

Principal Global Technology Fund

Annual Report

For The Financial Year Ended 31 July 2021

PRINCIPAL GLOBAL TECHNOLOGY FUND
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 JULY 2021

CONTENTS	PAGE(S)
INVESTORS' LETTER	1
MANAGER'S REPORT	2 - 15
Fund Objective and Policy	
Performance Data	
Market Review	
Fund Performance	
Portfolio Structure	
Market Outlook	
Investment Strategy	
Unit Holdings Statistics	
Soft Commissions and Rebates	
STATEMENT BY MANAGER	16
TRUSTEE'S REPORT	17
INDEPENDENT AUDITOR'S REPORT	18 - 21
STATEMENT OF COMPREHENSIVE INCOME	22
STATEMENT OF FINANCIAL POSITION	23 - 24
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	25
STATEMENT OF CASH FLOWS	26
NOTES TO THE FINANCIAL STATEMENTS	27 - 48
DIRECTORY	49

INVESTORS' LETTER

Dear Valued Investor,

The global equity markets were positive in August 2021 with the developed markets maintaining their uptrend while the Asia-Pacific markets picking up as well. The Standard & Poor's 500 ("S&P 500") and STOXX Europe 600 rose 2.9% and 2.0% respectively while the best performing Asian markets were India (9.4%), Thailand (7.7%) and Malaysia (7.1%). The bond indices gained more grounds with growth of 0.4% to 0.8%. We remain positive on Asian equities on a long-term basis on the broadening of recovery in corporate earnings including financials, industrials, and energy.

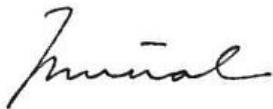
We are happy to share that we recently won the Most Innovative New Money Market Fund – Principal e-Cash Fund at the Global Business Outlook Awards 2020. The Fund is available on Malaysia's leading eWallet provider app.

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 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 31 July 2021 onwards. The appointment of the Fund Auditor by the Trustee of the Fund, Deutsche Trustees Malaysia 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 provide capital appreciation through investments in one collective investment scheme, which invests primarily in a diversified portfolio of technology related companies.

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 and it invests in a single collective investment scheme, i.e. Franklin Technology Fund. The Fund may also invest in liquid asset for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its Net Asset Value ("NAV") in the Target Fund; a portfolio established on 4 March 2000 under the Franklin Templeton Investment Funds. The Fund will also maintain up to 5% of its NAV in liquid assets for liquidity purposes.

The asset allocation strategy for this Fund is as follows:

- At least 95% of the Fund's NAV will be invested in the Target Fund; and
- Up to 5% of the Fund's NAV will be invested in liquid assets for liquidity purposes.

Information on the Target Fund

Company: Franklin Templeton Investment Funds

Management Company: Franklin Templeton International Services S.à r.l.

Investment Manager: Franklin Advisers, Inc.

Regulatory authority: Commission de Surveillance du Secteur Financier

Base Currency

US Dollar ("USD")

Fund category/type

Feeder Fund/ Growth

When was the Fund launched?

Name of Class	Launch Date
Class AUD-Hedged ("AUD-H")	17 May 2018
Class GBP-Hedged ("GBP-H")	17 May 2018
Class MYR-Hedged ("MYR-H")	17 May 2018
Class SGD-Hedged ("SGD-H")	17 May 2018
Class USD	17 May 2018

What was the size of the Fund as at 31 July 2021?

USD309.20 million (716.90 million units)

What is the Fund's benchmark?

The Fund is benchmark unconstrained as the Target Fund is benchmark unconstrained, i.e. it will be actively managed without reference to any specific benchmark.

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund distribution policy?

The Fund is not expected to pay any distribution. Distributions, if any, are at our discretion and will vary from period to period depending on the availability of realised income for distribution and performance of the Fund.

What was the net income distribution for the financial year ended 31 July 2021?

The Fund distributed a total net income of USD2.99 million to unit holders for the financial year ended 31 July 2021.

The Fund's NAV per unit were as follows:

Date	NAV per unit (before distribution) USD	NAV per unit (after distribution) USD
6 August 2020		
Class AUD-H	1.1018	1.0711
Class GBP-H	1.9790	1.9565
Class MYR-H	0.3767	0.3714
Class SGD-H	1.1293	1.1134
Class USD	1.6007	1.5551

In addition, there was a unit split exercise for the financial year ended 31 July 2021.

Date	NAV per unit (before unit split) USD	NAV per unit (after unit split) USD
Unit Split Ratio: 1 unit for every 3 units held		
28 September 2020		
Class AUD-H	1.0624	0.7968
Class GBP-H	1.9439	1.4578
Class SGD-H	1.1245	0.8433
Unit Split Ratio: 1 unit for every 2 units held		
28 September 2020		
Class MYR-H	0.3775	0.2516
Class USD	1.5751	1.0500

PERFORMANCE DATA

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

	31.07.2021	31.07.2020	31.07.2019
	%	%	%
Collective investment scheme	98.41	89.78	90.16
Cash and other assets	5.30	18.07	15.34
Liabilities	(3.71)	(7.85)	(5.50)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

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

	31.07.2021	31.07.2020	31.07.2019
NAV (USD Million)			
- Class AUD-H	31.45	16.90	8.59
- Class GBP-H	11.43	4.46	3.04
- Class MYR-H	213.36	133.59	42.82
- Class SGD-H	15.47	7.72	4.94
- Class USD	37.49	14.56	5.90
Units in circulation (Million)			
- Class AUD-H	28.76	15.92	11.22
- Class GBP-H	5.48	2.33	2.28
- Class MYR-H	642.15	370.39	157.92
- Class SGD-H	13.69	7.07	6.12
- Class USD	26.83	9.38	5.24
NAV per unit (USD)			
- Class AUD-H	1.0934	1.0616	0.7654
- Class GBP-H	2.0859	1.9175	1.3350
- Class MYR-H	0.3323	0.3607	0.2711
- Class SGD-H	1.1303	1.0915	0.8072
- Class USD	1.3973	1.5515	1.1242
			17.05.2018
			(date of launch)
			to 31.07.2019
Highest NAV per unit (USD)	31.07.2021	31.07.2020	
- Class AUD-H	1.1854	1.5048	0.7934
- Class GBP-H	2.1694	1.4867	1.3846
- Class MYR-H	0.4067	1.5438	0.2810
- Class SGD-H	1.2142	1.5182	0.8369
- Class USD	1.6852	1.5671	1.1655
Lowest NAV per unit (USD)			
- Class AUD-H	0.7950	0.9445	0.5495
- Class GBP-H	1.4610	0.9293	0.9666
- Class MYR-H	0.2533	0.9616	0.1936
- Class SGD-H	0.8480	0.9462	0.5802
- Class USD	1.0524	0.9700	0.8000

PERFORMANCE DATA (CONTINUED)

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

	31.07.2021	31.07.2020	17.05.2018 (date of launch) to 31.07.2019
Total return (%)			
- Class AUD-H	37.02	34.85	13.39
- Class GBP-H	37.61	34.85	12.17
- Class MYR-H	39.53	36.65	14.63
- Class SGD-H	37.75	36.04	13.31
- Class USD	39.04	38.01	15.27
Capital growth (%)			
- Class AUD-H	33.21	34.85	13.39
- Class GBP-H	36.04	34.85	12.17
- Class MYR-H	37.56	36.65	14.63
- Class SGD-H	35.82	36.04	13.31
- Class USD	35.09	38.01	15.27
Income distribution (%)			
- Class AUD-H	2.86	-	-
- Class GBP-H	1.15	-	-
- Class MYR-H	1.43	-	-
- Class SGD-H	1.43	-	-
- Class USD	2.93	-	-
Management Expense Ratio ("MER") (%) ^	1.17	1.20	1.38
Portfolio Turnover Ratio ("PTR") (times) #	0.85	0.89	0.72

^ The Fund's MER decreased from 1.20% to 1.17% was mainly due to increase in average NAV during the financial year under review.

The Fund's PTR decreased from 0.89 times to 0.85 times due to increase in average NAV during the financial year under review.

	31.07.2021	31.07.2020	17.05.2018 (date of launch) to 31.07.2019
Gross/Net distribution per unit (sen)			
Distribution on 6 August 2020			
- Class AUD-H	3.07		
- Class GBP-H	2.25	-	-
- Class MYR-H	0.53	-	-
- Class SGD-H	1.59	-	-
- Class USD	4.55	-	-

PERFORMANCE DATA (CONTINUED)

	31.07.2021	31.07.2020	31.07.2019	Since inception to 31.07.2018
	%	%	%	%
Annual total return				
- Class AUD-H	37.02	34.85	13.39	0.44
- Class GBP-H	37.61	34.85	12.17	0.34
- Class MYR-H	39.53	36.65	14.63	0.57
- Class SGD-H	37.75	36.04	13.31	0.40
- Class USD	39.04	38.01	15.27	0.58

(Launch date: 17 May 2018)

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.

MARKET REVIEW (1 AUGUST 2020 TO 31 JULY 2021)

Global equity markets rose strongly during August 2020. Sentiment was restrained by worries about the pace of economic recovery and rising US-China tensions, which at times spurred some buying of perceived safe-haven assets. In particular, the US equity market rallied steadily through its pre-pandemic highs to set a series of new records, though some troubled industries - particularly those tied to travel and leisure - continued to lag the overall advance. Large-capitalisation growth stocks were outliers to the upside, while their small- and mid-cap counterparts lagged. Growth equities outperformed marginally in the small-cap tier, while mid-cap investors shifted their preferences towards value-oriented stocks.

Despite global equity markets rising throughout the third quarter of 2020, however September 2020 brought a selloff of US information technology (“IT”) and tech-oriented communication services stocks on valuation concerns. Sentiment was further dampened by concerns about the pace and unevenness of economic recovery, US-China tensions, increasing COVID-19 infections and delays in expected US stimulus measures. In general, investors received increasingly larger third-quarter returns as they moved up the ladder of small-, mid- and large-capitalisation companies, and the performance gaps between the three tiers was substantial.

Global equity markets lost ground during October 2020. Stocks generally rose early in the month on hopes for more US stimulus measures and encouraging economic data, particularly from China. Moods soured as stimulus prospects faded and COVID-19 infections rose in the US and Europe, threatening new lockdowns. The run-up to the US presidential election on 3 November 2020 also dampened sentiment as the outcome remained difficult to predict. As measured by MSCI indices in USD terms, emerging and frontier markets showed mixed results but overall rose modestly, outperforming a global Index, while developed stock markets declined nearly across the board and underperformed.

Global equity markets advanced in November 2020 following positive COVID-19 vaccine trials and Joe Biden’s win in the US presidential election. Positive news appeared to outweigh concerns that economic recoveries would stall amidst renewed lockdowns resulting from rising COVID-19 infection rates and the identification of a new, more infectious COVID-19 strain. Instead of buying technology names that benefitted from people working and shopping from home (as was the clear trend from May 2020 through early September 2020), many investors began to snap up cyclical companies and those that would recover from a reopened economy—particularly energy, financials, industrials and materials, which outperformed the gains across all seven other sectors.

MARKET REVIEW (1 AUGUST 2020 TO 31 JULY 2021) (CONTINUED)

The year comes to a close as global equity markets advanced nearly across the board for the fourth quarter of 2020, following the continued positive COVID-19 vaccine trials and the US presidential election outcome. Positive news continues to outweigh concerns that economic recoveries would stall amidst renewed lockdowns resulting from rising COVID-19 infection rates and the identification of a new, more infectious COVID-19 strain. During the fourth quarter, small-capitalisation equities were the clear favourites as they substantially outperformed mid-caps and more than doubled the average return for large-caps. The market finally rotated back into value stocks this autumn (across all market-cap tiers) after a prolonged period of outperformance by their growth-oriented counterparts.

Global equity markets overall slipped in USD terms in January 2021. The month began with rallies as US election results bolstered expectations for a larger fiscal stimulus measures to combat the impact of renewed lockdowns due to rising COVID-19 cases. Following the rallies, many investors began booking profits, and sentiment was further dampened by uncertainty around US stimulus specifics and delays in vaccine distribution globally. IT equities finished the month with shallow overall losses that placed the group in the center of the return range according to sector - five sectors outperformed IT, while five others fared worse.

Global equity markets overall rose in February 2021 despite renewed weakness late in the month as many investors weighed continued optimism around policy stimulus and economic reopening against concerns that higher bond yields and tighter financial conditions could dampen the economic recovery. Amongst the 11 major equity sectors, IT stocks finished the month in the back of the pack but with slightly positive overall returns both in the US and globally.

Global equity markets overall continue rising in March 2021 as investors weighed continued optimism around policy stimulus and economic reopening against concerns about higher bond yields and potential economic overheating. Credit markets influenced stock markets for much of the quarter, with the 10-year US Treasury ("UST") note's yield finishing near its highest levels in more than a year amidst rising inflation expectations and improving macro prospects. Global value equities surged and significantly outperformed the slight gain of global growth stocks. Amongst the 11 major equity sectors, IT stocks finished the quarter in the back of the pack but with slightly positive overall returns both in the US and globally.

In April 2021, global equity markets overall rose as continued optimism that an economic recovery was underway - amid US stimulus and positive economic data from the US and China - appeared to outweigh concerns about a resurging pandemic in several parts of the world. In general, the average return IT stocks was close to the broader market averages globally, including a sixth-place ranking amongst the 11 US equity sectors.

Global equity markets were buoyed for much of May 2021 by signs of continued economic recovery in the US and China, as well as encouraging indicators from Europe and certain emerging markets ("EM"). However, sentiment was volatile as generally strong demand contributed to supply bottlenecks and rising price inflation around the world. Investors weighed signals on whether the inflation jump would be temporary, and if not, when Governments and Central Banks would begin tightening accommodative policies. May 2021 featured a pullback in the IT sector as investors generally sold growth stocks to seek shelter in more defensive parts of the market, amidst concerns about rising interest rates (higher rates tend to weigh on valuations of growth companies foremost), corporate tax reform, and elevated IT valuations given the potential for tougher quarter-over-quarter earnings comparisons going forward.

MARKET REVIEW (1 AUGUST 2020 TO 31 JULY 2021) (CONTINUED)

Global equity markets overall advanced during the second quarter of 2021. Progress in vaccination campaigns and businesses reopening, along with ongoing monetary and fiscal stimulus, aided continued economic recovery in several parts of the world. Inflation was the dominant market theme during the quarter as supply chain disruptions and higher commodity prices combined with low base effects to drive up inflation around the globe. Before recovering solidly in June 2021, April 2021 and May 2021 featured a pullback in the IT sector as investors generally sold growth stocks to seek shelter in more defensive parts of the market, amidst concerns about rising interest rates (higher rates tend to weigh on valuations of growth companies foremost), corporate tax reform, and elevated IT valuations given the potential for tougher quarter-over-quarter (“q-o-q”) earnings comparisons going forward. Technology investing had grown crowded after investors piled into such companies last year because of the pandemic and the collapse of the economy, while there are also signs of potential antitrust headwinds as the US Government may be seeking tighter regulatory control over some of the world’s largest tech companies. Many investors therefore spent much of the spring moving into areas of the market likely to benefit from a recovering economy yet had been neglected by the market for the last two years and were showing signs of a resurgence.

Global equity markets overall edged up slightly during July 2021 on mixed underlying results. Though there were bright spots in certain regions, stock markets were largely dampened by concerns that the swiftly spreading Delta variant of the COVID-19 would dent the economic recovery. IT stock returns were generally ahead of the broader market index averages, and they finished July in fourth place amongst the 11 major equity sectors. Within the benchmark MSCI World IT Index, 12 out of 13 industries traded higher, contrasting with a slightly negative result for semiconductor stocks following a robust rally in 2021’s second quarter. Most notably, a selloff in Chinese technology stocks accelerated in July 2021, as investors unnerved by China’s widening crackdown on Internet companies and other industries sold down their holdings of many popular stocks.

FUND PERFORMANCE

1 year to 31.07.2021

	Class AUD-H	Class GBP-H	Class MYR-H	Class SGD-H	Class USD
	%	%	%	%	%
Income Distribution	2.86	1.15	1.43	1.43	2.93
Capital Growth	33.21	36.04	37.56	35.82	35.09
Total Return	37.02	37.61	39.53	37.75	39.04
Benchmark	39.99	39.99	39.99	39.99	39.99
Average Total Return	37.02	37.61	39.53	37.75	39.04

3 years to 31.07.2021

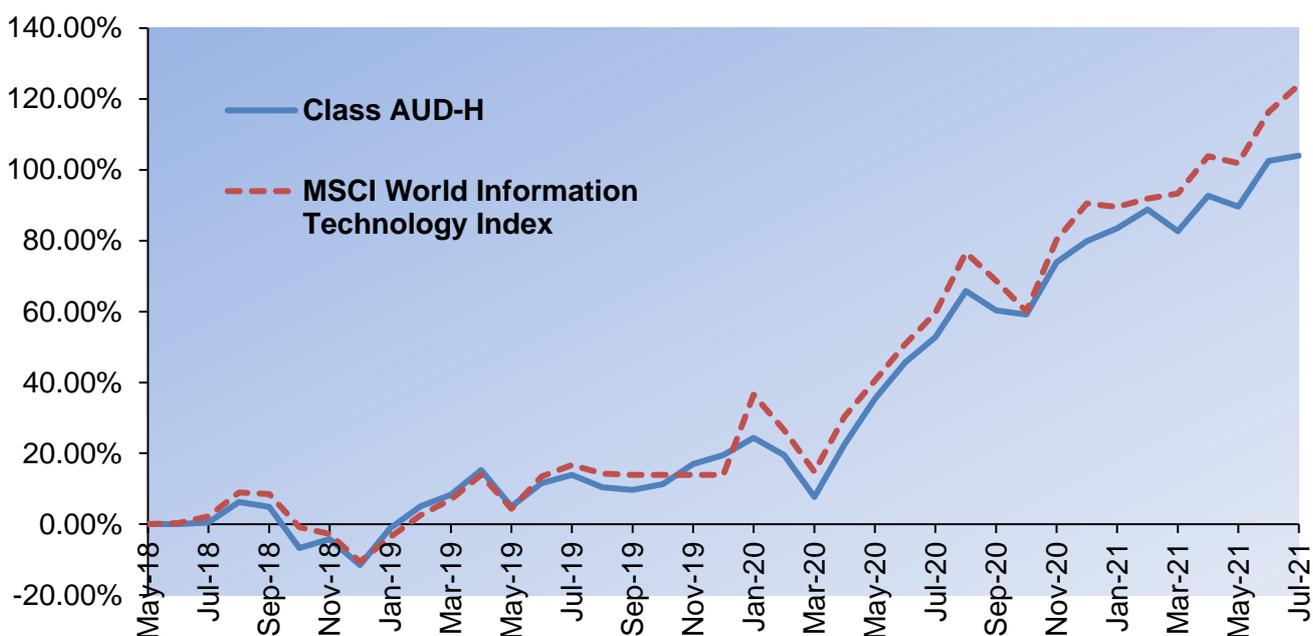
	Class AUD-H	Class GBP-H	Class MYR-H	Class SGD-H	Class USD
	%	%	%	%	%
Income Distribution	2.86	1.15	1.43	1.43	2.93
Capital Growth	102.57	105.79	115.48	109.35	114.90
Total Return	108.36	108.16	118.56	112.33	121.19
Benchmark	119.12	119.12	119.12	119.12	119.12
Average Total Return	27.72	27.68	29.77	28.53	30.29

FUND PERFORMANCE (CONTINUED)

	Since inception to 31.07.2021				
	Class AUD-H	Class GBP-H	Class MYR-H	Class SGD-H	Class USD
	%	%	%	%	%
Income Distribution	2.86	1.15	1.43	1.43	2.93
Capital Growth	98.33	100.03	110.23	104.05	109.60
Total Return	104.01	102.33	113.23	106.96	115.73
Benchmark	124.01	124.01	124.01	124.01	124.01
Average Total Return	24.86	24.54	26.59	25.42	27.05

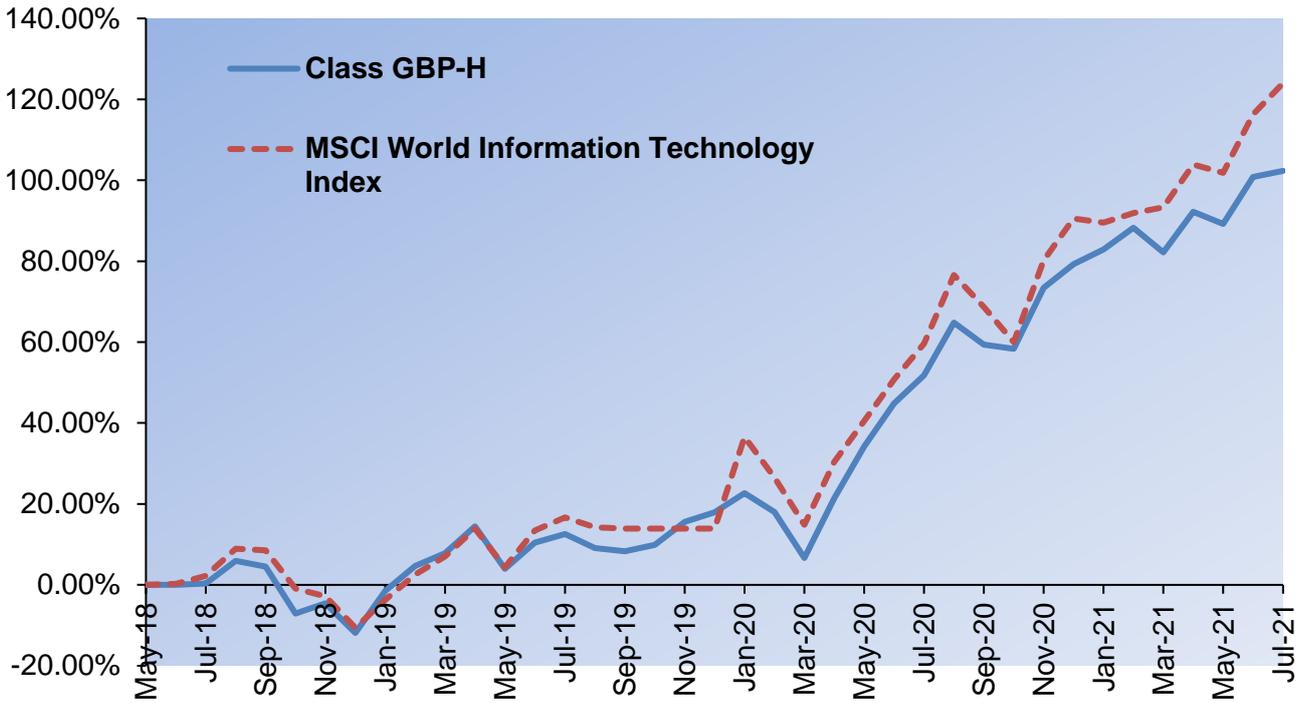
During the financial year under review, Class AUD-H, Class GBP-H, Class MYR-H, Class SGD-H and Class USD have increased by 37.02%, 37.61%, 39.53%, 37.75%, and 39.04% respectively. Meanwhile, the benchmark increased by 39.99% within the same reporting period.

Class AUD-H

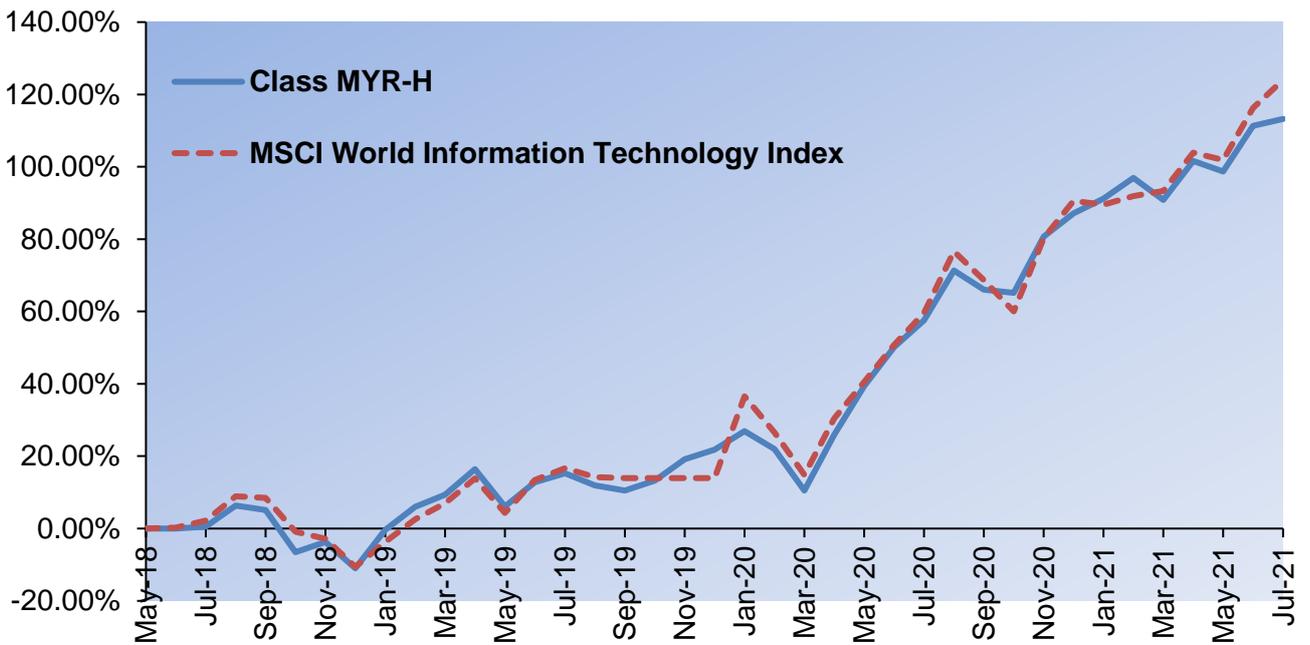


FUND PERFORMANCE (CONTINUED)

Class GBP-H

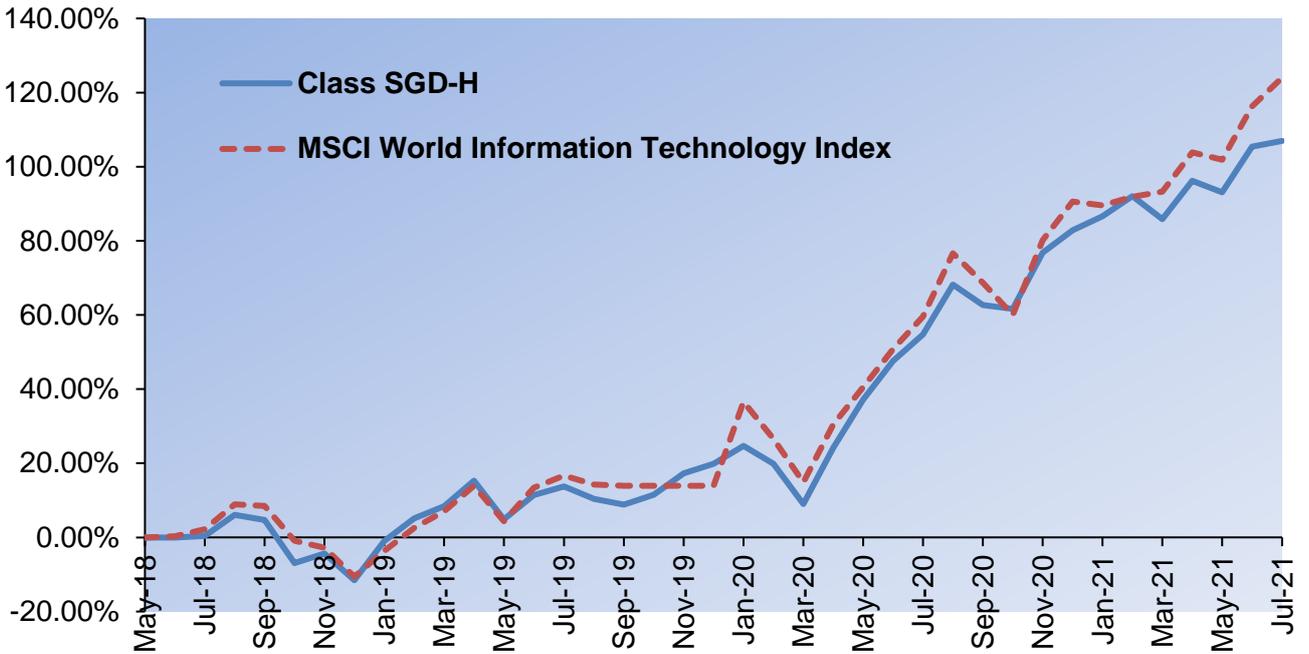


Class MYR-H

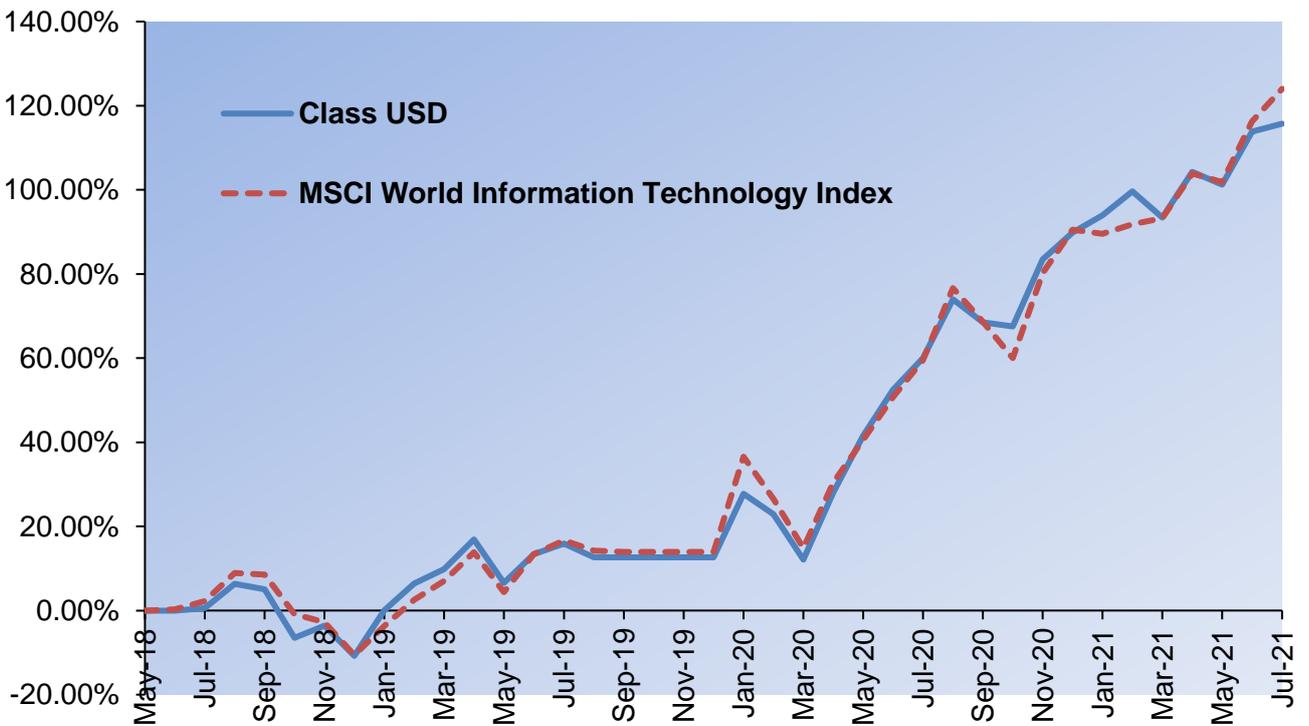


FUND PERFORMANCE (CONTINUED)

Class SGD-H



Class USD



FUND PERFORMANCE (CONTINUED)

Changes in NAV

CLASS AUD-H

	31.07.2021	31.07.2020	Changes %
NAV (USD Million)	31.45	16.90	86.09
NAV/Unit (USD)	1.0934	1.0616	3.00

CLASS GBP-H

	31.07.2021	31.07.2020	Changes %
NAV (USD Million)	11.43	4.46	>100.00
NAV/Unit (USD)	2.0859	1.9175	8.78

CLASS MYR-H

	31.07.2021	31.07.2020	Changes %
NAV (USD Million)	213.36	133.59	59.71
NAV/Unit (USD)	0.3323	0.3607	(7.87)

CLASS SGD-H

	31.07.2021	31.07.2020	Changes %
NAV (USD Million)	15.47	7.72	>100.00
NAV/Unit (USD)	1.1303	1.0915	3.55

CLASS USD

	31.07.2021	31.07.2020	Changes %
NAV (USD Million)	37.49	14.56	>100.00
NAV/Unit (USD)	1.3973	1.5515	(9.94)

The Fund recorded positive net inflow from unit creations over the financial year under review for Class AUD-H, Class GBP-H, Class MYR-H, Class SGD-H and Class USD. The increase in NAV was mainly attributed towards positive net creations during the review period.

Meanwhile, the NAV per unit of Class AUD-H, Class GBP-H, and Class SGD-H rose by 3.00%, 8.78%, and 3.55% respectively. However, Class MYR-H and Class USD both fell by 7.87% and 9.94% respectively. The changes in NAV per unit were attributed towards the investment performance during the review period.

At the time of reporting, Class MYR-H has the largest total NAV which stood at USD213.36 million.

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)	31.07.2021	31.07.2020
Collective investment scheme	98.41	89.78
Cash and other assets	5.30	18.07
Liabilities	(3.71)	(7.85)
TOTAL	100.00	100.00

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

MARKET OUTLOOK*

Despite the recent volatility tied to re-opening (as pandemic restrictions continue to lift), rising interest rates and increased inflation expectations, we believe the sector offers solid exposure to strong secular opportunities relating to digital transformation (“DT”) and its supporting sub-themes including: artificial intelligence, machine learning and data analytics, new commerce, software as a service, secure cloud computing, digital customer engagement, fintech and digital payments, the internet-of-things and next-generation electrification, fifth generation (“5G”) wireless network communications, cyber security, and the future of work.

Risks we are monitoring still include COVID-19. With vaccines now being aggressively deployed, we believe enterprises are starting to feel more confident about their prospects and will subsequently invest more in all things tech. This certainly includes DT, where the fund is well-positioned, but also more cyclical areas of IT, where the fund is less well-positioned. Given this dynamic, but also a desire to stay focused on our DT investment strategy, we have been looking for strong DT winners with solid cyclical leverage into which we can deploy incremental funds.

* 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 the Target Fund with minimal cash kept for liquidity purposes

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 July 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	-	-	-
5,001 to 10,000	1	0.01	0.03
10,001 to 50,000	1	0.04	0.14
50,001 to 500,000	8	1.49	5.18
500,001 and above	5	27.22	94.65
Total	15	28.76	100.00

CLASS GBP-H

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	2	0.06	1.10
50,001 to 500,000	4	0.30	5.47
500,001 and above	3	5.12	93.43
Total	11	5.48	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	-	-	-
5,001 to 10,000	338	2.81	0.44
10,001 to 50,000	905	22.19	3.46
50,001 to 500,000	410	50.43	7.85
500,001 and above	38	566.72	88.25
Total	1,691	642.15	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	-	-	-
5,001 to 10,000	1	0.01	0.07
10,001 to 50,000	1	0.03	0.22
50,001 to 500,000	5	1.01	7.38
500,001 and above	4	12.64	92.33
Total	11	13.69	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 31 July 2021 were as follows (continued):

CLASS USD

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	4	0.12	0.45
50,001 to 500,000	6	0.52	1.94
500,001 and above	6	26.19	97.61
Total	17	26.83	100.00

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

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL GLOBAL TECHNOLOGY 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 48 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 July 2021 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 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
21 September 2021

**TRUSTEE'S REPORT
TO THE UNIT HOLDERS OF PRINCIPAL GLOBAL TECHNOLOGY FUND**

We have acted as Trustee for Principal Global Technology Fund (the "Fund") for the financial year ended 31 July 2021. To the best of our knowledge, for the financial year under review, 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 under the Deed(s), the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) valuation and pricing for the Fund is carried out in accordance with the Deed(s) of the Fund and any regulatory requirements; and
- (c) creation and cancellation of units for the Fund are carried out in accordance with the Deed(s) of the Fund and any regulatory requirements.

We are of the view that the distribution made during the financial year ended 31 July 2021 by the Manager is not inconsistent with the objective of the Fund.

For Deutsche Trustees Malaysia Berhad

Soon Lai Ching
Senior Manager, Trustee Operations

Gerard Ang
Chief Executive Officer

Kuala Lumpur
10 September 2021

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL GLOBAL TECHNOLOGY FUND**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal Global Technology Fund (the "Fund"), which comprise the statement of financial position as at 31 July 2021, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 22 to 48.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 July 2021, and of its financial performance and cash flows for the 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 GLOBAL TECHNOLOGY 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 GLOBAL TECHNOLOGY 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.
- 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 GLOBAL TECHNOLOGY FUND (CONTINUED)**

Other matters

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework 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 year ended 31 July 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 18 September 2020.

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

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

Kuala Lumpur, Malaysia
21 September 2021

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JULY 2021**

	Note	2021 USD	2020 USD
INCOME			
Net gain on financial assets at fair value through profit or loss	8	116,593,231	39,641,318
Net gain/(loss) on derivative assets at fair value through profit or loss	10	1,332,852	(878,207)
Net foreign exchange loss		(224,016)	(156,540)
		<u>117,702,067</u>	<u>38,606,571</u>
EXPENSES			
Management fee	4	5,535,555	1,812,519
Trustee fee	5	99,362	52,003
Audit fee		2,299	2,300
Tax agent's fee		1,095	1,094
Other expenses		18,692	12,413
		<u>5,657,003</u>	<u>1,880,329</u>
PROFIT BEFORE FINANCE COST AND TAXATION		112,045,064	36,726,242
Finance costs:			
- Class AUD-H		489,694	-
- Class GBP-H		52,168	-
- Class MYR-H		1,901,514	-
- Class SGD-H		114,707	-
- Class USD		428,950	-
	7	<u>2,987,033</u>	<u>-</u>
PROFIT BEFORE TAXATION		109,058,031	36,726,242
Taxation	6	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>109,058,031</u>	<u>36,726,242</u>
Profit after taxation is made up as follows:			
Realised amount		57,304,770	6,170,721
Unrealised amount		51,753,261	30,555,521
		<u>109,058,031</u>	<u>36,726,242</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2021**

	Note	2021 USD	2020 USD
ASSETS			
Cash and cash equivalents	9	9,315,714	17,888,427
Financial assets at fair value through profit or loss	8	304,295,510	159,119,628
Derivative assets at fair value through profit or loss	10	1,378,686	1,058,226
Amount due from Manager		5,501,663	12,995,771
Amount due from Manager of collective investment scheme			
- Management fee rebates		198,020	90,674
TOTAL ASSETS		<u>320,689,593</u>	<u>191,152,726</u>
LIABILITIES			
Amount due to Manager of collective investment scheme			
- Purchase of collective investment scheme		-	10,500,000
Amount due to Manager		10,986,793	3,187,823
Accrued management fee		484,656	228,032
Amount due to Trustee		10,770	1,126
Other payables and accruals		4,188	4,286
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>11,486,407</u>	<u>13,921,267</u>
NET ASSET VALUE OF THE FUND		<u>309,203,186</u>	<u>177,231,459</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>309,203,186</u>	<u>177,231,459</u>

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 JULY 2021 (CONTINUED)

	Note	2021 USD	2020 USD
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (USD)			
- Class AUD-H		31,447,383	16,899,942
- Class GBP-H		11,434,447	4,460,544
- Class MYR-H		213,363,453	133,587,792
- Class SGD-H		15,471,614	7,722,341
- Class USD		37,486,289	14,560,840
		<u>309,203,186</u>	<u>177,231,459</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class AUD-H		28,760,408	15,919,902
- Class GBP-H		5,481,776	2,326,228
- Class MYR-H		642,145,223	370,386,761
- Class SGD-H		13,687,518	7,075,159
- Class USD		26,828,173	9,385,235
	11	<u>716,903,098</u>	<u>405,093,285</u>
NET ASSET VALUE PER UNIT (USD)			
- Class AUD-H		1.0934	1.0616
- Class GBP-H		2.0859	1.9175
- Class MYR-H		0.3323	0.3607
- Class SGD-H		1.1303	1.0915
- Class USD		1.3973	1.5515
		<u>1.3973</u>	<u>1.5515</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- Class AUD-H		AUD1.4875	AUD1.4889
- Class GBP-H		GBP1.5001	GBP1.4703
- Class MYR-H		RM1.4015	RM1.5282
- Class SGD-H		SGD1.5304	SGD1.5023
- Class USD		USD1.3973	USD1.5515
		<u>USD1.3973</u>	<u>USD1.5515</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 31 JULY 2021**

	2021 USD	2020 USD
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>177,231,459</u>	<u>65,282,844</u>
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class AUD-H	34,214,768	21,892,217
- Class GBP-H	14,769,387	7,663,626
- Class MYR-H	565,626,141	229,796,742
- Class SGD-H	21,047,329	10,113,275
- Class USD	<u>63,090,724</u>	<u>23,935,842</u>
	<u>698,748,349</u>	<u>293,401,702</u>
Creation of units from distribution		
- Class AUD-H	486,876	-
- Class GBP-H	51,303	-
- Class MYR-H	1,894,658	-
- Class SGD-H	111,301	-
- Class USD	<u>425,655</u>	-
	<u>2,969,793</u>	-
Cancellation of units		
- Class AUD-H	(29,561,381)	(18,722,715)
- Class GBP-H	(11,864,176)	(7,910,995)
- Class MYR-H	(567,259,688)	(163,439,251)
- Class SGD-H	(18,289,700)	(9,272,197)
- Class USD	<u>(51,829,501)</u>	<u>(18,834,171)</u>
	<u>(678,804,446)</u>	<u>(218,179,329)</u>
Total comprehensive income for the financial year	<u>109,058,031</u>	<u>36,726,242</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	<u><u>309,203,186</u></u>	<u><u>177,231,459</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 31 JULY 2021**

	Note	2021 USD	2020 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of collective investment scheme		246,700,000	59,410,000
Purchase of collective investment scheme		(287,850,000)	(111,200,000)
Management fee paid		(5,278,931)	(1,649,669)
Management fee rebates received		1,960,003	643,357
Trustee fee paid		(89,718)	(54,033)
Payments for other fees and expenses		(22,184)	(15,426)
Net realised foreign exchange loss		(198,774)	(176,715)
Net realised gain/(loss) on forward foreign currency contracts		1,012,392	(2,353,947)
Net cash used in operating activities		<u>(43,767,212)</u>	<u>(55,396,433)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from units created		706,242,457	287,815,899
Payments for cancellation of units		(671,005,476)	(217,100,640)
Distribution paid		(17,241)	-
Net cash generated from financing activities		<u>35,219,740</u>	<u>70,715,259</u>
Net (decrease)/increase in cash and cash equivalents		(8,547,472)	15,318,826
Effects of foreign exchange differences		(25,241)	676
Cash and cash equivalents at the beginning of the financial year		<u>17,888,427</u>	<u>2,568,925</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>9,315,714</u></u>	<u><u>17,888,427</u></u>
<u>Cash and cash equivalents comprised of:</u>			
Bank balances		<u>9,315,714</u>	<u>17,888,427</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>9,315,714</u></u>	<u><u>17,888,427</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL 31 JULY 2021****1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES**

Principal Global Technology Fund (the “Fund”) was constituted pursuant to the execution of a Deed dated 8 May 2018 and a First Supplemental Deed dated 31 December 2019 (collectively referred to as the “Deeds”) between Principal Asset Management Berhad and Deutsche Trustees Malaysia Berhad (the “Trustee”).

The Fund is a feeder fund and it invests in a single collective investment scheme, i.e. Franklin Technology Fund. The Fund may also invest in liquid asset for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its NAV in the Target Fund; a portfolio established on 4 March 2000 under the Franklin Templeton Investment Funds. The Fund will also maintain up to 5% of its NAV in liquid assets for liquidity purposes.

The asset allocation strategy for this Fund is as follows:

- At least 95% of the Fund’s NAV will be invested in the Target Fund; and
- Up to 5% of the Fund’s NAV will be invested in liquid assets for liquidity purposes.

Information on the Target Fund

Company: Franklin Templeton Investment Funds

Management Company: Franklin Templeton International Services S.à r.l.

Investment Manager: Franklin Advisers, Inc.

Regulatory authority: Commission de Surveillance du Secteur Financier

All investments are subjected to the Securities Commission Malaysia (“SC”) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, 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(m).

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

There are no applicable standards, amendments to standards or interpretations that are effective for the financial year beginning on/after 1 August 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 Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income ("OCI").

Investments in collective investment scheme are debt instruments with 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(i)).

The Fund classifies cash and cash equivalents, amount due from Manager 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 (other than net assets attributable to unit holders) 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 the fair value of the financial assets at fair value through profit or loss are presented in the statement of comprehensive income within net gain or loss on financial assets at fair value through profit or loss in the financial 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, the last published price of such unit or share (excluding any sales charge included in such selling price).

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 considers 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)**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

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 which are subject to an insignificant risk of changes in value.

(e) Foreign currencyFunctional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in 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) Significant portion of the Fund's expenses are denominated in USD.
- ii) Significant portion of the cash is denominated in USD for the purpose of making settlement of foreign trades.
- iii) Significant portions of the Fund's investments 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(f) Taxation**

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

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

(g) Management fee rebate

Management fee rebate is derived from the Manager and the Manager of the collective investment scheme on an accrual basis to ensure no double charging of management fee. It is accrued daily based on the fair value of collective investment scheme held.

(h) 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 five classes of units, known respectively as the Class AUD-H, Class GBP-H, Class MYR-H, Class SGD-H and Class USD, which are cancelled at the unit holder's option, and do not have identical features subject to restrictions as stipulated in the Prospectus and SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. 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 member 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 members of respective classes with the total number of outstanding units of respective classes.

(i) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(i) Derivative financial instruments (continued)**

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).

(j) Distribution

A distribution to the Fund's unit holders is accounted for as finance cost in the statement of comprehensive income as the unit holders' contributions are classified as financial liability as per Note 2(h). A proposed distribution is recognised as a liability in the financial year in which it is approved by the Trustee.

(k) Amount due to Manager of collective investment scheme (purchase of investment)

Amount 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.

(l) Realised and unrealised portions of profit or loss after tax

The analysis of realised and unrealised portions of profit or loss after tax as presented on the statement of comprehensive income is prepared in accordance with SC Guidelines on Unit Trust Funds¹.

(m) 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 Unlisted Capital Market Products under the Lodge and Launch Framework.

¹ The presentation of the analysis of realised and unrealised portions of increase/decrease in net assets attributable to unit holders as presented on the statement of comprehensive income is provided as per the SC Guidelines on Unit Trust Funds. However, the Fund is not guided by the SC Guidelines on Unit Trust Funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Critical accounting estimates and judgements in applying accounting policies (continued)

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 9)	-	9,315,714	9,315,714
Collective investment scheme (Note 8)	304,295,510	-	304,295,510
Amount due from Manager of collective investment scheme			
- Management fee rebates	-	198,020	198,020
Derivative assets at fair value through profit or loss (Note 10)	1,378,686	-	1,378,686
Amount due from Manager	-	5,501,663	5,501,663
	<u>305,674,196</u>	<u>15,015,397</u>	<u>320,689,593</u>
2020			
Cash and cash equivalents (Note 9)	-	17,888,427	17,888,427
Collective investment scheme (Note 8)	159,119,628	-	159,119,628
Amount due from Manager of collective investment scheme			
- Management fee rebates	-	90,674	90,674
Derivative assets at fair value through profit or loss (Note 10)	1,058,226	-	1,058,226
Amount due from Manager	-	12,995,771	12,995,771
	<u>160,177,854</u>	<u>30,974,872</u>	<u>191,152,726</u>

All liabilities (excluding the net assets attributable to unit holders) are financial liabilities which are carried at amortised cost.

The Fund aims to provide capital appreciation through investments in one collective investment scheme, which invests primarily in a diversified portfolio of technology related companies.

The Fund is exposed to a variety of risks which include market risk (inclusive of price risk and currency risk), credit risk and liquidity risk.

Financial risk management is carried out through internal control process adopted by the Manager and adherence to the investment restrictions as stipulated in the Deed and SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

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

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value of an investment in collective investment scheme will fluctuate because of changes in market prices (other than those arising from 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 was as follows:

	2021 USD	2020 USD
Financial assets at fair value through profit or loss:		
- Collective investment scheme	<u>304,295,510</u>	<u>159,119,628</u>

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%	289,080,734	(15,214,776)
0%	304,295,510	-
5%	<u>319,510,286</u>	<u>15,214,776</u>
2020		
-5%	151,163,647	(7,955,981)
0%	159,119,628	-
5%	<u>167,075,609</u>	<u>7,955,981</u>

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

(a) Market risk (continued)

(ii) Currency risk

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	Amount due from Manager USD	Derivative assets at fair value through profit or loss USD	Total USD
2021				
AUD	753,259	312,301	197,721	1,263,281
GBP	270,880	30,625	239,577	541,082
MYR	3,225,609	4,785,111	779,170	8,789,890
SGD	116,561	166,071	162,218	444,850
	<u>4,366,309</u>	<u>5,294,108</u>	<u>1,378,686</u>	<u>11,039,103</u>
2020				
AUD	11,946	1,463,405	172,869	1,648,220
GBP	2,172	73,582	121,148	196,902
MYR	5,541,675	9,349,358	690,809	15,581,842
SGD	310,793	485,971	73,400	870,164
	<u>5,866,586</u>	<u>11,372,316</u>	<u>1,058,226</u>	<u>18,297,128</u>
Financial liabilities	Amount due to Manager USD	Other payables and accruals USD	Net assets attributable to unit holders USD	Total USD
2021				
AUD	588,629	-	31,447,382	32,036,011
GBP	155,287	-	11,434,447	11,589,734
MYR	8,353,203	4,188	213,363,453	221,720,844
SGD	1,109,204	-	15,471,614	16,580,818
	<u>10,206,323</u>	<u>4,188</u>	<u>271,716,896</u>	<u>281,927,407</u>

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

(a) Market risk (continued)

(ii) Currency risk (continued)

Financial liabilities	Amount due to Manager USD	Other payables and accruals USD	Net assets attributable to unit holders USD	Total USD
2020				
AUD	910,971	-	16,899,942	17,810,913
GBP	79,783	-	4,460,544	4,540,327
MYR	1,641,691	4,286	133,587,792	135,233,769
SGD	478,546	-	7,722,341	8,200,887
	<u>3,110,991</u>	<u>4,286</u>	<u>162,670,619</u>	<u>165,785,896</u>

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.

Net balances in foreign currencies	Impact on profit or loss/NAV			
	Change in foreign exchange rate			
	2021		2020	
	+5% USD	-5% USD	+5% USD	-5% USD
AUD	1,538,637	(1,538,637)	808,135	(808,135)
GBP	552,433	(552,433)	217,171	(217,171)
MYR	10,646,548	(10,646,548)	5,982,596	(5,982,596)
SGD	806,798	(806,798)	366,536	(366,536)
	<u>13,544,416</u>	<u>(13,544,416)</u>	<u>7,374,438</u>	<u>(7,374,438)</u>

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

(b) Credit risk

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

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 Unlisted Capital Market Products under the Lodge and Launch Framework.

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	Total USD
2021				
- AAA	9,315,714	-	-	9,315,714
- Not Rated	-	5,501,663	198,020	5,699,683
	<u>9,315,714</u>	<u>5,501,663</u>	<u>198,020</u>	<u>15,015,397</u>
2020				
- AAA	17,888,427	-	-	17,888,427
- Not Rated	-	12,995,771	90,674	13,086,445
	<u>17,888,427</u>	<u>12,995,771</u>	<u>90,674</u>	<u>30,974,872</u>

(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 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. 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 year 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	10,986,793	-	10,986,793
Accrued management fee	484,656	-	484,656
Amount due to Trustee	10,770	-	10,770
Other payables and accruals	-	4,188	4,188
Net assets attributable to unit holders*	309,203,186	-	309,203,186
Contractual undiscounted cash flows	320,685,405	4,188	320,689,593
2020			
Amount due to Manager of collective investment scheme			
- Purchase of collective investment scheme	10,500,000	-	10,500,000
Amount due to Manager	3,187,823	-	3,187,823
Accrued management fee	228,032	-	228,032
Amount due to Trustee	1,126	-	1,126
Other payables and accruals	-	4,286	4,286
Net assets attributable to unit holders*	177,231,459	-	177,231,459
Contractual undiscounted cash flows	191,148,440	4,286	191,152,726

* Outstanding units are redeemed on demand at the unit 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 asset attributable to unit holders of USD309,203,186 (2020: USD177,231,459). The amount of capital can change significantly on a daily basis as the Fund is subjected 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 holder 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 market 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 and liabilities 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
2021				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>304,295,510</u>	<u>-</u>	<u>-</u>	<u>304,295,510</u>
Derivative asset/liability at fair value through profit or loss:				
- Forward foreign currency contracts	<u>-</u>	<u>1,378,686</u>	<u>-</u>	<u>1,378,686</u>
2020				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>159,119,628</u>	<u>-</u>	<u>-</u>	<u>159,119,628</u>
Derivative asset/liability at fair value through profit or loss:				
- Forward foreign currency contracts	<u>-</u>	<u>1,058,226</u>	<u>-</u>	<u>1,058,226</u>

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include collective investments 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. This include forward foreign currency contracts. 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.

- (ii) The carrying values of cash and cash equivalents, amount due from Manager, amount due from Manager collective investment scheme – management fee rebate and all current liabilities are a reasonable approximation of their fair values due to their short term nature.

4. MANAGEMENT FEE

In accordance with the Deeds, the Manager is entitled to a fee of up to 3.00% per annum, calculated and accrued daily based on the NAV of the Fund.

For the financial year ended 31 July 2021 and 31 July 2020, the management fee for the respective classes was recognised at the following rates:

Class AUD-H	CLASS GBP-H	Class MYR-H	Class SGD-H	Class USD
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 Deed, the Trustee is entitled to a fee up to 0.20% per annum, calculated and accrued daily based on the NAV of the Fund. The Trustee fee includes local custodian fees and charges but excludes foreign sub-custodian fees and charges.

For the financial year ended 31 July 2021, the Trustee fee was recognised at a rate of 0.04% per annum (2020: 0.04% per annum) for each unit class.

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

6. TAXATION

	2021	2020
	USD	USD
Tax charged for the financial year:		
- Current taxation	-	-

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	2020
	USD	USD
Profit before taxation	109,058,031	36,726,242
Taxation at Malaysian statutory rate of 24% (2020: 24%)	26,173,927	8,814,298
Tax effects of:		
- Income not subject to tax	(28,248,496)	(9,104,910)
- Expenses not deductible for tax purposes	744,049	15,353
- Restriction on tax deductible expenses for Unit Trust Funds	1,330,520	275,259
Taxation	-	-

7. DISTRIBUTION

Distributions to unit holders were derived from the following sources (assessed up to distribution declaration date):

	2021 USD	2020 USD
Net realised gain on disposal of investments	6,472,892	-
Net realised gain on forward foreign currency contracts	103,796	-
	<u>6,576,688</u>	<u>-</u>
Less:		
Expenses	(3,589,655)	-
Net distribution amount	<u>2,987,033</u>	<u>-</u>

Gross/Net distribution per unit (sen)

Distribution on 6 August 2020

- Class AUD-H	3.07	-
- Class GBP-H	2.25	-
- Class MYR-H	0.53	-
- Class SGD-H	1.59	-
- Class USD	4.55	-
	<u>11.99</u>	<u>-</u>

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

Gross distribution per unit is derived from gross realised income less expense, 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.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 USD	2020 USD
At fair value through profit or loss at inception:		
- Collective investment scheme	<u>304,295,510</u>	<u>159,119,628</u>
Net gain on financial assets at fair value through profit or loss:		
- Realised gain on disposals	63,067,838	9,912,266
- Unrealised fair value gain	51,458,044	29,059,606
- Management fee rebate #	2,067,349	669,446
	<u>116,593,231</u>	<u>39,641,318</u>

Management fee rebate is derived from 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 31 July 2021, other income is recognised at a rate of 0.70% per annum (2020: 0.70% per annum) calculated and accrued daily based on the NAV of the collective investment scheme.

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 %
2021				
COLLECTIVE INVESTMENT SCHEME				
Franklin Technology I ACC USD	<u>4,707,542</u>	<u>216,501,842</u>	<u>304,295,510</u>	<u>98.41</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>4,707,542</u>	<u>216,501,842</u>	<u>304,295,510</u>	<u>98.41</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>87,793,668</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>304,295,510</u>		
2020				
COLLECTIVE INVESTMENT SCHEME				
Franklin Technology I ACC USD	<u>3,565,306</u>	<u>122,784,004</u>	<u>159,119,628</u>	<u>89.78</u>
TOTAL COLLECTIVE INVESTMENT SCHEME	<u>3,565,306</u>	<u>122,784,004</u>	<u>159,119,628</u>	<u>89.78</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>36,335,624</u>		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>159,119,628</u>		
9. CASH AND CASH EQUIVALENTS				

	2021 USD	2020 USD
Bank balances	<u>9,315,714</u>	<u>17,888,427</u>

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

	2021	2020
	USD	USD
Forward foreign currency contracts	<u>1,378,686</u>	<u>1,058,226</u>
Net gain/(loss) on derivative assets at fair value through profit or loss:		
- Net realised gain/(loss) on forward foreign currency contracts	1,012,393	(2,353,947)
- Net unrealised gain on forward foreign currency contracts	<u>320,459</u>	<u>1,475,740</u>
	<u>1,332,852</u>	<u>(878,207)</u>

As at 31 July 2021, there are total of 13 (2020: 20) outstanding USD/Australian Dollar ("AUD"), USD/Great Britain Pound ("GBP"), USD/Malaysian Ringgit ("MYR") and USD/Singapore Dollar ("SGD") forward foreign currency contracts. The notional principal amount of the outstanding forward foreign currency contracts amounted to USD306,727,596 (2020: USD161,019,036).

The forward foreign currency contracts are entered into during the financial year to minimise the risk of foreign currency exposure between the USD and the AUD, GBP, MYR and SGD for 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 contracts are recognised immediately in the statement of comprehensive income during the financial year.

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2021	2020
	No. of units	No. of units
Class AUD-H (i)	28,760,408	15,919,902
Class GBP-H (ii)	5,481,776	2,326,228
Class MYR-H (iii)	642,145,223	370,386,761
Class SGD-H (iv)	13,687,518	7,075,159
Class USD (v)	<u>26,828,173</u>	<u>9,385,235</u>
	<u>716,903,098</u>	<u>405,093,285</u>

(i) Class AUD-H

	2021	2020
	No. of units	No. of units
At the beginning of the financial year	15,919,902	11,223,090
Add : Creation of units from applications	35,238,914	26,430,731
Add : Creation of units from distribution	454,561	-
Add : Creation of units from unit split (Note 16(b))	6,711,892	-
Less: Cancellation of units	<u>(29,564,861)</u>	<u>(21,733,919)</u>
At the end of the financial year	<u>28,760,408</u>	<u>15,919,902</u>

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

(ii)	Class GBP-H		
		2021	2020
		No. of units	No. of units
	At the beginning of the financial year	2,326,228	2,278,040
	Add : Creation of units from applications	8,357,732	5,003,242
	Add : Creation of units from distribution	26,222	-
	Add : Creation of units from unit split (Note 16(b))	1,005,598	-
	Less: Cancellation of units	<u>(6,234,004)</u>	<u>(4,955,054)</u>
	At the end of the financial year	<u>5,481,776</u>	<u>2,326,228</u>
(iii)	Class MYR-H		
		2021	2020
		No. of units	No. of units
	At the beginning of the financial year	370,386,761	157,924,371
	Add : Creation of units from applications	1,856,683,236	750,122,754
	Add : Creation of units from distribution	5,101,097	-
	Add : Creation of units from unit split (Note 16(b))	251,518,333	-
	Less: Cancellation of units	<u>(1,841,544,204)</u>	<u>(537,660,364)</u>
	At the end of the financial year	<u>642,145,223</u>	<u>370,386,761</u>
(iv)	Class SGD-H		
		2021	2020
		No. of units	No. of units
	At the beginning of the financial year	7,075,159	6,121,679
	Add : Creation of units from applications	20,811,444	11,212,287
	Add : Creation of units from distribution	99,966	-
	Add : Creation of units from unit split (Note 16(b))	3,290,860	-
	Less: Cancellation of units	<u>(17,589,911)</u>	<u>(10,258,807)</u>
	At the end of the financial year	<u>13,687,518</u>	<u>7,075,159</u>
(v)	Class USD		
		2021	2020
		No. of units	No. of units
	At the beginning of the financial year	9,385,235	5,244,025
	Add : Creation of units from applications	50,463,667	19,192,715
	Add : Creation of units from distribution	273,714	-
	Add : Creation of units from unit split (Note 16(b))	7,857,015	-
	Less: Cancellation of units	<u>(41,151,458)</u>	<u>(15,051,505)</u>
	At the end of the financial year	<u>26,828,173</u>	<u>9,385,235</u>

12. MANAGEMENT EXPENSE RATIO (“MER”)

	2021	2020
	%	%
MER	<u>1.17</u>	<u>1.20</u>

MER was 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 calculation on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis was USD307,511,345 (2020: USD100,688,961).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2021	2020
PTR (times)	<u>0.85</u>	<u>0.89</u>

PTR was derived from the following calculation:

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

where:

total acquisition for the financial year = USD277,350,000 (2020: USD120,700,000)

total disposal for the financial year = USD246,700,000 (2020: USD59,410,000)

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

The related parties and their relationship with the Fund 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 shareholder of the Manager
CIMB Investment Bank Bhd	Fellow related party to the Manager

Units held by the Manager and parties related to the Manager

	<u>2021</u>		<u>2020</u>	
	<u>No. of units</u>	<u>USD</u>	<u>No. of units</u>	<u>USD</u>
Manager				
Principal Asset Management Berhad				
- Class AUD-H	5,667	6,196	4,129	4,383
- Class GBP-H	217	453	159	306
- Class MYR-H	48,343	16,063	92,844	33,489
- Class SGD-H	7,703	8,707	5,694	6,215
- Class USD	4,160	5,813	3,327	5,162

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.

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

15. TRANSACTIONS WITH BROKERS

Details of transactions with the broker for the financial year ended 31 July 2021 were as follows:

Brokers	Value of trades USD	Percentage of total trades %	Brokerage fees USD	Percentage of brokerage fees %
Franklin Templeton Investments	<u>524,050,000</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

Details of transactions with the broker for the financial year ended 31 July 2020 were as follows:

Brokers	Value of trades USD	Percentage of total trades %	Brokerage fees USD	Percentage of brokerage fees %
Franklin Templeton Investments	<u>180,110,000</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

16. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- a) 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.
- b) The Fund undertook a unit split exercise on 28 September 2020 based on unit split ratio of 1 units for every 3 units held for Class AUD-H, Class GBP-H, and Class SGD-H, and unit split ratio of 1 units for every 2 units held for Class MYR-H and Class USD, and the exercise was approved by the Trustee. As a result, the Fund has created a total of 270,383,698 units (2020: Nil) for the financial year ended 31 July 2021.

17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 21 September 2021.

DIRECTORY

Head Office of the Manager

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Auditors of the Fund (for the financial year ended 31 July 2021) and of the Manager (for the financial year ended 31 December 2020)

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