

Principal Global Preferred Securities Fund

Annual Report

For The Financial Year Ended 31 October 2023

PRINCIPAL GLOBAL PREFERRED SECURITIES FUND
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2023

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INVESTORS' LETTER

Dear Valued Investor,

Greetings from Principal Asset Management Berhad ("Principal Malaysia") and thank you for investing with us!

We are pleased to bring you a copy of the Annual Fund Report of the Principal Global Preferred Securities Fund for the financial year ended 31 October 2023. You may also download this report from our website at www.principal.com.my.

We are happy to share that Principal Malaysia won two awards at the International Finance's 2023 Financial Awards and Leadership Awards. The awards were for Best Asset Management Company (Malaysia) and Best Asset Management CEO (Malaysia) – Ms. Munirah Khairuddin. We also won the Best Impact – Climate Action, Gold award for Principal Asia Pacific Renewables Fund at The Edge ESG Awards 2023.

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

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

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

Munirah Khairuddin
Country Head and Chief Executive Officer, Malaysia
Non-Independent Executive Director

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

The Fund aims to achieve income and capital appreciation primarily through investment in preferred securities.

Has the Fund achieved its objective?

The Fund is in line with its objective of achieving income and capital growth primarily through investment in preferred securities.

What are the Fund investment policy and principal investment strategy?

The Fund is a feeder fund and it invests in a single collective investment scheme ("CIS"), i.e. Principal Global Investors Fund – Preferred Securities Fund (the "Target Fund"). The Manager will monitor the investment objective of the Target Fund to ensure that it is in line with the investment objective of the Fund.

In order to achieve its investment objective, the Fund will invest at least 95% of its Net Asset Value ("NAV") in the Target Fund; a Undertakings for Collective Investment in Transferable Securities ("UCITS") domiciled in Ireland and established on 22 April 2003. The Fund will invest in Class I Income United States Dollar ("USD") of the Target Fund, which is a share class denominated in USD with income distribution established on 15 January 2013. The Fund will also maintain up to 5% of its NAV in liquid assets.

Information on the Target Fund:

Target Fund Manager : Principal Global Investors (Ireland) Limited
Investment Adviser : Principal Global Investors, LLC
Sub Investment Adviser : Spectrum Asset Management, Inc
Regulatory authority : Central Bank of Ireland

The Target Fund is a Dublin based UCITS that invest primarily in a portfolio of USD denominated preferred securities and debt securities.

Asset Allocation

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

The Fund is a feeder fund that invests at least 95% of its NAV into the Target Fund. Hence, the Target Fund manager will employ a risk management process which combines financial techniques and instruments to manage at any time the risk of various positions and their contribution to the overall risk of the Target Fund's portfolio.

Base Currency

USD

Fund category/type

Wholesale Fund (Feeder Fund)/Income.

When was the Fund launched?

Name of Class	Launch Date
Class USD	11 January 2017
Class MYR	11 January 2017
Class MYR-Hedged ("MYR-H")	30 March 2017

FUND OBJECTIVE AND POLICY (CONTINUED)

What was the size of the Fund as at 31 October 2023?

USD5.87 million (11.37 million units)

What is the Fund's benchmark?

The Fund adheres to the benchmark of the Target Fund for performance comparison, i.e. Bloomberg Barclays Global Aggregate Corporate Index.

What is the Fund distribution policy?

Quarterly, depending on the availability of realised income and/or realised gains and at the Manager's discretion. The Manager has the right to make provisions for reserves in respect of distribution of the Class. If the income available is too small or insignificant, any distribution may not be of benefit to unit holders as the total cost to be incurred in any such distribution may be higher than the amount for distribution. The Manager has the discretion to decide on the amount to be distributed to the unit holders. The Manager also has the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund.

What was the net income distribution for the financial year ended 31 October 2023?

The Fund distributed a total net income of USD0.18 million to unit holders for the financial year ended 31 October 2023.

The Fund's NAV per unit were as follows:

Date	NAV per unit (before distribution)	NAV per unit (after distribution)
	USD	USD
Distribution on 7 December 2022		
Class MYR	0.2047	0.2030
Class MYR-H	0.1848	0.1833
Class USD	0.8971	0.8898
Distribution on 8 March 2023		
Class MYR	0.2074	0.2053
Class MYR-H	0.1810	0.1790
Class USD	0.9096	0.9004
Distribution on 2 June 2023		
Class MYR	0.2013	0.1991
Class MYR-H	0.1721	0.1701
Class USD	0.8828	0.8722
Distribution on 4 September 2023		
Class MYR	0.2018	0.2009
Class MYR-H	0.1686	0.1679
Class USD	0.8836	0.8801

FUND OBJECTIVE AND POLICY (CONTINUED)

Breakdown of distribution were as follows:

	2023		2022	
	USD	%	USD	%
Source of distribution				
Distribution out of current year's income	183,757	100.00	166,993	100.00
Distribution out of prior year's income/capital	-	-	-	-
Total	183,757	100.00	166,993	100.00

PERFORMANCE DATA

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

	31.10.2023	31.10.2022	31.10.2021
	%	%	%
Collective investment scheme	98.26	98.97	98.80
Cash and other assets	2.05	2.57	1.44
Liabilities	(0.31)	(1.54)	(0.24)
	100.00	100.00	100.00

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

	31.10.2023	31.10.2022	31.10.2021
NAV (USD Million)			
- Class MYR	0.76	0.70	0.83
- Class MYR-H	0.32	0.43	0.59
- Class USD	4.79	4.07	3.22
Units in circulation (Million)			
- Class MYR	3.83	3.54	3.43
- Class MYR-H	2.01	2.57	2.60
- Class USD	5.53	4.71	3.06
NAV per unit (USD)			
- Class MYR	0.1976	0.1972	0.2407
- Class MYR-H	0.1605	0.1654	0.2300
- Class USD	0.8654	0.8646	1.0515
Highest NAV per unit (USD)			
- Class MYR	0.2120	0.2413	0.2440
- Class MYR-H	0.1966	0.2304	0.2383
- Class USD	0.9296	1.0543	1.0664
Lowest NAV per unit (USD)			
- Class MYR	0.1927	0.1959	0.2369
- Class MYR-H	0.1593	0.1641	0.2242
- Class USD	0.8449	0.8589	1.0352
Total return (%)			
- Class MYR	4.12	(3.00)	4.59
- Class MYR-H	0.95	(14.85)	5.84
- Class USD	3.32	(15.03)	4.93

PERFORMANCE DATA (CONTINUED)

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

	31.10.2023	31.10.2022	31.10.2021
Capital growth (%)			
- Class MYR	0.70	(8.93)	1.18
- Class MYR-H	(2.48)	(17.60)	2.10
- Class USD	(0.17)	(17.54)	1.47
Income distribution (%)			
- Class MYR	3.40	6.51	3.37
- Class MYR-H	3.52	3.35	3.65
- Class USD	3.50	3.04	3.40
Total Expense Ratio ("TER") (%) ^	1.23	1.24	1.27
Portfolio Turnover Ratio ("PTR") (times) #	0.12	0.22	0.10

^ For the financial year under review, the Fund's TER decreased from 1.24% to 1.23% due to increase in average NAV during the financial year under review.

For the financial year under review, the Fund's PTR decreased from 0.22 times to 0.12 times from the previous financial year. As a feeder fund, the turnover reflects investments and withdrawals in the Target Fund.

Date of distribution	31.10.2023	31.10.2022	31.10.2021
Gross/Net distribution per unit (cent)			
Distribution on 7 December 2022			
- Class MYR	0.17	-	-
- Class MYR-H	0.14	-	-
- Class USD	0.73	-	-
Distribution on 8 March 2023			
- Class MYR	0.21	-	-
- Class MYR-H	0.20	-	-
- Class USD	0.92	-	-
Distribution on 2 June 2023			
- Class MYR	0.22	-	-
- Class MYR-H	0.20	-	-
- Class USD	1.06	-	-
Distribution on 4 September 2023			
- Class MYR	0.08	-	-
- Class MYR-H	0.07	-	-
- Class USD	0.35	-	-
Distribution on 7 December 2021			
- Class MYR	-	0.20	-
- Class MYR-H	-	0.19	-
- Class USD	-	0.86	-
Distribution on 7 March 2022			
- Class MYR	-	0.20	-
- Class MYR-H	-	0.19	-
- Class USD	-	0.87	-

PERFORMANCE DATA (CONTINUED)

Date of distribution	31.10.2023	31.10.2022	31.10.2021
Gross/Net distribution per unit (cent)			
Distribution on 8 June 2022			
- Class MYR	-	0.22	-
- Class MYR-H	-	0.20	-
- Class USD	-	0.67	-
Distribution on 7 September 2022			
- Class MYR	-	0.18	-
- Class MYR-H	-	0.16	-
- Class USD	-	0.79	-
Distribution on 4 December 2020			
- Class MYR	-	-	0.20
- Class MYR-H	-	-	0.25
- Class USD	-	-	0.88
Distribution on 8 March 2021			
- Class MYR	-	-	0.22
- Class MYR-H	-	-	0.21
- Class USD	-	-	0.95
Distribution on 8 June 2021			
- Class MYR	-	-	0.20
- Class MYR-H	-	-	0.20
- Class USD	-	-	0.90
Distribution on 8 September 2021			
- Class MYR	-	-	0.18
- Class MYR-H	-	-	0.17
- Class USD	-	-	0.80

	31.10.2023	31.10.2022	31.10.2021	31.10.2020	31.10.2019
	%	%	%	%	%
Annual total return					
- Class MYR	4.12	(3.00)	4.59	(0.28)	11.53
- Class USD	3.32	(15.03)	4.93	0.28	11.53

(Launch date: 11 January 2017)

	31.10.2023	31.10.2022	31.10.2021	31.10.2020	31.10.2019
	%	%	%	%	%
Annual total return					
- Class MYR-H	0.95	(14.85)	5.84	0.44	12.36

(Launch date: 30 March 2017)

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

MARKET REVIEW (1 NOVEMBER 2022 TO 31 OCTOBER 2023)

The fixed income credit markets rallied after the Federal Reserve (the “Fed”) hiked the Federal Funds rate for the fourth straight time after it appeared that the pace of hikes would soon slow. The 30-year bond closed the month yielding 3.78% (39 basis points (“bps”) lower) and the 10-year note closed yielding 3.65% (41 bps higher). Real rates on the front end of the Treasury curve (e.g., United States Treasury (“UST”) 5-year Treasury Inflation Protected Securities (“TIPS”)) declined by 27 bps (to 1.29%); the 5-year implied breakeven inflation rate (i.e., the difference in yields between the 5-year UST and the 5-year TIPS) decreased by 19 bps to close at 2.48%.

MARKET REVIEW (1 NOVEMBER 2022 TO 31 OCTOBER 2023) (CONTINUED)

In December 2022, the fixed income credit markets were mixed. The Fed continued to emphasize that interest rates would be high for longer than markets appear to expect. The 30-year bond closed the month yielding 3.94% (16 bps higher) and the 10-year note closed yielding 3.83% (18 bps higher). Real rates on the front end of the Treasury curve (e.g., UST 5-year TIPS) rose by 37 bps (to 1.64%); the 5-year implied breakeven inflation rate (i.e., the difference in yields between the 5-year UST and the 5-year TIPS) decreased by 10 bps to close at 2.38%.

The fixed income credit market performance was extraordinary in January 2023 as temptations of almost record high yields became too cheap to ignore, invoking fears of missing out, which impelled a powerful bond market rally. The Fed continued to emphasize that interest rates would be high for longer as they upped their inflation expectations, which buoyed the bond markets due to concerns of a Fed engendered recession. The 30-year bond closed the month yielding 3.63% (32 bps lower) and the 10-year note closed yielding 3.49% (34 bps lower). Real rates on the front end of the Treasury curve (e.g., UST 5-year TIPS) declined by 31 bps (to 1.32%); the 5-year implied breakeven inflation rate (i.e., the difference in yields between the 5-year UST and the 5-year TIPS) decreased by 5 bps to close at 2.33%.

The bond markets were largely mixed during the financial year under review. In the later part of the review year, UST prices impelled higher from a run in the U.S. banking deposit system and junior-subordinated bank debt impaired as a result. The Federal Deposit Insurance Corporation ("FDIC") joined to quickly restore sufficient confidence in the banking system with a liquidity program and some deposit guarantees. Even despite the financial pressure, the Fed raised the federal funds rate by another 25 bps in March 2023 and said that some additional policy firming may be appropriate.

The bond markets were heavy in May 2023 with UST prices retreating and giving back much of what they gained from the risk off flight, which resulted from the regional banking system's deposit challenges. There also became a growing uncertainty about whether the Fed would pause its rate hikes later in June as Fed members certainly have diverging opinions. The 30-year bond closed the month yielding 3.86% (19 bps higher) and the 10-year note closed yielding 3.65% (22 bps higher). Real rates on the front end of the Treasury curve (e.g., UST 5-year Treasury Inflation Protected Securities ("TIPS")) rose by 44 bps (to 1.68%); the 5-year implied breakeven inflation rate (i.e., the difference in yields between the 5-year UST and the 5-year TIPS) fell 15 bps to close at 2.10%.

In June 2023, the Fed paused its rate hikes this month, which has provided equity markets with ammunition to rally. The debt ceiling issue was resolved with President Joe Biden signing a bill that raises the debt ceiling limit until 2025. This was another positive factor for market performance this month.

In July 2023, the Fed moved again to hike the Federal Funds rate another 25 bps (to 5.25% to 5.50%) after a pause last month; and signalled that there are still more hikes to come, which is a similar message to that from its June 2023 meeting. The 30-year bond closed the month yielding 4.00% (14 bps higher) and the 10-year note closed yielding 3.95% (11 bps higher). Real rates on the front end of the Treasury curve (e.g., UST 5-year TIPS) fell by 9 bps (to 1.89%); the 5-year implied breakeven inflation rate (i.e., the difference in yields between the 5-year UST and the 5-year TIPS) rose 8 bps to close at 2.27%.

The third quarter was primarily a period of repricing expectations for the Fed policy rate and its resolve to keep rates elevated for an extended period. This impelled a further decline in UST bond prices, particularly in longer dated paper which caused a significant bear "steepening" of the UST yield curve—the change was essentially a "disinversion" as the spread between UST two-year notes and UST ten-year remained inverted at -47 bps but retraced 60 bps after closing last quarter at an extreme of -107 bps last June 2023.

MARKET REVIEW (1 NOVEMBER 2022 TO 31 OCTOBER 2023) (CONTINUED)

In September 2023, the Fed had a “hawkish pause” this month with interest rates on hold but language pointing to more possible hikes. The idea that rates could be “higher for longer” along with healthy economic data and impending supply to fund government deficits weighed on UST.

The yield curve steepened in October 2023. The idea that rates could be “higher for longer” along with healthy economic data and impending supply to fund Government deficits weighed on UST. The U.S. labour market showed surprising strength again with a 336,000 print for September 2023. The prior month was also revised higher to 227,000 from 187,000. This print further unnerved markets and reinforced the “higher for longer” narrative.

FUND PERFORMANCE

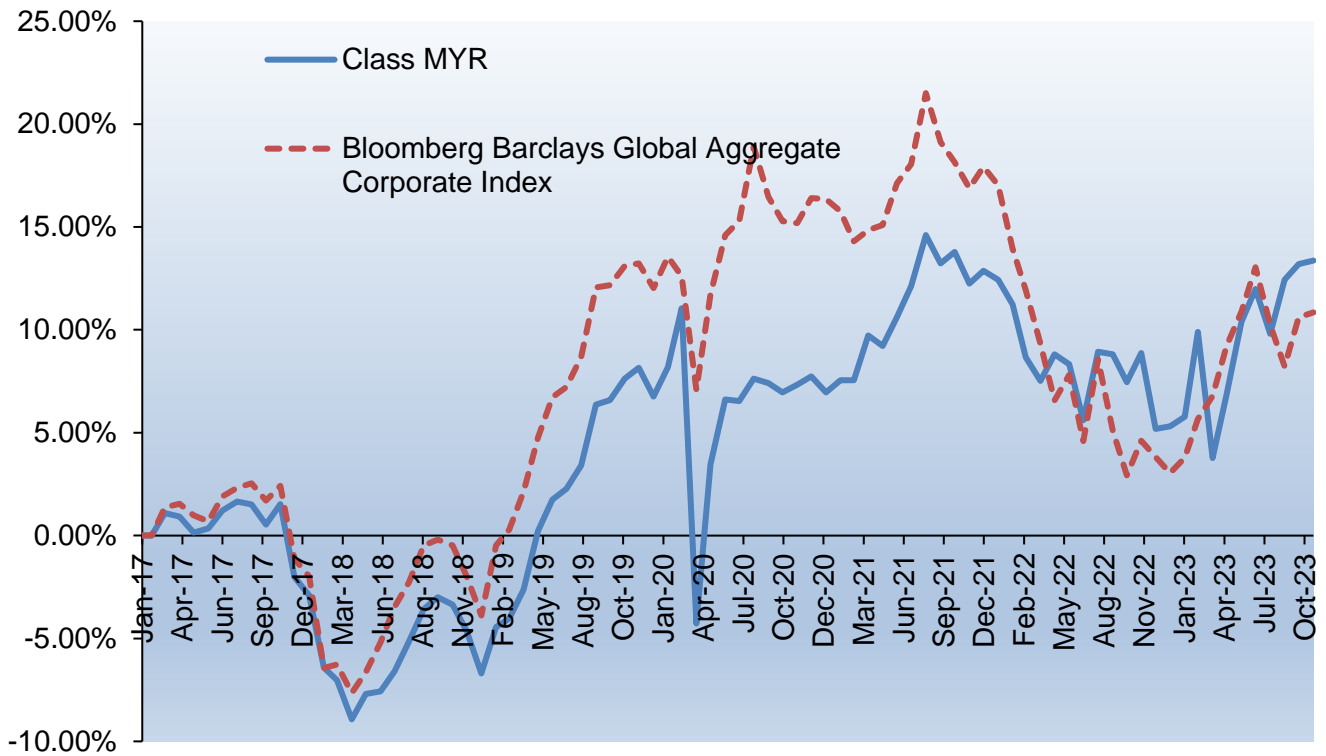
	1 year to 31.10.2023	3 years to 31.10.2023	5 years to 31.10.2023	Since inception to 31.10.2023
	%	%	%	%
Income Distribution				
- Class MYR	3.40	10.83	18.22	20.79
- Class MYR-H	3.52	11.27	18.54	34.46
- Class USD	3.50	10.60	18.99	22.38
Capital Growth				
- Class MYR	0.70	(4.69)	(0.77)	(6.15)
- Class MYR-H	(2.48)	(18.23)	(13.51)	(23.77)
- Class USD	(0.17)	(16.71)	(13.41)	(13.69)
Total Return				
- Class MYR	4.12	5.63	17.31	13.37
- Class MYR-H	0.95	(9.02)	2.52	2.50
- Class USD	3.32	(7.88)	3.03	5.63
Benchmark				
- Class MYR	5.96	(3.78)	13.67	10.84
- Class MYR-H	5.15	(16.09)	(0.17)	4.02
- Class USD	5.15	(16.09)	(0.17)	4.02
Average Total Return				
- Class MYR	4.12	1.84	3.24	1.86
- Class MYR-H	0.95	(3.10)	0.50	0.38
- Class USD	3.32	(2.70)	0.60	0.81

For the financial year under review, Class MYR increased by 4.12%, underperforming their benchmark which increased by 5.96%. Meanwhile for Class MYR-H and Class USD increased by 0.95% and 3.32% respectively, underperforming their benchmark which increased 5.15% and 5.15% respectively during the same financial year under review.

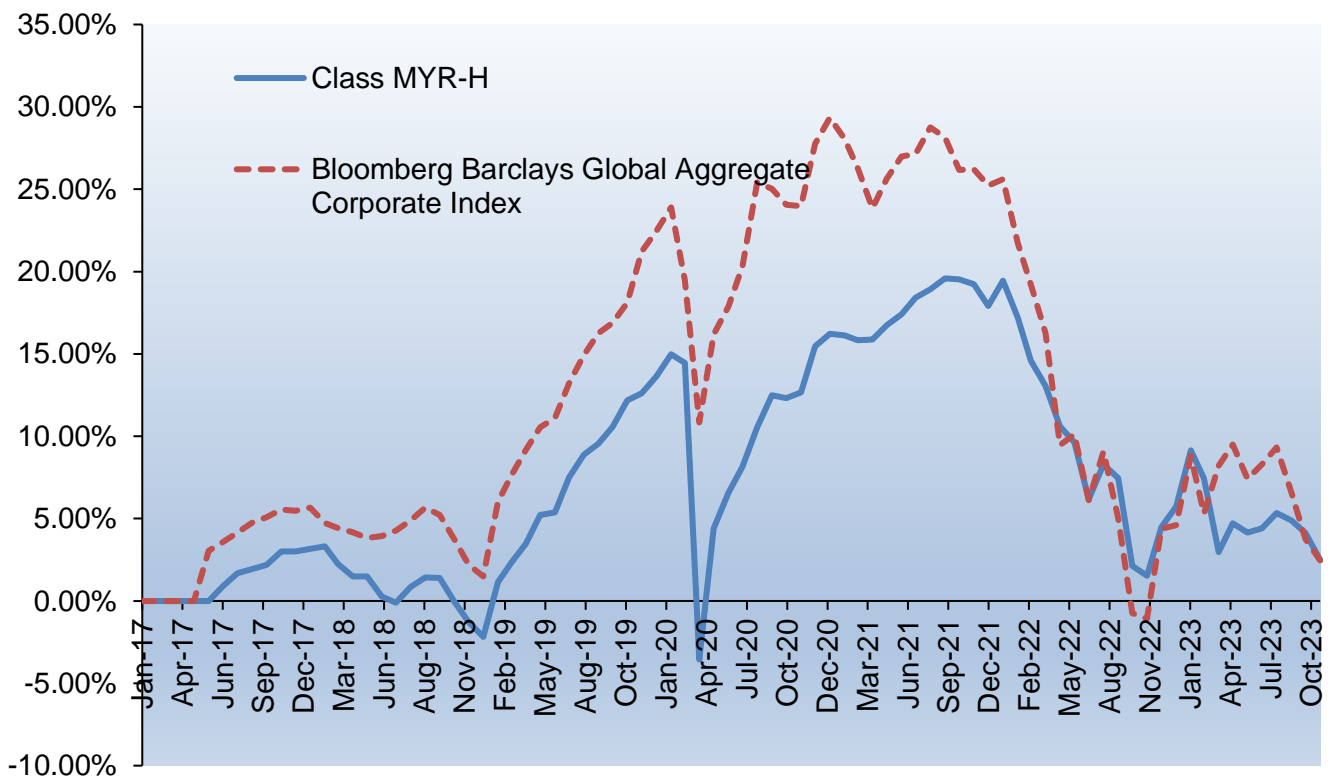
FUND PERFORMANCE (CONTINUED)

CLASS MYR

Since Inception



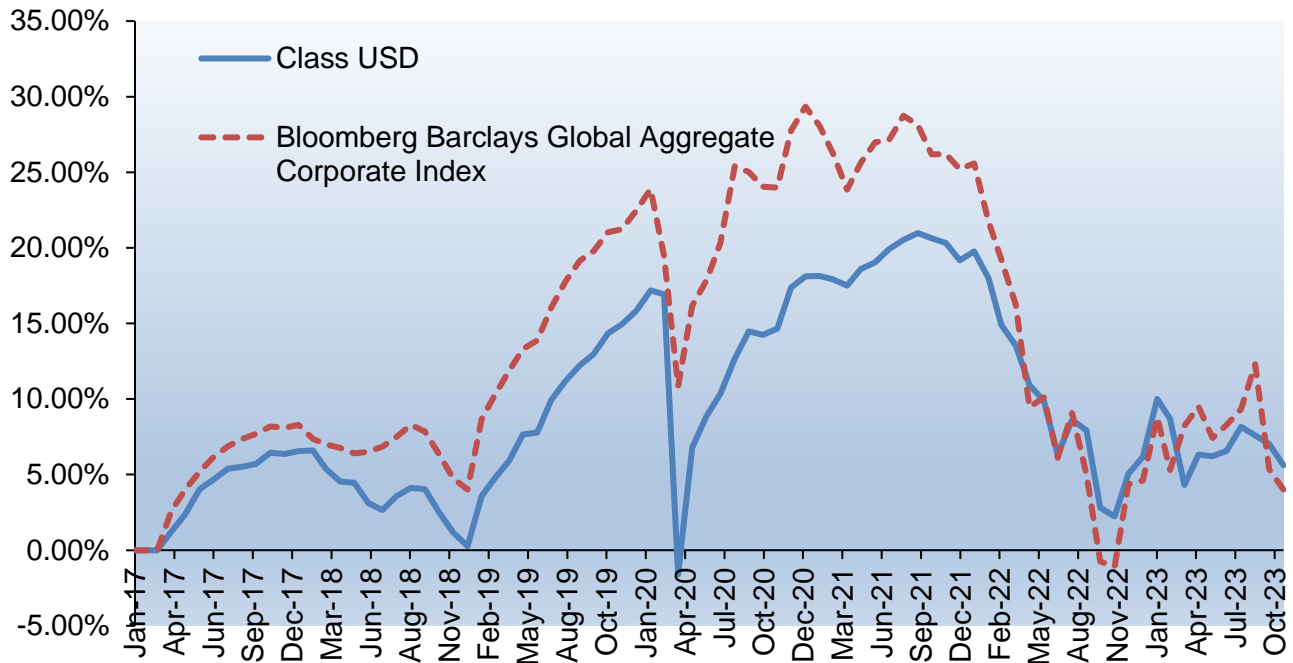
CLASS MYR-H



FUND PERFORMANCE (CONTINUED)

CLASS USD

Since Inception



Changes in NAV

	31.10.2023	31.10.2022	Changes %
CLASS MYR			
NAV (USD Million)	0.76	0.70	8.57
NAV/Unit (USD)	0.1976	0.1972	0.20
CLASS MYR-H			
NAV (USD Million)	0.32	0.43	(25.58)
NAV/Unit (USD)	0.1605	0.1654	(2.96)
CLASS USD			
NAV (USD Million)	4.79	4.07	17.69
NAV/Unit (USD)	0.8654	0.8646	0.09

For the financial year under review, the Fund's NAV for Class MYR and Class USD increased by 8.57% and 17.69% respectively. Meanwhile Class MYR-H decreased by 25.58% during the same financial year under review.

In addition, the NAV per unit for Class MYR and USD increased by 0.20% and 0.09% respectively. Meanwhile Class MYR-H decreased by 2.96% due to creations during the reporting year.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)	31.10.2023	31.10.2022
Collective investment scheme	98.26	98.97
Cash and other assets	2.05	2.57
Liabilities	(0.31)	(1.54)
Total	100.00	100.00

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

Top 10 holdings of the Target Fund for the financial year ended:

	% of NAV
Top 10 holdings *	31.10.2023
Zurich Finance Ireland	2.60
HSBC Capital Funding	2.30
Bank of Nova Scotia	2.30
Enterprise Products Operating LLC	2.10
Toronto Dominion Bank	1.80
Enbridge Inc	1.80
MetLife Inc	1.70
Munich Re	1.70
Nippon Life Insurance Co	1.60
Demeter Swiss Re	1.60

Top 10 holdings *	31.10.2022
Zurich Finance Ireland	2.30
HSBC Capital Funding	2.30
Bank of Nova Scotia	2.20
Enterprise Products Operating LLC	1.90
Enbridge Inc	1.70
MetLife Inc	1.70
Munich Re	1.60
Barclays	1.60
Nippon Life Insurance Co	1.50
BNP Paribas	1.50

* As per disclosed in Fund Fact Sheet.

MARKET OUTLOOK*

U.S. and European banks stress tests have been positive and should provide comfort to investors. Recent bank stress should result in tighter lending standards which will surely be deflationary in nature. This should provide Central Banks and the Fed, specifically, with an opportunity to pivot from being aggressive on rates.

* This market outlook does not constitute an offer, invitation, commitment, advice or recommendation to make a purchase of any investment. The information given in this article represents the views of Principal Asset Management Berhad ("Principal Malaysia") or based on data obtained from sources believed to be reliable by Principal Malaysia. Whilst every care has been taken in preparing this, Principal Malaysia makes no guarantee, representation or warranty and is under no circumstances liable for any loss or damage caused by reliance on, any opinion, advice or statement made in this market outlook.

INVESTMENT STRATEGY

The Fund will continue to remain fully invested in the Target Fund with minimal cash kept for liquidity purposes.

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the “Manager”) and the Trustee will not retain any form of rebate or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebates or shared commission will be directed to the account of the Fund. The Manager may retain goods and services (soft commission) provided by any broker or dealer if the following conditions are met:

- (a) the soft commission bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;
- (b) any dealings with the broker or dealer is executed on terms which are the most favourable for the Funds; and
- (c) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and the Manager will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

During the financial year under review, the Manager and the Trustee did not receive any rebates from the brokers or dealers, but the Manager has retained soft commission in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. The Manager confirms that the goods and services received were for the benefit of the Fund, the trades were made on a best execution basis and there was no churning of trades.

SECURITIES FINANCING TRANSACTIONS

The Fund has not undertaken any securities lending or repurchase transactions during the financial year under review.

STATE OF AFFAIR OF THE FUND

There were no significant changes in the state of affairs of the Fund during the financial year and up to the date of Manager’s report, not otherwise disclosed in the financial statements.

CIRCUMSTANCES THAT MATERIALLY AFFECT ANY INTEREST OF UNIT HOLDERS

There were no circumstances that had materially affected the interest of the unit holders during the financial year under review.

CROSS TRADE

No-cross trade transactions have been carried out during the financial year under review.

UNIT SPLIT

No unit split exercise have been carried out during the financial year under review.

**STATEMENT BY MANAGER TO THE UNIT HOLDERS OF
PRINCIPAL GLOBAL PREFERRED SECURITIES FUND**

We, being the Directors of Principal Asset Management Berhad (the “Manager”), do hereby state that, in the opinion of the Manager, the accompanying audited financial statements set out on pages 7 to 32 are drawn up in accordance with the provisions of the Deeds and give a true and fair view of the financial position of the Fund as at 31 October 2023 and of its financial performance, changes in net assets attributable to unit holders and cash flows for the financial year then ended in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

For and on behalf of the Manager

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

MUNIRAH KHAIRUDDIN

Country Head Chief Executive Officer, Malaysia
Non-Independent Executive Director

UDAY JAYARAM

Executive Managing Director,
Head of Southeast Asia
Non-Independent Executive Director

Kuala Lumpur
14 December 2023

TRUSTEE'S REPORT

**TO THE UNIT HOLDERS OF
PRINCIPAL GLOBAL PREFERRED SECURITIES FUND ("Fund")**

We have acted as Trustee of the Fund for the financial year ended 31 October 2023 and we hereby confirm to the best of our knowledge, after having made all reasonable enquiries, Principal Asset Management Berhad has operated and managed the Fund during the year covered by these financial statements in accordance with the following:

1. Limitations imposed on the investment powers of the Management Company under the Deeds, securities laws and the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework;
2. Valuation and pricing is carried out in accordance with the Deeds; and
3. Any creation and cancellation of units are carried out in accordance with the Deeds and any regulatory requirement.

We are of the opinion that the distributions of income by the Fund are appropriate and reflects the investment objective of the Fund.

For HSBC (Malaysia) Trustee Berhad

Yap Lay Guat
Manager, Investment Compliance Monitoring

Kuala Lumpur
14 December 2023

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal Global Preferred Securities (the "Fund"), which comprise the statement of financial position of the Fund as at 31 October 2023, and statement of comprehensive income, statement of changes in net assets attributable to unit holders and statement of cash flows of the Fund for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 32.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 October 2023, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

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

Independence and other ethical responsibilities

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL GLOBAL PREFERRED SECURITIES FUND (CONT'D.)**

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

Responsibilities of the Manager and the Trustee for the financial statements

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL GLOBAL PREFERRED SECURITIES FUND (CONT'D.)**

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS OF
PRINCIPAL GLOBAL PREFERRED SECURITIES FUND (CONT'D.)**

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

Other matters

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

Yeo Beng Yean
No. 03013/10/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
14 December 2023

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2023**

	Note	2023 USD	2022 USD
INCOME/(LOSS)			
Dividend income		302,321	238,125
Net gain/(loss) on financial assets at fair value through profit or loss	8	34,513	(944,083)
Net loss on derivatives at fair value through profit or loss	9	(6,849)	(63,067)
Net gain on foreign exchange		4,161	33
		<u>334,146</u>	<u>(768,992)</u>
EXPENSES			
Management fee	4	81,214	75,500
Trustee fee	5	2,026	2,013
Audit fee		2,576	2,631
Tax agent's fee		1,405	1,200
Other expenses		850	698
		<u>88,071</u>	<u>82,042</u>
PROFIT/(LOSS) BEFORE DISTRIBUTION AND TAXATION		<u>246,075</u>	<u>(851,034)</u>
Distribution:			
- Class MYR		24,476	27,833
- Class MYR-H		13,140	18,020
- Class USD		146,141	121,140
	6	<u>183,757</u>	<u>166,993</u>
PROFIT/(LOSS) BEFORE TAXATION		62,318	(1,018,027)
Taxation	7	<u>(68,943)</u>	<u>(35,768)</u>
LOSS AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		<u>(6,625)</u>	<u>(1,053,795)</u>
Loss after taxation is made up as follows:			
Realised amount		(68,365)	(105,687)
Unrealised amount		61,740	(948,108)
		<u>(6,625)</u>	<u>(1,053,795)</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2023**

	Note	2023 USD	2022 USD
ASSETS			
Cash and cash equivalents	10	97,186	114,667
Financial assets at fair value through profit or loss	8	5,764,697	5,142,253
Derivative assets at fair value through profit or loss	9	1,014	-
Amount due from Manager		428	-
Amount due from Manager of collective investment scheme			
- Management fee rebate		21,963	18,879
TOTAL ASSETS		5,885,288	5,275,799
LIABILITIES			
Amount due to Manager of collective investment scheme			
- Purchase of collective investment scheme		-	50,000
Derivative liabilities at fair value through profit or loss	9	-	817
Accrued management fee		7,295	6,624
Amount due to Trustee		146	177
Tax payable		5,341	17,061
Other payables and accruals		5,947	5,425
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)		18,729	80,104
NET ASSET VALUE OF THE FUND		5,866,559	5,195,695
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS		5,866,559	5,195,695
REPRESENTED BY:			
FAIR VALUE OF OUTSTANDING UNITS			
- Class MYR		757,518	699,031
- Class MYR-H		322,723	425,255
- Class USD		4,786,318	4,071,409
		5,866,559	5,195,695
NUMBER OF UNITS IN CIRCULATION (UNITS)			
- Class MYR		3,833,676	3,543,897
- Class MYR-H		2,011,029	2,570,670
- Class USD		5,531,006	4,708,795
	11	11,375,711	10,823,362

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2023 (CONTINUED)**

	2023	2022
	USD	USD
NET ASSET VALUE PER UNIT (USD)		
- Class MYR	0.1976	0.1972
- Class MYR-H	0.1605	0.1654
- Class USD	<u>0.8654</u>	<u>0.8646</u>
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES		
- Class MYR	RM0.9409	RM0.9320
- Class MYR-H	RM0.7642	RM0.7817
- Class USD	<u>USD0.8654</u>	<u>USD0.8646</u>

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2023**

	2023 USD	2022 USD
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE BEGINNING OF THE FINANCIAL YEAR	<u>5,195,695</u>	<u>4,642,777</u>
Movement due to units created and cancelled during the financial year:		
Creation of units from applications		
- Class MYR	61,615	129,302
- Class MYR-H	21,337	125,738
- Class USD	<u>648,682</u>	<u>1,479,144</u>
	<u>731,634</u>	<u>1,734,184</u>
Creation of units from distributions		
- Class MYR	24,476	27,833
- Class MYR-H	13,140	18,020
- Class USD	<u>146,141</u>	<u>121,140</u>
	<u>183,757</u>	<u>166,993</u>
Cancellation of units		
- Class MYR	(27,996)	(133,166)
- Class MYR-H	(136,502)	(153,273)
- Class USD	<u>(73,404)</u>	<u>(8,025)</u>
	<u>(237,902)</u>	<u>(294,464)</u>
Total comprehensive loss for the financial year	<u>(6,625)</u>	<u>(1,053,795)</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT THE END OF THE FINANCIAL YEAR	<u><u>5,866,559</u></u>	<u><u>5,195,695</u></u>

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

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2023**

	Note	2023 USD	2022 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from disposal of collective investment scheme		325,000	335,000
Purchase of collective investment scheme		(984,232)	(1,803,902)
Dividend income received		302,321	238,125
Management fee paid		(80,543)	(74,798)
Management fee rebate received		18,217	17,064
Trustee fee paid		(2,057)	(1,994)
Tax payment		(80,663)	(18,707)
Payments for other fees and expenses		(4,309)	(4,061)
Net realised loss on forward foreign currency contracts		(8,680)	(60,661)
Receipt of other foreign exchange gain		2,099	120
Net cash used in operating activities		(512,847)	(1,373,814)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from units created		731,206	1,734,184
Payments for cancellation of units		(237,902)	(294,464)
Net cash generated from financing activities		493,304	1,439,720
Net (decrease)/increase in cash and cash equivalents		(19,543)	65,906
Effects of foreign exchange differences		2,062	(87)
Cash and cash equivalents at the beginning of the financial year		114,667	48,848
Cash and cash equivalents at the end of the financial year	10	97,186	114,667
<u>Cash and cash equivalents comprised:</u>			
Bank balances		97,186	114,667
Cash and cash equivalents at the end of the financial year	10	97,186	114,667

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2023**

1. THE FUND, THE MANAGER AND ITS PRINCIPAL ACTIVITIES

Principal Global Preferred Securities Fund (the “Fund”) is governed by Principal Deed dated 21 November 2016 and a First Supplemental Deed dated 30 December 2019 (collectively referred to as the “Deeds”), made between Principal Asset Management Berhad (the “Manager”) and HSBC (Malaysia) Trustee Berhad (the “Trustee”).

The Fund is a feeder fund and it invests in a single CIS, i.e. the Target Fund. The Manager will monitor the investment objective of the Target Fund to ensure that it is in line with the investment objective of the Fund.

In order to achieve its investment objective, the Fund will invest at least 95% of its NAV in the Target Fund; a UCITS domiciled in Ireland and established on 22 April 2003. The Fund will invest in Class I Income USD of the Target Fund, which is a share class denominated in USD with income distribution established on 15 January 2013. The Fund will also maintain up to 5% of its NAV in liquid assets.

Information on the Target Fund:

Target Fund Manager	: Principal Global Investors (Ireland) Limited
Investment Adviser	: Principal Global Investors, LLC
Sub Investment Adviser	: Spectrum Asset Management, Inc
Regulatory authority	: Central Bank of Ireland

The Target Fund is a Dublin based UCITS that invest primarily in a portfolio of USD denominated preferred securities and debt securities.

Asset Allocation

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

The Fund is a feeder fund that invests at least 95% of its NAV into the Target Fund. Hence, the Target Fund manager will employ a risk management process which combines financial techniques and instruments to manage at any time the risk of various positions and their contribution to the overall risk of the Target Fund’s portfolio.

All investments are subjected to the Securities Commission Malaysia’s (“SC”) Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, SC requirements, the Deeds, except where exemptions or variations have been approved by the SC, internal policies and procedures and the Fund’s objective.

The Manager is a joint venture between Principal Financial Group®, a member of the FORTUNE 500® and a Nasdaq-listed global financial services and CIMB Group Holdings Berhad, one of Southeast Asia’s leading universal banking groups. The principal activities of the Manager are the establishment and management of unit trust funds and fund management activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the MFRS as issued by the Malaysian Accounting Standards Board ("MASB") and IFRS as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

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

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

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

There are no other standards, amendments to standards or interpretations that are effective for financial year beginning on 1 November 2022 that have a material effect on the financial statements of the Fund.

There are no new applicable standards, amendments to standards or interpretations that are effective for financial year beginning on/after 1 November 2023 that are applicable to the financial statements of the Fund.

(b) Financial assets and financial liabilities

Classification

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

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

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The contractual cash flows of the Fund's investments are solely principal and interest ("SPPI"). However, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Classification (continued)

Investment in collective investment schemes have debt instrument with contractual cash flow that do not represent SPPI and therefore are classified as fair value through profit or loss.

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

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

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

Recognition and measurement

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets and financial liabilities (continued)

Impairment for assets carried at amortised costs

The Fund measures credit risk and expected credit losses ("ECL") using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward-looking information in determining any ECL. The Manager considers 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 year.

(c) Income recognition

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

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 quoted securities, determined on a weighted average cost basis.

(d) Cash and cash equivalents

For the purpose of statement of cash flow, cash and cash equivalent comprise bank balances which are subject to an insignificant risk of changes in value.

(e) Distribution

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Taxation

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

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

Pursuant to Finance Act 2021, income derived by a resident person from sources outside Malaysia and received in Malaysia from 1 January 2022 will no longer be exempt from tax. Foreign-sourced income ("FSI") received in Malaysia during the transitional period from 1 January 2022 to 30 June 2022 will be taxed at 3% of gross. From July 2022 onwards, FSI received in Malaysia will be taxed at prevailing tax rate(s) of the taxpayer and based on applicable tax rules. Bilateral or unilateral tax credits may be allowed if the same income has suffered foreign tax, and where relevant conditions are met.

(h) Management fee rebate

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

(i) Functional and presentation 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 United States Dollar ("USD"), which is the Fund's functional and presentation currency.

Due to mixed factors in determining the functional currency of the Fund, the Manager has used its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have determined the functional currency to be in USD primarily due to the following factors:

- i) The Fund's investments are denominated in USD;
- ii) Significant portion of the cash is denominated in USD for the purpose of making settlement of the foreign trades; and
- iii) Significant portion of the Fund's expenses are denominated in USD.

Transactions and balances

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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 MYR-H and Class USD which are cancelled at the unit holder's option. The units are classified as financial liabilities. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the 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.

(k) Derivative financial instruments

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

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

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

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

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

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

(l) Critical accounting estimates and judgements in applying accounting policies

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Funds' results and financial position are tested for sensitivity to changes in the underlying parameters.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

In undertaking any of the Fund's investment, the Manager will ensure that all assets of the Fund under management will be valued appropriately, that is at fair value and in compliance with the SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

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

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments of the Fund were as follows:

	Financial assets at fair value through profit or loss USD	Financial assets at amortised cost USD	Total USD
2023			
Cash and cash equivalents (Note 10)	-	97,186	97,186
Collective investment scheme (Note 8)	5,764,697	-	5,764,697
Derivative assets at fair value through profit or loss (Note 9)	1,014	-	1,014
Amount due from Manager	-	428	428
Amount due from Manager of collective investment scheme - Management fee rebate	-	21,963	21,963
	<u>5,765,711</u>	<u>119,577</u>	<u>5,885,288</u>
2022			
Cash and cash equivalents (Note 10)	-	114,667	114,667
Collective investment scheme (Note 8)	5,142,253	-	5,142,253
Amount due from Manager of collective investment scheme - Management fee rebate	-	18,879	18,879
	<u>5,142,253</u>	<u>133,546</u>	<u>5,275,799</u>

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

The Fund aims to achieve income and capital appreciation primarily through investment in preferred securities.

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

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

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

(a) Market risk

(i) Price risk

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

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

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

	2023 USD	2022 USD
Financial assets at fair value through profit or loss:		
- Collective investment scheme	5,764,697	5,142,253

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

% Change in price of collective investment scheme	Market value USD	Impact on profit or loss/NAV USD
2023		
-5%	5,476,462	(288,235)
0%	5,764,697	-
5%	6,052,932	288,235
2022		
-5%	4,885,140	(257,113)
0%	5,142,253	-
5%	5,399,366	257,113

(ii) 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.

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

(a) Market risk (continued)

(ii) Currency risk (continued)

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

Financial assets	Cash and cash equivalents USD	Amount due from Manager USD	Derivative assets at fair value through profit or loss USD	Total USD
2023				
MYR	<u>1,695</u>	<u>428</u>	<u>1,014</u>	<u>3,137</u>
2022				
MYR	<u>4,518</u>	<u>-</u>	<u>-</u>	<u>4,518</u>
Financial liabilities	Derivative liabilities at fair value through profit or loss USD	Net assets attributable to unit holders USD	Total USD	
2023				
MYR	<u>-</u>	<u>1,080,241</u>	<u>1,080,241</u>	
2022				
MYR	<u>817</u>	<u>1,124,286</u>	<u>1,125,103</u>	

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

	Change in foreign exchange rate	Impact on profit or loss/NAV	
	%	2023 USD	2022 USD
MYR	+/-5	<u>-/+53,855</u>	<u>-/+56,029</u>

(b) Credit risk

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

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

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

(b) Credit risk (continued)

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

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

	Cash and cash equivalents USD	Amount due from Manager USD	Amount due from Manager of collective investment scheme- Management fee rebate USD	Derivative assets at fair value through profit or loss USD	Total USD
2023					
- AAA	97,186	-	-	-	97,186
- Not rated	-	428	21,963	1,014	23,405
	<u>97,186</u>	<u>428</u>	<u>21,963</u>	<u>1,014</u>	<u>120,591</u>
2022					
- AAA	114,667	-	-	-	114,667
- Not rated	-	-	18,879	-	18,879
	<u>114,667</u>	<u>-</u>	<u>18,879</u>	<u>-</u>	<u>133,546</u>

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its financial obligations.

The Manager manages this risk by maintaining sufficient level of liquid assets to meet anticipated payments and cancellations of the units by unit holders. Liquid assets comprise bank balances and other instruments, which are capable of being converted into cash within 7 business days. The Fund's investments in collective investment scheme are realisable which are capable of being converted into cash within 10 business days. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

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

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

(c) Liquidity risk (continued)

	Less than 1 month USD	Between 1 month to 1 year USD	Total USD
2023			
Accrued management fee	7,295	-	7,295
Amount due to Trustee	146	-	146
Other payables and accruals	-	5,947	5,947
Net assets attributable to unit holders*	5,866,559	-	5,866,559
Contractual undiscounted cashflows	<u>5,874,000</u>	<u>5,947</u>	<u>5,879,947</u>
2022			
Derivative liabilities at fair value through profit or loss	817	-	817
Amount due to Manager of collective investment scheme - Purchase of collective investment scheme	50,000	-	50,000
Accrued management fee	6,624	-	6,624
Amount due to Trustee	177	-	177
Other payables and accruals	-	5,425	5,425
Net assets attributable to unit holders*	5,195,695	-	5,195,695
Contractual undiscounted cashflows	<u>5,253,313</u>	<u>5,425</u>	<u>5,258,738</u>

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

(d) Capital risk management

The capital of the Fund is represented by net assets attributable to unit holders of USD5,866,559 (2022: USD5,195,695). 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 year end date. The Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of the fair value.

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

(e) Fair value estimation (continued)

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

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

(i) Fair value hierarchy

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

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

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

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

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

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

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2023				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	<u>5,764,697</u>	<u>-</u>	<u>-</u>	<u>5,764,697</u>

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

(e) Fair value estimation (continued)

(i) Fair value hierarchy (continued)

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2023 (continued)				
Derivative assets at fair value through profit or loss:				
- Forward foreign currency contracts	-	1,014	-	1,014
2022				
Financial assets at fair value through profit or loss:				
- Collective investment scheme	5,142,253	-	-	5,142,253
Derivative liabilities at fair value through profit or loss:				
- Forward foreign currency contracts	-	817	-	817

Investments whose values are based on quoted market prices in active markets and are therefore classified within Level 1, include collective investment scheme which invest in 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).

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

- (ii) The carrying values of cash and cash equivalents, amount due from Manager and amount due from Manager of collective investment scheme - management fee rebate and all other 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 class, calculated daily based on the NAV of the Fund.

For the financial year ended 31 October 2023 and 31 October 2022 the management fee is recognised at the following rates:

Class MYR	Class MYR-H	Class USD
1.50%	1.50%	1.50%

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

5. TRUSTEE FEE

In accordance with the Deeds, the Trustee is entitled to a fee up to 0.08% per annum, calculated daily based on the NAV of the Fund. The Trustee fee includes local custodian fees and charges but excludes foreign sub-custodian fees and charges.

For the financial period from 1 November 2022 until 31 July 2023, the Trustee fee is recognised at a rate of 0.03% per annum. Effective 1 August 2023, the Trustee fee is recognised at a rate of 0.03% per annum for each class (2022 0.04% per annum) for each class.

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

6. DISTRIBUTION

Breakdown of distribution were as follows:

Source of distribution	2023		2022	
	USD	%	USD	%
Distribution out of current year's income	183,757	100.00	166,993	100.00
Distribution out of prior year's income/capital*	-	-	-	-
Total	183,757	100.00	166,993	100.00

Distributions to unit holders were derived from the following sources:

	2023 USD	2022 USD
Dividend income	183,757	166,993
	183,757	166,993
Less:		
Expenses	-	-
Net distribution amount	183,757	166,993

Gross/Net distribution per unit (cent)

Distribution on 7 December 2022

- Class MYR	0.17	-
- Class MYR-H	0.14	-
- Class USD	0.73	-

6. DISTRIBUTION (CONTINUED)

	2023 USD	2022 USD
Gross/Net distribution per unit (cent)		
Distribution on 8 March 2023		
- Class MYR	0.21	-
- Class MYR-H	0.20	-
- Class USD	0.92	-
Distribution on 2 June 2023		
- Class MYR	0.22	-
- Class MYR-H	0.20	-
- Class USD	1.06	-
Distribution on 4 September 2023		
- Class MYR	0.08	-
- Class MYR-H	0.07	-
- Class USD	0.35	-
Distribution on 7 December 2021		
- Class MYR	-	0.20
- Class MYR-H	-	0.19
- Class USD	-	0.86
Distribution on 7 March 2022		
- Class MYR	-	0.20
- Class MYR-H	-	0.19
- Class USD	-	0.87
Distribution on 8 June 2022		
- Class MYR	-	0.22
- Class MYR-H	-	0.20
- Class USD	-	0.67
Distribution on 7 September 2022		
- Class MYR	-	0.18
- Class MYR-H	-	0.16
- Class USD	-	0.79
	<u>4.35</u>	<u>4.73</u>

* Distribution income has been accrued as at the end of the prior financial period but is not declared and paid as distribution.

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

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

There were no unrealised losses during the financial year ended 31 October 2023 (2022: USD948,108).

7. TAXATION

	2023 USD	2022 USD
Tax charged for the financial year:		
- Tax on foreign source income	72,557	35,768
- Over provision of tax in the prior year	(3,614)	-
	<u>68,943</u>	<u>35,768</u>

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

	2023 USD	2022 USD
Profit/(Loss) before taxation	<u>62,318</u>	<u>(1,018,027)</u>
Taxation at Malaysian statutory rate of 24% (2022: 24%)	14,956	(244,326)
Tax effects of:		
- (Income not subject to tax)/Loss not deductible for tax purposes	(80,195)	184,558
- Expenses not deductible for tax purposes	45,098	40,982
- Restriction on tax deductible expenses for Wholesale Funds	20,141	18,786
Tax on foreign source income	72,557	35,768
Over provision of tax in the prior year	(3,614)	-
Taxation	<u>68,943</u>	<u>35,768</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 USD	2022 USD
At fair value through profit or loss:		
- Collective investment scheme	<u>5,764,697</u>	<u>5,142,253</u>
Net gain/(loss) on financial assets at fair value through profit or loss:		
- Realised loss on disposals	(44,635)	(18,158)
- Unrealised fair value gain/(loss)	57,847	(945,615)
- Management fee rebate #	<u>21,301</u>	<u>19,690</u>
	<u>34,513</u>	<u>(944,083)</u>

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

For the financial year ended 31 October 2023, management fee rebate is recognised at an effective rate of 0.35% per annum (2022: 0.35% per annum) calculated daily based on the NAV of the collective investment scheme.

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

Name of counter	Quantity Units	Aggregate cost USD	Market value USD	Percentage of NAV %
2023				
COLLECTIVE INVESTMENT SCHEME				
PGI Preferred Securities Fund	666,439	6,620,411	5,764,697	98.26
TOTAL COLLECTIVE INVESTMENT SCHEME	666,439	6,620,411	5,764,697	98.26
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		(855,714)		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		5,764,697		
2022				
COLLECTIVE INVESTMENT SCHEME				
PGI Preferred Securities Fund	596,549	6,055,814	5,142,253	98.97
TOTAL COLLECTIVE INVESTMENT SCHEME	596,549	6,055,814	5,142,253	98.97
ACCUMULATED UNREALISED LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		(913,561)		
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
		5,142,253		

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

	2023 USD	2022 USD
Forward foreign currency contracts	1,014	(817)
Net loss on derivative assets/liabilities at fair value through profit or loss:		
- Realised loss on forward foreign currency contracts	(8,680)	(60,661)
- Unrealised fair value gain/(loss) on forward foreign currency contracts	1,831	(2,406)
	(6,849)	(63,067)

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

As at 31 October 2023, there is 1 outstanding (2022:1 outstanding) USD/Malaysian Ringgit ("MYR") forward foreign currency contract. The notional principal amount of the outstanding forward foreign currency contract amounted to USD323,049 (2022: USD424,615).

The USD/MYR forward foreign currency contracts are entered into during the financial year to minimise the risk of foreign currency exposure between the USD and the MYR for the Fund.

As the Fund has not adopted hedge accounting during the financial year, any changes in the fair value of the forward foreign currency contracts are recognised immediately in the statement of comprehensive income during the year in which it was incurred.

10. CASH AND CASH EQUIVALENTS

	2023	2022
	USD	USD
Bank balances	97,186	114,667

11. NUMBER OF UNITS IN CIRCULATION (UNITS)

	2023	2022
	No. of units	No. of units
Class MYR (i)	3,833,676	3,543,897
Class MYR-H (ii)	2,011,029	2,570,670
Class USD (iii)	5,531,006	4,708,795
	<u>11,375,711</u>	<u>10,823,362</u>

(i) Class MYR

At the beginning of the financial year	3,543,897	3,432,402
Add : Creation of units from applications	308,052	619,307
Add : Creation of units from distributions	121,034	97,684
Less : Cancellation of units	(139,307)	(605,496)
At the end of the financial year	<u>3,833,676</u>	<u>3,543,897</u>

(ii) Class MYR-H

At the beginning of the financial year	2,570,670	2,596,197
Add : Creation of units from applications	131,245	593,386
Add : Creation of units from distributions	56,208	60,833
Less : Cancellation of units	(747,094)	(679,746)
At the end of the financial year	<u>2,011,029</u>	<u>2,570,670</u>

(iii) Class USD

At the beginning of the financial year	4,708,795	3,061,787
Add : Creation of units from applications	748,294	1,534,879
Add : Creation of units from distributions	158,521	120,578
Less : Cancellation of units	(84,604)	(8,449)
At the end of the financial year	<u>5,531,006</u>	<u>4,708,795</u>

12. TOTAL EXPENSE RATIO (“TER”)

	2023	2022
	%	%
TER	<u>1.23</u>	<u>1.24</u>

TER is derived from the following calculation:

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

A	=	Management fee (exclude rebate)
B	=	Trustee fee
C	=	Audit fee
D	=	Tax agent's fee
E	=	Other expenses
F	=	Average NAV of the Fund calculated on a daily basis

The average NAV of the Fund for the financial year calculated on a daily basis is USD5,413,802 (2022: USD5,034,059).

13. PORTFOLIO TURNOVER RATIO (“PTR”)

	2023	2022
PTR (times)	<u>0.12</u>	<u>0.22</u>

PTR is derived based on the following calculation:

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

where:

total acquisition for the financial year	= USD934,232 (2022: USD1,853,902)
total disposal for the financial year	= USD325,000 (2022: USD335,000)

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

The related parties and their relationship with the Fund were 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

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

The related parties and their relationship with the Fund were as follows: (continued)

<u>Related parties</u>	<u>Relationship</u>
CIMB Group Sdn Bhd	Shareholder of the Manager
Principal Global Investors (Ireland) Limited	Manager of Target Fund
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 Manager

Units held by the Manager and parties related to the Manager

		2023		2022
	No. of units	USD	No. of units	USD
Manager				
Principal Asset Management Berhad				
- Class MYR	2	0*	473	93
- Class MYR-H	4	1	5,214	862
- Class USD	2	2	2	2

*Amount less than 1

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.

	2023	2022
	USD	USD
<u>Significant related party transaction</u>		
Principal Global Investors (Ireland) Limited		
- Management fee rebate	<u>21,301</u>	<u>19,690</u>
<u>Significant related party balance</u>		
Principal Global Investors (Ireland) Limited		
Amount due from Manager of collective investment scheme:		
- Management fee rebate	<u>21,963</u>	<u>18,879</u>
Amount due to Manager of collective investment scheme		
- Purchase of collective investment scheme	<u>-</u>	<u>50,000</u>

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

	2023 USD	2022 USD
<u>Significant related party balance (continued)</u>		
Collective investment scheme managed by Principal Global Investors (Ireland) Limited: - PGI Preferred Securities Fund	<u>5,764,697</u>	<u>5,142,253</u>

15. TRANSACTIONS WITH BROKER/DEALER

Details of transactions with the broker/dealer for the financial year ended 31 October 2023 are as follows:

Broker/Dealer	Value of trades USD	Percentage of total trades %
BNY Mellon Fund Services (Ireland)	<u>1,259,232</u>	<u>100.00</u>

Details of transactions with the broker/dealer for the financial year ended 31 October 2022 are as follows:

Broker/Dealer	Value of trades USD	Percentage of total trades %
BNY Mellon Fund Services (Ireland)	<u>2,188,902</u>	<u>100.00</u>

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue by the Manager on 14 December 2023.

DIRECTORY

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