

Principal Greater China Equity Fund

Interim Report

For The Six Months Financial Period Ended 31 October 2021

PRINCIPAL GREATER CHINA EQUITY FUND

INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021

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INVESTORS' LETTER

Dear Valued Investor,

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

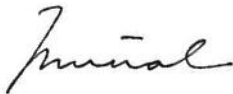
We are pleased to bring you a copy of the Interim Fund Report of the Principal Greater China Equity Fund for the financial period ended 31 October 2021. You may also download this report from our website at www.principal.com.my.

We are happy to share that we won the Most Innovative New Money Market Fund – Principal e-Cash Fund at the Global Business Outlook Awards 2021 and the Best Online & Mobile Platform (Asset Manager) Malaysia 2021 at the World Business Outlook Annual Awards 2021. Meanwhile, Principal Islamic won the Best 3-Year ROI Global Sukuk Fund Manager 2020 award at the EPF 2021 External Fund Manager Awards and was named Best Islamic Asset Manager of the Year (Asia Pacific) at The Asset Triple A Islamic Finance Awards 2021.

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

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

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



Munirah Khairuddin
Chief Executive Officer

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

The Fund aims to 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?

The Fund is in line with its long-term objective to achieve medium to long-term capital growth 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 31 October 2021?

USD644.05 million (2 026.57 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 period from 1 May 2021 to 31 October 2021?

There was no distribution made during the financial period from 1 May 2021 to 31 October 2021.

PERFORMANCE DATA

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

	31.10.2021	31.10.2020	31.10.2019
	%	%	%
Collective investment scheme	98.40	90.79	98.55
Cash and other assets	3.50	11.83	2.45
Liabilities	(1.90)	(2.62)	(1.00)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.10.2021	31.10.2020	31.10.2019
NAV (USD Million)			
- Class AUD-H	12.81	5.97	-
- Class MYR	558.44	297.26	151.20
- Class MYR-H	33.05	1.87	-
- Class RMB-H	11.22	1.74	-
- Class SGD-H	10.32	1.18	-
- Class USD	18.21	4.05	-
Units in circulation (Million)			
- Class AUD-H	12.44	6.33	-
- Class MYR	1,844.46	1,016.70	152.07
- Class MYR-H	96.08	5.73	-
- Class RMB-H	50.64	8.67	-
- Class SGD-H	9.96	1.20	-
- Class USD	12.99	3.03	-
NAV per unit (USD)			
- Class AUD-H	1.0298	0.9431	-
- Class MYR	0.3028	0.2924	0.2385
- Class MYR-H	0.3440	0.3257	-
- Class RMB-H	0.2215	0.2011	-
- Class SGD-H	1.0362	0.9839	-
- Class USD	1.4023	1.3402	-

PERFORMANCE DATA (CONTINUED)

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

	01.05.2021 to 31.10.2021	01.05.2020 to 31.10.2020	01.05.2019 to 31.10.2019
Highest NAV per unit (USD)			
- Class AUD-H	1.2059	0.9785	-
- Class MYR	0.3413	0.3100	0.2427
- Class MYR-H	0.3883	0.3305	-
- Class RMB-H	0.2484	0.2034	-
- Class SGD-H	1.1946	1.0027	-
- Class USD	1.5807	1.3564	-
Lowest NAV per unit (USD)			
- Class AUD-H	0.9359	0.6382	-
- Class MYR	0.2847	0.2322	0.2136
- Class MYR-H	0.3205	0.2282	-
- Class RMB-H	0.2060	0.1381	-
- Class SGD-H	0.9664	0.6964	-
- Class USD	1.3184	0.9809	-
Total return (%)			
- Class AUD-H	(9.04)	29.97	-
- Class MYR	(7.55)	27.50	(0.43)
- Class MYR-H	(8.35)	32.58	-
- Class RMB-H	(7.86)	32.36	-
- Class SGD-H	(8.93)	31.43	-
- Class USD	(8.75)	32.05	-
Capital growth (%)			
- Class AUD-H	(9.04)	29.97	-
- Class MYR	(7.55)	19.73	(0.43)
- Class MYR-H	(8.35)	32.58	-
- Class RMB-H	(7.86)	32.36	-
- Class SGD-H	(8.93)	31.43	-
- Class USD	(8.75)	32.05	-
Income distribution (%)			
- Class AUD-H	-	-	-
- Class MYR	-	8.43	-
- Class MYR-H	-	-	-
- Class RMB-H	-	-	-
- Class SGD-H	-	-	-
- Class USD	-	-	-

PERFORMANCE DATA (CONTINUED)

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

Management Expense Ratio ("MER") (%) ^	0.21	0.24	0.24
Portfolio Turnover Ratio ("PTR") (times) #	0.11	0.39	0.11

^ The Fund's MER decreased from 0.24% to 0.21% for the financial period under review due to the increase in average NAV during the financial period.

For the financial period under review, the Fund's PTR decreased from 0.39 times to 0.11 times. As a feeder fund, the turnover reflects investments and withdrawals in the Target Fund. The turnover increased because there were less trading activities during the period under review.

	01.05.2021 to 31.10.2021	01.05.2020 to 31.10.2020	01.05.2019 to 31.10.2019		
Gross/Net distribution per unit (cent)					
Distribution on 7 August 2020					
- Class MYR	-	2.37	-		
	31.10.2021 %	31.10.2020 %	31.10.2019 %	31.10.2018 %	31.10.2017 %
Annual total return					
- Class MYR	7.41	35.65	14.93	(11.86)	32.23

(Launch date: 12 June 2007)

	Since inception 31.10.2021 to 31.10.2020 %
Annual total return	
- Class AUD-H	6.00 34.09
- Class MYR-H	8.18 35.26
- Class RMB-H	9.69 34.76
- Class SGD-H	6.94 34.31
- Class USD	7.81 34.02

(Launch date: 20 April 2020)

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

MARKET REVIEW (1 MAY 2021 TO 31 OCTOBER 2021)

Chinese equities rose mildly in May 2021. The slow rollout of Coronavirus Disease 2019 ("COVID-19") vaccines and regulatory concerns over the country's technology sector limited gains. Hong Kong equities also rose, ahead of mainland shares. Across the strait in Taiwan, the recent pick-up in COVID-19 cases has, however, resulted in sharp corrections in the equity markets.

Taiwan ended June 2021 as one of the strongest Asian markets despite trending lower in May 2021 amid concerns from rising COVID-19 cases and water supply shortage leading to power outages. The economy especially the technology sector, has benefited from US-China tension and the 5G rollout in China. Meanwhile, the Chinese and Hong Kong markets achieved modest gains.

Chinese equities fell sharply in July 2021, following a regulatory tightening on technology and education industries. A frosty start to US-China talks further weakened investor sentiment. Concerns affecting China spilled over to Hong Kong. Although Taiwan equities also fell, the economy appears to have benefited from the US-China tensions and China's 5G rollout. The COVID-19 situation also seems to have moderated.

Chinese equities were flat overall in August 2021 amid concerns over increased regulation. Official data showed factory activity grew at a reduced pace in the month, suggesting a slowdown in the country's economy. Taiwan was the best-performing Greater China market on the back of relatively stable COVID-19 case rates and solid economic growth. Meanwhile, Hong Kong was slightly lower.

At the end of September 2021, the Chinese market had experienced a significant sell-off during the quarter. This was partially due to concerns over the ability of property group Evergrande to service its debts. Sentiment towards the country weakened due to the regulatory crackdown affecting the education and technology sectors. Power outages and the rationing of energy also spooked investors, hurting the production of key commodities. Hong Kong followed China, ending up lower as jitters spilled out into other markets. Meanwhile, the decline in Taiwan was modest.

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

FUND PERFORMANCE

	Class MYR				
	6 months to 31.10.2021	1 year to 31.10.2021	3 years to 31.10.2021	5 years to 31.10.2021	Since inception to 31.10.2021
Income Distribution	-	4.07	15.62	15.62	15.62
Capital Growth	(7.55)	3.21	44.48	69.16	164.47
Total Return	(7.55)	7.41	67.46	95.58	205.77
Benchmark	(11.39)	1.74	40.93	53.19	108.91
Average Total Return	N/A	7.41	18.75	14.36	8.07

	6 months to 31.10.2021				
	Class AUD-H	Class MYR-H	Class RMB-H	Class SGD-H	Class USD
Income Distribution	-	-	-	-	-
Capital Growth	(9.04)	(8.35)	(7.86)	(8.93)	(8.75)
Total Return	(9.04)	(8.35)	(7.86)	(8.93)	(8.75)
Benchmark	(12.35)	(12.35)	(12.35)	(12.35)	(12.35)
Average Total Return	N/A	N/A	N/A	N/A	N/A

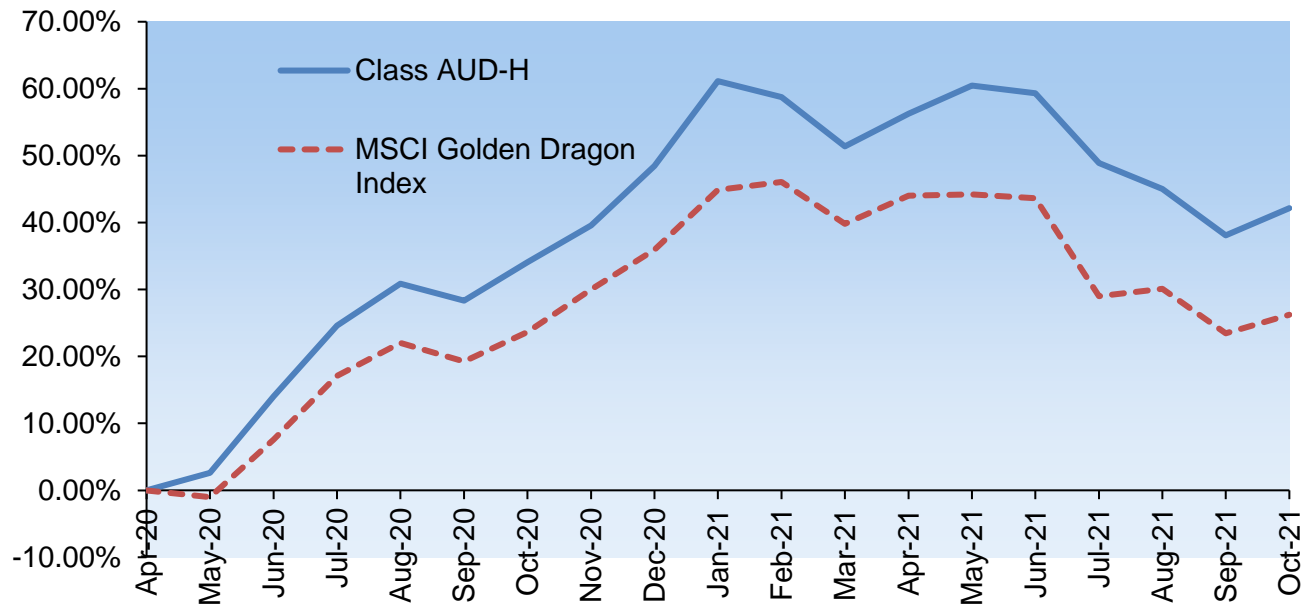
	1 year to 31.10.2021				
	Class AUD-H	Class MYR-H	Class RMB-H	Class SGD-H	Class USD
Income Distribution	4.04	2.77	4.12	3.05	3.03
Capital Growth	1.89	5.26	5.36	3.77	4.63
Total Return	6.00	8.18	9.69	6.94	7.81
Benchmark	2.08	2.08	2.08	2.08	2.08
Average Total Return	6.00	8.18	9.69	6.94	7.81

	Since inception to 31.10.2021				
	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	36.62	42.38	41.81	39.38	40.23
Total Return	42.14	46.32	47.65	43.63	44.48
Benchmark	26.25	26.25	26.25	26.25	26.25
Average Total Return	25.76	28.16	28.92	26.61	27.11

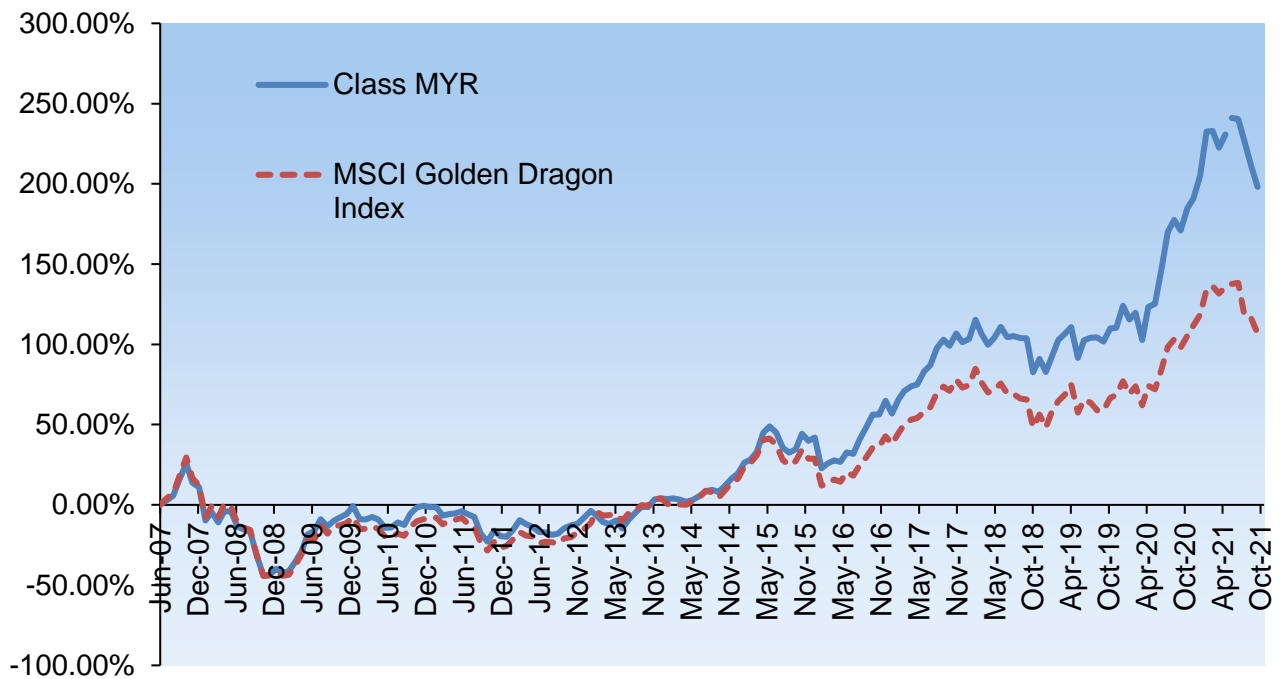
For the financial period under review, Class AUD-H, Class MYR-H, Class RMB-H, Class SGD-H, and Class USD decreased by 9.04%, 8.35%, 7.86%, 8.93%, and 8.75% respectively outperforming the benchmark at 12.35%. Meanwhile, Class MYR decreased by 7.55% against its benchmark that decreased by 11.39%. The outperformance on all classes was mainly driven by the stock selection of the Schroder International Selection Fund Greater China Fund.

FUND PERFORMANCE (CONTINUED)

CLASS AUD-H

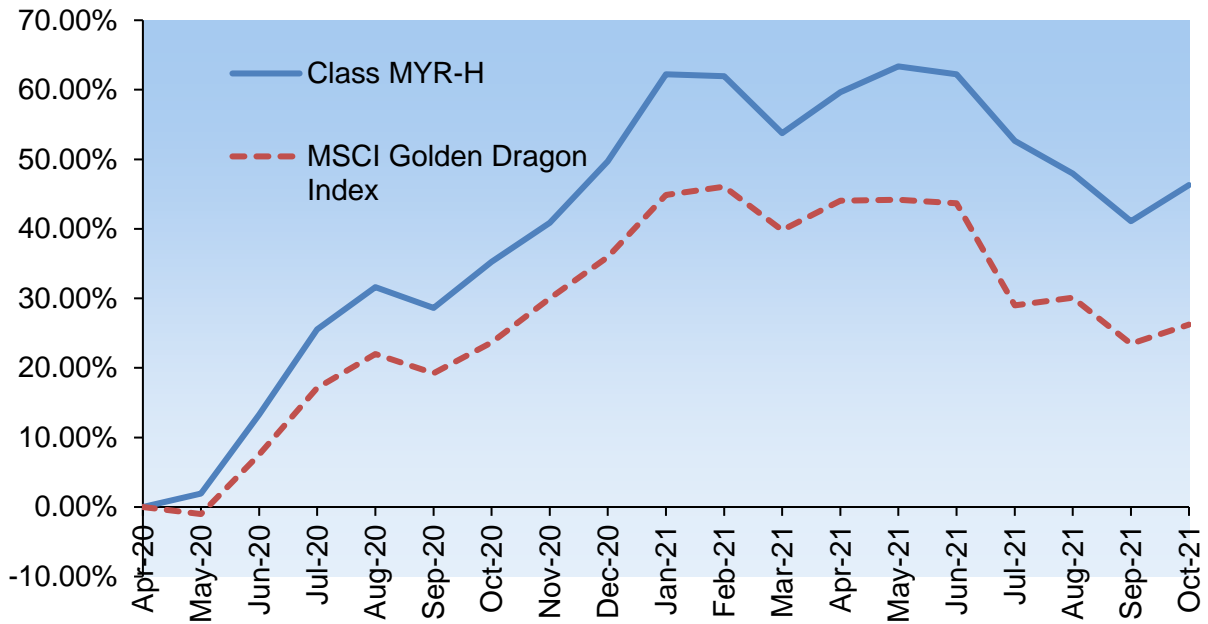


CLASS MYR

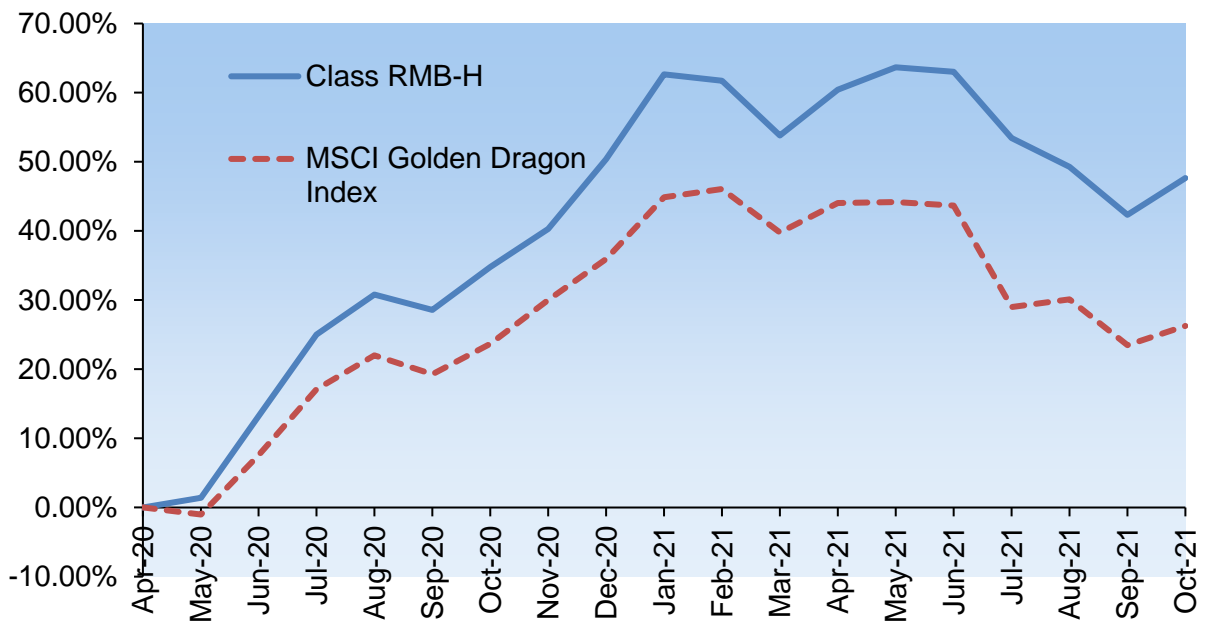


FUND PERFORMANCE (CONTINUED)

CLASS MYR-H

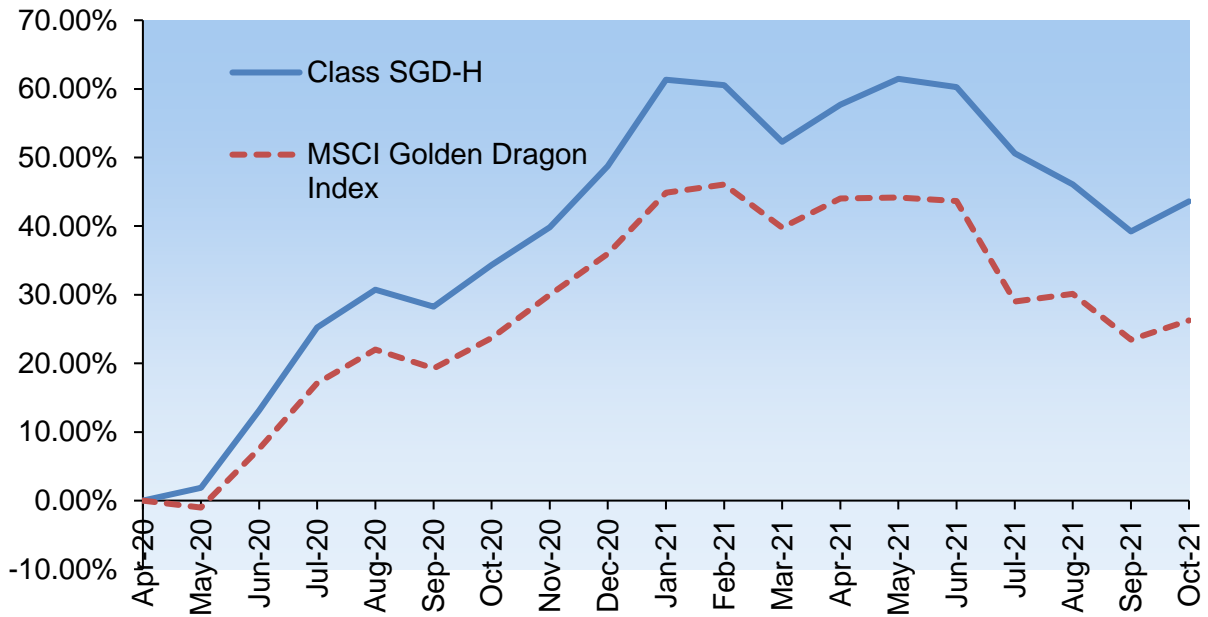


Class RMB-H

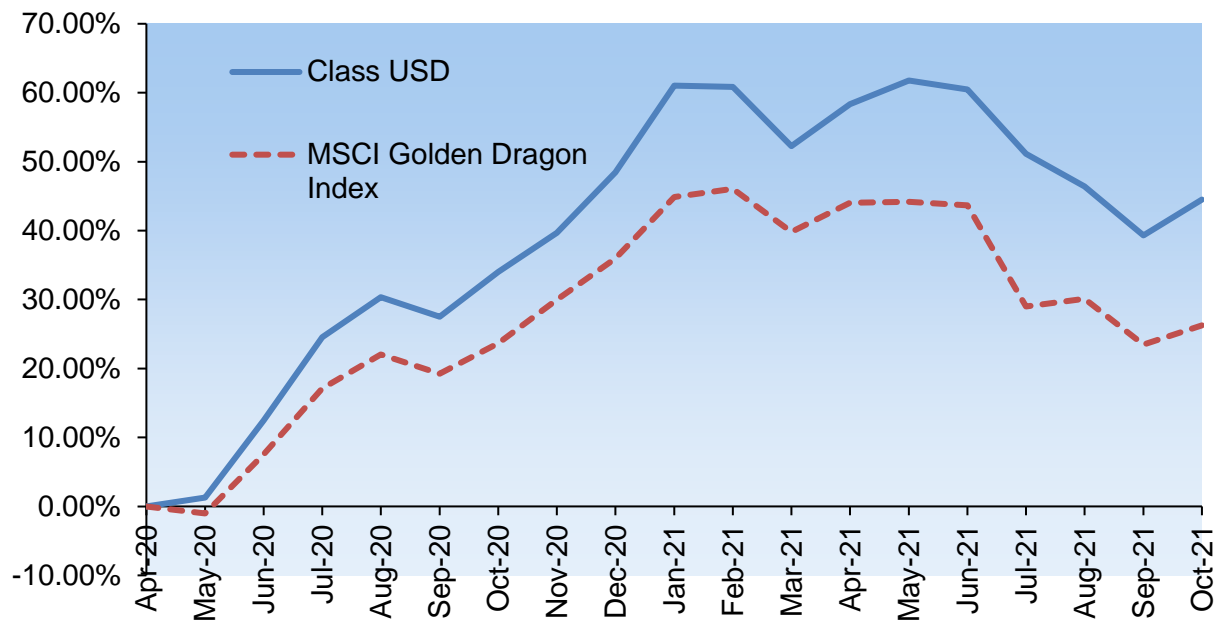


FUND PERFORMANCE (CONTINUED)

Class SGD-H



Class USD



FUND PERFORMANCE (CONTINUED)

Changes in NAV

CLASS AUD-H

	31.10.2021	30.04.2021	Changes
		Audited	%
NAV (USD Million)	12.81	11.79	8.65
NAV/Unit (USD)	1.0298	1.1693	(11.93)

CLASS MYR

	31.10.2021	30.04.2021	Changes
		Audited	%
NAV (USD Million)	558.44	510.22	9.45
NAV/Unit (USD)	0.3028	0.3318	(8.74)

CLASS MYR-H

	31.10.2021	30.04.2021	Changes
		Audited	%
NAV (USD Million)	33.05	20.51	61.14
NAV/Unit (USD)	0.3440	0.3802	(9.52)

CLASS RMB-H

	31.10.2021	30.04.2021	Changes
		Audited	%
NAV (USD Million)	11.22	8.44	32.94
NAV/Unit (USD)	0.2215	0.2380	(6.93)

CLASS SGD-H

	31.10.2021	30.04.2021	Changes
		Audited	%
NAV (USD Million)	10.32	8.41	22.71
NAV/Unit (USD)	1.0362	1.1552	(10.30)

CLASS USD

	31.10.2021	30.04.2021	Changes
		Audited	%
NAV (USD Million)	18.21	17.55	3.76
NAV/Unit (USD)	1.4023	1.5367	(8.75)

For the financial period under review, total NAV for Class AUD-H, Class MYR, Class MYR-H, Class RMB-H, Class SGD-H, and Class USD all increased by 8.65%, 9.45%, 61.14%, 32.94%, 22.71%, and 3.76% respectively.

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

Meanwhile the NAV per unit for Class AUD-H, Class MYR, Class MYR-H, Class RMB-H, Class SGD-H, and Class USD decreased by 11.93%, 8.74%, 9.52%, 6.93%, 10.30%, and 8.75% respectively due to the negative investment performance during the 6-months period.

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

PORTFOLIO STRUCTURE**Asset allocation**

(% of NAV)	31.10.2021	30.04.2021 Audited
Collective investment scheme	98.40	97.25
Cash and other assets	3.50	6.22
Liabilities	(1.90)	(3.47)
Total	100.00	100.00

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

MARKET OUTLOOK*

The near-term economic outlook remains challenging. The export sector, resilient since 2020, is showing signs of weakness, while supply-side bottlenecks have also impacted the operation of Chinese exporters in recent months. Consumption growth has been lacklustre, reflecting the impact of recurring local Covid-related restrictions.

In the next few months, we expect the market to remain range-bound, unless there is substantial policy stimulus from the government, which could lead to a re-rating in the market. We maintain our stance that a balanced approach to value and growth factors is warranted. Stock picking will remain key to generating alpha amid this backdrop.

* 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 31 October 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	0.08
50,001 to 500,000	4	0.91	7.32
500,001 and above	3	11.52	92.60
Total	9	12.44	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	5,592	13.71	0.74
5,001 to 10,000	3,257	23.67	1.28
10,001 to 50,000	6,224	140.42	7.61
50,001 to 500,000	1,894	212.06	11.50
500,001 and above	70	1,454.60	78.87
Total	17,037	1,844.46	100.00

CLASS MYR-H

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	32	0.04	0.04
5,001 to 10,000	6	0.04	0.04
10,001 to 50,000	11	0.19	0.20
50,001 to 500,000	2	0.13	0.14
500,001 and above	8	95.68	99.58
Total	59	96.08	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	0.02	0.04
50,001 to 500,000	-	-	-
500,001 and above	6	50.62	99.96
Total	8	50.64	100.00

Note: 0.00* denotes unit less than 0.01 million

UNIT HOLDINGS STATISTICS (CONTINUED)

Breakdown of unit holdings by size as at 31 October 2021 were as follows (continued):

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	1	0.03	0.30
50,001 to 500,000	3	0.71	7.13
500,001 and above	4	9.22	92.57
Total	9	9.96	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	-	-	-
50,001 to 500,000	4	0.75	5.77
500,001 and above	4	12.24	94.23
Total	10	12.99	100.00

Note: 0.00* denotes unit 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 period 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 unaudited financial statements set out on pages 17 to 42 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 31 October 2021 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial period then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) 134 - Interim Financial Reporting and International Accounting Standards (“IAS”) 34 - Interim Financial Reporting.

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

14 December 2021

**TRUSTEE'S REPORT TO THE UNIT HOLDERS OF
PRINCIPAL GREATER CHINA EQUITY FUND**

We have acted as Trustee of Principal Greater China Equity Fund ("the Fund") for the financial period ended 31 October 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.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
14 December 2021

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021**

		01.05.2021 to 31.10.2021	01.05.2020 to 31.10.2020
	Note	USD	USD
(LOSS)/INCOME			
Interest income from deposit placement with licensed financial institutions and current account		55,509	44,138
Net (loss)/gain on financial assets at fair value through profit or loss	8	(48,651,839)	49,121,234
Net loss on derivative assets at fair value through profit or loss	9	(415,685)	(65,911)
Net foreign exchange (loss)/gain		(363,962)	174,908
		<u>(49,375,977)</u>	<u>49,274,369</u>
EXPENSES			
Management fee	4	5,507,802	1,806,147
Trustee fee	5	244,791	80,273
Audit fee		1,170	1,569
Tax agent's fee		520	603
Other expenses		7,610	3,101
		<u>5,761,893</u>	<u>1,891,693</u>
(LOSS)/PROFIT BEFORE FINANCE COST AND TAXATION		(55,137,870)	47,382,676
Finance cost:			
- Class MYR	6	-	(14,661,896)
(LOSS)/PROFIT BEFORE TAXATION		(55,137,870)	32,720,780
Taxation	7	-	-
PROFIT/(LOSS) AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>(55,137,870)</u>	<u>32,720,780</u>
Profit/(Loss) after taxation is made up as follows:			
Realised amount		(67,791,071)	(10,367,922)
Unrealised amount		12,653,201	43,088,702
		<u>(55,137,870)</u>	<u>32,720,780</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2021**

		31.10.2021	30.04.2021
	Note	USD	Audited USD
ASSETS			
Cash and cash equivalents	10	9,275,105	9,283,495
Financial assets at fair value through profit or loss	8	633,773,576	561,073,829
Derivative assets at fair value through profit or loss	9	-	181,303
Amount due from Manager		9,788,431	21,439,371
Amount due from dealer		1,958,805	4,269,451
Amount due from Manager of collective investment scheme			
- Management fee rebate		1,508,384	682,773
TOTAL ASSETS		<u>656,304,301</u>	<u>596,930,222</u>
LIABILITIES			
Derivative liabilities at fair value through profit or loss	9	42,553	-
Amount due to Manager of collective investment scheme			
- Purchase of collective investment scheme		2,550,000	7,000,000
Amount due to dealer		1,963,545	4,293,191
Amount due to Manager		5,344,457	7,873,605
Accrued management fee		2,250,701	804,587
Amount due to Trustee		100,043	35,759
Other payables and accruals		3,058	3,390
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>12,254,357</u>	<u>20,010,532</u>
NET ASSET VALUE OF THE FUND		<u>644,049,944</u>	<u>576,919,690</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>644,049,944</u>	<u>576,919,690</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (USD)			
- Class AUD-H		12,811,362	11,791,283
- Class MYR		558,436,492	510,216,048
- Class MYR-H		33,046,228	20,505,820
- Class RMB-H		11,216,172	8,445,026
- Class SGD-H		10,324,852	8,410,316
- Class USD		18,214,838	17,551,197
		<u>644,049,944</u>	<u>576,919,690</u>

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

**UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2021 (CONTINUED)**

		31.10.2021	30.04.2021
	Note	USD	Audited USD
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class AUD-H		12,440,620	10,083,738
- Class MYR		1,844,460,639	1,537,765,754
- Class MYR-H		96,074,533	53,940,093
- Class RMB-H		50,639,357	35,484,459
- Class SGD-H		9,963,844	7,280,216
- Class USD		12,989,288	11,421,232
	11	2,026,568,281	1,655,975,492
NET ASSET VALUE PER UNIT (USD) (EX-DISTRIBUTION)			
- Class AUD-H		1.0298	1.1693
- Class MYR		0.3028	0.3318
- Class MYR-H		0.3440	0.3802
- Class RMB-H		0.2215	0.2380
- Class SGD-H		1.0362	1.1552
- Class USD		1.4023	1.5367
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES (EX-DISTRIBUTION)			
- Class AUD-H		AUD1.3662	AUD1.5019
- Class MYR		MYR1.2531	MYR1.3557
- Class MYR-H		MYR1.4237	MYR1.5535
- Class RMB-H		CNH1.4180	CNH1.5390
- Class SGD-H		SGD1.3937	SGD1.5304
- Class USD		USD1.4023	USD1.5367

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

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

	01.05.2021 to 31.10.2021	01.05.2020 to 31.10.2020
	USD	USD
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>576,919,689</u>	<u>136,551,755</u>
Movement due to units created and cancelled during the financial period:		
Creation of units from applications		
- Class AUD-H	4,327,540	6,419,384
- Class MYR	187,844,900	246,345,683
- Class MYR-H	22,706,496	1,920,254
- Class RMB-H	4,339,020	2,293,352
- Class SGD-H	4,261,390	1,254,503
- Class USD	5,123,635	4,314,587
	<u>228,602,981</u>	<u>262,547,763</u>
Creation of units from distribution		
- Class MYR	<u>-</u>	<u>14,651,041</u>
Cancellation of units		
- Class AUD-H	(1,790,324)	(503,592)
- Class MYR	(91,956,648)	(132,596,710)
- Class MYR-H	(7,623,162)	(89,677)
- Class RMB-H	(829,757)	(692,863)
- Class SGD-H	(1,251,493)	(110,451)
- Class USD	(2,883,472)	(406,924)
	<u>(106,334,856)</u>	<u>(134,400,217)</u>
Total comprehensive (loss)/income for the financial period	<u>(55,137,870)</u>	<u>32,720,780</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD	<u>644,049,944</u>	<u>312,071,122</u>

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

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 2021**

	01.05.2021 to 31.10.2021	01.05.2020 to 31.10.2020
	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of collective investment scheme	3,500,000	23,160,000
Purchase of collective investment scheme	(133,800,000)	(129,550,000)
Interest income received from deposits with licensed financial institutions	55,509	44,138
Management fee paid	(4,061,688)	(1,529,146)
Management fee rebate received	3,672,803	1,078,241
Trustee fee paid	(180,507)	(67,962)
Payment for other fees and expenses	(9,632)	(5,900)
Net realised loss on forward foreign currency contracts	(210,829)	(29,535)
Net realised foreign exchange loss	(172,846)	(240,905)
Net cash used in operating activities	(131,207,190)	(107,141,069)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	240,253,921	251,495,631
Payments for cancellation of units	(108,864,005)	(133,312,734)
Distribution paid	-	(10,855)
Net cash generated from financing activities	131,389,916	118,172,042
Net increase in cash and cash equivalents	182,726	11,030,973
Effects of foreign exchange differences	(191,116)	415,813
Cash and cash equivalents at the beginning of the financial period	9,283,495	7,824,230
Cash and cash equivalents at the end of the financial period	9,275,105	19,271,016
<u>Cash and cash equivalents comprised of:</u>		
Deposits with licensed financial institutions	4,105,447	14,203,990
Bank balances	5,169,658	5,067,026
Cash and cash equivalents at the end of the financial period	9,275,105	19,271,016

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 OCTOBER 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period.

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

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 2021 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 November 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.

Investments in collective investment scheme have contractual cash flows that do not represent solely payment of principal and interest ("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 dealer, amount due from Manager and amount due from Manager of collective investment scheme 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 liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

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

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

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

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 losses ("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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(b) Financial assets and financial liabilities (continued)**Significant increase in credit risk

A significant increase in credit risk is defined by 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.

Write-off

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

(c) Income recognition

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) 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.

(e) Taxation

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

Tax on income from foreign collective investment scheme is based on the tax regime of the respective countries that the Fund invests in.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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.

The Fund changed its base currency (the currency in which the Fund is denominated) from MYR to USD on 17 April 2020 resulting in the change of its functional currency as the Manager has determined that the USD is the currency that most faithfully represent the economic effect of the underlying transactions, events and conditions.

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.

This has resulted in a change of the Fund’s functional currency from MYR to USD on 17 April 2020 prospectively.

In view of above, the Fund has also changed its presentation currency from MYR to USD. The change in presentation currency is applied retrospectively and the balances as at 30 April 2019 and 1 May 2018 have been restated. Translations were done in accordance with the accounting policy “Transaction and balances” below.

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.

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

Amounts due to Manager of collective investment scheme represent 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.

Amounts due from and amount due to dealer represents receivables for Spot FX sold and payables for Spot FX purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Amount due to Manager of collective investment scheme (purchase of collective investment scheme)/Amount due from/to dealer (continued)

These amounts are measured at amortised cost. At each reporting date, the Fund measure the loss allowance on amounts due from broker at an amount equal to the lifetime ECL 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 ECL. Significant financial difficulties of the broker, probability that the broker 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 management 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(l) 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. RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

(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 period, 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.

3. 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.

(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.

In derivative activities, credit risk arises when counterparties to derivative contracts, are unable or unwilling to fulfil their obligation to pay the positive fair value or receivable resulting from the execution of contract terms.

(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. The Fund's investments in collective investment scheme are realisable which are capable of being converted into cash within 10 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders. The amount of capital can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns to unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

(e) Fair value estimation

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The fair 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 period end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

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

(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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
31.10.2021				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	633,773,576	-	-	633,773,576
Financial liabilities at fair value through profit or loss:				
- Derivative liabilities	42,553	-	-	42,553
30.04.2021				
Audited				
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
	561,255,132	-	-	561,255,132

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).

Financial instruments that trade in markets that are considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted fixed income securities, forward foreign currency contracts and interest rate swaps. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

- (ii) The carrying values of cash and cash equivalents, amount due from dealer, amount due from Manager, amount due from Manager of collective investment scheme 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 six months financial period ended 31 October 2021 and 31 October 2020, the management fee for the respective classes is recognised at the following rates:

Class AUD-H	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 is 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 six months financial period ended 31 October 2021 and 31 October 2020, the Trustee fee for the respective classes are recognised at the following rates:

Class AUD-H	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 is no further liability to the Trustee in respect of Trustee fee other than the amount recognised above.

6. FINANCE COST

Distribution to unit holders is derived from the following sources:

	01.05.2021 to 31.10.2021	01.05.2020 to 31.10.2020
	USD	USD
Interest income	-	8,146
Net realised gain on disposal of collective investment scheme	-	1,864,493
Realised gain on foreign exchange	-	3,165
Prior financial period's realised income	-	12,883,688
		14,759,492
Less:		
Expenses	-	(97,596)
Net distribution amount	-	14,661,896

6. FINANCE COST (CONTINUED)

	01.05.2021 to 31.10.2021 USD	01.05.2020 to 31.10.2020 USD
Distribution on 7 August 2020		
Gross/Net distribution per unit (cent)	-	
- Class MYR		2.37

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

	01.05.2021 to 31.10.2021 USD	01.05.2020 to 31.10.2020 USD
Tax charged for the financial period:		
- Current taxation	-	-

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

	01.05.2021 to 31.10.2021 USD	01.05.2020 to 31.10.2020 USD
(Loss)/Profit before taxation	(55,137,868)	32,720,780
Taxation at Malaysian statutory rate of 24%	(13,233,088)	7,852,987
Tax effects of:		
Loss not deductible for tax purpose/(Investment income not subject to tax)	11,850,234	(11,825,849)
Expenses not deductible for tax purposes	60,701	3,538,968
Restriction on tax deductible expenses for Unit Trust Funds	1,322,153	433,894
Taxation	-	-

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.10.2021 USD	30.04.2021 Audited USD
At fair value through profit or loss:		
- Collective investment scheme	633,773,576	561,073,829

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

	01.05.2021 to 31.10.2021	01.05.2020 to 31.10.2020
	USD	USD
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	660,021	4,964,706
- Unrealised fair value gain	(53,810,275)	42,734,294
- Management fee rebate #	4,498,415	1,422,234
	<u>(48,651,839)</u>	<u>49,121,234</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 six months financial period ended 31 October 2021, the rebate is recognised at a rate of 1.50% per annum (31.10.2020: 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 %
31.10.2021 COLLECTIVE INVESTMENT SCHEME				
LUXEMBOURG				
Schroder ISF Greater China	<u>6,362,032</u>	<u>578,537,727</u>	<u>633,773,576</u>	<u>98.40</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>6,362,032</u>	<u>578,537,727</u>	<u>633,773,576</u>	<u>98.40</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>55,235,849</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>633,773,576</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 %
30.04.2021				
Audited				
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>		

9. DERIVATIVE (LIABILITIES)/ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.10.2021	30.04.2021
	USD	Audited USD
Forward foreign currency contracts	<u>(42,553)</u>	<u>181,303</u>
	01.05.2021 to 31.10.2021	01.05.2020 to 31.10.2020
	USD	USD
Net loss on derivative (liabilities)/assets at fair value through profit or loss:		
- Realised loss on forward foreign currency contracts	(191,829)	(4,505)
- Unrealised fair value loss on forward foreign currency contracts	<u>(223,856)</u>	<u>(61,406)</u>
	<u>(415,685)</u>	<u>(65,911)</u>

9. DERIVATIVE (LIABILITIES)/ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

As at 31 October 2021, there were 8 outstanding (30.04.2021: 29 outstanding) USD/Australian Dollar ("AUD"), USD/MYR, USD/Renminbi ("RMB") and USD/Singapore Dollar ("SGD") forward foreign currency contracts. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD68,110,930 (30.04.2021: USD167,047,926).

The USD/AUD, USD/MYR, USD/RMB and USD/SGD forward foreign currency contracts were entered into during the financial period 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 period, any changes in the fair value of the forward foreign currency contract is recognised immediately in the statement of comprehensive income during the financial period.

10. CASH AND CASH EQUIVALENTS

	31.10.2021	30.04.2021
	USD	Audited USD
Deposits with licensed financial institutions	4,105,447	3,739,534
Bank balances	5,169,658	5,543,961
	<u>9,275,105</u>	<u>9,283,495</u>

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.05.2021 to 31.10.2021	01.05.2020 to 30.04.2021
	No. of units	Audited No. of units
Class AUD-H (i)	12,440,620	10,083,738
Class MYR (ii)	1,844,460,639	1,537,765,754
Class MYR-H (iii)	96,074,533	53,940,093
Class RMB-H (iv)	50,639,357	35,484,459
Class SGD-H (v)	9,963,844	7,280,216
Class USD (vi)	12,989,288	11,421,232
	<u>2,026,568,281</u>	<u>1,655,975,492</u>

(i) Class AUD-H

	01.05.2021 to 31.10.2021	01.05.2020 to 30.04.2021
	No. of units	Audited No. of units
At the beginning of the financial period/year	10,083,738	1,000
Add: Creation of units from applications	3,996,925	17,566,056
Add : Creation of units from distributions	-	278,419
Less: Cancellation of units	<u>(1,640,043)</u>	<u>(7,761,737)</u>
At the end of the financial period/year	<u>12,440,620</u>	<u>10,083,738</u>

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

(ii) Class MYR

	01.05.2021 to 31.10.2021	01.05.2020 to 30.04.2021 Audited
	No. of units	No. of units
At the beginning of the financial period/year	1,537,765,754	568,455,193
Add: Creation of units from applications	594,182,051	2,128,978,062
Add: Creation of units from distribution	-	101,866,896
Less: Cancellation of units	(287,487,166)	(1,261,534,397)
At the end of the financial period/year	1,844,460,639	1,537,765,754

(iii) Class MYR-H

	01.05.2021 to 31.10.2021	01.05.2020 to 30.04.2021 Audited
	No. of units	No. of units
At the beginning of the financial period/year	53,940,093	1,000
Add: Creation of units from applications	63,198,308	90,981,825
Add: Creation of units from distribution	-	968,856
Less: Cancellation of units	(21,063,868)	(38,011,588)
At the end of the financial period/year	96,074,533	53,940,093

(iv) Class RMB-H

	01.05.2021 to 31.10.2021	01.05.2020 to 30.04.2021 Audited
	No. of units	No. of units
At the beginning of the financial period/year	35,484,459	1,000
Add: Creation of units from applications	18,699,219	54,254,813
Add: Creation of units from distribution	-	1,141,877
Less: Cancellation of units	(3,544,321)	(19,913,231)
At the end of the financial period/year	50,639,357	35,484,459

(v) Class SGD-H

	01.05.2021 to 31.10.2021	01.05.2020 to 30.04.2021 Audited
	No. of units	No. of units
At the beginning of the financial period/year	7,280,216	1,000
Add: Creation of units from applications	3,841,706	9,090,884
Add: Creation of units from distribution	-	166,414
Less: Cancellation of units	(1,158,078)	(1,978,082)
At the end of the financial period/year	9,963,844	7,280,216

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

(vi) Class USD

	01.05.2021 to 31.10.2021	01.05.2020 to 30.04.2021 Audited
	No. of units	No. of units
At the beginning of the financial period/year	11,421,232	1,000
Add: Creation of units from applications	3,491,960	16,130,456
Add: Creation of units from distribution	-	237,555
Less: Cancellation of units	(1,923,904)	(4,947,779)
At the end of the financial period/year	12,989,288	11,421,232

12. MANAGEMENT EXPENSE RATIO ("MER")

	01.05.2021 to 31.10.2021	01.05.2020 to 31.10.2020
	%	%
MER	0.21	0.24

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
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on daily basis is USD606,822,664 (31.10.2020: USD198,511,761).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	01.05.2021 to 31.10.2021	01.05.2020 to 31.10.2020
PTR (times)	<u>0.11</u>	<u>0.39</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial period = USD129,350,000 (31.10.2020): USD130,550,000
total disposal for the financial period = USD28,39,978 (31.10.2020): USD23,160,000)

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
PT Principal Asset Management	Subsidiary 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

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

	31.10.2021		30.04.2021	
			Audited	
	No. of units	USD	No. of units	USD
Manager				
Principal Asset Management Berhad				
- Class AUD-H	1,044	1,075	1,043	1,220
- Class MYR	287,592	87,073	256,201	85,007
- Class MYR-H	190	65	149	57
- Class RMB-H	1,044	231	1,043	248
- Class SGD-H	1,032	1,070	1,032	1,192
- Class USD	1,034	1,450	1,033	1,587

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

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.

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.

	31.10.2021	30.04.2021
	USD	Audited USD
<u>Significant related party balances:</u>		
Deposits with licensed financial institution		
- CIMB Bank Bhd	-	1,395,673
	01.05.2021 to 31.10.2021	01.05.2020 to 31.10.2020
	USD	USD
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institution		
- CIMB Bank Bhd	-	6,656

15. TRANSACTIONS WITH BROKERS/DEALERS

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

Brokers/Dealers	Values of trades USD	Percentage of total trades %	Brokerage fees USD	Percentage of total brokerage fees %
Schroder Investment Management (S) Limited	<u>132,850,000</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

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

Brokers/Dealers	Values of trades USD	Percentage of total trades %	Brokerage fees USD	Percentage of total brokerage fees %
Schroder Investment Management (S) Limited	<u>153,710,000</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

16. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

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

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