | | |
| Class MYR | 0.3049 | 0.2812 |
| 03.03.2021 | | |
| Class AUD-H | 1.2719 | 1.2224 |
| Class MYR | 0.3578 | 0.3437 |
| Class MYR-H | 0.4082 | 0.3972 |
| Class RMB-H | 0.2554 | 0.2452 |
| Class SGD-H | 1.2310 | 1.1946 |
| Class USD | 1.6402 | 1.5919 |

PERFORMANCE DATA

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

| | 30.04.2021 | 30.04.2020 | 30.04.2019 |
|------------------------------|---------------|---------------|---------------|
| | % | % | % |
| Collective investment scheme | 97.25 | 93.92 | 100.03 |
| Cash and other assets | 6.22 | 8.31 | 1.20 |
| Liabilities | (3.47) | (2.23) | (1.23) |
| | <u>100.00</u> | <u>100.00</u> | <u>100.00</u> |

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

| | 30.04.2021 | 30.04.2020 | 30.04.2019 |
|--------------------------------|------------|------------|------------|
| NAV (USD Million) | | | |
| - Class AUD-H | 11.79 | 0.00* | - |
| - Class MYR | 510.22 | 136.55 | 167.48 |
| - Class MYR-H | 20.51 | 0.00* | - |
| - Class RMB-H | 8.44 | 0.00* | - |
| - Class SGD-H | 8.41 | 0.00* | - |
| - Class USD | 17.55 | 0.00* | - |
| Units in circulation (Million) | | | |
| - Class AUD-H | 10.08 | 0.00* | - |
| - Class MYR | 1,537.77 | 568.46 | 693.17 |
| - Class MYR-H | 53.94 | 0.00* | - |
| - Class RMB-H | 35.49 | 0.00* | - |
| - Class SGD-H | 7.28 | 0.00* | - |
| - Class USD | 11.42 | 0.00* | - |

Note: 0.00* denotes value/unit count less than 0.01 million.

PERFORMANCE DATA (CONTINUED)

Performance details of the Fund for the last three financial years were as follows: (continued)

| | 30.04.2021 | 30.04.2020 | 30.04.2019 |
|----------------------------|------------|------------|------------|
| NAV per unit (USD) | | | |
| - Class AUD-H | 1.1693 | 0.6760 | - |
| - Class MYR | 0.3318 | 0.2402 | 0.2416 |
| - Class MYR-H | 0.3802 | 0.2370 | - |
| - Class RMB-H | 0.2380 | 0.1440 | - |
| - Class SGD-H | 1.1552 | 0.7250 | - |
| - Class USD | 1.5367 | 1.0150 | - |
| Highest NAV per unit (USD) | | | |
| - Class AUD-H | 1.3780 | 0.6760 | - |
| - Class MYR | 0.3888 | 0.2662 | 0.2528 |
| - Class MYR-H | 0.4459 | 0.2373 | - |
| - Class RMB-H | 0.2789 | 0.1442 | - |
| - Class SGD-H | 1.3429 | 0.7252 | - |
| - Class USD | 1.7823 | 1.0150 | - |
| Lowest NAV per unit (USD) | | | |
| - Class AUD-H | 0.6382 | 0.6280 | - |
| - Class MYR | 0.2322 | 0.1988 | 0.2055 |
| - Class MYR-H | 0.2282 | 0.2249 | - |
| - Class RMB-H | 0.1381 | 0.1388 | - |
| - Class SGD-H | 0.6964 | 0.6917 | - |
| - Class USD | 0.9809 | 0.9825 | - |
| Total return (%) | | | |
| - Class AUD-H | 51.46 | - | - |
| - Class MYR | 48.15 | 5.93 | 3.24 |
| - Class MYR-H | 56.49 | - | - |
| - Class RMB-H | 57.55 | - | - |
| - Class SGD-H | 54.32 | - | - |
| - Class USD | 56.01 | - | - |
| - Capital growth (%) | | | |
| - Class AUD-H | 45.58 | - | - |
| - Class MYR | 31.29 | 3.37 | 3.24 |
| - Class MYR-H | 52.02 | - | - |
| - Class RMB-H | 51.9 | - | - |
| - Class SGD-H | 49.76 | - | - |
| - Class USD | 51.41 | - | - |
| - Income distribution (%) | | | |
| - Class AUD-H | 4.04 | - | - |
| - Class MYR | 12.84 | 2.46 | - |
| - Class MYR-H | 2.77 | - | - |
| - Class RMB-H | 4.12 | - | - |
| - Class SGD-H | 3.05 | - | - |
| - Class USD | 3.03 | - | - |

PERFORMANCE DATA (CONTINUED)

| | 30.04.2021 | 30.04.2020 | 30.04.2019 |
|--|------------|------------|------------|
| Management Expense Ratio ("MER") (%) ^ | 1.89 | 1.88 | 1.90 |
| Portfolio Turnover Ratio ("PTR") (times) # | 0.79 | 0.27 | 0.20 |

^ The Fund's MER increased from 1.88% to 1.89% mainly due to increase in expenses during the financial year under review.

For the financial year under review, the Fund's PTR increased from 0.27 times to 0.79 times. As a feeder fund, the turnover reflects investments and withdrawals in the Target Fund. The turnover increased because there were higher trading activities within the year under review.

| | 30.04.2021 | 30.04.2020 | 30.04.2019 |
|---|------------|------------|------------|
| Gross/Net distribution per unit (cent) | | | |
| Distribution on 7 August 2020 | | | |
| - Class MYR | 2.37 | - | - |
| Distribution on 3 March 2021 | | | |
| - Class AUD-H | 4.94 | - | - |
| - Class MYR | 1.40 | - | - |
| - Class MYR-H | 1.10 | - | - |
| - Class RMB-H | 1.01 | - | - |
| - Class SGD-H | 3.64 | - | - |
| - Class USD | 4.83 | - | - |
| Distribution on 7 November 2019 | | | |
| - Class MYR | - | 0.59 | - |

| | 30.04.2021 | 30.04.2020 | 30.04.2019 | 30.04.2018 | 30.04.2017 |
|---------------------|------------|------------|------------|------------|------------|
| | % | % | % | % | % |
| Annual total return | | | | | |
| - Class MYR | 48.15 | 5.93 | 3.24 | 16.59 | 38.18 |

(Launch date: 12 June 2007)

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

| | 30.04.2021 | Since inception to 30.04.2020 |
|---------------------|------------|----------------------------------|
| | % | % |
| Annual total return | | |
| - Class AUD-H | 51.46 | 2.60 |
| - Class MYR-H | 56.49 | 1.93 |
| - Class RMB-H | 57.55 | 1.42 |
| - Class SGD-H | 54.32 | 1.87 |
| - Class USD | 56.01 | 1.27 |

(Launch date: 20 April 2020)

MARKET REVIEW (1 MAY 2020 TO 30 APRIL 2021)

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

In June 2020, the Chinese market rose strongly, although it underperformed other Asian markets in aggregate. The market was buoyed by ongoing stimulus from the Central Bank and a return to normality after the COVID-19-related lockdown. Hong Kong was up but relatively weak owing to geopolitical tensions. China announced the imposition of a national security law in Hong Kong, which came into effect on 30 June 2020. Along with other export-oriented markets, Taiwan outperformed the regional index on hopes of a recovery in global demand in the second half of 2020. However, geopolitical concerns increased as the US-China confrontation expanded beyond trade and technology issues.

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

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

The Taiwanese market was the strongest performing Asian in September 2020, with IT sector stocks underpinning the gains. Chinese equities were also strong, as economic data signaled ongoing recovery and second-quarter corporate earnings results were positive. However, tensions with the US escalated, including new restrictions on Chinese telecommunications company Huawei.

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

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

MARKET REVIEW (1 MAY 2020 TO 30 APRIL 2021) (CONTINUED)

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

Chinese equities performed strongly over the month of January 2021, as the country continues to recover from COVID-19 ahead of most other economies around the globe. China was the best performing major Pacific market while Taiwan was also strong, driven by continued strength in its technology sector. Strong Gross Domestic Product ("GDP") figures were released during the month, showing that China was one of the very few countries likely to have grown in 2020. GDP rose 2.3% in 2020. Optimism regarding the new COVID-19 vaccines also supported markets.

Chinese equities fell just over 1% in February 2021, amid weakness from internet stocks. Meanwhile, Hong Kong and Taiwan, where strong performance from IT stocks supported gains, both rose over 4.5% and finished materially ahead of the Index.

Chinese equity returns were mildly negative over the first quarter of 2021. Expectations of policy normalisation, together with regulatory uncertainty for certain industries and ongoing geopolitical concerns, dampened sentiment somewhat. Hong Kong and Taiwan equities rose in March 2021, with strong performance from IT stocks supporting gains.

In April 2021, Taiwan was the strongest index market and outperformed, led by strong gains in non-technology stocks. Hong Kong also achieved modest gains during the month. The Chinese market rose, after two consecutive monthly declines, on the back of solid 2020/21 earnings.

FUND PERFORMANCE

| | Class MYR | | | |
|----------------------|---------------|---------------|---------------|-----------|
| | 1 year | 3 years | 5 years | Since |
| | to 30.04.2021 | to 30.04.2021 | to 30.04.2021 | inception |
| | % | % | % | % |
| Income Distribution | 12.84 | 15.62 | 15.62 | 15.62 |
| Capital Growth | 31.29 | 40.12 | 125.76 | 186.07 |
| Total Return | 48.15 | 62.01 | 161.02 | 230.75 |
| Benchmark | 35.38 | 37.33 | 106.07 | 135.77 |
| Average Total Return | 48.15 | 17.45 | 21.15 | 8.99 |

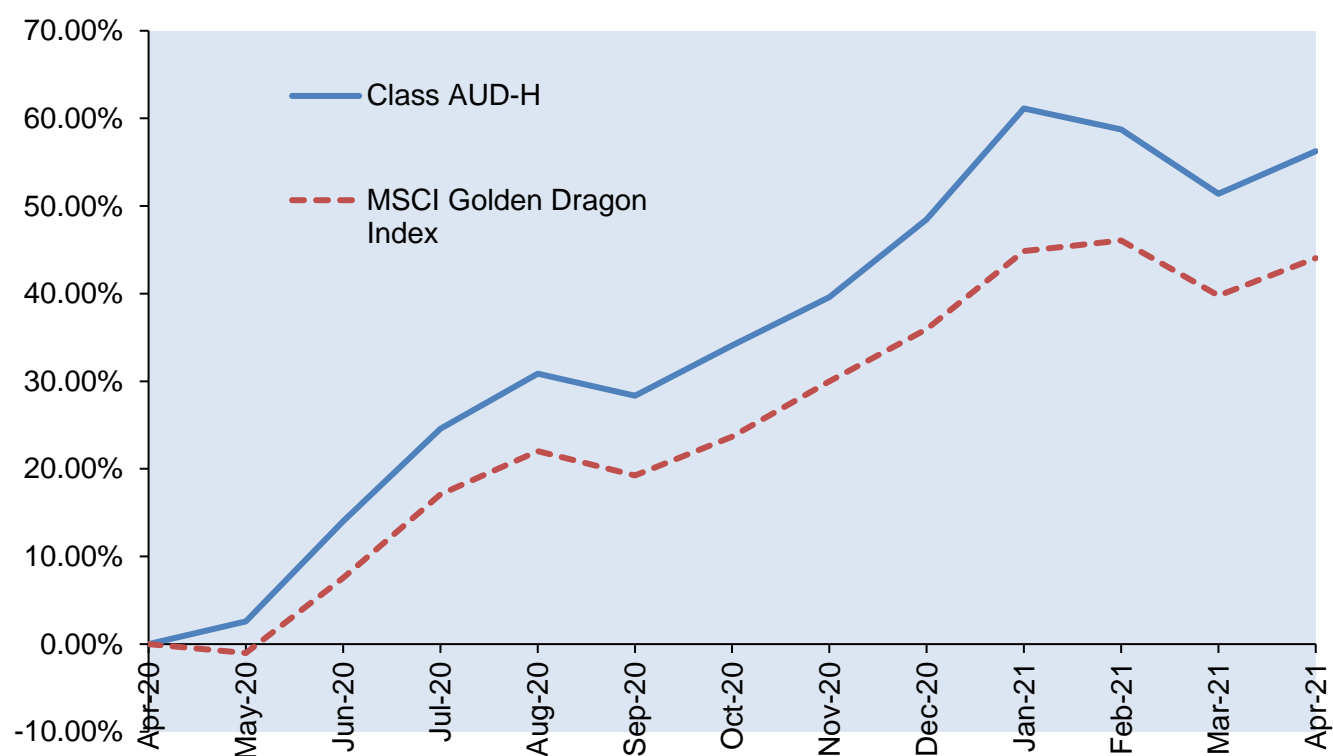
| | 1 year to 30.04.2021 | | | | |
|----------------------|----------------------|-------|-------|-------|-------|
| | Class | Class | Class | Class | Class |
| | AUD-H | MYR-H | RMB-H | SGD-H | USD |
| | % | % | % | % | % |
| Income Distribution | 4.04 | 2.77 | 4.12 | 3.05 | 3.03 |
| Capital Growth | 45.58 | 52.02 | 51.9 | 49.76 | 51.41 |
| Total Return | 51.46 | 56.49 | 57.55 | 54.32 | 56.01 |
| Benchmark | 42.11 | 42.11 | 42.11 | 42.11 | 42.11 |
| Average Total Return | 51.46 | 56.49 | 57.55 | 54.32 | 56.01 |

FUND PERFORMANCE (CONTINUED)

| | Since inception to 30.04.2021 | | | | |
|----------------------|-------------------------------|----------------|----------------|----------------|--------------|
| | Class AUD-H | Class MYR-H | Class RMB-H | Class SGD-H | Class USD |
| | % | % | % | % | % |
| Income Distribution | 4.04 | 2.77 | 4.12 | 3.05 | 3.03 |
| Capital Growth | 50.19 | 55.35 | 53.90 | 53.04 | 53.67 |
| Total Return | 56.26 | 59.65 | 60.41 | 57.70 | 58.33 |
| Benchmark | 44.03 | 44.03 | 44.03 | 44.03 | 44.03 |
| Average Total Return | 54.23 | 57.48 | 58.21 | 55.62 | 56.22 |

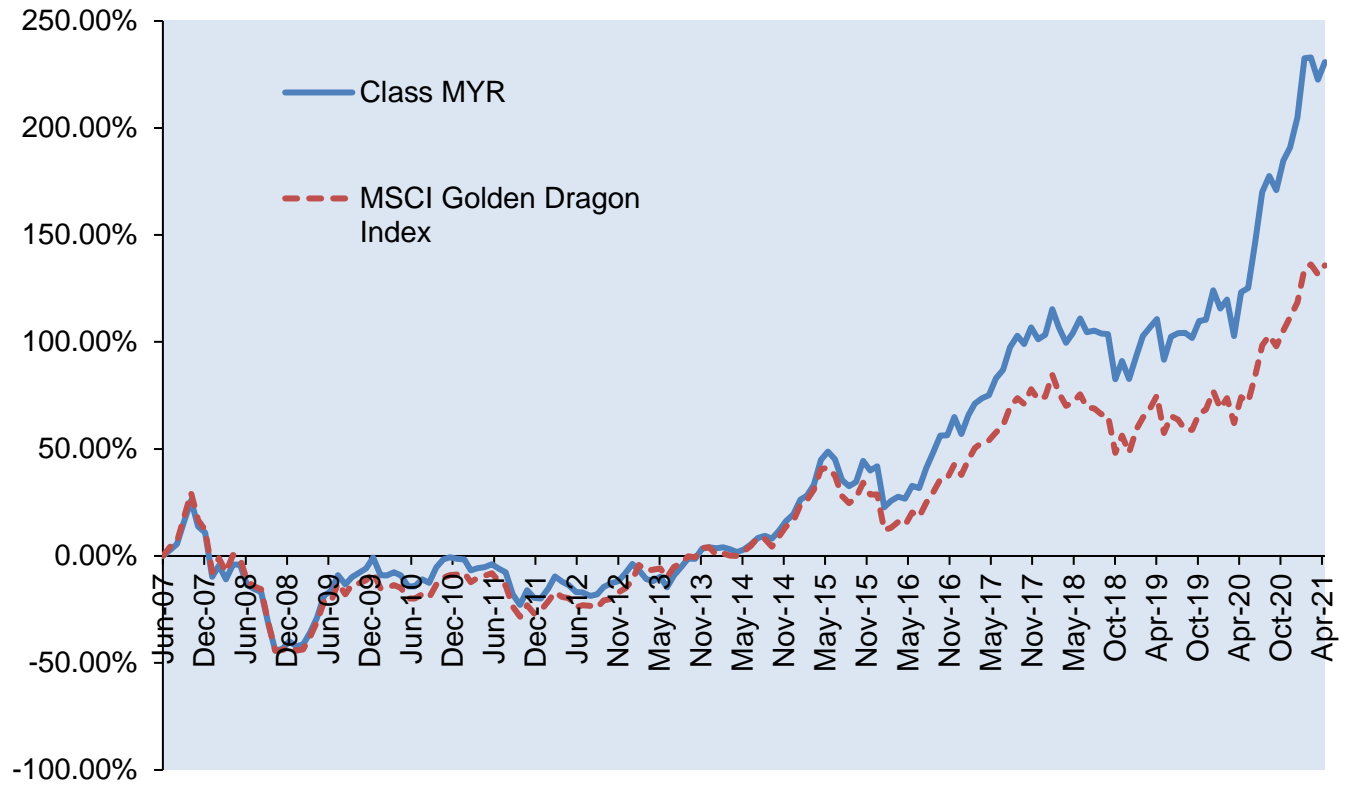
For the financial year under review, Class AUD-H, Class MYR-H, Class RMB-H, Class SGD-H, and Class USD increased by 51.46%, 56.49%, 57.55%, 54.32%, and 56.01% respectively outperforming the benchmark at 42.11%. Meanwhile, Class MYR also increased by 48.15% against its benchmark at 35.38%. The outperformance on all classes was mainly driven by the stock selection of the Schroder International Selection Fund Greater China Fund.

CLASS AUD-H

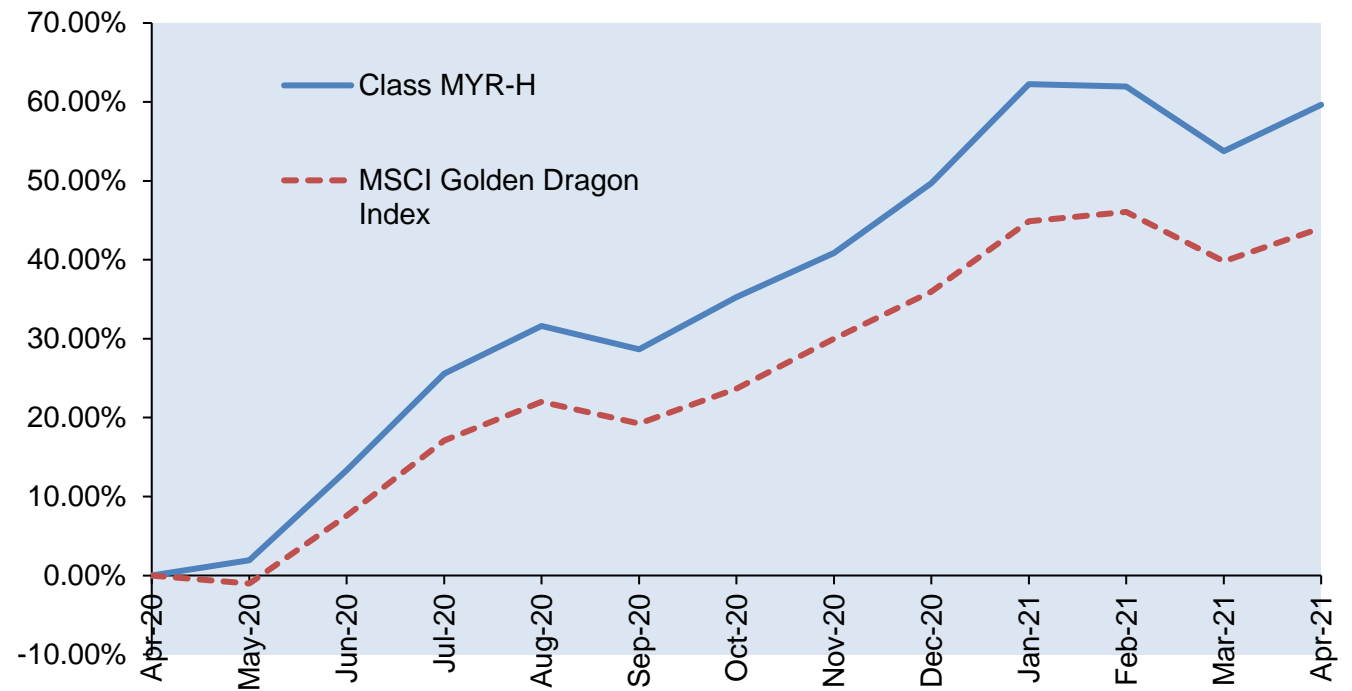


FUND PERFORMANCE (CONTINUED)

CLASS MYR

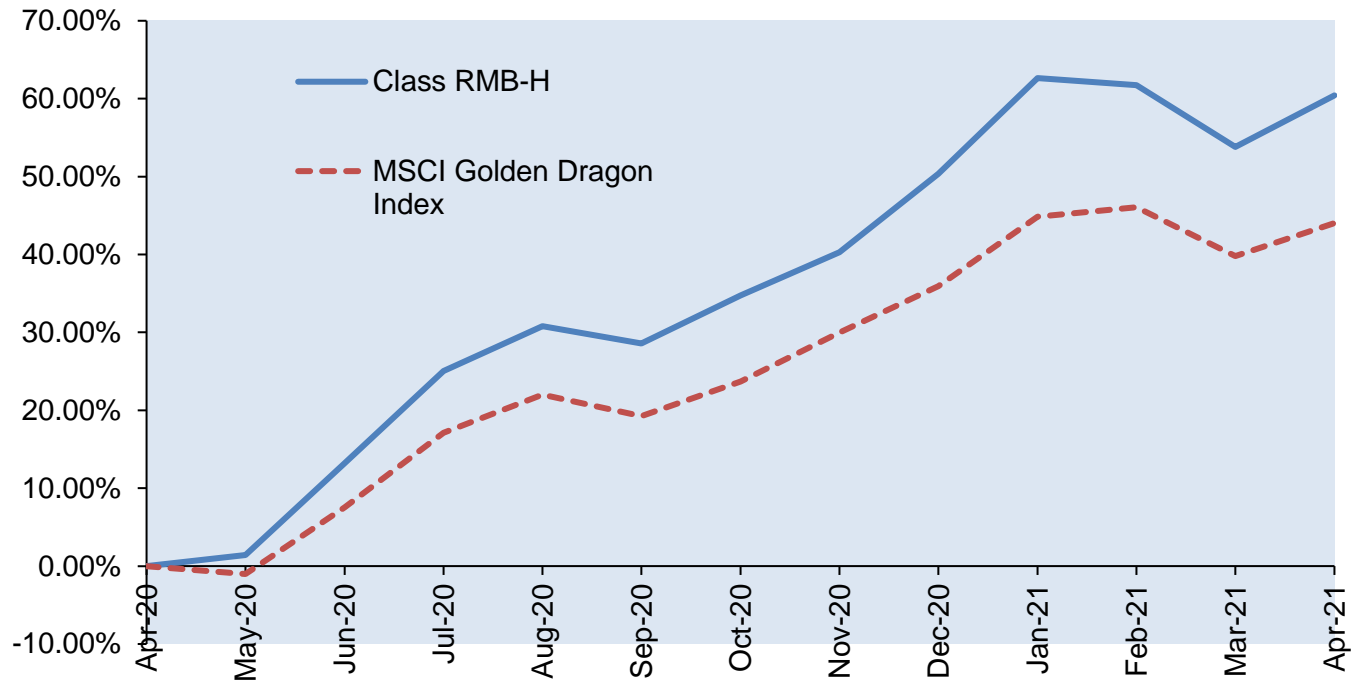


CLASS MYR-H

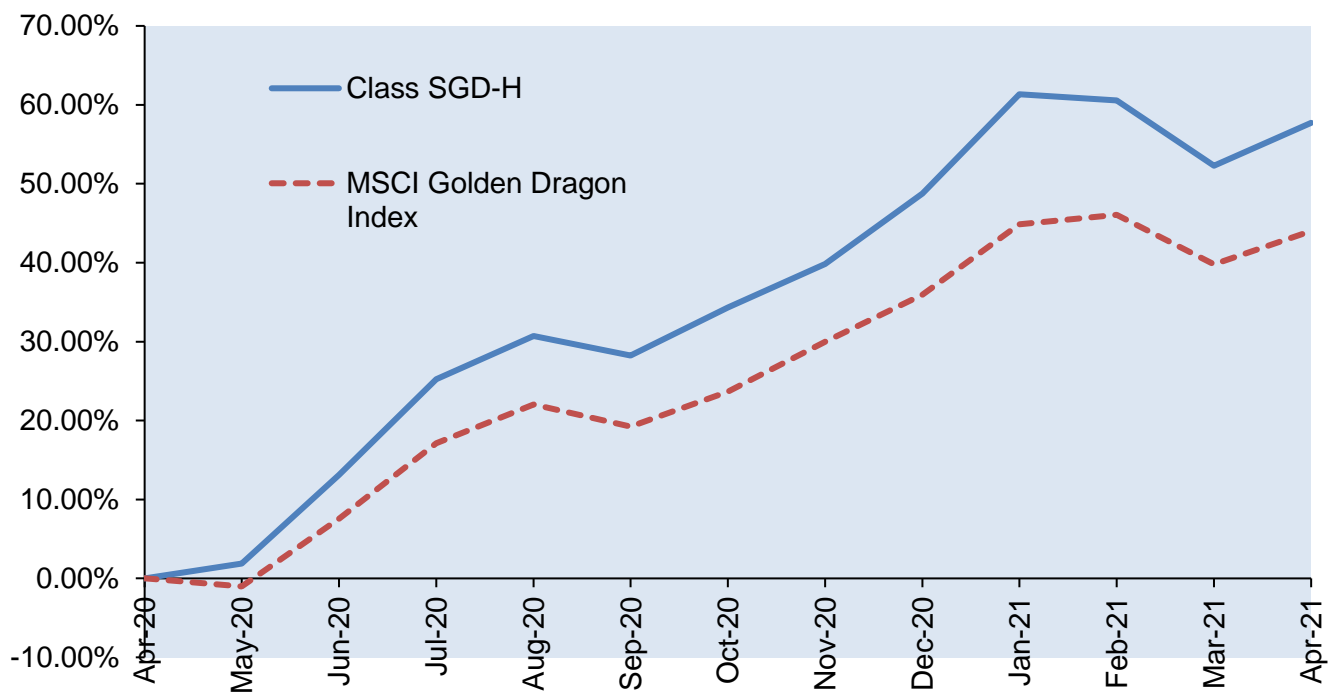


FUND PERFORMANCE (CONTINUED)

CLASS RMB-H

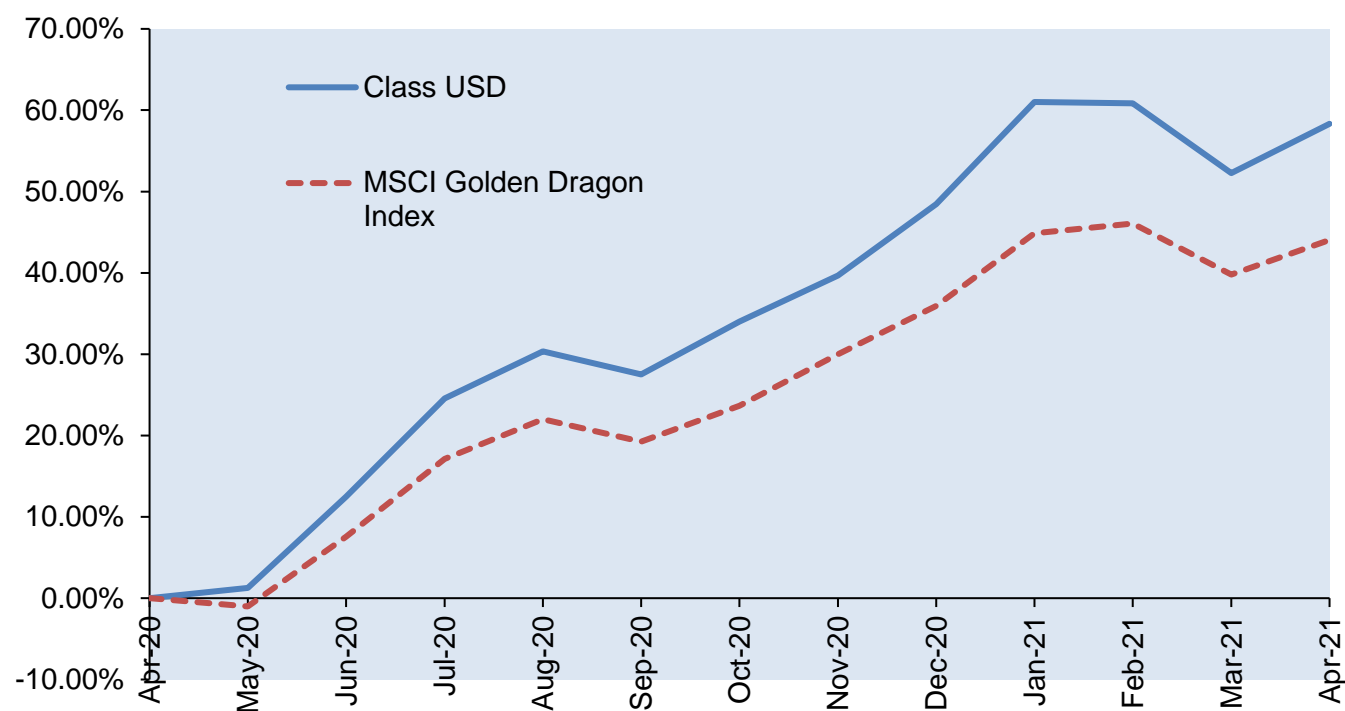


CLASS SGD-H



FUND PERFORMANCE (CONTINUED)

CLASS USD



Changes in NAV

CLASS AUD-H

| | 30.04.2021 | 30.04.2020 | Changes % |
|-------------------|------------|------------|--------------|
| NAV (USD Million) | 11.79 | 0.00* | Nil |
| NAV/Unit (USD) | 1.1693 | 0.6760 | 72.97 |

CLASS MYR

| | 30.04.2021 | 30.04.2020 | Changes % |
|-------------------|------------|------------|--------------|
| NAV (USD Million) | 510.22 | 136.55 | 273.65 |
| NAV/Unit (USD) | 0.3318 | 0.2402 | 38.13 |

CLASS MYR-H

| | 30.04.2021 | 30.04.2020 | Changes % |
|-------------------|------------|------------|--------------|
| NAV (USD Million) | 20.51 | 0.00* | Nil |
| NAV/Unit (USD) | 0.3802 | 0.2370 | 60.42 |

Note: 0.00* denotes value less than 0.01 million.

FUND PERFORMANCE (CONTINUED)**Changes in NAV (continued)****CLASS RMB-H**

| | 30.04.2021 | 30.04.2020 | Changes % |
|-------------------|-------------------|-------------------|----------------------|
| NAV (USD Million) | 8.44 | 0.00* | Nil |
| NAV/Unit (USD) | 0.2380 | 0.1440 | 65.28 |

CLASS SGD-H

| | 30.04.2021 | 30.04.2020 | Changes % |
|-------------------|-------------------|-------------------|----------------------|
| NAV (USD Million) | 8.41 | 0.00* | Nil |
| NAV/Unit (USD) | 1.1552 | 0.7250 | 59.34 |

CLASS USD

| | 30.04.2021 | 30.04.2020 | Changes % |
|-------------------|-------------------|-------------------|----------------------|
| NAV (USD Million) | 17.55 | 0.00* | Nil |
| NAV/Unit (USD) | 1.5367 | 1.0150 | 51.40 |

Note: 0.00* denotes value less than 0.01 million.

For the financial under review, total NAV for Class AUD-H, Class MYR, Class MYR-H, Class RMB-H, Class SGD-H, and Class USD all increased over 100%.

Meanwhile the NAV per unit for Class AUD-H, Class MYR, Class MYR-H, Class RMB-H, Class SGD-H, and Class USD increased by 72.97%, 38.13%, 60.42%, 65.28%, 59.34%, and 51.40% respectively due to the positive investment performance during the 1-year period.

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

PORTFOLIO STRUCTURE**Asset allocation**

| (% of NAV) | 30.04.2021 | 30.04.2020 |
|------------------------------|-------------------|-------------------|
| Collective investment scheme | 97.25 | 93.92 |
| Cash and other assets | 6.22 | 8.31 |
| Liabilities | (3.47) | (2.23) |
| TOTAL | 100.00 | 100.00 |

The Fund was fully invested during the financial year under review, with minimal cash kept for liquidity purposes.

MARKET OUTLOOK*

Economic growth in China is set to accelerate as activity normalises and the impact of stimulus measures launched last year feed through. It is likely to be broad-based as sectors exposed to structural growth themes should continue to outperform, while the wider global economic recovery from the fading COVID-19 impact should support cyclical sectors. From a market return perspective, corporate earnings growth and upgrades to prospective earnings will likely be the major supporting factors to the equity market. The normalisation of monetary policy in China and reflation concerns will potentially limit the upside to valuations. Across the strait in Taiwan, the economy appears to have enjoyed a sweet spot over the past few quarters amid the US-China tariff war. Its successful containment of COVID-19 has also continued to support the economy and stock market sentiment.

We maintain our stance of a balanced approach to value and growth factors, and a more diversified exposure to different sectors, given that markets are expected to be range-bound and volatile.

* 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

The Fund will continue to remain fully invested in Target Fund (Schroder International Selection Fund Greater China) with minimal cash kept for liquidity purposes.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 30 April 2021 were as follows:

CLASS AUD-H

| Size of unit holdings (units) | No. of unit holders | No. of units held (million) | % of units held |
|-------------------------------|---------------------|-----------------------------|-----------------|
| 5,000 and below | 1 | 0.00* | 0.00 |
| 5,001 to 10,000 | - | - | - |
| 10,001 to 50,000 | 1 | 0.01 | 0.10 |
| 50,001 to 500,000 | 4 | 0.55 | 5.46 |
| 500,001 and above | 3 | 9.52 | 94.44 |
| Total | 9 | 10.08 | 100.00 |

CLASS MYR

| Size of unit holdings (units) | No. of unit holders | No. of units held (million) | % of units held |
|-------------------------------|---------------------|-----------------------------|-----------------|
| 5,000 and below | 4,885 | 12.10 | 0.79 |
| 5,001 to 10,000 | 2,906 | 21.13 | 1.37 |
| 10,001 to 50,000 | 5,434 | 123.75 | 8.05 |
| 50,001 to 500,000 | 1,657 | 186.57 | 12.13 |
| 500,001 and above | 68 | 1,194.22 | 77.66 |
| Total | 14,950 | 1,537.77 | 100.00 |

Note: 0.00* denotes unit count less than 0.01 million.

UNIT HOLDINGS STATISTICS (CONTINUED)

Breakdown of unit holdings by size as at 30 April 2021 were as follows: (continued)

CLASS MYR-H

| Size of unit holdings (units) | No. of unit holders | No. of units held (million) | % of units held |
|-------------------------------|---------------------|-----------------------------|-----------------|
| 5,000 and below | 3 | 0.00* | 0.00 |
| 5,001 to 10,000 | 3 | 0.02 | 0.04 |
| 10,001 to 50,000 | - | - | - |
| 50,001 to 500,000 | - | - | - |
| 500,001 and above | 8 | 53.92 | 99.96 |
| Total | 14 | 53.94 | 100.00 |

CLASS RMB-H

| Size of unit holdings (units) | No. of unit holders | No. of units held (million) | % of units held |
|-------------------------------|---------------------|-----------------------------|-----------------|
| 5,000 and below | 1 | 0.00* | 0.00 |
| 5,001 to 10,000 | - | - | - |
| 10,001 to 50,000 | 1 | 0.03 | 0.08 |
| 50,001 to 500,000 | 1 | 0.42 | 1.18 |
| 500,001 and above | 4 | 35.03 | 98.74 |
| Total | 7 | 35.48 | 100.00 |

CLASS SGD-H

| Size of unit holdings (units) | No. of unit holders | No. of units held (million) | % of units held |
|-------------------------------|---------------------|-----------------------------|-----------------|
| 5,000 and below | 1 | 0.00* | 0.00 |
| 5,001 to 10,000 | - | - | - |
| 10,001 to 50,000 | 2 | 0.04 | 0.55 |
| 50,001 to 500,000 | 2 | 0.31 | 4.26 |
| 500,001 and above | 3 | 6.93 | 95.19 |
| Total | 8 | 7.28 | 100.00 |

CLASS USD

| Size of unit holdings (units) | No. of unit holders | No. of units held (million) | % of units held |
|-------------------------------|---------------------|-----------------------------|-----------------|
| 5,000 and below | 2 | 0.00* | 0.00 |
| 5,001 to 10,000 | - | - | - |
| 10,001 to 50,000 | 1 | 0.03 | 0.26 |
| 50,001 to 500,000 | 3 | 0.41 | 3.59 |
| 500,001 and above | 4 | 10.98 | 96.15 |
| Total | 10 | 11.42 | 100.00 |

Note: 0.00* denotes unit count less than 0.01 million.

SOFT COMMISSIONS AND REBATES

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

During the financial year under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers but the Manager has retained soft commission in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds.

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL GREATER CHINA EQUITY FUND**

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 22 to 51 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 April 2021 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))

MUNIRAH KHAIRUDDIN

Chief Executive Officer/Executive Director

JUAN IGNACIO EYZAGUIRRE BARAONA

Director

Kuala Lumpur

17 June 2021

TRUSTEE'S REPORT

**TO THE UNITHOLDERS OF
PRINCIPAL GREATER CHINA EQUITY FUND**

We have acted as Trustee of Principal Greater China Equity Fund (the "Fund") for the financial year ended 30 April 2021. To the best of our knowledge, Principal Asset Management Berhad, (the "Manager"), has operated and managed the Fund in accordance with the following: -

- a) limitations imposed on the investment powers of the Manager and the Trustee under the Deeds, the Securities Commission's Guidelines on Unit Trust Funds, the Capital Markets and Services Act 2007 and other applicable laws.
- b) valuation/pricing is carried out in accordance with the Deeds and any regulatory requirements; and
- c) creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirements.

During the financial year, a total distribution of 4.94 cent per unit (gross) for AUD- Hedged Class, 3.77 cent per unit (gross) for MYR Class, 1.10 cent per unit (gross) for MYR- Hedged Class, 1.01 cent per unit (gross) for RMB- Hedged Class, 3.64 cent per unit (gross) for SGD- Hedged Class and 4.83 cent per unit (gross) for USD Class has been distributed to the unitholders of the Fund respectively. We are of the view that the distribution are not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
10 June 2021

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL GREATER CHINA EQUITY FUND**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal Greater China Equity Fund (the "Fund") which comprise the statement of financial position of the fund as at 30 April 2021 of the Fund, and statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 22 to 51.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 April 2021, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL GREATER CHINA EQUITY FUND (CONTINUED)**

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

Information other than the financial statements and auditors' report thereon

The Manager of the Fund (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL GREATER CHINA EQUITY FUND (CONTINUED)****Report on the audit of the financial statements (cont'd.)***Auditors' responsibilities for the audit of the financial statements*

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL GREATER CHINA EQUITY FUND (CONTINUED)**

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

Other matters

This report is made solely to the Unit Holders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Fund for the year ended 30 April 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 15 June 2020.

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

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

Kuala Lumpur
17 June 2021

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021**

| | Note | 2021 USD | 2020 USD |
|--|------|---------------------|--------------------|
| INCOME | | | |
| Interest income from deposit placement with licensed financial institutions | | 94,024 | 28,690 |
| Net gain on financial assets at fair value through profit or loss | 8 | 117,448,317 | 14,386,831 |
| Net gain on derivative assets at fair value through profit or loss | 9 | 707,397 | 43 |
| Net foreign exchange (loss)/gain | | (83,334) | 41,768 |
| | | <u>118,166,404</u> | <u>14,457,332</u> |
| EXPENSES | | | |
| Management fee | 4 | 5,715,562 | 2,632,964 |
| Trustee fee | 5 | 254,024 | 117,021 |
| Audit fee | | 3,068 | 2,240 |
| Tax agent's fee | | 1,203 | 1,099 |
| Other expenses | | 8,039 | 3,305 |
| | | <u>5,981,896</u> | <u>2,756,629</u> |
| PROFIT BEFORE FINANCE COST AND TAXATION | | 112,184,508 | 11,700,703 |
| Finance cost: | | | |
| - Class AUD-H | 6 | (340,367) | - |
| - Class MYR | | (31,796,317) | (3,675,630) |
| - Class MYR-H | | (384,912) | - |
| - Class RMB-H | | (280,095) | - |
| - Class SGD-H | | (198,800) | - |
| - Class USD | | (378,163) | - |
| | | <u>(33,378,654)</u> | <u>(3,675,630)</u> |
| PROFIT BEFORE TAXATION | | 78,805,854 | 8,025,073 |
| Taxation | 7 | - | - |
| PROFIT AFTER TAXATION | | 78,805,854 | 8,025,073 |
| OTHER COMPREHENSIVE LOSS | | | |
| Foreign currency translation | | - | (7,791,746) |
| PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR | | <u>78,805,854</u> | <u>233,327</u> |

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

| | Note | 2021 USD | 2020 USD |
|--|-------------|--------------------------|-------------------------|
| Profit after taxation is made up as follows: | | | |
| Realised amount | | 65,747,535 | 5,215,664 |
| Unrealised amount | | <u>13,058,319</u> | <u>2,809,409</u> |
| | | <u><u>78,805,854</u></u> | <u><u>8,025,073</u></u> |

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2021**

| | Note | 2021 USD | 2020 USD |
|--|-------------|---------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | 10 | 9,283,495 | 7,824,230 |
| Financial assets at fair value through profit or loss | 8 | 561,073,829 | 128,249,665 |
| Derivative assets at fair value through profit or loss | 9 | 181,303 | 41 |
| Amount due from Manager | | 21,439,371 | 3,391,160 |
| Amount due from dealer | | 4,269,451 | - |
| Amount due from Manager of collective investment scheme | | | |
| - management fee rebate | | 682,773 | 134,974 |
| TOTAL ASSETS | | <u>596,930,222</u> | <u>139,600,070</u> |
| LIABILITIES | | | |
| Amount due to Manager of collective investment scheme | | | |
| - purchase of collective investment scheme | | 7,000,000 | 1,800,000 |
| Amount due to dealer | | 4,293,191 | - |
| Amount due to Manager | | 7,873,605 | 1,064,625 |
| Accrued management fee | | 804,587 | 173,211 |
| Amount due to Trustee | | 35,759 | 7,698 |
| Other payables and accruals | | 3,390 | 2,781 |
| TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS) | | <u>20,010,532</u> | <u>3,048,315</u> |
| NET ASSET VALUE OF THE FUND | | <u>576,919,690</u> | <u>136,551,755</u> |
| NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS | | <u>576,919,690</u> | <u>136,551,755</u> |

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2021 (CONTINUED)**

| | Note | 2021 USD | 2020 USD |
|--|-------------|----------------------|---------------------|
| REPRESENTED BY: | | | |
| FAIR VALUE OF OUTSTANDING UNITS (USD) | | | |
| - Class AUD-H | | 11,791,283 | 676 |
| - Class MYR | | 510,216,048 | 136,548,958 |
| - Class MYR-H | | 20,505,820 | 237 |
| - Class RMB-H | | 8,445,026 | 144 |
| - Class SGD-H | | 8,410,316 | 725 |
| - Class USD | | 17,551,197 | 1,015 |
| | | <u>576,919,690</u> | <u>136,551,755</u> |
| NUMBER OF UNITS IN CIRCULATION (UNITS) | | | |
| - Class AUD-H | | 10,083,738 | 1,000 |
| - Class MYR | | 1,537,765,754 | 568,455,193 |
| - Class MYR-H | | 53,940,093 | 1,000 |
| - Class RMB-H | | 35,484,459 | 1,000 |
| - Class SGD-H | | 7,280,216 | 1,000 |
| - Class USD | | 11,421,232 | 1,000 |
| | 11 | <u>1,655,975,492</u> | <u>568,460,193</u> |
| NET ASSET VALUE PER UNIT (USD) | | | |
| - Class AUD-H | | 1.1693 | 0.6760 |
| - Class MYR | | 0.3318 | 0.2402 |
| - Class MYR-H | | 0.3802 | 0.2370 |
| - Class RMB-H | | 0.2380 | 0.1440 |
| - Class SGD-H | | 1.1552 | 0.7250 |
| - Class USD | | <u>1.5367</u> | <u>1.0150</u> |
| NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES | | | |
| - Class AUD-H | | AUD1.5019 | AUD1.0317 |
| - Class MYR | | RM1.3557 | RM1.0326 |
| - Class MYR-H | | RM1.5535 | RM1.0202 |
| - Class RMB-H | | CNH1.5390 | CNH1.0186 |
| - Class SGD-H | | SGD1.5304 | SGD1.0219 |
| - Class USD | | <u>USD1.5367</u> | <u>USD1.0150</u> |

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)**

| | 2021 USD | 2020 USD |
|---|---------------------------|---------------------------|
| NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR | <u>136,551,755</u> | <u>167,479,562</u> |
| Movement due to units created and cancelled during the financial year: | | |
| Creation of units from applications | | |
| - Class AUD-H | 18,803,340 | 638 |
| - Class MYR | 662,706,469 | 101,832,090 |
| - Class MYR-H | 34,235,049 | 229 |
| - Class RMB-H | 12,390,989 | 141 |
| - Class SGD-H | 10,173,778 | 704 |
| - Class USD | <u>23,697,685</u> | <u>1,000</u> |
| | <u>762,007,310</u> | <u>101,834,802</u> |
| Creation of units from distributions | | |
| - Class AUD-H | 340,367 | - |
| - Class MYR | 31,764,303 | 3,673,024 |
| - Class MYR-H | 384,912 | - |
| - Class RMB-H | 280,095 | - |
| - Class SGD-H | 198,800 | - |
| - Class USD | <u>378,163</u> | <u>-</u> |
| | <u>33,346,640</u> | <u>3,673,024</u> |
| Cancellation of units | | |
| - Class AUD-H | (8,582,477) | - |
| - Class MYR | (395,605,807) | (136,668,960) |
| - Class MYR-H | (14,920,140) | - |
| - Class RMB-H | (2,410,606) | - |
| - Class SGD-H | (4,638,631) | - |
| - Class USD | <u>(7,634,208)</u> | <u>-</u> |
| | <u>(433,791,869)</u> | <u>(136,668,960)</u> |
| Total comprehensive income for the financial year: | | |
| Profit after taxation | 78,805,854 | 8,025,073 |
| Foreign currency translation | <u>-</u> | <u>(7,791,746)</u> |
| | <u>78,805,854</u> | <u>233,327</u> |
| NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR | <u><u>576,919,690</u></u> | <u><u>136,551,755</u></u> |

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021**

| | Note | 2021 USD | 2020 USD |
|---|-----------|----------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Proceeds from disposal of collective investment scheme | | 90,520,000 | 61,528,778 |
| Purchase of collective investment scheme | | (400,973,809) | (15,772,936) |
| Interest income received from deposits with licensed financial institutions | | 94,024 | 28,690 |
| Management fee paid | | (5,084,186) | (2,625,122) |
| Management fee rebate received | | 4,023,354 | 2,151,815 |
| Trustee fee paid | | (225,963) | (120,712) |
| Payment for other fees and expenses | | (11,701) | (7,992) |
| Net realised (loss)/gain on forward foreign currency contracts | | (3,743,316) | 2 |
| Net realised foreign exchange loss | | (839,954) | (89,978) |
| Net cash (used in)/generated from operating activities | | (316,241,551) | 45,092,545 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash proceeds from units created | | 743,959,099 | 99,931,793 |
| Payments for cancellation of units | | (426,982,889) | (137,487,455) |
| Distribution paid | | (32,014) | (2,606) |
| Net cash generated from/(used in) financing activities | | 316,944,196 | (37,558,268) |
| Net increase in cash and cash equivalents | | 702,645 | 7,534,277 |
| Effects of foreign exchange differences | | 756,620 | (111,347) |
| Cash and cash equivalents at the beginning of the financial year | | 7,824,230 | 401,300 |
| Cash and cash equivalents at the end of the financial year | 10 | 9,283,495 | 7,824,230 |
| <u>Cash and cash equivalents comprised of:</u> | | | |
| Deposits with licensed financial institutions | | 3,739,534 | 5,878,279 |
| Bank balances | | 5,543,961 | 1,945,951 |
| Cash and cash equivalents at the end of the financial year | 10 | 9,283,495 | 7,824,230 |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2021

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Greater China Equity Fund (the “Fund”) is now governed by a Principal Master Deed dated 15 May 2008, a Fourth Supplemental Master Deed dated 18 March 2009, a Fifth Supplemental Master Deed dated 16 July 2009, a Thirteenth Supplemental Master Deed dated 26 June 2012, an Eighteenth Supplemental Master Deed dated 25 March 2015, a Twentieth Supplemental Master Deed dated 21 October 2019 and a Twenty First Supplemental Master Deed dated 4 December 2019 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund is a feeder fund that invests at least 95% of the Fund’s NAV in the Target Fund, a fund of the Schroder ISF, an open-ended investment company registered in Luxembourg. Information on the Target Fund is detailed below.

The asset allocation strategy for this Fund is as follows:

- at least 95% of the Fund’s NAV will be invested in the Schroder ISF Greater China; and
- up to 5% of the Fund’s NAV will be invested in liquid assets for liquidity purposes.

Information on the Target Fund:

Management Company: Schroder Investment Management (Luxembourg) S.A.

Investment Manager: Schroder Investment Management (Hong Kong) Limited

Regulatory Authority: Luxembourg – Commission de Surveillance du Secteur Financier (“CSSF”).

All investments are subject to the Securities Commission Malaysia (“SC”) Guidelines on Unit Trust Funds, SC requirements, 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 year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

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

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

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 May 2020 that have a material effect on the financial statements of the Fund.

None of the standards, amendments to standards or interpretations that are effective for the financial year beginning on/after 1 May 2021 to the financial statements of the Fund.

(b) Financial assets and financial liabilities

Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The contractual cash flows of the Fund's debt securities are solely payment of principal and interest ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Investments in collective investment scheme have contractual cash flows that do not represent SPPI, and therefore are classified as fair value through profit or loss.

Derivatives are financial assets/liabilities at fair value through profit or loss unless they are designated hedges (Note 2(j)).

The Fund classifies cash and cash equivalents, amount due from Manager, amount due from dealer and amount due from Manager of collective investment scheme - management fee rebate as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

All of the Fund's financial liabilities are measured at amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement

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

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

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

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

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

Collective investment scheme is valued based on the most recent published NAV per unit or share of such collective investment scheme or, if unavailable, on the average of the last published price of such unit or share (excluding any sales charge included in such selling price).

Deposits with licensed financial institutions are stated at cost plus accrued interest calculated on the effective interest method over the period from the date of placement to the date of maturity of the respective deposits.

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

Significant increase in credit risk

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

Definition of default and credit-impaired financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Recognition and measurement (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 year.

(c) Income recognition

Interest income from deposits with licensed financial institutions is recognised on a time proportionate basis using effective interest rate method on an accrual basis.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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

(d) Foreign currency

Functional and presentation currencies

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 USD, 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 USD primarily due to the following factors:

- i) The Fund's investments are denominated in USD; and
- ii) Significant portion of the Fund's expenses are denominated in USD.

Transactions and balances

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(e) Cash and cash equivalents**

For the purpose of statement of cash flows, cash and cash equivalents comprise bank balances and deposits with licensed financial institutions held in highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Taxation

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

Tax on income from foreign collective investment scheme 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. They are presented within the other expenses line in the statement of comprehensive income.

(g) Amount due from/to Manager of collective investment scheme (sales and purchase of collective investment scheme)

Amount due from and amount due to Manager of collective investment scheme represent receivables and payables for collective investment scheme purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

These amounts are measured at amortised cost. At each reporting date, the Fund measures the loss allowance on amounts due from Manager of collective investment scheme at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the Manager of collective investment scheme, probability that the Manager of collective investment scheme will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(h) Distribution

A distribution to the Fund's unit holders is accounted for as finance cost in the statement of comprehensive income. A proposed distribution is recognised as a liability in the financial year in which it is approved by the Trustee.

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

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as financial liability under MFRS 132 "*Financial Instruments: Presentation*".

The Fund issues cancellable units, in six classes of units, known respectively as the Class AUD-H, Class MYR, Class MYR-H, Class RMB-H, Class SGD-H and Class USD which are cancelled at the unit holder's option. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unit holder exercises the right to put back the unit to the Fund.

Units are created and cancelled at the unit holders' option at prices based on the Fund's NAV per unit of respective classes at the close of business on the relevant dealing day. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to unit holders of respective classes with the total number of outstanding units of respective classes.

(j) Derivative financial instruments

A derivative financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavorable.

The Fund's derivative financial instruments comprise forward foreign exchange contracts. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the date of statements of financial position, with the resulting value discounted back to present value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held-for-trading and accounted for in accordance with the accounting policy set out in Note 2(b).

(k) Realised and unrealised portions of profit or loss after taxation

The analysis of realised and unrealised portions of profit or loss after taxation as presented on the statement of comprehensive income is prepared in accordance with SC Guidelines on Unit Trust Funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(I) 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 Funds' results and financial position are tested for sensitivity to changes in the underlying parameters.

Estimates and judgements 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 Unit Trust Funds.

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund are as follows:

| | Financial assets at fair value through profit or loss USD | Financial assets at amortised cost USD | Total USD |
|--|--|---|----------------------|
| 2021 | | | |
| Cash and cash equivalents (Note 10) | - | 9,283,495 | 9,283,495 |
| Collective investment scheme (Note 8) | 561,073,829 | - | 561,073,829 |
| Derivative assets (Note 9) | 181,303 | - | 181,303 |
| Amount due from Manager | - | 21,439,371 | 21,439,371 |
| Amount due from dealer | - | 4,269,451 | 4,269,451 |
| Amount due from Manager of collective investment scheme | | | |
| - management fee rebate | - | 682,773 | 682,773 |
| | <u>561,255,132</u> | <u>35,675,090</u> | <u>596,930,222</u> |
| 2020 | | | |
| Cash and cash equivalents (Note 10) | - | 7,824,230 | 7,824,230 |
| Collective investment scheme (Note 8) | 128,249,665 | - | 128,249,665 |
| Derivative assets (Note 9) | 41 | - | 41 |
| Amount due from Manager | - | 3,391,160 | 3,391,160 |
| Amount due from Manager of collective investment scheme | | | |
| - management fee rebate | - | 134,974 | 134,974 |
| | <u>128,249,706</u> | <u>11,350,364</u> | <u>139,600,070</u> |

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

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

The Fund aims to achieve medium to long-term capital growth primarily through investment in a portfolio of equity securities with exposure to the Greater China region consisting of the People's Republic of China, Hong Kong SAR and Taiwan.

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk, interest rate 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 Unit Trust Funds.

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value of the Fund's investment in collective investment scheme will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk). The value of collective investment scheme 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 price risk is managed through diversification and selection of collective investment scheme and other financial instruments within specified limits according to the Deeds.

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

| | 2021 USD | 2020 USD |
|--|-------------|-------------|
| Financial assets at fair value through profit or loss: | | |
| - Collective investment scheme | 561,073,829 | 128,249,665 |

The table below summarises the sensitivity of the Fund's profit or loss and NAV to movements in prices of collective investment scheme at the end of the reporting year. The analysis is based on the assumptions that the price of the collective investment scheme fluctuates by 5% with all other variables held constant. This represents management's best estimate of a reasonable possible shift in the collective investment scheme, having regard to the historical volatility of the prices.

| % Change in price of collective investment scheme | Market value USD | Impact on profit or loss/NAV USD |
|---|------------------|----------------------------------|
| 2021 | | |
| -5% | 533,020,138 | (28,053,691) |
| 0% | 561,073,829 | - |
| 5% | 589,127,520 | 28,053,691 |

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

(a) Market risk (continued)

(i) Price risk (continued)

| % Change in price of collective investment scheme 2020 | Market value USD | Impact on profit or loss/NAV USD |
|--|---------------------|--|
| -5% | 121,837,182 | (6,412,483) |
| 0% | 128,249,665 | - |
| 5% | 134,662,148 | 6,412,483 |

(ii) Interest rate risk

Interest rate is a general economic indicator that will have an impact on the management of the Fund.

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's exposure to fair value interest rate risk arises from investment in money market instruments. The interest rate risk is expected to be minimal as the Fund's investments comprise mainly short term deposits with approved licensed financial institutions.

Cash flow interest rate risk is the risk the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates.

The Fund is not exposed to cash flow interest rate risk as the Fund does not hold any financial instruments at variable interest rate.

As at the end of the financial year, the Fund is not exposed to a material level of interest rate risk.

The Fund's exposure to interest rate risk associated with deposits with licensed financial institutions is expected to be minimal as the deposits are held on short-term basis. The weighted average effective interest rate per annum is as follows:

| | 2021 % | 2020 % |
|--|-----------|-----------|
| Deposits with licensed financial institutions | 1.76 | 2.49 |

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

(a) Market risk (continued)

(iii) 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 USD based on considerations of economic fundamentals such as interest rate differentials, balance of payments position, debt levels, and technical chart considerations.

The following table sets out the foreign currency risk concentrations arising from the denomination of the Fund's financial instruments in foreign currencies:

Financial assets

| | Cash and cash equivalents USD | Derivative assets at fair value through profit or loss USD | Amount due from Manager USD | Total USD |
|-------------|----------------------------------|---|--------------------------------|-------------------|
| 2021 | | | | |
| AUD | 158,273 | 20,569 | 605,273 | 784,115 |
| CNH | 114,896 | 41,493 | 245,041 | 401,430 |
| MYR | 3,789,100 | 121,315 | 20,070,791 | 23,981,206 |
| SGD | 66,916 | (2,074) | 290,578 | 355,420 |
| | <u>4,129,185</u> | <u>181,303</u> | <u>21,211,683</u> | <u>25,522,171</u> |
| 2020 | | | | |
| AUD | 655 | 25 | - | 680 |
| CNH | 142 | 1 | - | 143 |
| MYR | 5,886,282 | 5 | 3,391,160 | 9,277,447 |
| SGD | 710 | 10 | - | 720 |
| | <u>5,887,789</u> | <u>41</u> | <u>3,391,160</u> | <u>9,278,990</u> |

Financial liabilities

| | Amount due to Manager USD | Amount due to dealer USD | Accrued management fee USD | Amount due to Trustee USD | Other payables and accruals USD | Total USD |
|-------------|------------------------------|-----------------------------|-------------------------------|------------------------------|------------------------------------|-------------------|
| 2021 | | | | | | |
| AUD | 29,614 | 455,300 | 16,074 | 714 | - | 501,702 |
| CNH | 843 | 135,401 | 11,751 | 522 | - | 148,517 |
| MYR | 7,721,891 | 3,408,559 | 741,378 | 32,950 | 3,390 | 11,908,168 |
| SGD | 71 | 293,931 | 11,704 | 520 | - | 306,226 |
| | <u>7,752,419</u> | <u>4,293,191</u> | <u>780,907</u> | <u>34,706</u> | <u>3,390</u> | <u>12,864,613</u> |
| 2020 | | | | | | |
| MYR | <u>1,064,625</u> | <u>-</u> | <u>173,211</u> | <u>7,698</u> | <u>2,781</u> | <u>1,248,315</u> |

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

(a) Market risk (continued)

(iii) Currency risk (continued)

The table below summarises the sensitivity of the Fund's profit or loss and NAV to changes in foreign exchange movements at the end of each reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

| Change in foreign exchange rate | | Impact on profit or loss/NAV | |
|------------------------------------|----|------------------------------|------------------|
| | % | 2021 USD | 2020 USD |
| AUD | +5 | 14,121 | 34 |
| CNH | +5 | 12,646 | 7 |
| MYR | +5 | 603,652 | 401,457 |
| SGD | +5 | 2,460 | 36 |
| | | <u>632,879</u> | <u>401,534</u> |
| AUD | -5 | (14,121) | (34) |
| CNH | -5 | (12,646) | (7) |
| MYR | -5 | (603,652) | (401,457) |
| SGD | -5 | (2,460) | (36) |
| | | <u>(632,879)</u> | <u>(401,534)</u> |

(b) Credit risk

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

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

For amount due from Manager, the settlement terms of the proceeds from the creation of units' receivable from the Manager are governed by the SC Guidelines on Unit Trust Funds.

For amount due from Manager of collective investment scheme, the Fund will invest with an investment management company of the collective investment scheme which is authorised or approved by the relevant regulatory authority in its home jurisdiction.

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

(b) Credit risk (continued)

The following table sets out the credit risk concentration of the Fund:

| | Cash and cash equivalents USD | Amount due from Manager USD | Amount due from Manager of collective investment scheme - management fee rebate USD | Amount due from dealer USD | Total USD |
|-------------|----------------------------------|--------------------------------|--|-------------------------------|-------------------|
| 2021 | | | | | |
| - AAA | 9,283,495 | - | - | - | 9,283,495 |
| - Not rated | - | 21,439,371 | 682,773 | 4,269,451 | 26,391,595 |
| | <u>9,283,495</u> | <u>21,439,371</u> | <u>682,773</u> | <u>4,269,451</u> | <u>35,675,090</u> |

| | Cash and cash equivalents | Amount due from Manager | Amount due from Manager of collective investment scheme - management fee rebate | Total |
|-------------|---------------------------|-------------------------|---|-------------------|
| 2020 | | | | |
| - AAA | 7,824,230 | - | - | 7,824,230 |
| - Not rated | - | 3,391,160 | 134,974 | 3,526,134 |
| | <u>7,824,230</u> | <u>3,391,160</u> | <u>134,974</u> | <u>11,350,364</u> |

All deposits with licensed financial institutions of the Fund have an average remaining maturity of 3 days (2020: 4 days).

(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 assets comprise bank balances, deposits with licensed financial institutions and other instruments, which are capable of being converted into cash within 7 business days. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the fund 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.

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

(c) Liquidity risk (continued)

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

| | Less than 1 month USD | Between 1 month to 1 year USD | Total USD |
|---|-----------------------------|--|--------------------|
| 2021 | | | |
| Amount due to Manager of collective investment scheme - purchase of collective investment scheme | 7,000,000 | - | 7,000,000 |
| Amount due to Manager | 7,873,605 | - | 7,873,605 |
| Amount due to dealer | 4,293,191 | - | 4,293,191 |
| Accrued management fee | 804,587 | - | 804,587 |
| Amount due to Trustee | 35,759 | - | 35,759 |
| Other payables and accruals | - | 3,390 | 3,390 |
| Net assets attributable to unit holders* | 576,919,690 | - | 576,919,690 |
| Contractual undiscounted cash flows | <u>596,926,832</u> | <u>3,390</u> | <u>596,930,222</u> |
| 2020 | | | |
| Amount due to Manager of collective investment scheme - purchase of collective investment scheme | 1,800,000 | - | 1,800,000 |
| Amount due to Manager | 1,064,625 | - | 1,064,625 |
| Accrued management fee | 173,211 | - | 173,211 |
| Amount due to Trustee | 7,698 | - | 7,698 |
| Other payables and accruals | - | 2,781 | 2,781 |
| Net assets attributable to unit holders* | 136,551,755 | - | 136,551,755 |
| Contractual undiscounted cash flows | <u>139,597,289</u> | <u>2,781</u> | <u>139,600,070</u> |

* Outstanding units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders of USD576,919,690 (2020: USD136,551,755). 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.

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

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

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

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

(i) Fair value hierarchy

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

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

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

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

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

| | Level 1 USD | Level 2 USD | Level 3 USD | Total USD |
|---|--------------------|----------------|----------------|--------------------|
| 30 April 2021 | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| - Collective investment scheme | 561,073,829 | - | - | 561,073,829 |
| Derivative assets at fair value through profit or loss: | | | | |
| - Forward foreign currency contracts | 181,303 | - | - | 181,303 |
| | <u>561,255,132</u> | <u>-</u> | <u>-</u> | <u>561,255,132</u> |
| 30 April 2020 | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| - Collective investment scheme | 128,249,665 | - | - | 128,249,665 |
| Derivative assets at fair value through profit or loss: | | | | |
| - Forward foreign currency contracts | 41 | - | - | 41 |
| | <u>128,249,706</u> | <u>-</u> | <u>-</u> | <u>128,249,706</u> |

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

- (ii) The carrying values of cash and cash equivalents, amount due from Manager, amount due from dealer, amount due from Manager of collective investment scheme - management fee rebate and all 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 fee of up to 3.00% per annum calculated and accrued daily based on the NAV of the Fund.

For the financial year ended 30 April 2021 and 30 April 2020, the management fee for the respective classes are recognised at the following rates:

| Class AUD | Class MYR | Class MYR-H | Class RMB-H | Class SGD-H | Class USD |
|--------------|--------------|----------------|----------------|----------------|--------------|
| 1.80% | 1.80% | 1.80% | 1.80% | 1.80% | 1.80% |

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

5. TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to a fee not exceeding 1.00% per annum calculated daily based on the NAV of the Fund. The Trustee fee includes the local custodian fee but excludes the foreign sub-custodian fee (if any). The foreign sub-custodian fee is dependent on the country invested and is charged monthly in arrears.

For the financial year ended 30 April 2021, the Trustee fee for the respective classes are recognised at the following rates:

| Class AUD | Class MYR | Class MYR-H | Class RMB-H | Class SGD-H | Class USD |
|--------------|--------------|----------------|----------------|----------------|--------------|
| 0.08% | 0.08% | 0.08% | 0.08% | 0.08% | 0.08% |

There was no further liability to the Trustee in respect of Trustee fee other than the amount recognised above.

6. FINANCE COST

Distributions to unit holders were derived from the following sources:

| | 2021 USD | 2020 USD |
|---|--------------------|------------------|
| Interest income | 81,674 | 8,763 |
| Net realised gain on disposal of collective investment scheme | 14,337,858 | 2,844,821 |
| Prior financial year's realised income | 20,197,609 | 1,149,212 |
| | <u>34,617,141</u> | <u>4,002,796</u> |
| Less: | | |
| Expenses | <u>(1,238,488)</u> | <u>(327,166)</u> |
| Net distribution amount | <u>33,378,653</u> | <u>3,675,630</u> |

6. FINANCE COST (CONTINUED)

Distributions to unit holders were derived from the following sources (continued):

| | 2021 USD | 2020 USD |
|--|--------------|-------------|
| Distribution on 7 August 2020 | | |
| Gross/Net distribution per unit (cent) | | |
| - Class MYR | 2.37 | - |
| Distribution on 3 March 2021 | | |
| Gross/Net distribution per unit (cent) | | |
| - Class AUD-H | 4.94 | - |
| - Class MYR | 1.40 | - |
| - Class MYR-H | 1.10 | - |
| - Class RMB-H | 1.01 | - |
| - Class SGD-H | 3.64 | - |
| - Class USD | 4.83 | - |
| Distribution on 7 November 2019 | | |
| Gross/Net per unit (cent) | | |
| - Class MYR | - | 0.59 |
| | <u>19.29</u> | <u>0.59</u> |

Gross distribution is derived using total income less total expenses. Net distribution above is sourced from current and prior financial year's realised income.

Gross distribution per unit is derived from gross realised income less expenses, divided by the number of units in circulation. Net distribution per unit is derived from gross realised income less expenses and taxation, divided by the number of units in circulation.

7. TAXATION

| | 2021 USD | 2020 USD |
|-------------------------------------|-------------|-------------|
| Tax charged for the financial year: | | |
| - Current taxation | <u>-</u> | <u>-</u> |

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

| | 2021 USD | 2020 USD |
|---|-------------------|------------------|
| Profit before taxation | <u>78,805,854</u> | <u>8,025,073</u> |
| Taxation at Malaysian Statutory rate of 24% (2020: 24%) | 18,913,405 | 1,926,017 |
| Tax effects of: | | |
| Investment income not subject to tax | (28,359,937) | (3,469,760) |
| Expenses not deductible for tax purposes | 8,074,061 | 910,883 |
| Restriction on tax deductible expenses for Unit Trust Funds | <u>1,372,471</u> | <u>632,860</u> |
| Taxation | <u>-</u> | <u>-</u> |

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2021 USD | 2020 USD |
|--|--------------------|--------------------|
| Financial assets at fair value through profit or loss: | | |
| - Collective investment scheme | <u>561,073,829</u> | <u>128,249,665</u> |
| Net gain on financial assets at fair value through profit or loss: | | |
| - Realised gain on disposals | 22,762,787 | 9,651,260 |
| - Unrealised fair value gain | 90,114,377 | 2,577,078 |
| - Management fee rebate # | <u>4,571,153</u> | <u>2,158,493</u> |
| | <u>117,448,317</u> | <u>14,386,831</u> |

Management fee rebate is derived from the Fund's investment in collective investment scheme on an accruals basis to ensure no double charging of management fee. It is accrued daily based on the fair value of the collective investment scheme held.

For the financial year ended 30 April 2021, the rebate is recognised at a rate of 1.50% per annum (2020: 1.50% per annum) calculated and accrued daily based on the NAV of the collective investment scheme.

| Name of counter | Quantity Units | Aggregate cost USD | Market value USD | Percentage of NAV % |
|---|-------------------------|---------------------------|---------------------------|---------------------------|
| 2021 COLLECTIVE INVESTMENT SCHEME | | | | |
| LUXEMBOURG | | | | |
| Schroder ISF Greater China | <u>5,145,790</u> | <u>452,027,705</u> | <u>561,073,829</u> | <u>97.25</u> |
| TOTAL COLLECTIVE INVESTMENT SCHEME | <u>5,145,790</u> | <u>452,027,705</u> | <u>561,073,829</u> | <u>97.25</u> |
| ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | | | |
| | | <u>109,046,124</u> | | |
| TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | | | |
| | | <u>561,073,829</u> | | |

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

| Name of counter | Quantity Units | Aggregate cost USD | Market value USD | Percentage of NAV % |
|---|-------------------------|---------------------------|---------------------------|---------------------------|
| 2020 COLLECTIVE INVESTMENT SCHEME | | | | |
| LUXEMBOURG | | | | |
| Schroder ISF Greater China | <u>1,880,808</u> | <u>109,317,918</u> | <u>128,249,665</u> | <u>93.92</u> |
| TOTAL COLLECTIVE INVESTMENT SCHEME | <u>1,880,808</u> | <u>109,317,918</u> | <u>128,249,665</u> | <u>93.92</u> |
| ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | <u>18,931,747</u> | | |
| TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | | <u>128,249,665</u> | | |

9. DERIVATIVE ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2021 USD | 2020 USD |
|---|---------------------|---------------------|
| Forward foreign currency contracts | <u>181,303</u> | <u>41</u> |
| | | |
| | 2021 USD | 2020 USD |
| Net gain on derivative assets/liabilities at fair value through profit or loss: | | |
| - Realised gain on forward foreign currency contracts | 526,135 | 2 |
| - Unrealised fair value gain on forward foreign currency contracts | <u>181,262</u> | <u>41</u> |
| | <u>707,397</u> | <u>43</u> |

As at 30 April 2021, there were 29 outstanding USD/Australian Dollar ("AUD"), USD/Malaysian Ringgit ("RM"), USD/Renminbi ("RMB") and USD/Singapore Dollar ("SGD") forward foreign currency contracts (2020: 7) respectively. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD167,047,926 (2020: USD4,069).

The USD/AUD, USD/RM, USD/RMB and USD/SGD forward foreign currency contracts were entered into during the financial year to minimise the risk of foreign exchange exposure between the USD and the foreign currencies exposure of the Fund.

As the Fund has not adopted hedge accounting during the financial year, any changes in the fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income during the financial year.

10. CASH AND CASH EQUIVALENTS

| | 2021 | 2020 |
|---|------------------|------------------|
| | USD | USD |
| Deposits with licensed financial institutions | 3,739,534 | 5,878,279 |
| Bank balances | 5,543,961 | 1,945,951 |
| | <u>9,283,495</u> | <u>7,824,230</u> |

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

| | 2021 | 2020 |
|-------------------|----------------------|---------------------|
| | No. of units | No. of units |
| Class AUD-H (i) | 10,083,738 | 1,000 |
| Class MYR (ii) | 1,537,765,754 | 568,455,193 |
| Class MYR-H (iii) | 53,940,093 | 1,000 |
| Class RMB-H (iv) | 35,484,459 | 1,000 |
| Class SGD-H (v) | 7,280,216 | 1,000 |
| Class USD (vi) | 11,421,232 | 1,000 |
| | <u>1,655,975,492</u> | <u>568,460,193</u> |

(i) Class AUD-H

| | 2021 | 2020 |
|--|--------------------|--------------------|
| | No of units | No of units |
| At the beginning of the financial year | 1,000 | 1,000 |
| Add : Creation of units from applications | 17,566,056 | - |
| Add : Creation of units from distributions | 278,419 | - |
| Less : Cancellation of units | (7,761,737) | - |
| At the end of the financial year | <u>10,083,738</u> | <u>1,000</u> |

(ii) Class MYR

| | 2021 | 2020 |
|--|----------------------|--------------------|
| | No of units | No of units |
| At the beginning of the financial year | 568,455,193 | 693,166,027 |
| Add : Creation of units from applications | 2,128,978,062 | 429,881,918 |
| Add : Creation of units from distributions | 101,866,896 | 15,402,049 |
| Less : Cancellation of units | (1,261,534,397) | (569,994,801) |
| At the end of the financial year | <u>1,537,765,754</u> | <u>568,455,193</u> |

(iii) Class MYR-H

| | 2021 | 2020 |
|--|--------------------|--------------------|
| | No of units | No of units |
| At the beginning of the financial year | 1,000 | 1,000 |
| Add : Creation of units from applications | 90,981,825 | - |
| Add : Creation of units from distributions | 968,856 | - |
| Less : Cancellation of units | (38,011,588) | - |
| At the end of the financial year | <u>53,940,093</u> | <u>1,000</u> |

11. NUMBER OF UNITS IN CIRCULATION (UNITS) (CONTINUED)

(iv) Class RMB-H

| | 2021 | 2020 |
|--|--------------------|--------------------|
| | No of units | No of units |
| At the beginning of the financial year | 1,000 | 1,000 |
| Add : Creation of units from applications | 54,254,813 | - |
| Add : Creation of units from distributions | 1,141,877 | - |
| Less : Cancellation of units | (19,913,231) | - |
| At the end of the financial year | <u>35,484,459</u> | <u>1,000</u> |

(v) Class SGD-H

| | 2021 | 2020 |
|--|--------------------|--------------------|
| | No of units | No of units |
| At the beginning of the financial year | 1,000 | 1,000 |
| Add : Creation of units from applications | 9,090,884 | - |
| Add : Creation of units from distributions | 166,414 | - |
| Less : Cancellation of units | (1,978,082) | - |
| At the end of the financial year | <u>7,280,216</u> | <u>1,000</u> |

(vi) Class USD

| | 2021 | 2020 |
|--|--------------------|--------------------|
| | No of units | No of units |
| At the beginning of the financial year | 1,000 | 1,000 |
| Add : Creation of units from applications | 16,130,456 | - |
| Add : Creation of units from distributions | 237,555 | - |
| Less : Cancellation of units | (4,947,779) | - |
| At the end of the financial year | <u>11,421,232</u> | <u>1,000</u> |

12. MANAGEMENT EXPENSE RATIO ("MER")

| | 2021 | 2020 |
|-----|-------------|-------------|
| | % | % |
| MER | <u>1.89</u> | <u>1.88</u> |

MER is derived based on the following calculation:

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

| | | |
|---|---|---|
| A | = | Management fee |
| B | = | Trustee fee |
| C | = | Audit fee |
| D | = | Tax agent's fee |
| E | = | Other expenses excluding withholding taxes |
| F | = | Average NAV of the Fund calculated on a daily basis |

The average NAV of the Fund for the financial year calculated on daily basis is USD317,071,118 (2020: USD146,912,458).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

| | 2021 | 2020 |
|-------------|-------------|-------------|
| PTR (times) | <u>0.79</u> | <u>0.27</u> |

PTR is derived based on the following calculation:

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

where:

total acquisitions for the financial year = USD410,467,000 (2020: USD17,578,978)

total disposals for the financial year = USD90,520,000 (2020: USD61,635,364)

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

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

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

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

Units held by the Manager and parties related to the Manager

| | | 2021 | | 2020 |
|-------------------|---------------------|-------------|---------------------|-------------|
| | No. of units | USD | No. of units | USD |
| Manager | | | | |
| Principal Asset | | | | |
| Management Berhad | | | | |
| - Class AUD-H | 1,043 | 1,220 | 1,000 | 676 |
| - Class MYR | 256,201 | 85,007 | 134,749 | 32,367 |
| - Class MYR-H | 149 | 57 | 1,000 | 237 |
| - Class RMB-H | 1,043 | 248 | 1,000 | 144 |
| - Class SGD-H | 1,032 | 1,192 | 1,000 | 725 |
| - Class USD | 1,033 | 1,587 | 1,000 | 1,015 |

In the opinion of the Manager, the above units were transacted at the prevailing market price which is at arm's length basis.

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

Other than those disclosed elsewhere in the financial statements, there are no significant related party transactions and balances for the financial year ended 30 April 2021.

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.

| | 2021 | 2020 |
|---|-------------|-------------|
| | USD | USD |
| <u>Significant related party transactions</u> | | |
| Interest income from deposits with licensed financial institutions: | | |
| - CIMB Islamic Bank Bhd | - | 229 |
| - CIMB Bank Bhd | 6,656 | 25 |

15. TRANSACTIONS WITH BROKER

Details of transactions with the broker for the financial year ended 30 April 2021 are as follows:

| Broker | Value of trades USD | Percentage of total trades % | Brokerage fees USD | Percentage of total brokerage fees % |
|--|------------------------|---------------------------------|-----------------------|---|
| Schroder Investment Management (S) Limited | <u>500,987,000</u> | <u>100.00</u> | <u>-</u> | <u>-</u> |

Details of transactions with the broker for the financial year ended 30 April 2020 are as follows:

| Broker | Value of trades USD | Percentage of total trades % | Brokerage fees USD | Percentage of total brokerage fees % |
|--|------------------------|---------------------------------|-----------------------|---|
| Schroder Investment Management (S) Limited | <u>79,214,342</u> | <u>100.00</u> | <u>-</u> | <u>-</u> |

16. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

The Manager continues 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.

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 17 June 2021.

DIRECTORY

Head Office of the Manager

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Principal Greater China Equity Fund

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