

Principal Asia Pacific Dynamic Income Fund

Interim Report

For the Six Months Financial Period Ended 30 September 2020

PRINCIPAL ASIA PACIFIC DYNAMIC INCOME FUND

INTERIM REPORT

FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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INVESTORS' LETTER

Dear Valued Investor,

Volatility has always been part of investing. Markets aren't more volatile than they've been in recent years. I would say the difference now is how quickly risks - may it be an announcement from the Government, a possible pandemic, or simply a tweet - can appear to affect the equity market. The roadmap to recovery will continue to be driven by supportive stimulus post US election, successful vaccine trials and the broadening recovery in China and other parts of Asia. Thus, focusing on your long-term investment plan can be one way to counteract the stresses of volatility. Eventually, markets will learn to separate noise from true information and adapt to the speed of information. It just takes time.

Our commitment to you remains steadfast. We are not advocating short-term, reactive investment decisions. A practical investment approach is generally based on a long-term view and your time horizon. Here are a few things to keep in mind:

1. Stay the course.

Remember volatility, isn't just markets dropping. It's movement. Markets can move up or down and this can create opportunities for long-term growth.

2. Review your goals, risk tolerance, and time horizon.

It's important to make sure your portfolio diversification continues to be in line with your long-term goals and matches your risk tolerance preferences.

3. Keep investing.

There is always a good time to invest. Invest whenever you can.

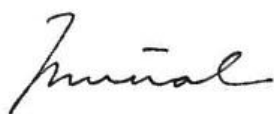
We continue to prefer equities over fixed income and remain Positive on Asian equities favouring China and more developed Asian economies on a 12-month basis. For our:

- **Conservative investors, we recommend:** Malaysia focus bond funds and regional balanced funds that are income focused.
- **More aggressive investors, we recommend:** Growth-oriented funds that offer exposure to growth areas in China, Asia-Pacific, ASEAN, Global Technology and Malaysian aggressive funds.

Please continue to check out our website (www.principal.com.my) and Facebook account (@PrincipalAssetMY) for our latest insights and investment articles.

We appreciate your continuous support and the trust you place in us. And, we're happy to share that we recently won four awards at the iFAST Awards Night 2020 and another eight awards from the Private Pension Administration ("PPA").

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 regular income by investing primarily in the Asia Pacific ex Japan region and at the same time aims to achieve capital appreciation over the medium to long term.

Has the Fund achieved its objective?

Yes, the Fund has achieved its objective of capital appreciation over the medium to long-term.

What are the Fund investment policy and principal investment strategy?

The Fund will be managed with the aim of achieving a stable and positive investment returns over the medium to long term through investments in Asia Pacific ex Japan region regardless of market conditions. The companies invested in must be domiciled in, listed in, and/or have significant operations in the Asia Pacific ex Japan region. For listed securities, the investment must be traded in an exchange that is a member of World Federation of Exchanges ("WFE"). 'Significant operations' means major businesses of the company. For example, the Fund can invest in a company with significant business/operations in Thailand but listed on the New York Stock Exchange ("NYSE"). The threshold for 'significant operations' would be if more than 25% of total group revenue is derived from countries in the Asia Pacific ex Japan region. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports). The term "medium to long term" refers to a period of three (3) years and more.

Under general market conditions, the Fund's investment will focus on high dividend yielding equities of companies, which the Sub-Manager believes will offer attractive yields, sustainable dividend payments and/or will exhibit above average growth potential when compared to its industry or the overall market at the point of purchase. In addition, the Fund may also invest in companies with good growth potential, which the Sub-Manager foresees may adopt a strong dividend payout policy. The Fund may also invest up to 20% of the Fund's Net Asset Value ("NAV") in debt securities to be in line with the Fund's objective. The Fund's investments in debt securities will generally be restricted to debt securities with a minimum credit rating of "BBB" by an international rating agency as prescribed under the Standard of Qualifying collective investment scheme or its equivalent rating by other international rating agencies. The Fund may also opt to access into the equities and/or debt securities market via the investment in units of other collective investment scheme that is in line with the Fund's objectives, subject to the requirements of the SC Guidelines and the Standards of Qualifying collective investment scheme.

The asset allocation strategy for this Fund is as follows:

- between 60% to 98% (both inclusive) of the Fund's NAV will be invested in equities;
- up to 20% of the Fund's NAV may be invested in debt securities;
- up to 20% of the Fund's NAV may be invested in units of other collective investment schemes that is in line with the Fund's objectives; and
- at least 2% of its NAV will be invested in liquid assets for liquidity purpose.

However, the Manager or the Sub-Manager may take temporary defensive positions that may detract from the Fund's prescribed asset allocation when the Manager or the Sub-Manager believes that the equity markets that the Fund invests in are experiencing excessive volatility, expects prolonged declines, or when there are other adverse conditions, such as political instability. Under these circumstances, the Fund may invest all or a substantial portion of its assets in money market instruments to achieve the Fund's investment objective in bearish or non-performing equity markets. The Sub-Manager may from time to time reduce its proportion of high risk assets, such as equities and increase its asset allocation to liquid assets such as money market instruments and/or Deposits to safeguard the Fund.

FUND OBJECTIVE AND POLICY (CONTINUED)

In response to these adverse conditions, the Manager or the Sub-Manager may also utilise derivative instruments such as futures contracts to hedge the portfolio. In the event of a downgrade of a counterparty of an over-the-counter (“OTC”) derivative below the minimum longterm rating as per the SC Guidelines, we reserve the right to deal with the OTC derivative in the best interest of the Unit holders. The use of derivatives is subject to the prevailing SC regulations and Standards of Qualifying collective investment scheme.

The Fund will invest in markets where the regulatory authority is an ordinary or associate member of International Organisation of Securities Commissions (“IOSCO”). Where necessary, the Manager will obtain the licenses/permits for investments in countries that require such licenses/permits. If the Manager is unable to obtain the necessary licenses/permits, or the licenses/permits are revoked or not renewed (as the case may be), the Manager or the Sub-Manager will seek to invest in other accessible markets.

The Manager has appointed Principal Asset Management (S) Pte Ltd (“Principal Singapore”), a company incorporated in Singapore as the Sub-Manager of the Fund. Principal Singapore will be responsible for investing and managing the Fund in accordance with the investment objective and within the investment restrictions.

The Sub-Manager will adopt an active investment strategy with frequency that will depend on the market conditions and the market outlook. The Sub-Manager uses a bottom-up stock selection process in searching for potentially interesting companies that offer attractive yields, sustainable dividend payments and exhibit above average growth potentials than its industry or the overall market. To complement this strategy, the Sub-Manager combines it with a top-down country and sector allocation process and will actively trade the securities in the portfolio of the Fund. Analysis and study will be made on the macroeconomic trends in Asia Pacific ex Japan economies where the investments are made; in particular, looking at the direction of Gross Domestic Product (“GDP”) growth, interest rates, inflation, currencies and government policies to form the view and outlook for each country. This serves as part of the risk management framework that enables the Sub-Manager to assess the impact of macroeconomic changes on corporate earnings and dividends and at the same time to determine if there are any predictable trends.

Base currency

US Dollar (“USD”)

Fund category/type

Equity/Income & Growth

When was the Fund launched?

Name of Class	Launch Date
Class MYR	25 April 2011
Class USD	09 September 2015
Class SGD	09 September 2015

What was the size of the Fund as at 30 September 2020?

USD829.19 million (7,661.90 million units)

What is the Fund’s benchmark?

The performance of this Fund cannot be compared directly with any specific publicly available benchmark. However, the Fund has a target return of eight percent (8%) per annum.

This is not a guaranteed return and is only a measurement of the Fund’s performance. The Fund may not achieve the target return in any particular financial year but targets to achieve this growth over the medium to long term.

FUND OBJECTIVE AND POLICY (CONTINUED)

What is the Fund distribution policy?

Depending on the level of income (if any) the respective Class generates, the Class aims to distribute part or all of its distributable income on quarterly basis.

What was the net income distribution for the six months financial period ended 30 September 2020?

The Fund distributed a total net income of USD9.30 million to unit holders for the six months financial period ended 30 September 2020.

The Fund's NAV per unit are as follows:

Date	NAV per unit (before distribution) USD	NAV per unit (after distribution) USD
15.04.2020		
Class MYR	0.0746	0.0742
Class SGD	0.7948	0.7903
Class USD	1.1386	1.1322
07.07.2020		
Class MYR	0.0862	0.0857
Class SGD	0.9180	0.9127
Class USD	1.3153	1.3076

PERFORMANCE DATA

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

	30.09.2020	30.09.2019	30.09.2018
	%	%	%
Quoted securities			
- Communication Services	8.92	9.85	5.09
- Consumer Discretionary	18.70	9.12	4.31
- Consumer Staples	-	-	1.58
- Energy	7.22	3.79	6.77
- Financials	12.87	14.54	30.94
- Health Care	1.87	1.25	3.76
- Industrials	14.11	11.11	8.84
- Information Technology	18.18	11.45	12.15
- Materials	11.25	3.65	9.59
- Real Estate	3.56	18.56	7.35
- Utilities	-	1.76	-
Cash and other net assets	3.32	14.92	9.62
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Note: The Fund had applied the Global Industry Classification Standard ("GICS") sectors classification.

PERFORMANCE DATA (CONTINUED)

Details of portfolio composition of the Fund for the last three financial periods are as follows (continued):

	30.09.2020	30.09.2019	30.09.2018
NAV (USD Million)			
- Class MYR	704.26	855.80	901.64
- Class SGD	37.06	41.20	54.04
- Class USD	87.87	109.11	109.91
Units in circulation (Million)			
- Class MYR	7,562.71	9,969.38	10,241.08
- Class SGD	37.36	45.17	57.87
- Class USD	61.83	83.51	82.33
NAV per unit (USD)			
- Class MYR	0.0931	0.0858	0.0880
- Class SGD	0.9920	0.9120	0.9338
- Class USD	1.4211	1.3065	1.3349
	01.04.2020	01.04.2019	01.04.2018
	to 30.09.2020	to 30.09.2019	to 30.09.2018
Highest NAV per unit (USD)			
- Class MYR	0.0963	0.0910	0.0987
- Class SGD	1.0261	0.9669	1.0452
- Class USD	1.4701	1.3848	1.4943
Lowest NAV per unit (USD)			
- Class MYR	0.0693	0.0832	0.0848
- Class SGD	0.7376	0.8844	0.9000
- Class USD	1.0566	1.2668	0.2867
Total return (%)			
- Class MYR	27.85	1.18	(0.85)
- Class SGD	27.61	0.71	(3.18)
- Class USD	33.02	(1.23)	(7.30)
Capital growth (%)			
- Class MYR	26.41	0.48	(2.89)
- Class SGD	26.15	0.02	(5.16)
- Class USD	31.51	(1.91)	(9.20)
Income distribution (%)			
- Class MYR	1.12	0.70	2.06
- Class SGD	1.16	0.71	2.05
- Class USD	1.16	0.70	2.06

PERFORMANCE DATA (CONTINUED)

Details of portfolio composition of the Fund for the last three financial periods are as follows (continued):

	01.04.2020 to 30.09.2020	01.04.2019 to 30.09.2019	01.04.2018 to 30.09.2018
Date of distribution	15.04.2020	-	26.04.2018
Gross/Net distribution per unit (cent)			
- Class MYR	0.04	-	0.10
- Class SGD	0.45	-	1.03
- Class USD	0.64	-	1.47
Date of distribution	07.07.2020	09.07.2019	26.07.2018
Gross/Net distribution per unit (cent)			
- Class MYR	0.05	0.06	0.09
- Class SGD	0.54	0.67	0.97
- Class USD	0.77	0.94	1.39
Management Expense Ratio ("MER")	0.93	0.93	0.95
Portfolio Turnover Ratio ("PTR") (times) #	0.64	0.37	0.46

The Fund's PTR increased from 0.37 times to 0.64 times due to higher volatility in the market, leading to more trading activities during the financial period under review.

	30.09.2020	30.09.2019	30.09.2018	30.09.2017	Since inception to 30.09.2016
	%	%	%	%	%
Annual total return					
- Class MYR	10.91	0.44	3.89	19.36	5.67
(Launch date: 25 April 2011)					
Annual total return					
- Class SGD	11.13	0.55	7.08	16.60	7.60
- Class USD	12.07	(0.46)	6.29	17.28	12.20

(Launch date: 9 September 2015)

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 APRIL 2020 TO 30 SEPTEMBER 2020)

Asian equity markets as measured by the MSCI AC Asia Pacific ex Japan Index surged 27.7% in USD terms during the period under review as markets bottomed towards the end of March 2020. Equity markets went into capitulation in March 2020 upon realization that most countries outside China reported alarming rise of infections and they were not prepared to contain the Coronavirus 2019 (“COVID-19”) outbreak. More countries put in place unprecedented protective orders and businesses were forced to shut down. Governments around the globe unveiled very large fiscal stimulus. Central Banks have cut interest rates and also unveiled a list of measures to alleviate financial stress. In March 2020, the oil price collapsed more than 50% as concerns over global demand slowdown induced by the pandemic were exacerbated by a failure of The Organization of the Petroleum Exporting Countries (“OPEC”) and Russia to reach a deal to extend the production cuts beyond March 2020.

In April 2020, Asian equity markets rebounded from the lows as investors sought comfort in the decisive and aggressive measures taken by Governments and Central Banks around the world to cushion the impact from the COVID-19. Encouraged by the economic re-openings around the globe, as well as better than expected economic data, a risk-on rally started in May 2020. The rally was mainly driven by the Information Technology (“IT”) and Consumer Discretionary sectors, while most ASEAN countries lagged in terms of performance. Markets were also helped by the US Federal Reserve (the “Fed”) signalling that they would keep rates near zero for next 3 years, reaffirming the belief that interest rates in Asia would also stay low for longer. During the period under review, USD depreciated, providing a tailwind for Asian equities.

Most economies are benefiting from the revival of economic activities after the lifting of COVID-19 induced lockdowns. China continued to record economic strength as evidenced by the Caixin Manufacturing Purchasing Managers’ Index (“PMI”) and Caixin Services PMI which stood at 53.1 and 54 respectively. Both US and Eurozone Manufacturing PMIs continued to improve in September 2020, at 53.2 and 53.7 respectively. Although most of ASEAN PMIs are still below 50 in September 2020, they are showing signs of improvement. Oil price recovered from the low in April 2020 and exceeded USD40 per barrel in August 2020. However, oil price fell 6.5% in September 2020 on demand concerns aggravated by doubts on OPEC’s unity. The number of new COVID-19 cases increased especially in Europe and Indonesian Governments reimposed a lockdown in Jakarta in September 2020. Together with uncertainty over the US Presidential elections and rising tension between US and China, this has led to market jitteries where we saw the MSCI Asia Pacific ex Japan Index pulled back 2.5% in USD terms in September 2020.

FUND PERFORMANCE

Class MYR

	6 months to 30.09.2020	1 year to 30.09.2020	3 years to 30.09.2020	5 years to 30.09.2020	Since inception to 30.09.2020
	%	%	%	%	%
Income Distribution	1.12	3.00	9.00	11.01	85.48
Capital Growth	26.41	7.67	6.29	31.50	54.93
Total Return	27.85	10.91	15.73	45.98	187.63
Benchmark	3.92	8.00	25.97	46.93	106.41
Average Total Return	N/A	10.91	4.99	7.86	11.84

Class SGD

	6 months to 30.09.2020	1 year to 30.09.2020	3 years to 30.09.2020	5 years to 30.09.2020	Since inception to 30.09.2020
	%	%	%	%	%
Income Distribution	1.16	3.02	9.14	11.22	11.22
Capital Growth	26.15	7.86	9.20	38.37	38.37
Total Return	27.61	11.13	19.65	50.11	51.19
Total Return (inclusive of application fee)*	21.23	5.57	13.66	42.60	43.63
Benchmark	3.92	8.00	25.97	46.93	46.99
Average Total Return	N/A	11.13	6.16	8.46	8.60

Class USD

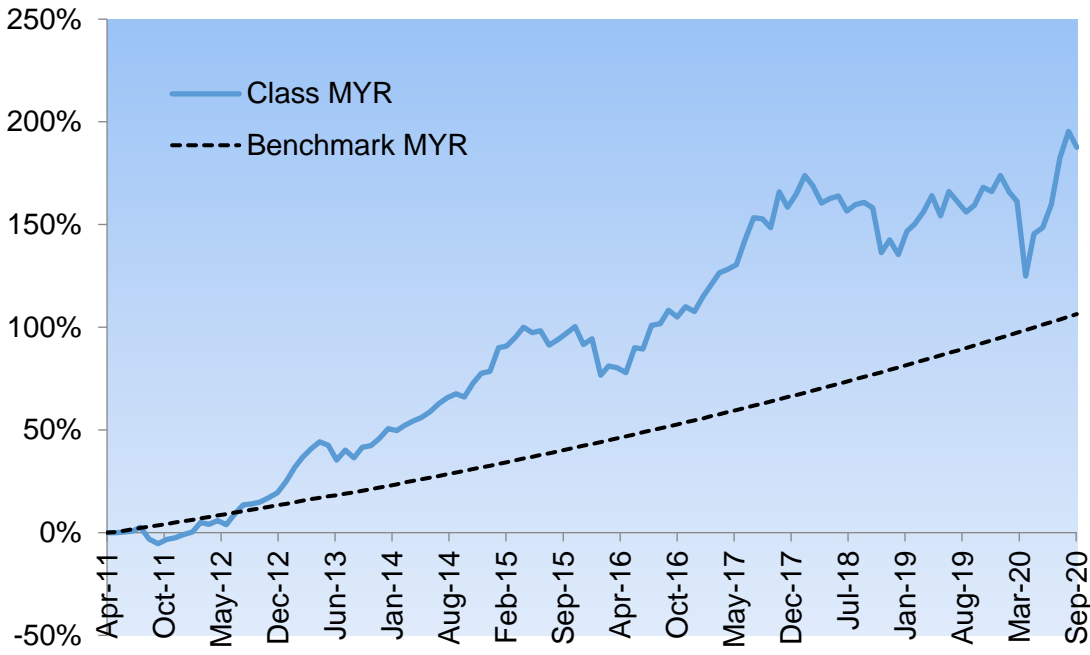
	6 months to 30.09.2020	1 year to 30.09.2020	3 years to 30.09.2020	5 years to 30.09.2020	Since inception to 30.09.2020
	%	%	%	%	%
Income Distribution	1.16	3.01	8.91	10.99	10.99
Capital Growth	31.51	8.80	8.93	40.59	40.59
Total Return	33.02	12.07	18.57	56.03	57.67
Total Return (inclusive of application fee)*	26.37	6.47	12.64	48.22	49.87
Benchmark	3.92	8.00	25.97	46.93	46.99
Average Total Return	N/A	12.07	5.84	9.30	9.52

During the financial period under review, the Fund has provided a return of 27.85%, 27.61% and 33.02% in Class MYR, Class SGD and Class USD respectively, which has outperformed against the benchmark return of 3.92%.

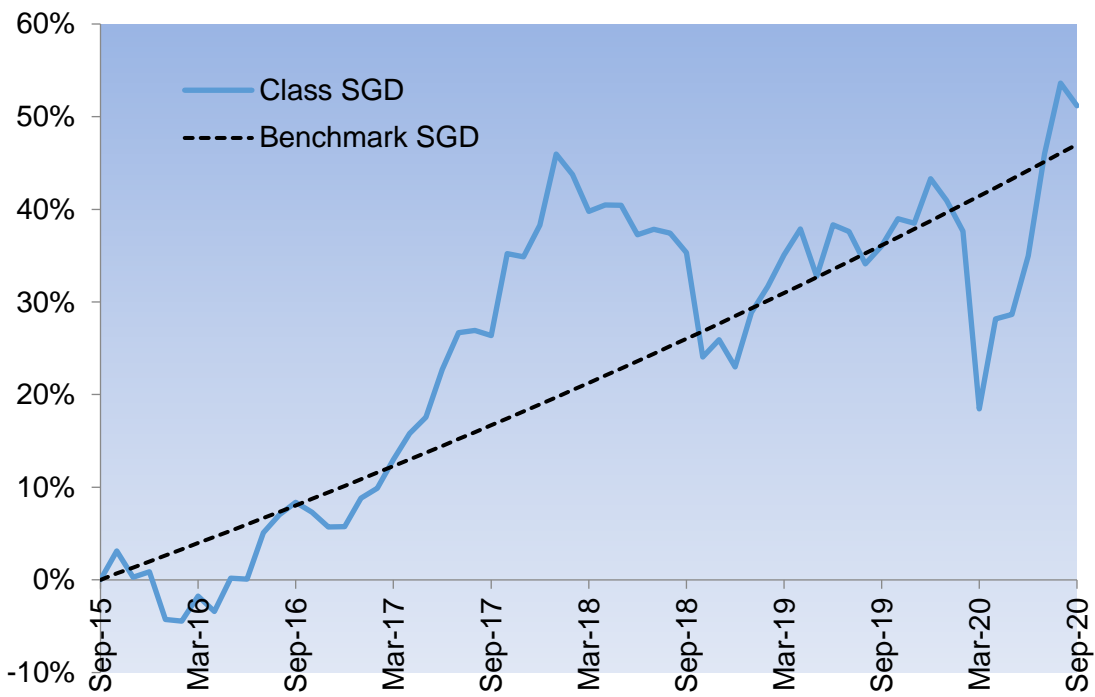
*The performance of the Class SGD and Class USD is computed on a single pricing basis (NAV-NAV) (taking into account the maximum Application Fee of up to 5% and Withdrawal Fee / Redemption Fee (if any)) and with dividends and distributions (if any) reinvested. Note that a lower Application Fee may be charged when subscribing for Units.

FUND PERFORMANCE (CONTINUED)

Class MYR

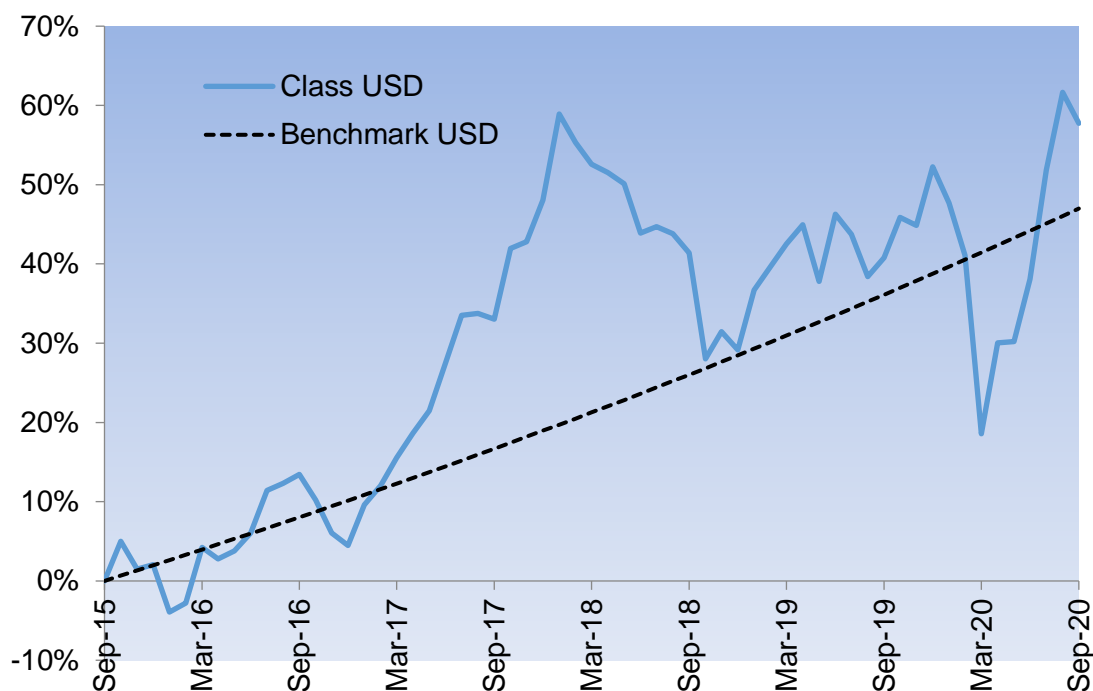


Class SGD



FUND PERFORMANCE (CONTINUED)

Class USD



CLASS MYR

	30.09.2020	31.03.2020 Audited	Changes %
NAV (USD Million)	704.26	615.78	14.37
NAV/Unit (USD)	0.0931	0.0709	31.31

CLASS SGD

	30.09.2020	31.03.2020 Audited	Changes %
NAV (USD Million)	37.06	32.47	14.14
NAV/Unit (USD)	0.9920	0.7545	31.48

CLASS USD

	30.09.2020	31.03.2020 Audited	Changes %
NAV (USD Million)	87.87	82.14	6.98
NAV/Unit (USD)	1.4211	1.0809	31.47

The NAV rose over the past 6 months by 14.37%, 14.14% and 6.98% for MYR, SGD and USD class respectively. The NAV per unit also grew by 31.31%, 31.48% and 31.47% in MYR, SGD and USD class respectively. This is mainly driven by the positive performance in equity markets.

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)	30.09.2020	31.03.2020 Audited
Quoted securities	96.68	89.36
Cash and other net assets	3.32	10.64
Total	100.00	100.00

As at 30 September 2020, the Fund held 96.68% in quoted securities, and the rest in cash and other net assets. Cash was redeployed into the market during the period under review as the market correction has led to buying opportunities.

MARKET OUTLOOK*

Most economies are still benefiting from the revival of economic activities after the lifting of COVID-19 induced lockdowns, as evidenced by improving Global PMIs. However, in the near term, the stock markets are expected to face some volatility due to the resurgence of the COVID-19 cases that could have a negative impact on the global economic recovery. We maintain our view that the global economy should continue its recovery over the next 12 months, despite near term uncertainties and for Asian earnings to recover strongly in 2021. We expect fiscal policies to remain supportive in this environment. With inflation expected to remain subdued for longer, Asian Central Banks would have less pressure to normalise interest rates and keep rates lower for longer. Hence, the ample liquidity will be a tailwind for Asian equities in the next 12 months. We view any market weakness as opportunities to accumulate Asian financial assets and to position for a market recovery in 2021. The main risks that could derail the positive fundamental outlook are (1) resurgence of COVID-19 in Europe which may stall the recovery in global economic growth; (2) US Presidential elections; (3) an escalation of tension between US; and China and (4) potential policy missteps such as premature lifting of stimulus measures.

* 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 focus on large cap, high quality stocks that exhibit strong growth potential or good earnings visibility. While the Fund will continue to have an income focus as part of the total return strategy, we have increased the bias to cyclical or economic sensitive names such as financials and industrials to position the Fund to benefit from global economic recovery. Our core focus for the portfolio continues to be (1) quality companies that have strong business moat who will emerge strongly from this downturn as well as those who can gain market share; (2) companies with leading market positions and have demonstrated strong ability to innovate and capture market opportunities, such as technology companies; and (3) companies that are winners in the new way of work and play post COVID-19.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 30 September 2020 are as follows:

CLASS MYR

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	2,174	6.12	0.08
5,001-10,000	2,207	16.06	0.21
10,001-50,000	8,868	225.29	2.98
50,001-500,000	7,349	1,003.54	13.27
500,001 and above	382	6,311.70	83.46
Total	20,980	7,562.71	100.00

CLASS SGD

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
5,001-10,000	-	-	-
10,001-50,000	5	0.14	0.37
50,001-500,000	8	1.77	4.74
500,001 and above	8	35.45	94.89
Total	23	37.36	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	0.01	0.01
5,001-10,000	1	0.01	0.02
10,001-50,000	3	0.08	0.13
50,001-500,000	6	1.29	2.09
500,001 and above	10	60.44	97.75
Total	22	61.83	100.00

Note: 0.00* denotes fair value 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 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 ASIA PACIFIC DYNAMIC INCOME 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 15 to 47 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 30 September 2020 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
12 November 2020

**TRUSTEE'S REPORT TO THE UNITHOLDERS OF
PRINCIPAL ASIA PACIFIC DYNAMIC INCOME FUND**

We have acted as Trustee of Principal Asia Pacific Dynamic Income Fund ("the Fund") for the financial period ended 30 September 2020. To the best of our knowledge, Principal Asset Management Berhad ("the Manager"), has operated and managed the Fund in accordance with the following:

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

During this financial period, a total distribution of 0.09 cent per unit (gross) for Class MYR, 0.99 cent per unit (gross) for Class SGD and 1.41 cent per unit (gross) for Class USD have been distributed to the unitholders of the Fund respectively. We are of the view that the distributions are not inconsistent with the objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Vicknesan Balakrishnan
Chief Executive Officer

Kuala Lumpur
12 November 2020

PRINCIPAL ASIA PACIFIC DYNAMIC INCOME FUND

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

		01.04.2020 to 30.09.2020	01.04.2019 to 30.09.2019
	Note	USD	USD
INCOME/(LOSS)			
Dividend income		13,388,573	20,673,938
Interest income		6,996	901,191
Net gain/(loss) on financial assets at fair value through profit or loss	8	234,929,225	(20,833,011)
Net foreign exchange loss		<u>(794,428)</u>	<u>(1,238,841)</u>
		<u>247,530,366</u>	<u>(496,723)</u>
EXPENSES			
Management fee	4	7,325,821	9,217,575
Trustee and custodian fees	5	422,955	503,958
Audit fee		2,491	2,472
Tax agent's fee		1,478	764
Transaction costs		2,164,232	1,359,125
Other expenses		<u>1,057,066</u>	<u>1,699,833</u>
		<u>10,974,043</u>	<u>12,783,727</u>
PROFIT/(LOSS) BEFORE FINANCE COST AND TAXATION		236,556,323	(13,280,450)
Finance cost:			
- Class MYR		(7,804,451)	(6,223,650)
- Class SGD		(427,935)	(341,476)
- Class USD		<u>(1,065,282)</u>	<u>(792,511)</u>
	7	<u>(9,297,668)</u>	<u>(7,357,637)</u>
PROFIT/(LOSS) BEFORE TAXATION		227,258,655	(20,638,087)
Taxation	6	<u>-</u>	<u>-</u>
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>227,258,655</u>	<u>(20,638,087)</u>
Increase/(Decrease) in net assets attributable to unit holders is made up as follows:			
Realised amount		(2,167,084)	20,167,013
Unrealised amount		<u>229,425,739</u>	<u>(40,805,100)</u>
		<u>227,258,655</u>	<u>(20,638,087)</u>

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

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

		30.09.2020	31.03.2020
	Note	USD	Audited USD
ASSETS			
Cash and cash equivalents	9	28,566,357	71,038,333
Financial assets at fair value through profit or loss	8	801,654,252	652,701,217
Amount due from stockbrokers		2,936,036	13,437,331
Amount due from Manager		4,226,037	1,237,483
Dividends receivable		381,029	906,798
TOTAL ASSETS		<u>837,763,711</u>	<u>739,321,162</u>
LIABILITIES			
Amount due to stockbrokers		2,378,007	4,743,328
Amount due to Manager		4,939,631	2,991,789
Accrued management fee		1,216,188	1,154,617
Amount due to Trustee		34,673	32,964
Other payables and accruals		2,927	4,378
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		<u>8,571,426</u>	<u>8,927,076</u>
NET ASSET VALUE OF THE FUND		<u>829,192,285</u>	<u>730,394,086</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		<u>829,192,285</u>	<u>730,394,086</u>
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS (USD)			
- Class MYR		704,263,171	615,784,105
- Class SGD		37,062,935	32,470,599
- Class USD		87,866,179	82,139,382
		<u>829,192,285</u>	<u>730,394,086</u>
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class MYR		7,562,709,269	8,682,435,380
- Class SGD		37,360,910	43,032,082
- Class USD		61,825,534	75,990,005
	10	<u>7,661,895,713</u>	<u>8,801,457,467</u>
NET ASSET VALUE PER UNIT (USD) (EX-DISTRIBUTION)			
- Class MYR		0.0931	0.0709
- Class SGD		0.9920	0.7545
- Class USD		<u>1.4211</u>	<u>1.0809</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES (EX-DISTRIBUTION)			
- Class MYR		RM0.3868	RM0.3061
- Class SGD		SGD1.3591	SGD1.0776
- Class USD		<u>USD1.4211</u>	<u>USD1.0809</u>

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

PRINCIPAL ASIA PACIFIC DYNAMIC INCOME FUND

**UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

	01.04.2020 to 30.09.2020 USD	01.04.2019 to 30.09.2019 USD
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>730,394,086</u>	<u>1,081,430,992</u>
Movement due to units created and cancelled during the financial period:		
Creation of units from applications		
- Class MYR	83,176,812	90,939,211
- Class SGD	4,266,286	2,115,734
- Class USD	<u>6,555,512</u>	<u>8,892,870</u>
	<u>93,998,610</u>	<u>101,947,815</u>
Creation of units from distributions		
- Class MYR	7,736,394	6,174,406
- Class SGD	423,276	334,914
- Class USD	<u>348,303</u>	<u>314,173</u>
	<u>8,507,973</u>	<u>6,823,493</u>
Cancellation of units		
- Class MYR	(193,808,979)	(142,596,334)
- Class SGD	(10,358,761)	(9,835,597)
- Class USD	<u>(26,799,299)</u>	<u>(11,019,493)</u>
	<u>(230,967,039)</u>	<u>(163,451,424)</u>
Increase/(Decrease) in net assets attributable to unit holders during the financial period	<u>227,258,655</u>	<u>(20,638,087)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL PERIOD	<u>829,192,285</u>	<u>1,006,112,789</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 30 SEPTEMBER 2020**

	01.04.2020 to 30.09.2020	01.04.2019 to 30.09.2019
Note	USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from disposal of quoted securities	587,173,780	472,418,284
Purchase of quoted securities	(494,734,151)	(299,781,346)
Dividend income received	13,170,077	18,499,568
Interest income received from deposits with licensed financial institutions and current account	6,996	901,191
Management fee paid	(7,264,250)	(9,353,116)
Trustee and custodian fees paid	(421,246)	(507,822)
Payments for other fees and expenses	(274,877)	(19,630)
Net realised exchange loss	(2,015,577)	(963,539)
Net cash generated from operating activities	<u>95,640,752</u>	<u>181,193,590</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash proceeds from units created	91,137,659	106,533,404
Payments for cancellation of units	(229,338,664)	(165,139,877)
Distributions paid	(789,695)	(983,150)
Net cash used in financing activities	<u>(138,990,700)</u>	<u>(59,589,623)</u>
Net (decrease)/increase in cash and cash equivalents	(43,349,948)	121,603,967
Effect of foreign exchange differences	877,972	(125,387)
Cash and cash equivalents at the beginning of the financial period	<u>71,038,333</u>	<u>48,719,908</u>
Cash and cash equivalents at the end of the financial period	9 <u><u>28,566,357</u></u>	<u><u>170,198,488</u></u>
<u>Cash and cash equivalents comprised of:</u>		
Deposits with licensed financial institutions	-	100,027,996
Bank balances	<u>28,566,357</u>	<u>70,170,492</u>
Cash and cash equivalents at the end of the financial period	9 <u><u>28,566,357</u></u>	<u><u>170,198,488</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Asia Pacific Dynamic Income Fund (the “Fund”) was constituted pursuant to a Deed dated 15 May 2008 and subsequently is now governed by a Principal Master Deed dated 10 April 2015 and a Second Supplemental Deed dated 28 August 2019 (collectively referred to as the “Deeds”), between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund will be managed with the aim of achieving a stable and positive investment returns over the medium to long term through investments in Asia Pacific ex Japan region regardless of market conditions. The companies invested in must be domiciled in, listed in, and/or have significant operations in the Asia Pacific ex Japan region. For listed securities, the investment must be traded in an exchange that is a member of WFE. ‘Significant operations’ means major businesses of the company. For example, the Fund can invest in a company with significant business/operations in Thailand but listed on the NYSE. The threshold for ‘significant operations’ would be if more than 25% of total group revenue is derived from countries in the Asia Pacific ex Japan region. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports). The term “medium to long term” refers to a period of three (3) years and more.

Under general market conditions, the Fund’s investment will focus on high dividend yielding equities of companies, which the Sub-Manager believes will offer attractive yields, sustainable dividend payments and/or will exhibit above average growth potential when compared to its industry or the overall market at the point of purchase. In addition, the Fund may also invest in companies with good growth potential, which the Sub-Manager foresees may adopt a strong dividend payout policy. The Fund may also invest up to 20% of the Fund’s NAV in debt securities to be in line with the Fund’s objective. The Fund’s investments in debt securities will generally be restricted to debt securities with a minimum credit rating of “BBB” by an international rating agency as prescribed under the Standard of Qualifying collective investment scheme or its equivalent rating by other international rating agencies. The Fund may also opt to access into the equities and/or debt securities market via the investment in units of other collective investment scheme that is in line with the Fund’s objectives, subject to the requirements of the SC Guidelines and the Standards of Qualifying collective investment scheme.

The asset allocation strategy for this Fund is as follows:

- between 60% to 98% (both inclusive) of the Fund’s NAV will be invested in equities;
- up to 20% of the Fund’s NAV may be invested in debt securities;
- up to 20% of the Fund’s NAV may be invested in units of other collective investment schemes that is in line with the Fund’s objectives; and
- at least 2% of its NAV will be invested in liquid assets for liquidity purpose.

However, the Manager or the Sub-Manager may take temporary defensive positions that may detract from the Fund’s prescribed asset allocation when the Manager or the Sub-Manager believes that the equity markets that the Fund invests in are experiencing excessive volatility, expects prolonged declines, or when there are other adverse conditions, such as political instability. Under these circumstances, the Fund may invest all or a substantial portion of its assets in money market instruments to achieve the Fund’s investment objective in bearish or non-performing equity markets. The Sub-Manager may from time to time reduce its proportion of high risk assets, such as equities and increase its asset allocation to liquid assets such as money market instruments and/or Deposits to safeguard the Fund.

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES (CONTINUED)

In response to these adverse conditions, the Manager or the Sub-Manager may also utilise derivative instruments such as futures contracts to hedge the portfolio. In the event of a downgrade of a counter-party of an OTC derivative below the minimum longterm rating as per the SC Guidelines, we reserve the right to deal with the OTC derivative in the best interest of the Unit holders. The use of derivatives is subject to the prevailing SC regulations and Standards of Qualifying collective investment scheme.

The Fund will invest in markets where the regulatory authority is an ordinary or associate member of IOSCO. Where necessary, the Manager will obtain the licenses/permits for investments in countries that require such licenses/permits. If the Manager is unable to obtain the necessary licenses/permits, or the licenses/permits are revoked or not renewed (as the case may be), the Manager or the Sub-Manager will seek to invest in other accessible markets.

The Manager has appointed Principal Singapore, a company incorporated in Singapore as the Sub-Manager of the Fund. Principal Singapore will be responsible for investing and managing the Fund in accordance with the investment objective and within the investment restrictions.

The Sub-Manager will adopt an active investment strategy with frequency that will depend on the market conditions and the market outlook. The Sub-Manager uses a bottom-up stock selection process in searching for potentially interesting companies that offer attractive yields, sustainable dividend payments and exhibit above average growth potentials than its industry or the overall market. To complement this strategy, the Sub-Manager combines it with a top-down country and sector allocation process and will actively trade the securities in the portfolio of the Fund. Analysis and study will be made on the macroeconomic trends in Asia Pacific ex Japan economies where the investments are made; in particular, looking at the direction of GDP growth, interest rates, inflation, currencies and government policies to form the view and outlook for each country. This serves as part of the risk management framework that enables the Sub-Manager to assess the impact of macroeconomic changes on corporate earnings and dividends and at the same time to determine if there are any predictable trends.

All investments are subjected to the 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 and International Financial Reporting Standards ("IFRS").

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 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 period beginning on 1 March 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 annual periods beginning on/after 1 October 2020 to the financial statements of the Fund.

(b) Financial assets and financial liabilities

Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income ("OCI").

The Fund classifies cash and cash equivalents, amount due from stockbrokers, amount due from Manager and dividends receivable as financial assets at amortised cost as these financial assets are held to collect contractual cash flows consisting of the amount outstanding.

The Fund classifies amount due to stockbrokers, amount due to Manager, accrued management fee, amount due to Trustee, and other payables and accruals as financial liabilities 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. Transaction costs are expensed in the statement of comprehensive income.

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

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of gross dividend income when the Fund's right to receive payments is established.

Foreign quoted securities are valued at the last traded market price quoted on the respective foreign stock exchanges at the close of the business day of the respective foreign stock exchanges.

If a valuation based on the market price does not represent the fair value of the quoted securities, for example during abnormal market conditions or when no market price is available, including in the event of a suspension in the quotation of the quoted securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the quoted securities are valued as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.

Financial assets at amortised cost and other financial liabilities are subsequently carried at amortised cost using the effective interest method.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Impairment for assets carried at amortised cost

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.

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

Dividend income is recognised on the ex-dividend date when the right to receive payment is established.

Interest income from deposits with licensed financial institutions is recognised on a time proportionate basis using the 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 quoted securities are 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) **Foreign currency**

Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements are presented in 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.

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 the statement of comprehensive income.

(f) **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 three classes of units, known respectively as the Class MYR, Class SGD 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 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 unit holders of respective classes with the total number of outstanding units of respective classes.

(g) **Taxation**

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

Tax on dividend income from foreign quoted securities is based on the tax regime of the respective countries that the Fund invests in.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Transaction costs

Transaction costs are costs incurred to acquire or dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expenses.

(i) Increase/Decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders.

(j) Distribution

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

(k) Amount due from/to stockbrokers

Amounts due from stockbrokers represent receivables for quoted securities sold that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The amount due from stockbrokers balance is held for collection.

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.

(l) Realised and unrealised portions of increase/decrease in net assets attributable to unit holders

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 prepared in accordance with SC Guidelines on Unit Trust Funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 judgement are continually evaluated by the Manager and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC Guidelines on Unit Trust Funds.

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund aims to provide regular income by investing primarily in the Asia Pacific ex Japan region and at the same time aims to achieve capital appreciation over the medium to long term.

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

This is the risk that the fair value of an investment in quoted securities will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk). The value of quoted securities may fluctuate according to the activities of individual companies, sector and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may also fluctuate.

The price risk is managed through diversification and selection of quoted securities and other financial instruments within specified limits according to the Deeds.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(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 that the future cash flows of a financial instrument will fluctuate because of 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 each financial period, the Fund is not exposed to a material level of interest rate risk.

(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 with licensed financial institutions is managed by ensuring that the Fund will only place deposits in reputable licensed financial institutions.

For amount due from stockbrokers, the settlement terms are governed by the relevant rules and regulations as prescribed by respective stock exchanges. The credit risk is minimal as all transactions in quoted securities are settled/paid upon delivery using approved stockbrokers.

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.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. For the purpose of the Fund, the Manager will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

(d) **Capital risk management**

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

(e) **Fair value estimation**

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

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

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

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

(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)

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

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

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

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
30.09.2020				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>801,654,252</u>	<u>-</u>	<u>-</u>	<u>801,654,252</u>
31.03.2020				
Audited				
Financial assets at fair value through profit or loss:				
- Quoted securities	<u>652,701,217</u>	<u>-</u>	<u>-</u>	<u>652,701,217</u>

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

(ii) The carrying values of cash and cash equivalents, amount due from stockbrokers, amount due from Manager, dividends receivable 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 maximum management fee of 3.00% per annum for each unit class, calculated daily based on the NAV of the Fund.

For the six months financial period ended 30 September 2020 and 30 September 2019, the management fee for the respective classes is recognised at the following rates:

Class MYR	Class SGD	Class USD
1.80%	1.50%	1.50%

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

5. TRUSTEE AND CUSTODIAN FEES

In accordance with the Deeds, the Trustee is entitled to a maximum fee of 0.08% per annum, calculated daily based on the NAV of the Fund. The trustee fee includes 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 30 September 2020, the foreign sub-custodian fee amounted to USD214,020 (30.09.2019: USD241,284).

For the six months financial period ended 30 September 2020, the Trustee fee is recognised at the rate of 0.05% per annum (30.09.2019: 0.05% per annum).

There is no further liability to the Trustee and custodian in respect of Trustee and custodian fees other than the amount recognised above.

6. TAXATION

	01.04.2020 to 30.09.2020	01.04.2019 to 30.09.2019
	USD	USD
Tax charged for the financial period:		
- Current taxation	-	-
	<u>-</u>	<u>-</u>

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

	01.04.2020 to 30.09.2020	01.04.2019 to 30.09.2019
	USD	USD
Profit/(Loss) before finance cost and taxation	<u>236,556,323</u>	<u>(13,280,450)</u>
Taxation at Malaysian statutory rate of 24%	56,773,518	(3,187,308)
Tax effects of:		
- (Income not subject to tax)/ Investment loss not deductible for tax purposes	(59,407,288)	119,213
- Expenses not deductible for tax purposes	872,635	852,083
- Restriction on tax deductible expenses for Unit Trust Funds	<u>1,761,135</u>	<u>2,216,012</u>
Taxation	<u>-</u>	<u>-</u>

7. FINANCE COST

Distributions to unit holders are derived from the following sources:

	01.04.2020 to 30.09.2020	01.04.2019 to 30.09.2019
	USD	USD
Dividend income	4,613,265	3,216,554
Interest income	28,445	99,089
Net realised gain from disposal of quoted securities	6,153,728	5,715,734
Prior financial period's realised income	4,776,166	-
	<u>15,571,604</u>	<u>9,031,377</u>
Less:		
Expenses	<u>(6,273,936)</u>	<u>(1,673,740)</u>
Net distribution amount	<u>9,297,668</u>	<u>7,357,637</u>

Distribution on 15 April 2020

Gross/Net distribution per unit (cent)

- Class MYR	0.04	-
- Class SGD	0.45	-
- Class USD	0.64	-

Distribution on 7 July 2020

Gross/Net distribution per unit (cent)

- Class MYR	0.05	-
- Class SGD	0.54	-
- Class USD	0.77	-

Distribution on 9 July 2019

Gross/Net distribution per unit (cent)

- Class MYR	-	0.06
- Class SGD	-	0.67
- Class USD	-	0.94
	<u>2.49</u>	<u>1.67</u>

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

During the six months financial period 30 September 2019, the Fund incurred unrealised loss of RM40,805,100.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.09.2020	31.03.2020
	USD	Audited USD
At fair value through profit or loss:		
- Quoted securities	<u>801,654,252</u>	<u>652,701,217</u>
	01.04.2020	01.04.2019
	to 30.09.2020	to 30.09.2019
	USD	USD
Net loss on financial assets at fair value through profit or loss:		
- Realised (loss)/gain on disposals	6,412,429	19,866,938
- Unrealised fair value gain/(loss)	<u>228,516,796</u>	<u>(40,699,949)</u>
	<u>234,929,225</u>	<u>(20,833,011)</u>

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
30.09.2020				
QUOTED SECURITIES				
AUSTRALIA				
Consumer Discretionary				
Aristocrat Leisure Ltd	<u>1,006,891</u>	<u>17,152,030</u>	<u>21,477,260</u>	<u>2.59</u>
Energy				
Beach Energy Ltd	3,992,284	4,360,406	3,750,637	0.45
Oil Search Ltd	<u>3,187,579</u>	<u>18,302,642</u>	<u>5,989,279</u>	<u>0.72</u>
	<u>7,179,863</u>	<u>22,663,048</u>	<u>9,739,916</u>	<u>1.17</u>
Industrials				
ALS Ltd	3,391,976	17,813,402	22,234,229	2.68
Seven Group Holdings Ltd	654,944	9,153,091	8,353,180	1.01
	<u>4,046,920</u>	<u>26,966,493</u>	<u>30,587,409</u>	<u>3.69</u>
Materials				
BHP Group Ltd	1,065,939	27,706,643	27,007,975	3.26
Northern Star Resources Ltd	1,210,524	13,519,013	11,751,612	1.42
	<u>2,276,463</u>	<u>41,225,656</u>	<u>38,759,587</u>	<u>4.68</u>
TOTAL AUSTRALIA	<u>14,510,137</u>	<u>108,007,227</u>	<u>100,564,172</u>	<u>12.13</u>

PRINCIPAL ASIA PACIFIC DYNAMIC INCOME FUND

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 %
30.09.2020 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
CAYMAN ISLANDS				
Consumer Discretionary				
Alibaba Group Holding Ltd	2,559,400	66486561	91,027,614	10.98
TOTAL CAYMAN ISLANDS	2,559,400	66,486,561	91,027,614	10.98
CHINA				
Health Care				
WuXi AppTec Co Ltd	1,078,900	16,158,545	15,496,447	1.87
Industrials				
Sany Heavy Industry Co Ltd - A ¹	4,926,210	14,053,154	18,060,019	2.18
Information Technology				
Hangzhou Hikvision Digital Technology Co Ltd	2,301,949	11,579,398	12,921,563	1.56
TOTAL CHINA	8,307,059	41,791,097	46,478,029	5.61
HONG KONG, CHINA				
Communication Services				
Tencent Holdings Ltd	1,120,200	51,078,990	73,942,987	8.92
Consumer Discretionary				
Galaxy Entertainment Group Ltd	2,715,000	22,719,342	18,201,667	2.20
Li Ning Co Ltd	3,414,000	10,264,157	15,860,680	1.91
Sands China Ltd	2,196,000	11,255,827	8,459,262	1.02
	8,325,000	44,239,326	42,521,609	5.13
Financials				
AIA Group Ltd	2,254,400	21,415,612	22,081,498	2.66
Hong Kong Exchanges & Clearing Ltd	486,700	21,922,083	22,724,048	2.74
	2,741,100	43,337,695	44,805,546	5.40

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 %
30.09.2020 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
HONG KONG, CHINA (CONTINUED)				
Industrials				
China Conch Venture Holdings Ltd	3,606,500	17,373,782	16,708,450	2.02
Techtronic Industries Co Ltd	2,299,500	14,121,504	30,149,694	3.64
	<u>5,906,000</u>	<u>31,495,286</u>	<u>46,858,144</u>	<u>5.66</u>
Information Technology				
Kingboard Laminates Holdings Ltd	17,213,500	18,079,517	23,546,742	2.84
TOTAL HONG KONG, CHINA	<u>35,305,800</u>	<u>188,230,814</u>	<u>231,675,028</u>	<u>27.95</u>
INDIA				
Energy				
Reliance Industries Ltd	1,695,603	28,370,855	50,158,937	6.05
Financials				
HDFC Bank Ltd	1,759,005	25378601	25707797	3.10
Industrials				
Larsen & Toubro Ltd	476,934	9,705,849	5,826,524	0.70
Information Technology				
Tata Consultancy Services Ltd	440,492	13,159,088	14,875,642	1.79
TOTAL INDIA	<u>4,372,034</u>	<u>76,614,393</u>	<u>96,568,900</u>	<u>11.64</u>
INDONESIA				
Financials				
Bank Central Asia TBK PT	8,463,600	17,790,147	15,373,707	1.85
Materials				
Semen Indonesia Persero TBK PT	2,717,000	2,424,637	1,670,898	0.20
TOTAL INDONESIA	<u>11,180,600</u>	<u>20,214,784</u>	<u>17,044,605</u>	<u>2.05</u>

PRINCIPAL ASIA PACIFIC DYNAMIC INCOME FUND

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 %
30.09.2020 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
JAPAN				
Information Technology				
Murata Manufacturing Co Ltd	101,200	6,517,892	6,493,993	0.78
TOTAL JAPAN	101,200	6,517,892	6,493,993	0.78
SINGAPORE				
Financials				
DBS Group Holdings Ltd	1,133,600	17,482,485	16,474,181	1.99
Industrials				
Singapore Technologies Engineering Ltd	2,822,600	7,210,399	7,128,500	0.86
Information Technology				
Venture Corporation Ltd	765,000	16,361,174	10,743,338	1.30
Real Estate				
Keppel DC REIT	6,550,904	8,581,357	13,914,480	1.68
Lendlease Global Commercial REIT	31,380,800	19,920,074	15,575,632	1.88
	37,931,704	28,501,431	29,490,112	3.56
TOTAL SINGAPORE	42,652,904	69,555,489	63,836,131	7.71
SOUTH KOREA				
Information Technology				
Samsung Electronics Co Ltd	959,232	39,978,156	47,705,135	5.75
Materials				
LG Chem Ltd	94,559	33,923,734	52,844,417	6.37
TOTAL SOUTH KOREA	1,053,791	73,901,890	100,549,552	12.12

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 %
30.09.2020 (CONTINUED)				
QUOTED SECURITIES (CONTINUED)				
TAIWAN				
Industrials				
AirTac International Group	<u>377,000</u>	<u>8,767,432</u>	<u>8,440,798</u>	<u>1.02</u>
Information Technology				
MediaTek Inc	572,000	11,011,026	11,941,144	1.44
Taiwan Semiconductor Manufacturing Co Ltd	<u>1,517,000</u>	<u>17,072,802</u>	<u>22,590,960</u>	<u>2.72</u>
	<u>2,089,000</u>	<u>28,083,828</u>	<u>34,532,104</u>	<u>4.16</u>
TOTAL TAIWAN	<u>2,466,000</u>	<u>36,851,260</u>	<u>42,972,902</u>	<u>5.18</u>
THAILAND				
Financials				
Bangkok Bank PCL	<u>1,463,200</u>	<u>9,827,330</u>	<u>4,443,326</u>	<u>0.53</u>
TOTAL THAILAND	<u>1,463,200</u>	<u>9,827,330</u>	<u>4,443,326</u>	<u>0.53</u>
TOTAL QUOTED SECURITIES	<u>123,972,125</u>	697,998,737	<u>801,654,252</u>	<u>96.68</u>
ACCUMULATED UNREALISED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>103,655,515</u>		
TOTAL FINANCAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>801,654,252</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 %
31.03.2020				
AUDITED				
QUOTED SECURITIES				
AUSTRALIA				
Consumer Discretionary				
Aristocrat Leisure Ltd	525,414	9,536,638	6,880,987	0.94
Energy				
Oil Search Ltd	2,833,403	18,302,642	4,136,533	0.57
Health Care				
CSL Ltd	97,171	15,202,601	17,683,824	2.42
Industrials				
ALS Ltd	1,818,144	9,897,222	6,200,894	0.85
Cleanaway Waste Management Ltd	8,241,389	9,404,547	8,568,826	1.17
	10,059,533	19,301,769	14,769,720	2.02
Materials				
Amcor Limited	1,442,974	15,971,889	11,542,166	1.58
BHP Group Ltd	856,286	23,288,406	15,221,886	2.08
	2,299,260	39,260,295	26,764,052	3.66
TOTAL AUSTRALIA	15,814,781	101,603,945	70,235,116	9.61
CAYMAN ISLANDS				
Consumer Discretionary				
Alibaba Group Holding Ltd	483,987	36,566,681	39,429,358	5.40
TOTAL CAYMAN ISLANDS	483,987	36,566,681	39,429,358	5.40
CHINA				
Information Technology				
Hangzhou Hikvision Digital Technology Co Ltd	2,904,324	14,531,787	11,436,065	1.57
Materials				
Anhui Conch Cement Co Ltd	1,542,500	9,744,158	10,716,025	1.47
TOTAL CHINA	4,446,824	24,275,945	22,152,090	3.04

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 %
31.03.2020 (CONTINUED)				
AUDITED (CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
HONG KONG, CHINA				
Communication Services				
China Mobile Ltd	1,826,500	17,356,102	13,584,443	1.86
Tencent Holdings Ltd	912,300	38,115,020	44,747,898	6.13
	<u>2,738,800</u>	<u>55,471,122</u>	<u>58,332,341</u>	<u>7.99</u>
Consumer Discretionary				
Galaxy Entertainment Group Ltd	2,715,000	22,719,342	14,483,322	1.98
Sands China Ltd	2,196,000	11,255,827	8,045,880	1.10
Shenzhou International Group Holdings Ltd	724,600	9,357,749	7,702,796	1.05
	<u>5,635,600</u>	<u>43,332,918</u>	<u>30,231,998</u>	<u>4.13</u>
Financials				
AIA Group Ltd	937,600	8,708,800	8,485,318	1.16
Industrials				
China Conch Venture Holdings Ltd	3,606,500	17,373,782	16,098,480	2.20
Techtronic Industries Co Ltd	2,299,500	14,121,504	14,921,904	2.04
	<u>5,906,000</u>	<u>31,495,286</u>	<u>31,020,384</u>	<u>4.24</u>
Information Technology				
Kingboard Laminates Holdings Ltd	14,106,000	13,613,312	13,048,058	1.79
Real Estate				
China Resources Land Ltd	5,032,000	21,807,008	20,773,681	2.84
Link REIT	3,469,000	33,405,612	29,403,059	4.03
	<u>8,501,000</u>	<u>55,212,620</u>	<u>50,176,740</u>	<u>6.87</u>
TOTAL HONG KONG, CHINA	<u>37,825,000</u>	<u>207,834,058</u>	<u>191,294,839</u>	<u>26.18</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 %
31.03.2020 (CONTINUED)				
AUDITED (CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
INDIA				
Energy				
Reliance Industries Ltd	<u>1,154,524</u>	<u>18,715,588</u>	<u>17,005,697</u>	<u>2.33</u>
Industrials				
Larsen & Toubro Ltd	<u>838,423</u>	<u>17,062,333</u>	<u>8,964,931</u>	<u>1.23</u>
Materials				
Ultra Tech Cement Ltd	<u>258,880</u>	<u>15,373,862</u>	<u>11,109,561</u>	<u>1.52</u>
TOTAL INDIA	<u>2,251,827</u>	<u>51,151,783</u>	<u>37,080,189</u>	<u>5.08</u>
INDONESIA				
Financials				
Bank Central Asia TBK PT	8,860,900	18,566,824	15,001,601	2.05
Bank Mandiri Persero TBK PT	<u>26,179,300</u>	<u>14,510,633</u>	<u>7,508,642</u>	<u>1.03</u>
	<u>35,040,200</u>	<u>33,077,457</u>	<u>22,510,243</u>	<u>3.08</u>
Materials				
Semen Indonesia Persero TBK PT	<u>18,164,800</u>	<u>16,210,173</u>	<u>8,488,442</u>	<u>1.16</u>
TOTAL INDONESIA	<u>53,205,000</u>	<u>49,287,630</u>	<u>30,998,685</u>	<u>4.24</u>
PHILIPPINES				
Financials				
Bank Of Philippine Islands	<u>7,681,790</u>	<u>13,432,497</u>	<u>9,357,248</u>	<u>1.28</u>
TOTAL PHILIPPINES	<u>7,681,790</u>	<u>13,432,497</u>	<u>9,357,248</u>	<u>1.28</u>
SINGAPORE				
Communication Services				
NetLink NBN Trust	<u>26,670,000</u>	<u>16,330,336</u>	<u>16,900,197</u>	<u>2.31</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 %
31.03.2020 (CONTINUED)				
AUDITED (CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
SINGAPORE				
(CONTINUED)				
Industrials				
Singapore Technologies Engineering Ltd	3,419,100	8,690,343	7,469,415	1.02
Information Technology				
Venture Corporation Ltd	765,000	16,361,174	7,268,779	1.00
Real Estate				
Ascendas Real Estate Investment Trust	5,482,804	10,676,958	10,864,489	1.49
Capitaland Ltd	7,111,100	19,255,775	14,190,634	1.94
Keppel DC REIT	13,233,104	16,610,595	21,218,632	2.91
Lendlease Global Commercial REIT	31,380,800	19,920,074	11,425,824	1.56
Mapletree Commercial Trust	14,600,700	22,051,290	18,708,757	2.56
	<u>71,808,508</u>	<u>88,514,692</u>	<u>76,408,336</u>	<u>10.46</u>
Utilities				
Keppel Infrastructure Trust	37,839,717	12,772,299	11,260,482	1.54
TOTAL SINGAPORE	<u>140,502,325</u>	<u>142,668,844</u>	<u>119,307,209</u>	<u>16.33</u>
SOUTH KOREA				
Information Technology				
Samsung Electronics Co Ltd	1,226,135	50,701,823	48,031,691	6.58
Materials				
LG Chem Ltd	49,500	16,071,136	12,385,720	1.70
TOTAL SOUTH KOREA	<u>1,275,635</u>	<u>66,772,959</u>	<u>60,417,411</u>	<u>8.28</u>

PRINCIPAL ASIA PACIFIC DYNAMIC INCOME FUND

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 %
31.03.2020 (CONTINUED)				
AUDITED (CONTINUED)				
QUOTED SECURITIES				
(CONTINUED)				
TAIWAN				
Information Technology				
ASE Technology Holding Co Ltd	5,991,000	15,476,773	11,603,488	1.59
Largan Precision Co Ltd	114,000	16,756,800	14,430,961	1.98
Taiwan Semiconductor Manufacturing Co Ltd	3,245,000	25,703,093	29,387,111	4.02
	<u>9,350,000</u>	<u>57,936,666</u>	<u>55,421,560</u>	<u>7.59</u>
Materials				
Formosa Plastics Corporation	5,019,000	16,204,160	12,458,012	1.71
TOTAL TAIWAN	<u>14,369,000</u>	<u>74,140,826</u>	<u>67,879,572</u>	<u>9.30</u>
THAILAND				
Financials				
Bangkok Bank PCL	1,463,200	9,827,330	4,549,500	0.62
TOTAL THAILAND	<u>1,463,200</u>	<u>9,827,330</u>	<u>4,549,500</u>	<u>0.62</u>
TOTAL QUOTED SECURITIES	<u>279,319,369</u>	<u>777,562,498</u>	<u>652,701,217</u>	<u>89.36</u>
ACCUMULATED UNREALISED LOSS ON QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>(124,861,281)</u>		
TOTAL QUOTED SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		<u>652,701,217</u>		

¹ A-shares trade on the two Chinese stock exchanges, the Shanghai Stock Exchange and the Shenzhen Stock Exchange. A-shares are shares of mainland China-based companies and are available for purchase to selected foreign institutions through the Qualified Foreign Institutional Investor ("QFII") system.

9. CASH AND CASH EQUIVALENTS

	30.09.2020	31.03.2020
	USD	Audited USD
Bank balances	<u>28,566,357</u>	<u>71,038,333</u>

10. NUMBER OF UNITS IN CIRCULATION (UNITS)

	01.04.2020 to 30.09.2020	01.04.2019 to 31.03.2020
	No. of units	Audited No. of units
Class MYR (i)	7,562,709,269	8,682,435,380
Class SGD (ii)	37,360,910	43,032,082
Class USD (iii)	61,825,534	75,990,005
	<u>7,661,895,713</u>	<u>8,801,457,467</u>

(i) Class MYR

	01.04.2020 to 30.09.2020	01.04.2019 to 31.03.2020
	No. of units	Audited No. of units
At the beginning of the financial period/year	8,682,435,380	10,486,614,047
Add: Creation of units from applications	978,200,509	1,923,760,761
Add: Creation of units from distributions	96,452,180	244,160,718
Less: Cancellation of units	<u>(2,194,378,800)</u>	<u>(3,972,100,146)</u>
At the end of the financial period/year	<u>7,562,709,269</u>	<u>8,682,435,380</u>

(ii) Class SGD

	01.04.2020 to 30.09.2020	01.04.2019 to 31.03.2020
	No. of units	Audited No. of units
At the beginning of the financial period/year	43,032,082	53,119,291
Add: Creation of units from applications	4,774,050	15,162,308
Add: Creation of units from distributions	496,548	1,119,151
Less: Cancellation of units	<u>(10,941,770)</u>	<u>(26,368,668)</u>
At the end of the financial period/year	<u>37,360,910</u>	<u>43,032,082</u>

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

(iii) Class USD

	01.04.2020 to 30.09.2020	01.04.2019 to 31.03.2020 Audited
	No. of units	No. of units
At the beginning of the financial period/year	75,990,005	84,798,593
Add: Creation of units from applications	5,068,063	28,221,128
Add: Creation of units from distributions	285,132	779,881
Less: Cancellation of units	(19,517,666)	(37,809,597)
At the end of the financial period/year	<u>61,825,534</u>	<u>75,990,005</u>

11. MANAGEMENT EXPENSE RATIO ("MER")

	01.04.2020 to 30.09.2020 %	01.04.2019 to 30.09.2019 %
MER	<u>0.93</u>	<u>0.93</u>

MER is derived based on the following calculation:

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

A	=	Management fee
B	=	Trustee and custodian fees
C	=	Audit fee
D	=	Tax agent's fee
E	=	Other expenses excluding withholding tax and CDS fee
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial period calculated on a daily basis is USD834,765,582 (30.09.2019: USD1,048,540,333)

12. PORTFOLIO TURNOVER RATIO ("PTR")

Under SC Guidelines

	01.04.2020 to 30.09.2020	01.04.2019 to 30.09.2019
PTR (times)	<u>0.64</u>	<u>0.37</u>

PTR is derived from the following calculation:

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

12. PORTFOLIO TURNOVER RATIO (“PTR”) (CONTINUED)

Under Monetary Authority of Singapore (“MAS”) Guidelines

	01.04.2020 to 30.09.2020	01.04.2019 to 30.09.2019
PTR (times)	0.64	0.30

PTR is derived from the following calculation:

$$\frac{\text{Lesser of total acquisition or total disposal for the financial period}}{\text{Average NAV of the Fund for the financial period calculated on a daily basis}}$$

where:

total acquisition for the financial period = USD491,483,627 (30.09.2019: USD317,834,434)
total disposal for the financial period = USD577,459,817 (30.09.2019: USD462,211,906)

13. 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
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
CIMB Investment Bank Bhd	Fellow related party to the Manager
CGS-CIMB Securities (Singapore) Pte Ltd	Fellow related party to the Manager

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

Units held by the Manager and parties related to the Manager

	30.09.2020		31.03.2020 Audited	
	No. of units	USD	No. of units	USD
Manager				
Principal Asset Management Berhad				
- Class MYR	837,137	77,937	761,772	54,010
- Class SGD	12,019	11,923	10,493	7,917
- Class USD	2,113	3,003	2,088	2,257

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.

	01.04.2020 to 30.09.2020 USD	01.04.2019 to 30.09.2019 USD
<u>Significant related party transactions</u>		
Interest income from deposits with licensed financial institutions		
- CIMB Bank Bhd	3,058	127,475
- CIMB Islamic Bank Bhd	49	-
	<u>3,107</u>	<u>127,475</u>
Deposits with licensed financial institutions		
- CIMB Bank Bhd	60,500,000	332,000,000
- CIMB Islamic Bank Bhd	1,500,000	-
	<u>62,000,000</u>	<u>332,000,000</u>

There are no significant related party balances for the financial period/year ended 30 September 2020 and 31 March 2020, apart from those mentioned elsewhere in the financial statements.

14. TRANSACTIONS WITH BROKERS/DEALERS

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 30 September 2020 are as follows:

Brokers/Dealers	Values of trades USD	Percentage of total trades %	Brokerage fees USD	Percentage of total brokerage fees %
Citigroup Global Markets Ltd	284,108,124	26.59	191,726	16.63
CLSA Securities (M) Sdn Bhd	142,544,120	13.34	43,245	3.75
Credit Suisse (HK) Ltd	119,275,754	11.16	164,224	14.25
J.P. Morgan Securities LLC	114,390,415	10.71	38,317	3.32
CLSA Ltd	73,513,928	6.88	111,216	9.65
Macquarie Capital Securities (Singapore) Pte Ltd	66,005,309	6.18	33,003	2.86
DBS Vickers Securities (Singapore) Pte Ltd	54,640,645	5.11	85,526	7.42
Sanford C. Bernstein & Co., LLC	42,551,041	3.98	87,705	7.61
Macquarie Capital Securities (M) Sdn Bhd	39,888,862	3.73	103,455	8.97
Morgan Stanley Securities Ltd	34,083,395	3.19	85,208	7.39
Others #	97,538,064	9.13	209,200	18.15
	<u>1,068,539,657</u>	<u>100.00</u>	<u>1,152,825</u>	<u>100.00</u>

14. TRANSACTIONS WITH BROKERS/DEALERS (CONTINUED)

Details of transactions with the top 10 brokers/dealers for the six months financial period ended 30 September 2019 are as follows:

Brokers/Dealers	Values of trades USD	Percentage of total trades %	Brokerage fees USD	Percentage of total brokerage fees %
Citigroup Global Markets Ltd	238,222,909	30.56	208,065	26.02
CLSA Securities (M) Sdn Bhd	109,822,145	14.09	32,947	4.12
J.P. Morgan Securities Singapore Pte Ltd	83,580,552	10.72	25,074	3.14
Credit Suisse Securities (Hong Kong) Ltd	73,108,303	9.38	84,241	10.53
Macquarie Capital Securities (Singapore) Pte Ltd	68,306,093	8.76	34,153	4.27
DBS Vickers Securities (Singapore) Pte Ltd	42,632,221	5.47	90,401	11.30
CLSA Ltd	32,948,161	4.23	28,021	3.50
Instinet Pacific Ltd	26,911,396	3.45	46,310	5.79
Morgan Stanley Securities Ltd	23,373,434	3.00	56,940	7.12
Macquarie Capital Securities (M) Sdn Bhd	21,225,557	2.72	63,677	7.96
Others #	59,417,478	7.62	129,903	16.25
	<u>779,548,249</u>	<u>100.00</u>	<u>799,732</u>	<u>100.00</u>

Included in the transactions are trades conducted with CGS-CIMB Securities (Singapore) Pte Ltd, fellow related party to the Manager amounting to USD23,388,568 (30.09.2019: USD3,844,592). 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.

15. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

The worsening of the macro-economic outlook as a result of COVID-19, both domestically and globally, has impacted the Fund's performance during the financial period.

The Manager continues monitoring the situation closely and will be managing the portfolio to achieve the Fund's objective.

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