

Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)

Audited Financial Statements
30 June 2022



**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

General information

Manager

Principal Asset Management (S) Pte. Ltd.
50 Raffles Place
#22-03A&B Singapore Land Tower
Singapore 048623

Directors of the Manager

Christopher Leow
Alejandro Elias Echegorri Rodriguez
Chong Chooi Wan

Trustee/Registrar

Citicorp Trustee (Singapore) Limited
5 Changi Business Park Crescent
Level 5
Singapore 486027

Custodian

Citibank N.A., Singapore Branch
5 Changi Business Park Crescent
Level 5
Singapore 486027

Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

General information

Contents

	Page
Manager's investment report	1
Report of the trustee	10
Statement by the manager	11
Independent auditor's report	12
Financial statements	
Statement of total return	15
Statement of financial position	16
Statement of movements of unitholders' funds	17
Statement of portfolio	18
Notes to the financial statements	22

Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)

Manager's investment report

About Principal S&P Ethical Asia Pacific Dividend ETF:

Principal S&P Ethical Asia Pacific Dividend (the "Fund") is an exchange traded fund, designed to track the performance of the S&P Ethical Pan-Asia Select Dividend Opportunities Index. Shares of Principal S&P Ethical Asia Pacific Dividend ETF have been listed and traded on SGX-ST since 8 March 2012.

Details of Principal S&P Ethical Asia Pacific Dividend ETF:

Fund Currency	United States dollars ("USD")
Trading Currencies	USD, Singapore dollars ("SGD")
Listing Date of USD counter on SGX-ST	8 March 2012
Listing Date of SGD counter on SGX-ST	15 June 2012
Stock Codes on SGX-ST	P5P (USD counter), QR9 (SGD counter)
Board Lot	100 units
Number of units as at 30 June 2022	26,000,000
NAV per unit as at 30 June 2022	USD 0.686
Management Fee	0.65% of NAV per annum

Performance:

Cumulative Performance (%) as at 30 June 2022:

<u>From 30/06/2022</u>	<u>Period</u>	<u>Fund's Performance</u>	<u>Index's Performance</u>
3 months	31/3/2022 - 30/6/2022	-10.91%	-10.57%
6 months	31/12/2021 - 30/6/2022	-5.38%	-4.42%
1 year	30/6/2021 - 30/6/2022	-14.05%	-12.13%
3 years	30/6/2019 - 30/6/2022	-18.01%	-13.82%
Since inception	8/3/2012 - 30/6/2022	0.26%	26.29%

The Fund aims to mirror the performance of the S&P Ethical Pan-Asia Select Dividend Opportunities Index (the "Index"), using full replication strategy, by investing in Securities constituting the Index in substantially the same proportion or weighting as in the Index.

The Index represents the top 40 high-yielding stocks in the Asia Pacific region which meet the criteria for inclusion into the tracked index and is subject to rigorous ground rules such as free float adjustment and liquidity screening to ensure that these stocks are highly investable. The focus of the Index is on both capital growth and dividend income characteristics, thus providing yield and stability. The transparent and freely available index rules are governed and maintained by an independent committee of leading market professionals.

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

Manager's investment report

Performance (cont'd):

In the first half of 2022, with most of Asia experiencing high inflation except for China, Asian central banks tightened monetary conditions. But Indonesia, Malaysia and Australia benefitted from higher commodity prices. Asian equities also looked incrementally better as China equities appear to have bottomed-out, with policymakers being more committed to easing and the announcement of share buybacks with higher dividend pay-outs for key stocks. The regulatory regime for China internet turned more benign, and price/earning multiples de-rated.

In the first quarter of 2022, Russia-Ukraine tensions caused a rough start for risk assets in 2022. Investors priced in faster than expected rate hikes and higher energy prices. Markets, especially those in developed countries, were volatile because of the conviction that the US Fed is behind the curve in managing inflation. Persistently high inflation remains a significant risk for asset markets, with central banks being forced to apply more hawkish measures. In contrast, China's macro policy support so far has arguably been too conservative, with policymakers being seen as unlikely to implement flood-like stimuli for fear of reigniting debt and property risks. China economic momentum remained sluggish due to weak service sectors, mainly as a result of recurring virus outbreaks and a soft housing market. But on a positive note, the worst seems to have passed for China in terms of internet regulation and property tightening. Globally, Covid cases appear to be easing since January 2022.

Moving to the second quarter of 2022, the Fed's objective is to guide inflation down to the 2%-target and ensure that inflation expectations remain stable. It signalled a series of rate hikes in 2022. The Fed also guided that it would reduce the size of its balance sheet from May 2022. China's strict Covid lockdowns have depressed business activity in major hubs and overwhelmed the pro-cyclical thrust of any policy stimulus. Beijing is ramping up infrastructure investment to offset growth weakness. Since early-June, there has been resumption of mobility and business reopenings in Shanghai and Beijing; the China government adjusted its containment policy to prevent economic damage to employment, business, and government revenues.

Going into the second half of 2022, China is refining its zero-Covid policy, which should improve sentiment and minimize economic damage. President Xi has also said that online platforms for mobile payments and fintech will play a big role in boosting the economy. It is expected that Asia will print positive earnings growth in 2022, given the reopening of the economies and international borders.

Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)

Manager's investment report

Investments at market value and as a percentage of NAV as at 30 June 2022 classified by:

	2022		2021	
	Market value	% of NAV	Market value	% of NAV
	USD		USD	
(i) Country				
Australia	4,226,320	23.69	3,763,849	21.07
China	4,858,685	27.25	4,579,589	25.63
Hong Kong	4,456,605	24.97	5,137,550	28.74
Indonesia	186,549	1.05	308,456	1.73
Malaysia	1,410,657	7.91	443,600	2.48
Singapore	1,687,559	9.45	587,881	3.29
South Korea	216,781	1.21	1,111,493	6.22
Thailand	409,273	2.29	1,576,285	8.82
	<hr/>			
(ii) Industry				
Consumer discretionary	374,179	2.10	–	–
Energy	1,471,753	8.25	3,019,487	16.89
Financials	4,764,869	26.71	4,679,438	26.19
Health Care	969,740	5.44	–	–
Industrials	1,052,879	5.90	506,419	2.83
Information Technology	319,026	1.79	–	–
Materials	2,095,137	11.75	1,734,315	9.71
Real estate	4,123,032	23.10	3,922,812	21.96
Communication services/ Telecommunication	591,076	3.31	1,237,650	6.92
Utilities	1,690,738	9.47	2,408,582	13.48
	<hr/>			
(iii) Asset class				
Equities	17,452,429	97.82	17,508,703	97.98
Other net assets	389,826	2.18	361,780	2.02
	<hr/>			

Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)

Manager's investment report

Details of top 10 holdings of the Fund:

As at 30 June 2022	Cost USD	Market value USD	% of total net assets
China Shenhua Energy Co Ltd	810,610	1,062,480	5.96
Fortescue Metals Group Ltd	891,611	789,833	4.43
Aurizon Holdings Ltd	734,417	681,757	3.82
BHP Group Ltd	651,008	657,916	3.69
Rio Tinto Ltd	801,065	647,388	3.63
HKT Trust & HKT Ltd	598,297	591,076	3.31
Sino Land Co Ltd	556,111	577,264	3.24
New World Development Co Ltd	689,912	530,098	2.97
Hartalega Holdings Bhd	1,042,424	517,184	2.90
Power Assets Holdings Ltd	525,852	512,619	2.87
	7,301,307	6,567,615	36.82

As at 30 June 2021	Cost USD	Market value USD	% of total net assets
China Shenhua Energy Co Ltd	952,060	929,041	5.20
China Petroleum & Chemical Corp	1,036,980	844,171	4.72
PTT Exploration & Production PCL	686,806	820,481	4.59
Fortescue Metals Group Ltd	581,592	764,098	4.28
Power Assets Holdings Ltd	730,175	690,331	3.86
HKT Trust & HKT Ltd	666,623	668,973	3.74
Country Garden Holdings Co Ltd	707,222	630,767	3.53
AGL Energy Ltd	934,284	613,433	3.43
Henderson Land Development Co Ltd	497,554	606,596	3.39
Stockland	507,410	592,481	3.32
	7,300,706	7,160,372	40.06

Exposure to derivatives

The Fund had no exposure to derivatives for the financial year ended 30 June 2022(2021: Nil).

Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)

Manager's investment report

Index constituents' weights:

Constituent name	As at 30 June 2022 %	As at 30 June 2021 %
China Shenhua Energy Co Ltd	5.96	5.20
Fortescue Metals Group Ltd	4.43	4.28
Aurizon Holdings Ltd	3.82	–
BHP Group Ltd	3.69	2.62
Rio Tinto Ltd	3.63	–
HKT Trust & HKT Ltd	3.31	3.74
Sino Land Co Ltd	3.24	3.10
New World Development Co Ltd	2.97	3.08
Hartalega Holdings Bhd	2.90	–
Power Assets Holdings Ltd	2.87	3.86
Country Garden Holdings Co Ltd	2.64	3.53
APA Group	2.61	3.00
Bank of China Ltd	2.59	–
Top Glove Corp Bhd	2.54	–
China CITIC Bank Corp Ltd	2.50	2.18
Bank of Communications Co Ltd	2.49	2.65
Sun Hung Kai Properties Ltd	2.48	–
Agricultural Bank of China Ltd	2.48	–
Malayan Banking Bhd	2.47	2.48
CK Infrastructure Holdings Ltd	2.39	3.19
PICC Property & Casualty Co Ltd	2.34	2.47
PTT Exploration & Production PCL	2.29	4.59
Henderson Land Development Co Ltd	2.29	3.39
Mapletree Industrial Trust	2.29	–
Swire Properties Ltd	2.24	–
China Minsheng Banking Corp Ltd	2.22	1.94
Frasers Logistics & Commercial Trust	2.20	–
Industrial & Commercial Bank of China Ltd	2.12	1.37
JB Hi-Fi Ltd	2.10	–
Singapore Technologies Engineering Ltd	2.08	–
China Construction Bank Corp	1.91	1.57
Venture Corp Ltd	1.79	–
Magellan Financial Group Ltd	1.75	–
Dexus	1.66	–
CLP Holdings Ltd	1.60	–
BOC Hong Kong Holdings Ltd	1.58	0.12
Hana Financial Group Inc	1.21	2.93
Ascendas Real Estate Investment Trust	1.09	–
Bank Mandiri Persero Tbk PT	1.05	1.73
China Petroleum & Chemical Corp	–	4.72
AGL Energy Ltd	–	3.43
Stockland	–	3.32
Woori Financial Group Inc	–	3.29
CapitaLand Integrated Commercial Trust	–	3.29
PCCW Ltd	–	3.18
CK Hutchison Holdings Ltd	–	2.83
Alumina Ltd	–	2.81
PTT PCL	–	2.38
Wharf Real Estate Investment Co Ltd	–	2.25
Siam Commercial Bank PCL/The	–	1.85

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

Manager's investment report

Index constituents' weights (cont'd):

Constituent name	As at 30 June 2022 %	As at 30 June 2021 %
Bendigo & Adelaide Bank Ltd	–	1.03
Commonwealth Bank of Australia	–	0.58

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

Manager's investment report

Creation/redemption for the financial year ended 30 June 2022:

Total subscription during the year under review amounted to USD3,231,000 (equivalent to 4,500,000 units) (2021: USD4,216,000 (equivalent to 5,500,000 units)) while there were no redemptions during the year under review (2021: Nil).

Other information:

During the year, the Fund had no exposure to other unit trusts, mutual funds and collective investment schemes and had no borrowings. There is no other material information that will adversely impact the valuation of the Fund:

	2022	2021
	%	%
Expense ratio ⁽¹⁾	1.25	0.98
Turnover ratio ⁽²⁾	72.32	81.78

⁽¹⁾ The expense ratio is computed in accordance with the revised IMAS' guidelines on disclosure of expense ratios dated 25 May 2005. Refer to Note 9 to the financial statements for details.

⁽²⁾ The portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes". Refer to Note 9 to the financial statements for details.

**Principal S&P Ethical Asia Pacific Dividend ETF
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Manager's investment report

Soft dollar commissions:

During the financial year under review, no soft dollar commissions were received from brokers.

Information on the Manager:

The Manager of the Fund is Principal Asset Management (S) Pte. Ltd. (Company Registration Number 200607208K), a private limited company, incorporated in Singapore on 18 May 2006. The Manager is wholly-owned by Principal Asset Management Berhad in Malaysia, which has been managing discretionary and mutual funds in Malaysia for more than 20 years.

The Manager obtained its capital markets services licence on 24 April 2007 and presently manages the Fund and several other discretionary accounts, with total assets under management of about S\$3.3 billion as at 30 June 2022.

Directors of the Manager:

Christopher Leow

Mr Leow, of 50 Raffles Place, #22-03A & B Singapore Land Tower, Singapore 048623, is the Chief Executive Officer and a Director of the Manager, and is responsible for leading the International Investment team based in Singapore. He joined Principal Asset Management Berhad in December 2003 and was transferred to the Manager in May 2007. He has more than 20 years of experience in the equities and fund management industry. Mr Leow is a Chartered Financial Analyst ("CFA") and a Certified Financial Planner. He has been registered with the Monetary Authority of Singapore under the Securities and Futures Act (Cap. 289) as a Representative of the Manager in fund management since September 2007. Mr Leow holds a Bachelor of Commerce in Accounting and Finance (Hons) from the University of Western Australia.

Alejandro Elías Echegorri Rodriguez

Mr Echegorri, of One Raffles Quay, North Tower #19-01/04, Singapore 048583, is a Director of the Manager and Chief Investment Officer for Principal Global Asset Management in Asia and as such he is responsible for the overall investment strategy and the investment process for the group and for overseeing the management of pension, mutual funds and general accounts in the Asia as well as for supporting the overall development of the asset management business in the region. Prior to that Mr. Echegorri was Chief Executive Officer, ASEAN Region of Principal Asset Management Berhad, with responsibilities over Malaysia, Indonesia, Thailand and Singapore. Previously he was the Chief Investment Officer for Principal International (PIA) in Latin America. He joined PIA in 2003 as Head of Institutional Asset Management and Chief Investment Officer for Principal Financial Group in Mexico. Prior to that, he was the Senior Investment Officer for Citibank's Pension Fund Business in Latin America. He had also held different positions in the investment area in countries such as Uruguay, Argentina, Chile, Mexico and the United Kingdom. Mr Echegorri holds a degree in Economics from the Universidad Mayor de la Republica, Uruguay, and a Master in Economics from Universidad Centro de Estudios Macroeconomicos de Argentina.

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

Manager's investment report

Directors of the Manager (cont'd):

Chong Chooi Wan

Ms Chong, of 10th Floor, Bangunan CIMB, Jalan Semantan, 50490 Damansara Heights, Kuala Lumpur, Malaysia, is a Director of the Manager and has more than 20 years of experience in strategic planning and investment, corporate developments, mergers and acquisitions in various industries ranging from the financial sector to the energy sector. In 2020, she joined CIMB as the Director of Group Ventures and Partnerships where she is tasked to oversee business optimisation projects as well as portfolio management for CIMB. Ms Chong graduated with a Bachelor Degree in Finance, a Summa Cum Laude honours, from the University of Tennessee, Knoxville, U.S.A.

Key Executives of the Manager/Appointed Portfolio Managers of the Fund:

The appointed individual/principal portfolio manager of the Fund who will be primarily performing the investment management functions for the Fund is Mr Christopher Leow, who is also one of the directors of the Manager. Please see his write-up above for more information on his qualification, experience and employment history. Mr Leow is assisted by Ms Zhang Yuzheng, and Ms Seng Jing Xin.

Yuzheng joined the Manager in 2017 and focuses primarily on asset allocation models. Yuzheng holds a Masters of Economics from Columbia University and is a CFA charter holder.

Jing Xin joined the Manager in 2019 and focuses primarily on quantitative strategy. Jing Xin holds a Bachelor of Business Administration (Hons) from the University of Malaya.

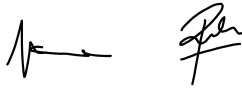
**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Report of the Trustee
For the financial year ended 30 June 2022**

The Trustee is under a duty to take into custody and hold the assets of Principal S&P Ethical Asia Pacific Dividend ETF (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Chapter 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each financial year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
Citicorp Trustee (Singapore) Limited:



Authorised signatories
Gan Lai Chun / Ramesh Sanjay Selvanayagam
Director / Resident Manager

30 September 2022

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Statement by the Manager
For the financial year ended 30 June 2022**

In the opinion of the directors of Principal Asset Management (S) Pte. Ltd., the accompanying financial statements, comprising the statement of total return, statement of financial position, statement of movements of unitholders' funds, statement of portfolio and notes to the financial statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Principal S&P Ethical Asia Pacific Dividend ETF (the "Fund") as at 30 June 2022 and the financial performance and movements in unitholders' funds for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the directors of Principal Asset Management (S) Pte. Ltd.:



Christopher Leow
Director/Chief Executive Officer

30 September 2022

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Independent auditor's report
For the financial year ended 30 June 2022**

To the Unitholders of Principal S&P Ethical Asia Pacific Dividend ETF

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal S&P Ethical Asia Pacific Dividend ETF (the "Fund"), which comprise the statement of financial position and statement of portfolio as at 30 June 2022, and the statement of total return and statement of movements of unitholders' funds for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Fund are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants so as to present fairly, in all material aspects, the financial position and portfolio holdings of the Fund as at 30 June 2022 and of the financial performance and movements of unitholders' funds of the Fund for the financial year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to report.

Other information

Management is responsible for other information. The other information comprises the General information, Manager's investment report, Report of the trustee and Statement by the manager as set out on pages 1 to 11, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements 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, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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.

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Independent auditor's report
For the financial year ended 30 June 2022**

To the Unitholders of Principal S&P Ethical Asia Pacific Dividend ETF

Responsibilities of the Manager for the financial statements

The Fund's Manager (the "Manager") is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Independent auditor's report
For the financial year ended 30 June 2022**

To the Unitholders of Principal S&P Ethical Asia Pacific Dividend ETF

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Seah Li Yun.



Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
30 September 2022

Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)

Statement of total return
For the financial year ended 30 June 2022

	Note	2022 USD	2021 USD
Investment income			
Dividends		1,132,395	963,767
Interest		1	–
Other income		–	33,893
Total income		1,132,396	997,660
Expenses			
Management fee	3	(110,419)	(96,007)
Administration fee	8	(18,001)	(18,001)
Custodian fee	8	(16,647)	(14,328)
Other operating expenses		(100,444)	(42,603)
Total expenses		(245,511)	(170,939)
Net investment income		886,885	826,721
Net (losses)/gains on value of investments			
Net realised losses on investments		(414,904)	(1,622,657)
Net change in unrealised (losses)/gains on fair value of investments		(3,044,239)	3,754,141
Net foreign exchange (losses)/gains		(27,441)	8,422
		(3,486,584)	2,139,906
Total (deficit)/return for the financial year before income tax and distribution		(2,599,699)	2,966,627
Less: Income tax	4	(14,529)	(69,393)
Total (deficit)/return for the financial year after income tax before distribution		(2,614,228)	2,897,234
Less: Distribution	5	(645,000)	(518,000)
Total (deficit)/return for the financial year after income tax and distribution		(3,259,228)	2,379,234

The accompanying accounting policies and explanatory information form an integral part of the financial statements

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Statement of financial position
As at 30 June 2022**

	Note	2022 USD	2021 USD
Assets			
Portfolio of investments (cost: USD20,117,926; 2021: USD17,129,961)		17,452,429	17,508,703
Dividend and other receivables		303,086	256,062
Cash and cash equivalents	6	170,280	207,737
Total assets		17,925,795	17,972,502
Liabilities			
Other payables		83,540	102,019
Total liabilities		83,540	102,019
Equity			
Net assets attributable to unitholders	7	17,842,255	17,870,483

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Statement of movements of unitholders' funds
For the financial year ended 30 June 2022**

	Note	2022 USD	2021 USD
Net assets attributable to unitholders at beginning of financial year		17,870,483	11,275,249
Operations			
Change in net assets attributable to unitholders resulting from operations		(2,614,228)	2,897,234
Unitholders' contributions			
Creation of units		3,231,000	4,216,000
Cancellation of units		-	-
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		3,231,000	4,216,000
Distribution	5	(645,000)	(518,000)
Total (decrease)/increase in net assets attributable to unitholders		(28,228)	6,595,234
Net assets attributable to unitholders at end of financial year	7	17,842,255	17,870,483

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)

Statement of portfolio
As at 30 June 2022

Primary	Holdings at 30 June 2022	Fair value at 30 June 2022 USD	Percentage of total net assets attributable to unitholders at 30 June 2022 %
By geography			
Equities			
Quoted			
Australia			
APA Group	60,065	465,797	2.61
Aurizon Holdings Ltd	260,732	681,757	3.82
BHP Group Ltd	23,179	657,916	3.69
Dexus	48,525	296,504	1.66
Fortescue Metals Group Ltd	65,479	789,833	4.43
JB Hi-Fi Ltd	14,139	374,179	2.10
Magellan Financial Group Ltd	35,201	312,946	1.75
Rio Tinto Ltd	9,161	647,388	3.63
Total Australia		4,226,320	23.69
China			
Agricultural Bank of China Ltd	1,174,000	442,904	2.48
Bank of China Ltd	1,158,000	461,958	2.59
Bank of Communications Co Ltd	642,000	443,491	2.49
China CITIC Bank Corp Ltd	995,000	445,123	2.50
China Construction Bank Corp	506,000	339,869	1.91
China Minsheng Banking Corp Ltd	1,108,000	395,410	2.22
China Shenhua Energy Co Ltd	370,500	1,062,480	5.96
Country Garden Holdings Co Ltd	760,433	471,029	2.64
Industrial & Commercial Bank of China Ltd	637,000	378,334	2.12
PICC Property & Casualty Co Ltd	402,000	418,087	2.34
Total China		4,858,685	27.25

Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)

Statement of portfolio
As at 30 June 2022

Primary (cont'd)	Holdings at 30 June 2022	Fair value at 30 June 2022 USD	Percentage of total net assets attributable to unitholders at 30 June 2022 %
By geography (cont'd)			
Equities (cont'd)			
Quoted (cont'd)			
Hong Kong			
BOC Hong Kong Holdings Ltd	71,500	282,500	1.58
CK Infrastructure Holdings Ltd	69,500	426,069	2.39
CLP Holdings Ltd	34,500	286,253	1.60
Henderson Land Development Co Ltd	109,000	408,436	2.29
HKT Trust & HKT Ltd	440,000	591,076	3.31
New World Development Co Ltd	147,750	530,098	2.97
Power Assets Holdings Ltd	81,500	512,619	2.87
Sino Land Co Ltd	391,125	577,264	3.24
Sun Hung Kai Properties Ltd	37,500	443,058	2.48
Swire Properties Ltd	160,800	399,232	2.24
Total Hong Kong		4,456,605	24.97
Indonesia			
Bank Mandiri Persero Tbk PT	350,600	186,549	1.05
Total Indonesia		186,549	1.05
Malaysia			
Hartalega Holdings Bhd	745,000	517,184	2.90
Malayan Banking Bhd	226,254	440,917	2.47
Top Glove Corp Bhd	1,918,100	452,556	2.54
Total Malaysia		1,410,657	7.91
Singapore			
Ascendas Real Estate Investment Trust	95,300	195,147	1.09
Frasers Logistics & Commercial Trust	411,200	392,941	2.20
Mapletree Industrial Trust	219,114	409,323	2.29
Singapore Technologies Engineering Ltd	126,600	371,122	2.08
Venture Corp Ltd	26,700	319,026	1.79
Total Singapore		1,687,559	9.45

Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)

Statement of portfolio
As at 30 June 2022

Primary (cont'd)	Holdings at 30 June 2022	Fair value at 30 June 2022 USD	Percentage of total net assets attributable to unitholders at 30 June 2022 %
By geography (cont'd)			
Equities (cont'd)			
Quoted (cont'd)			
South Korea			
Hana Financial Group Inc	7,156	216,781	1.21
Total South Korea		216,781	1.21
Thailand			
PTT Exploration & Production PCL-NVDR ⁽¹⁾	90,600	409,273	2.29
Total Thailand		409,273	2.29
Portfolio of investments		17,452,429	97.82
Other net assets		389,826	2.18
Net assets attributable to unitholders		17,842,255	100.00

⁽¹⁾ Non-voting Depository Receipts

Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)

Statement of portfolio
As at 30 June 2022

Primary (cont'd)		Percentage of total net assets attributable to unitholders at 30 June 2022 %	Percentage of total net assets attributable to unitholders at 30 June 2021 %
By geography (Summary)			
Quoted equities			
Australia		23.69	21.07
China		27.25	25.63
Hong Kong		24.97	28.74
Indonesia		1.05	1.73
Malaysia		7.91	2.48
Singapore		9.45	3.29
South Korea		1.21	6.22
Thailand		2.29	8.82
Portfolio of investments		97.82	97.98
Other net assets		2.18	2.02
Net assets attributable to unitholders		100.00	100.00
		Percentage of total net assets attributable to unitholders at 30 June 2022 %	Percentage of total net assets attributable to unitholders at 30 June 2021 %
Secondary	Fair value at 30 June 2022 USD		
By industry			
Consumer discretionary	374,179	2.10	–
Energy	1,471,753	8.25	16.89
Financials	4,764,869	26.71	26.19
Health Care	969,740	5.44	–
Industrials	1,052,879	5.90	2.83
Information Technology	319,026	1.79	–
Materials	2,095,137	11.75	9.71
Real estate	4,123,032	23.10	21.96
Communication services/ Telecommunication	591,076	3.31	6.92
Utilities	1,690,738	9.47	13.48
Portfolio of investments	17,452,429	97.82	97.98
Other net assets	389,826	2.18	2.02
Net assets attributable to unitholders	17,842,255	100.00	100.00

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Notes to the financial statements
For the financial year ended 30 June 2022**

1. Corporate information

Principal S&P Ethical Asia Pacific Dividend ETF (the “Fund”) is a unit trust constituted by a Trust Deed dated 21 February 2012, and the various Supplemental Deeds of Trust between Principal Asset Management (S) Pte. Ltd. (the “Manager”) and Citicorp Trustee (Singapore) Limited (the “Trustee/Registrar”). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee appointed Citibank N.A., Singapore Branch (the “Custodian”) as the Custodian of the Fund.

The Fund was listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 8 March 2012.

The investment objective of the Fund is to provide investment results that, before expenses, closely correspond to the performance of the S&P Ethical Pan Asia Select Dividend Opportunities Index (the “Index”).

The Manager will generally invest the Fund’s assets in all of the Index securities in the same approximate proportion as their weightings within the Index. However, various circumstances may make it impossible or impracticable to purchase each component index security in such weightings. In those circumstances, the Manager may employ, alone or in combination with, other investment techniques in seeking to closely track the performance of the Index.

There is no change in the principal activity of the Fund during the year.

The Manager is a private limited company incorporated in Singapore and its immediate holding company is Principal Asset Management Berhad, a company incorporated in Malaysia. The Manager is principally engaged in the business of fund management and investment advisory.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Fund which are expressed in United States dollar (“USD” or “US\$”), have been prepared under the historical cost basis, as modified by the revaluation of financial investments at fair value, and in accordance with the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (“RAP 7”) revised and issued by the Institute of Singapore Chartered Accountants.

2.2 *Income recognition*

Dividend income is recognised and credited to income when the right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Notes to the financial statements
For the financial year ended 30 June 2022**

2. Summary of significant accounting policies (cont'd)

2.3 *Distribution policy*

The Manager on behalf of the Trustee shall determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account to be paid out on the distribution date. This amount shall not be treated as part of the property of the Fund.

2.4 *Financial assets and financial liabilities*

Classification

(a) Financial assets and financial liabilities at fair value through profit or loss

The Fund classifies its portfolio of investments as financial assets or liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held-for-trading or designated by the Manager at fair value through profit or loss at inception.

A financial asset or financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

Financial assets and liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Manager to evaluate the information on these financial assets on a fair value basis together with other related financial information.

(b) Financial assets carried at amortised cost

Non-derivative financial assets carried at amortised cost that are not quoted in an active market include cash and cash equivalents, dividend and other receivables.

Recognition/derecognition

Purchases and sales of investments in the Fund are recognised at fair value on the trade date - the date on which the Fund commits to purchase or sell the investments. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Notes to the financial statements
For the financial year ended 30 June 2022**

2. Summary of significant accounting policies (cont'd)

2.4 *Financial assets and financial liabilities (cont'd)*

Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are recognised in profit or loss. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains or losses arising from changes in the fair value of the financial assets and financial liabilities at fair value through profit or loss category are included in profit or loss in the period in which they arise.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets is the last traded price, where it falls within the bid-ask spread.

2.5 *Investments*

Investment transactions are accounted for on a trade date basis. Unrealised gains or losses on quoted investments are taken to the statement of total return. The realised gains or losses are taken to the statement of total return upon the disposal of investments and are computed using the weighted average cost method.

2.6 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments, if any, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.7 *Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated into USD at exchange rates ruling at the end of the reporting period. Transactions arising in foreign currencies during the year are translated at exchange rates prevailing at transaction dates. All exchange differences are taken to the statement of total return.

3. Expenses

The management fee for the Fund is currently set at 0.65% (2021: 0.65%) of its net asset value per annum (maximum 1.00% per annum).

Fees paid to the Trustee, index providers and auditors are borne by the Manager.

Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)

Notes to the financial statements
For the financial year ended 30 June 2022

4. Income tax

The Fund was granted the status of a Designated Unit Trust by the Inland Revenue of Singapore. In accordance to Section 35(12) and (12A) of the Income Tax Act (Chapter 134) of Singapore, subject to certain conditions, the following income shall not form part of the statutory income of the Fund and is thus not taxable for the year of assessment:

- (a) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (b) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (c) dividends derived from outside Singapore and received in Singapore;
- (d) gains or profits derived from foreign exchange transactions; transactions in future contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities of financial index, and
- (e) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

	2022 USD	2021 USD
Overseas income tax	14,529	69,393

The overseas income tax represents tax deducted at source on dividends and interests derived from outside Singapore.

5. Distribution

	2022 USD	2021 USD
Final USD0.03 (2021: USD0.028) per unit	645,000	518,000

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Notes to the financial statements
For the financial year ended 30 June 2022**

6. Cash and cash equivalents

Cash and cash equivalents comprise:

	2022 USD	2021 USD
Bank balances	170,280	207,737

The bank balances are placed with a financial institution that is related to the Trustee.

7. Units in issue

During the financial year ended 30 June, the numbers of units created, cancelled and outstanding were as follows:

	2022	2021
Units at beginning of financial year	21,500,000	16,000,000
Units created	4,500,000	5,500,000
Units cancelled	–	–
Units at end of financial year	26,000,000	21,500,000
Net assets attributable to unitholders - USD	17,842,255	17,870,483
Net asset value (“NAV”) per unit - USD	0.686	0.831

8. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place during the financial year between the Fund and its related parties on terms agreed between the parties concerned and were written in the provisions of the Trust Deed:

	2022 USD	2021 USD
Management fee paid and payable to the Manager	110,419	96,007
Administration fee paid and payable to the Custodian	18,001	18,001
Custodian fee paid and payable to the Custodian	16,647	14,328
Other fees paid and payable to the Custodian	188	–
Brokerage fee paid and payable to affiliated parties of the Manager	13,257	11,962

Fees that are borne by the Manager are set out in Note 3 to the financial statements.

Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)

Notes to the financial statements
For the financial year ended 30 June 2022

9. Financial ratios

	2022	2021
	%	%
Expense ratio ⁽¹⁾	1.25	0.98
Turnover ratio ⁽²⁾	72.32	81.78

(1) The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio was based on total operating expenses of USD212,507 (2021: USD144,230) divided by the average daily NAV of USD16,974,599 (2021: USD14,757,883) for the financial year. The total operating expenses do not include (where applicable) brokerage and other transaction costs, interest expense, distribution paid out to unitholders, foreign exchange gains/losses and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average NAV is based on the daily balances.

(2) The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of purchases or sales of the underlying investments, being sales of USD12,275,700 (2021: sales of USD12,069,047) divided by the average daily NAV of USD16,974,599 (2021: USD14,757,883).

10. Financial risk management

The Manager continually monitors the Fund's exposure to risk and that appropriate procedures are in place to manage the risks.

(a) ***Liquidity risk***

The Fund is exposed to cash redemptions and disbursements for the settlements of purchases. The Manager therefore ensures that the Fund maintains sufficient cash and cash equivalents and that it is able to obtain cash from the sale of investments held to meet its liquidity requirements.

The Fund's investments in listed securities are considered to be readily realisable as they are listed on recognised regional stock exchanges.

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Notes to the financial statements
For the financial year ended 30 June 2022**

10. Financial risk management (cont'd)

(a) **Liquidity risk (cont'd)**

The tables below analyse the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant:

	Due on demand USD	Less than 3 months USD
30 June 2022		
Payables and accrued expenses	–	83,540
Net assets attributable to unitholders	17,842,255	–
<hr/>		
30 June 2021		
Payables and accrued expenses	–	102,019
Net assets attributable to unitholders	17,870,483	–
<hr/>		

(b) **Market risk**

Market risk is the risk of potential adverse changes to the value of investments because of changes in market conditions like interest and currency rate movements and volatility in security prices. The Fund is designated to track the performance of the Index, therefore the exposure to market risk in the Fund will be substantially the same as the Index. As an indexed fund, the Manager manages the Fund's exposure to market risk by ensuring that the key characteristics of the portfolio, such as security weight and industry weight, are closely aligned to the Index characteristics.

(i) **Interest rate risk**

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 financial assets and liabilities are largely non-interest bearing. Hence, the Fund is not subject to significant risk of fluctuations in the prevailing levels of market interest rates.

(ii) **Market price risk**

The Fund's market risk is affected by changes in actual market prices. If the Index in fund currency ("USD") had increased/decreased by 5% (2021: 5%) with all other variables held constant, this would have increased/decreased the NAV of the Fund by approximately USD892,000 (2021: USD894,000) for the financial year ended 30 June 2022 ("being 5% of the year end NAV").

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Notes to the financial statements
For the financial year ended 30 June 2022**

10. Financial risk management (cont'd)

(b) **Market risk (cont'd)**

(iii) *Foreign currency risk*

The Fund holds assets denominated in currencies other than USD, the functional currency. The Fund is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The Fund's policy is not to enter into any currency hedging transactions.

The table below summarises the Fund's exposure to currency risks:

30 June 2022	USD USD	CNY USD	SGD USD	THB USD	KRW USD	IDR USD	MYR USD	AUD USD	HKD USD	Total USD
ASSETS										
Portfolio of investments	–	–	1,687,559	409,273	216,781	186,549	1,410,657	4,226,320	9,315,290	17,452,429
Dividend and other receivables	–	52,543	–	–	–	–	–	19,987	230,556	303,086
Cash and cash equivalents	106,879	–	29,864	–	–	–	–	28,010	5,527	170,280
Total assets	106,879	52,543	1,717,423	409,273	216,781	186,549	1,410,657	4,274,317	9,551,373	17,925,795
LIABILITIES										
Payables and accrued expenses	83,540	–	–	–	–	–	–	–	–	83,540
Net assets attributable to unitholders	17,842,255	–	–	–	–	–	–	–	–	17,842,255
Total liabilities	17,925,795	–	–	–	–	–	–	–	–	17,925,795

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Notes to the financial statements
For the financial year ended 30 June 2022**

10. Financial risk management (cont'd)

(b) **Market risk (cont'd)**

(iii) **Foreign currency risk (cont'd)**

30 June 2021	USD USD	AUD USD	HKD USD	KRW USD	IDR USD	MYR USD	SGD USD	THB USD	Total USD
ASSETS									
Portfolio of investments	–	3,763,849	9,717,139	1,111,493	308,456	443,600	587,881	1,576,285	17,508,703
Dividend and other receivables	–	23,207	232,855	–	–	–	–	–	256,062
Cash and cash equivalents	141,590	30,740	5,585	–	–	–	29,822	–	207,737
Total assets	141,590	3,817,796	9,955,579	1,111,493	308,456	443,600	617,703	1,576,285	17,972,502
LIABILITIES									
Payables and accrued expenses	102,019	–	–	–	–	–	–	–	102,019
Net assets attributable to unitholders	17,870,483	–	–	–	–	–	–	–	17,870,483
Total liabilities	17,972,502	–	–	–	–	–	–	–	17,972,502

“Portfolio of investments”, which is a significant item in the statement of financial position, is exposed to currency risk. The Manager has considered the impact of currency risk sensitivity on non-monetary assets as part of the price risk sensitivity analysis.

Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)

Notes to the financial statements
For the financial year ended 30 June 2022

10. Financial risk management (cont'd)

(b) **Market risk (cont'd)**

(iii) *Foreign currency risk (cont'd)*

The analysis below calculates the effect of a reasonably possible movement of the currency rate against the USD on the net assets attributable to unitholders, with all other variables held constant:

Foreign exchange ("FX") position	Net assets attributable to unitholders impact of a 5% increase/(decrease) in FX rate %
2022	
AUD/USD	±1.20
CNY/USD	±0.01
HKD/USD	±2.68
IDR/USD	±0.05
KRW/USD	±0.06
MYR/USD	±0.40
SGD/USD	±0.48
THB/USD	±0.11
2021	
AUD/USD	±1.07
HKD/USD	±2.79
IDR/USD	±0.09
KRW/USD	±0.31
MYR/USD	±0.12
SGD/USD	±0.17
THB/USD	±0.44

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Notes to the financial statements
For the financial year ended 30 June 2022**

10. Financial risk management (cont'd)

(c) **Credit risk**

The Fund takes on credit risk, which is the risk that the counterparty will be unable to pay amounts in full when due, including transactions with counterparties such as participating dealers, brokers, custodians and banks.

Concentrations of credit risk are minimised primarily by ensuring that:

- counterparties, together with the respective credit limits, are approved; and
- the securities transactions are undertaken on recognised exchanges.

As such, the Fund does not have a concentration of credit risk that arises from an exposure to a single counterparty. Furthermore, the Fund does not have a material exposure to a group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

The Fund invests in financial assets, which have an investment grade as rated by Standard & Poor's or Moody's. The credit ratings are reviewed regularly.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as for sales transaction, delivery of securities is only made once the broker has made payment. Payment is made on a purchase once the securities have been received from the broker. The trade will fail if either party fails to meet its obligation.

Credit risk also arises from cash and cash equivalents and investments held with financial institutions. The tables below summarise the credit rating of banks and custodians in which the Fund's assets are held as at 30 June 2022 and 2021:

	Amount USD	Credit rating	Source of credit rating
As at 30 June 2022			
<u>Custodian</u>			
Citibank N.A., Singapore Branch	17,622,709	A+	Standard & Poor's
As at 30 June 2021			
<u>Custodian</u>			
Citibank N.A., Singapore Branch	17,716,440	A+	Standard & Poor's

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets. The Manager has in place procedures for proper credit screening and monitoring of credit risk.

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Notes to the financial statements
For the financial year ended 30 June 2022**

10. Financial risk management (cont'd)

(d) ***Fair value estimation***

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs).

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value at 30 June 2022 and 2021:

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
30 June 2022				
Assets				
Equity securities	17,452,429	–	–	17,452,429
30 June 2021				
Assets				
Equity securities	17,508,703	–	–	17,508,703

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities and exchange traded derivatives. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not 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.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently.

The Fund does not invest in any Level 2 and 3 investments.

(e) ***Capital management***

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholders' redemptions.

**Principal S&P Ethical Asia Pacific Dividend ETF
(Constituted under a Trust Deed in the Republic of Singapore)**

**Notes to the financial statements
For the financial year ended 30 June 2022**

11. Impact of Covid-19

The extent of the impact of the coronavirus ("COVID-19") outbreak on the financial performance of the Fund's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted.

The Fund Manager has a program of measures in place to manage and respond to the risks as the situation evolves.

12. Authorisation on financial statements

The financial statements of the Fund for the financial year ended 30 June 2022 were authorised for issue by the Trustee on 30 September 2022.