

Principal FTSE ASEAN 40

(Constituted under a Trust Deed in the Republic of Singapore)

Annual Report and Financial Statements 31 December 2020



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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 Echegarri Rodriguez
Chong Chooi Wan (appointed 12 Jun 2020)
Lum Joy Deng (resigned 15 Jun 2020)

Trustee/Registrar

DBS Trustee Limited
12 Marina Boulevard
DBS Asia Central @ Marina Bay Financial Centre Tower 3
Singapore 018982

Custodian

State Street Bank and Trust Company
One Lincoln Street
Boston, Massachusetts
02110, United States of America

Auditor

Ernst & Young LLP

MANAGER'S INVESTMENT REPORT

About the Principal FTSE ASEAN 40 (the "Fund")

The Fund is an exchange traded fund, designed to track the performance of the FTSE/ASEAN 40 Index. Units of the Fund have been listed and traded on SGX-ST since 21 September 2006.

Details of the Fund

Fund Base Currency	US Dollar (USD)
Trading Currencies	USD, Singapore Dollar (SGD)
Listing Date of US Dollar counter on SGX-ST	21 September 2006
Listing Date of Singapore Dollar counter on SGX-ST	15 June 2012
Stock Codes on SGX-ST	M62 (USD counter) QS0 (SGD counter)
Board Lot	100 units
Number of units as at 31 December 2020	1.75 million
NAV per unit as at 31 December 2020	USD 8.640
Management Fee	0.65% per annum

Performance

Cumulative Performance (%) as at 31 December 2020

	Period	Fund's Performance	Index's Performance
3 Months	30/09/2020 – 31/12/2020	25.71%	26.12%
6 Months	30/06/2020 – 31/12/2020	16.11%	16.61%
1 Year	31/12/2019 – 31/12/2020	(8.39%)	(7.46%)
3 Years	31/12/2017 – 31/12/2020	(7.78%)	(4.98%)
5 Years	31/12/2015 – 31/12/2020	31.06%	37.96%
Since Inception	21/09/2006 – 31/12/2020	110.90%	105.53%

The Fund's performance is calculated on a NAV-to-NAV basis on the assumption that all dividend distributions made by the Fund are re-invested.

The Fund aims to mirror the performance of FTSE/ASEAN 40 Index (the "Index"), using full replication strategy, that involves investing in all index securities in substantially the same proportion or weighting as the Index.

The Index is a tradable index launched by FTSE in conjunction with 5 ASEAN Exchanges - PT Bursa Efek Jakarta (Jakarta Stock Exchange), Bursa Malaysia Berhad, The Philippine Stock Exchange, Inc., Singapore Exchange Securities Trading Limited ("SGX-ST") and The Stock Exchange of Thailand ("SET"), The Index is the first collaborative effort amongst the 5 Exchanges under the ASEAN umbrella. The Index represents the performance of the 40 largest stocks of the 5 Exchanges and is subject to rigorous ground rules such as free float adjustment and freely available index rules are governed and maintained by an independent committee of leading market professionals.

MANAGER'S INVESTMENT REPORT (continued)

Performance (continued)

From 1 July 2020 to 31 December 2020, the NAV of the Fund increased by 16.11%, while the value of the Index increased by 16.61%.

The top 10 holdings of the Fund as at 31 December 2020 represented US\$ 7,959,332 (being approximately 52.64% of the Fund's NAV), while it was US\$ 9,373,544 as at 31 December 2019 (being approximately 51.36% of the Fund's NAV).

Asian economies broadly saw a period of recovery in the second half of 2020, spurred by ample fiscal and monetary support from governments across the region. Ultimately, however, the pace of recovery still very much depended on each country's ability to curb the spread of the COVID-19 virus. Singapore saw its GDP in the fourth quarter of 2020 narrow to -2.4% year-on-year ("yoy"), from -7.0% yoy in the previous quarter, after successfully handling an outbreak in foreign worker dormitories, which subsequently allowed the domestic economy to reopen after just 2 months of lockdowns. On the other end of the spectrum, Philippines (-8.3% yoy), Thailand (-4.2% yoy), and Malaysia (-3.4% yoy) struggled throughout the year end as new waves of outbreaks derailed economic recovery.

Singapore's GDP contracted 13.2% yoy in 2Q20, but the economy recovered strongly thereafter in line with improving global business sentiment and Singapore ended the year ahead of official forecasts at a -5.8% yoy contraction of GDP. The main driver of the recovery was the manufacturing sector, supported by robust expansions in the biomedical manufacturing, electronics and precision engineering clusters. While the Monetary Authority of Singapore relaxed monetary policy in March 2020 by simultaneously flattening and lowering the Singapore Dollar nominal effective exchange rate policy band, the SGD strengthened substantially amid broader USD weakness, in particular against the Chinese currency.

In Malaysia, earlier green shoots of recovery post-Movement Control Order were dashed as rising COVID-19 case-count spurred authorities to enforce a new lockdown in the last quarter of 2020. Accordingly, GDP for the fourth quarter fell short of expectations with the construction, mining and services sectors posing a key drag. Bank Negara Malaysia cut its key interest rate four times within the year, to a record low of 1.75%. Accommodative monetary policy, along with strong fiscal support from the government, should be conducive for growth, barring any external shocks, in 2021.

The country worst hit (economically) by the pandemic was the Philippines, whose GDP contracted 9.5% yoy for the full year 2020, the first contraction since the Asian Financial Crisis in 1998. Disruptive lockdowns proved ineffective in curbing the spread of the virus, and the Philippines currently suffers from the second-highest number of active cases in Southeast Asia, after Indonesia. As case-count showed no signs of abating, the lockdowns dragged on for many months and as a result, the economy missed out on the recoveries experienced by regional neighbours, despite the Philippines central bank cutting interest rates 5 times, and a strong fiscal injection from the government equivalent to 6.4% of the 2019 GDP. The Duterte administration has committed to fast-tracking the nationwide vaccination programme, and based on this the Philippines government is projecting economic growth of between 6.5% to 7.5% in 2021.

2020 ended on strong note for the ASEAN region as the Biden presidential win, coupled with exceedingly positive developments on potential vaccines, spurred risk-on sentiment. Earnings continued to be revised up from a low base over the period, implying more room for upside in ASEAN equities leading into 2021.

MANAGER'S INVESTMENT REPORT (continued)

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

i) Country

	Market Value (US\$)	% of NAV
Indonesia	3,088,526	20.43
Malaysia	2,774,463	18.35
Philippines	980,606	6.48
Singapore	4,545,969	30.06
Thailand	<u>3,630,389</u>	<u>24.02</u>
Portfolio of investments	15,019,953	99.34
Other net assets	<u>100,475</u>	<u>0.66</u>
Total	<u>15,120,428</u>	<u>100.00</u>

ii) Industry

	Market Value (US\$)	% of NAV
Communication Services	1,574,766	10.42
Consumer Discretionary	415,390	2.75
Consumer Staples	1,118,681	7.40
Energy	1,016,276	6.72
Financials	7,783,969	51.48
Health Care	420,012	2.78
Industrials	595,513	3.94
Materials	649,175	4.29
Real Estate	833,069	5.51
Utilities	<u>613,102</u>	<u>4.05</u>
Portfolio of investments	15,019,953	99.34
Other net assets	<u>100,475</u>	<u>0.66</u>
Total	<u>15,120,428</u>	<u>100.00</u>

iii) Asset Class

	Market Value (US\$)	% of NAV
Quoted equities	15,019,953	99.34
Other net assets	<u>100,475</u>	<u>0.66</u>
Total	<u>15,120,428</u>	<u>100.00</u>

MANAGER'S INVESTMENT REPORT (continued)

Details of Top 10 Holdings of the Fund

As at 31 December 2020

	Cost (US\$)	Market Value (US\$)	Percentage of total net assets %
DBS Group Holdings Limited	994,785	1,396,158	9.23
Oversea-Chinese Banking Corporation Limited	986,549	1,090,097	7.21
PT Bank Central Asia Tbk	432,254	951,896	6.30
United Overseas Bank Limited	798,436	900,218	5.95
PTT Public Company Limited (NVDR)	657,358	830,991	5.50
Public Bank Berhad	659,359	649,828	4.30
PT Bank Rakyat Indonesia (Persero) Tbk	334,504	643,011	4.25
Singapore Telecommunications Limited	700,479	532,412	3.52
Malayan Banking Berhad	547,229	517,058	3.42
PT Telekomunikasi Indonesia Tbk	421,690	447,663	2.96
	<u>6,532,643</u>	<u>7,959,332</u>	<u>52.64</u>

As at 31 December 2019

	Cost (US\$)	Market Value (US\$)	Percentage of total net assets %
DBS Group Holdings Limited	1,068,509	1,554,146	8.52
Oversea-Chinese Banking Corporation Limited	1,080,685	1,283,652	7.03
United Overseas Bank Limited	872,607	1,132,558	6.21
PT Bank Central Asia Tbk	439,479	1,042,056	5.71
PTT Public Company Limited (NVDR)	712,054	948,272	5.19
Singapore Telecommunications Limited	780,966	836,301	4.58
PT Bank Rakyat Indonesia (Persero) Tbk	350,174	752,112	4.12
Public Bank Berhad	734,044	660,547	3.62
PT Telekomunikasi Indonesia Tbk	462,243	595,193	3.26
Malayan Banking Berhad	606,742	568,707	3.12
	<u>7,107,503</u>	<u>9,373,544</u>	<u>51.36</u>

Exposure to derivatives

The Fund had no exposure to derivatives during the financial year under review.

Creations/redemptions for the year ended 31 December 2020

Total creations during the financial year under review amounted to US\$ 800,350 (equivalent to 100,000 units) (2019: Nil) while total redemptions amounted to US\$ 1,486,300 (equivalent to 200,000 units) (2019: US\$ 983,000 (equivalent to 100,000 units)).

MANAGER'S INVESTMENT REPORT (continued)

Other Information

During the financial 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.

Expense ratios

Please refer to Note 10 of the Notes to the financial statements.

Turnover ratios

Please refer to Note 10 of the Notes to the financial statements.

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 ("Principal 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 24th April 2007 and presently manages the Fund and several other discretionary accounts, with total assets under management of about SGD\$ 3.99 billion as at 31 December 2020 (2019: SGD\$ 4.20 billion).

Directors of the Manager

(a) Christopher Leow

Mr Leow, of 50 Raffles Place, #22-03 A&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 Malaysia 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 CFA and a Certified Financial Planner. He has been registered with the Monetary Authority of Singapore under the Securities and Futures Act 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.

(b) Alejandro Elias Echegorri Rodriguez

Mr Echegorri, of One Raffles Quay, North Tower #19-01/04, Singapore 048583, is a Director of the Manager and the 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 Malaysia, with responsibilities over Malaysia, Indonesia, Thailand and Singapore, and also a Director of the Manager. Previously he was the Chief Investment Officer for Principal International (Asia) Limited ("PIA") in Latin America. He joined PIA in 2003 as Head of Institutional Asset Management and Chief Investment Officer for PFG 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 Macroeconomics de Argentina.

MANAGER'S INVESTMENT REPORT (continued)

Directors of the Manager (continued)

(c) 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.

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, Mr. Jonathan Yeoh, 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.

Jonathan joined the Manager in 2018 and focuses primarily on analysing companies listed on the Singapore equities market. Jonathan holds a Bachelor of Economics from the National University of Singapore.

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.

REPORT OF THE TRUSTEE

For the financial year ended 31 December 2020

The Trustee is under a duty to take into custody and hold assets of Principal FTSE ASEAN 40 (the "Fund") in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the "laws and regulations"), 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
DBS TRUSTEE LIMITED



Director

Singapore
31 March 2021

STATEMENT BY THE MANAGER

For the financial year ended 31 December 2020

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 FTSE ASEAN 40 (the "Fund") as at 31 December 2020, 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
Singapore
31 March 2021

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2020

Independent auditor's report to the unitholders of Principal FTSE ASEAN 40

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Principal FTSE ASEAN 40 (the "Fund"), which comprise the statement of financial position and statement of portfolio as at 31 December 2020, 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 31 December 2020 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 general information, Manager's investment report, Report of the trustee and Statement by the manager, 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.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

For the financial year ended 31 December 2020

Independent auditor's report to the unitholders of Principal FTSE ASEAN 40

Responsibilities of the Manager for the financial statements (continued)

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 skepticism 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.
- 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.

INDEPENDENT AUDITOR'S REPORT (continued)

For the financial year ended 31 December 2020

Independent auditor's report to the unitholders of Principal FTSE ASEAN 40

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

The engagement partner on the audit resulting in this independent auditor's report is Yap Swee Gek.

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
31 March 2021

STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2020

	Note	2020 US\$	2019 US\$
Investment income			
Dividends		520,343	675,618
Interest		<u>-</u>	<u>2,148</u>
Total		<u>520,343</u>	<u>677,766</u>
Less: Expenses			
Management fee	3, 9	(98,142)	(131,870)
Transaction costs		(14,796)	(19,816)
Other expenses		<u>(40,498)</u>	<u>(13,405)</u>
Total		<u>(153,436)</u>	<u>(165,091)</u>
Net investment income		<u>366,907</u>	<u>512,675</u>
Net gains or losses on value of investments			
Net (losses)/gains on investments		(2,206,778)	924,707
Net foreign exchange losses		<u>(12,007)</u>	<u>(7,459)</u>
		<u>(2,218,785)</u>	<u>917,248</u>
Total (deficit)/return for the year before income tax		(1,851,878)	1,429,923
Less: Income tax	4	<u>(34,264)</u>	<u>(39,165)</u>
Total (deficit)/return for the year after income tax before distribution		<u>(1,886,142)</u>	<u>1,390,758</u>
Less: Distribution	5	<u>(555,000)</u>	<u>(702,000)</u>
Total deficit/(return) for the year after income tax and distribution		<u>(2,441,142)</u>	<u>688,758</u>

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 US\$	2019 US\$
Assets			
Portfolio of investments		15,019,953	18,060,281
Amount due from broker		-	45,800
Net dividend receivable		21,386	25,085
Cash and cash equivalents	6	<u>135,475</u>	<u>189,508</u>
Total assets		<u>15,176,814</u>	<u>18,320,674</u>
Liabilities			
Due to the manager	9	47,478	66,654
Other payables		<u>8,908</u>	<u>6,500</u>
Total liabilities		<u>56,386</u>	<u>73,154</u>
Equity			
Net assets attributable to unitholders	7	<u>15,120,428</u>	<u>18,247,520</u>

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

STATEMENT OF MOVEMENT OF UNITHOLDERS' FUNDS

For the financial year ended 31 December 2020

	Note	2020 US\$	2019 US\$
Net assets attributable to unitholders at the beginning of the financial year		18,247,520	18,541,762
Operations			
Change in net assets attributable to unitholders resulting from operations		(1,886,142)	1,390,758
Unitholders' contributions/(withdrawals)			
Creation of units		800,350	-
Cancellation of units		(1,486,300)	(983,000)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(685,950)	(983,000)
Distributions	5	(555,000)	(702,000)
Total decrease in net assets attributable to unitholders		(3,127,092)	(294,242)
Net assets attributable to unitholders at the end of the financial year		<u>15,120,428</u>	<u>18,247,520</u>

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

STATEMENT OF PORTFOLIO

As at 31 December 2020

	Holdings at 31 December 2020	Fair value at 31 December 2020 US\$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
Primary - by Industry			
Quoted equities			
COMMUNICATION SERVICES			
Advanced Info Service Public Company Limited (NVDR)*	45,800	269,052	1.78
Axiata Group Berhad	184,193	171,257	1.14
Digi.com Berhad	150,000	154,382	1.02
PT Telekomunikasi Indonesia Tbk	1,900,200	447,663	2.96
Singapore Telecommunications Limited	304,800	<u>532,412</u>	<u>3.52</u>
TOTAL COMMUNICATION SERVICES		<u>1,574,766</u>	<u>10.42</u>
CONSUMER DISCRETIONARY			
Jardine Cycle & Carriage Limited	4,066	60,108	0.40
PT Astra International Tbk	828,500	<u>355,282</u>	<u>2.35</u>
TOTAL CONSUMER DISCRETIONARY		<u>415,390</u>	<u>2.75</u>
CONSUMER STAPLES			
CP ALL Public Company Limited (NVDR)*	213,700	415,488	2.75
PT Gudang Garam Tbk	18,900	55,153	0.37
PT HM SAMPOERNA TBK	357,900	38,337	0.25
Sime Darby Plantation Bhd	146,201	181,366	1.20
Unilever Indonesia	234,700	122,779	0.81
Wilmar International Limited	86,900	<u>305,558</u>	<u>2.02</u>
TOTAL CONSUMER STAPLES		<u>1,118,681</u>	<u>7.40</u>
ENERGY			
PTT Exploration & Production Public Company Limited (NVDR)*	56,500	185,285	1.22
PTT Public Company Limited (NVDR)*	585,800	<u>830,991</u>	<u>5.50</u>
TOTAL ENERGY		<u>1,016,276</u>	<u>6.72</u>
FINANCIALS			
Bangkok Bank Public Company Limited (NVDR)*	19,600	77,523	0.51
BDO Unibank, Inc.	80,360	178,714	1.18
CIMB Group Holdings Berhad	286,186	305,929	2.02
DBS Group Holdings Limited	73,736	1,396,158	9.23

STATEMENT OF PORTFOLIO (continued)

As at 31 December 2020

	Holdings at 31 December 2020	Fair value at 31 December 2020 US\$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
Primary - by Industry (continued)			
Quoted equities			
FINANCIALS (continued)			
Kasikornbank PCL (NVDR)*	82,500	311,165	2.06
Malayan Banking Berhad	245,847	517,058	3.42
Oversea-Chinese Banking Corporation Limited	143,300	1,090,097	7.21
PT Bank Central Asia Tbk	395,100	951,896	6.30
PT Bank Mandiri (Persero) Tbk	758,100	341,280	2.26
PT Bank Negara Indonesia (Persero) Tbk	302,900	133,125	0.88
PT Bank Rakyat Indonesia (Persero) Tbk	2,166,500	643,011	4.25
Public Bank Berhad	126,890	649,828	4.30
The Siam Commercial Bank Public Company Limited (NVDR)*	98,600	287,967	1.91
United Overseas Bank Limited	52,700	<u>900,218</u>	<u>5.95</u>
TOTAL FINANCIALS		<u>7,783,969</u>	<u>51.48</u>
HEALTH CARE			
Bangkok Dusit Medical Services (NVDR)*	365,100	253,474	1.68
IHH Healthcare Berhad	121,800	<u>166,538</u>	<u>1.10</u>
TOTAL HEALTH CARE		<u>420,012</u>	<u>2.78</u>
INDUSTRIALS			
Airports of Thailand Public Company Limited (NVDR)*	175,800	365,272	2.42
Ayala Corporation	13,370	<u>230,241</u>	<u>1.52</u>
TOTAL INDUSTRIALS		<u>595,513</u>	<u>3.94</u>
MATERIALS			
Petronas Chemicals Group Berhad	115,800	213,895	1.41
The Siam Cement Public Company Limited (NVDR)*	34,500	<u>435,280</u>	<u>2.88</u>
TOTAL MATERIALS		<u>649,175</u>	<u>4.29</u>
REAL ESTATE			
Ayala Land, Inc.	323,020	275,105	1.82

STATEMENT OF PORTFOLIO (continued)

As at 31 December 2020

	Holdings at 31 December 2020	Fair value at 31 December 2020 US\$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
Primary - by Industry (continued)			
Quoted equities			
REAL ESTATE (continued)			
Capitaland Limited	105,400	261,418	1.73
SM Prime Holdings, Inc.	369,900	<u>296,546</u>	<u>1.96</u>
TOTAL REAL ESTATE		<u>833,069</u>	<u>5.51</u>
UTILITIES			
Gulf Energy Development (NVDR)*	173,980	198,892	1.31
Tenaga Nasional Berhad	159,900	<u>414,210</u>	<u>2.74</u>
TOTAL UTILITIES		<u>613,102</u>	<u>4.05</u>
Portfolio of investments		<u>15,019,953</u>	<u>99.34</u>
Other net assets		<u>100,475</u>	<u>0.66</u>
Net assets attributable to unitholders		<u>15,120,428</u>	<u>100.00</u>

* Non-Voting Depository Receipts

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

STATEMENT OF PORTFOLIO (continued)

As at 31 December 2020

	Percentage of total net assets attributable to unitholders at 31 December 2020 %	Percentage of total net assets attributable to unitholders at 31 December 2019 %
Primary - by Industry (Summary)		
Quoted equities		
Communication Services	10.42	11.90
Consumer Discretionary	2.75	3.02
Consumer Staples	7.40	7.36
Energy	6.72	6.61
Financials	51.48	49.63
Health Care	2.78	2.91
Industrials	3.94	4.41
Materials	4.29	4.93
Real Estate	5.51	5.09
Utilities	4.05	3.11
Portfolio of investments	99.34	98.97
Other net assets	0.66	1.03
Net assets attributable to unitholders	100.00	100.00

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

STATEMENT OF PORTFOLIO (continued)

As at 31 December 2020

	Fair value at 31 December 2020 US\$	Percentage of total net assets attributable to unitholders at 31 December 2020 %	Percentage of total net assets attributable to unitholders at 31 December 2019 %
Secondary - By Geography			
Quoted equities			
Indonesia	3,088,526	20.43	20.72
Malaysia	2,774,463	18.35	17.54
Philippines	980,606	6.48	4.32
Singapore	4,545,969	30.06	30.90
Thailand	3,630,389	24.02	25.49
Portfolio of investments	15,019,953	99.34	98.97
Other net assets	100,475	0.66	1.03
Net assets attributable to unitholders	15,120,428	100.00	100.00

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

1 Corporate information

Principal FTSE ASEAN 40 (the "Fund") is a Singapore-domiciled fund constituted by a Trust Deed dated 6 September 2006 between CIMB-GK Securities Pte. Ltd., (the "Retired Managers") and DBS Trustee Limited (the "Trustee"). This Trust Deed was amended by the First Supplemental Deed dated 15 June 2007 and was entered into by the Retired Managers, the Trustee and Principal Asset Management (S) Pte. Ltd. (the "Manager"). A Second Amending and Restating Deed dated 13 March 2012 was entered into by the Trustee and the Manager. The Deed is governed by the laws of the Republic of Singapore.

The Fund was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 21 September 2006.

The investment objective of the Fund is to provide investment results that, before expenses, closely correspond to the performance of the FTSE/ASEAN 40 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 take 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

(a) 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.

(b) 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.

(c) 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 Summary of significant accounting policies (continued)

(d) *Financial assets and financial liabilities*

Classification

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

The Fund classifies its investments in securities 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 and net dividend 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.

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.

(e) *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.

(f) *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.

(g) *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 fees for the Fund are currently set at 0.65% of its net asset value per annum (maximum 2.0% per annum). Fees paid to the trustee, custodian, registrar, index provider and auditors are borne by the Manager.

4 Income tax

The Fund was granted the status of a Designated Unit Trust (“DUT”) by the Inland Revenue of Singapore up to 31 May 2015. In accordance to Section 35(12) of the Income Tax Act (Chapter 134) of Singapore (“ITA”), subject to certain conditions, the following income (amongst others prescribed under Sections 10(20) and 10(20A) of the ITA) shall not form part of the statutory income of the Fund and is thus not taxable for the year of assessment:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) dividends derived from outside Singapore and received in Singapore;
- (iii) 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 or financial index; and
- (iv) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

With effect from 1 June 2015, the Fund has been approved by the Monetary Authority of Singapore (“MAS”) under Enhanced-Tier Fund (“ETF”) Tax Incentive Scheme (Section 13X of the ITA). With this the Fund has relinquished its DUT status with effect from 1 June 2015. Subject to certain conditions being met on an annual basis, for the life of the Fund, it will be granted exemption from Singapore tax on the specified income in respect of designated investments. The tax exemption does not apply in the year when the relevant conditions are not met. The terms “specified income” and “designated investments” are defined in the relevant Income Tax Regulations and MAS Circular.

	2020	2019
	US\$	US\$
Overseas income tax	34,264	39,165

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

5 Distribution

	2020	2019
	US\$	US\$
Final US\$0.30 (2019: US\$0.36) per unit	555,000	702,000

6 Cash and cash equivalents

Cash and cash equivalents comprise of:

	As at	
	2020 US\$	2019 US\$
Bank balances	135,475	189,508

The bank balances are placed with the sub-custodian.

7 Units in issue

During the financial year ended 31 December, the numbers of units issued, redeemed and outstanding were as follows:

	2020	2019
Units at the beginning of the financial year	1,850,000	1,950,000
Units created	100,000	-
Units cancelled	(200,000)	(100,000)
Units at the end of the financial year	1,750,000	1,850,000
Net assets attributable to unitholders - US\$	15,120,428	18,247,520
Net Assets Value ("NAV") per unit - US\$	8.640	9.864

8 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) 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 are movements and volatility in security prices. The Fund is designated to track the performance of the FTSE/ASEAN 40 Index, therefore the exposures to market risk in the Fund will be substantially the same as the FTSE/ASEAN 40 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 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's 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 ("US\$") had increased/decreased by 5% (2019: 5%) with all other variables held constant, this would have increased/decreased the NAV of the Fund by approximately US\$ 756,021 (2019: US\$ 903,014) for the financial year ended 31 December 2020 ("being 5% of the year end NAV").

8 Financial risk management (continued)

(a) Market risk (continued)

(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:

2020

	SGD US\$	THB US\$	PHP US\$	IDR US\$	MYR US\$	Total US\$
Assets						
Portfolio of investments	4,545,969	3,630,389	980,606	3,088,526	2,774,463	15,019,953
Net dividend receivable	11,446	1,004	675	-	8,261	21,386
Cash and cash equivalents	29,518	-	352	3,340	2,908	36,118
Total assets	4,586,933	3,631,393	981,633	3,091,866	2,785,632	15,077,457
Net currency exposure	4,586,933	3,631,393	981,633	3,091,866	2,785,632	

2019

	SGD US\$	THB US\$	PHP US\$	IDR US\$	MYR US\$	Total US\$
Assets						
Portfolio of investments	5,637,656	4,653,348	787,480	3,782,534	3,199,263	18,060,281
Amount due from broker	-	-	45,800	-	-	45,800
Net dividend receivable	17,921	6,490	674	-	-	25,085
Cash and cash equivalents	32,773	-	-	-	-	32,773
Total assets	5,688,350	4,659,838	833,954	3,782,534	3,199,263	18,163,939
Net currency exposure	5,688,350	4,659,838	833,954	3,782,534	3,199,263	

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

8 Financial risk management (continued)

(a) Market risk (continued)

(iii) Foreign currency risk (continued)

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 variable held constant:

Foreign exchange ("FX") position	Net assets attributable to unitholders impact of a 5% increase/(decrease) in FX rate	
	2020	2019
SGD/USD	±1.52%	±1.56%
THB/USD	±1.20%	±1.28%
PHP/USD	±0.32%	±0.23%
IDR/USD	±1.02%	±1.04%
MYR/USD	±0.92%	±0.88%

(b) Liquidity risk

The Fund is exposed to cash redemptions and disbursements for the settlements of purchase. 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. Reasonable efforts will be taken to invest in securities which are traded in relatively active market and which can be readily disposed of.

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

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. Balance due within twelve months equal their carrying balances, as the impact of discounting is not significant:

	Due on demand US\$	Less than 3 months US\$	3 months to 1 year US\$
As at 31 December 2020			
Due to the Manager	-	47,478	-
Other payables	-	8,908	-
Net assets attributable to unitholders	15,120,428	-	-
As at 31 December 2019			
Due to the Manager	-	66,654	-
Other payables	-	6,500	-
Net assets attributable to unitholders	18,247,520	-	-

8 Financial risk management (continued)

(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:

- counterparties, together with the respective credit limits, are approved; and
- that 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 group of counterparties which are expected to be affected 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. 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 received payment. Payment is made on a purchase once the securities have been received by 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 table below summarise the credit rating of banks and custodians in which the Fund's assets are held as 31 December 2020 and 31 December 2019:

	Amount	Credit rating	Source of credit rating
2020	US\$		
Custodian			
State Street Bank and Trust Company	15,155,428	AA-	Standard & Poor's
2019			
Custodian			
State Street Bank and Trust Company	18,249,789	AA-	Standard & Poor's

The credit rating is based on the Long-Term Local Issuer rating published by the rating agency.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets.

Impairment provisions are provided for losses that have been incurred by the end of the reporting period, if any. The Manager has in place procedures for proper credit screening and monitoring of credit risk.

(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;

8 Financial risk management (continued)

(d) Fair value estimation (continued)

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 in directly (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 31 December 2020 and 2019:

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
2020				
Assets				
Equities	<u>15,019,953</u>	-	-	<u>15,019,953</u>
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
2019				
Assets				
Equities	<u>18,060,281</u>	-	-	<u>18,060,281</u>

Investment 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 and there is no transfer between levels during the year.

(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.

9 Related party transactions

The Fund is managed by Principal Asset Management (S) Pte. Ltd., which is incorporated in Singapore. The Manager is a wholly-owned subsidiary of Principal Malaysia, which is incorporated in Malaysia. The Trustee of the Fund is DBS Trustee Limited, incorporated in Singapore and a wholly-owned subsidiary of DBS Group Holdings Ltd.

The Trustee has appointed State Street Bank and Trust Company ("SSBT") as a custodian of the Fund. SSBT is a subsidiary of State Street Corporation, which is incorporated in the United States of America.

Management fees paid or payable by the Fund are shown in the Statement of total return and on terms set out in the Trust Deed and Prospectus. Fees that are borne by the Manager are set out in Note 3 to the financial statements.

10 Financial ratios

	2020 US\$	2019 US\$
Total operating expenses	138,640	156,945
Average daily net asset value	<u>14,072,388</u>	<u>18,960,373</u>
Expense ratio ¹	<u>0.99%</u>	<u>0.83%</u>
Lower of total value of purchases or sales	770,997	1,615,516
Average daily net assets value	<u>14,072,388</u>	<u>18,960,373</u>
Turnover ratio ²	<u>5.48%</u>	<u>8.52%</u>

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 Fund's expense ratio at financial year end was based on total operating expenses divided by the average net asset value respectively for the financial year. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value 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. In accordance with the Fund's Trust Deed, units are issued through a creation of an Index Basket. For each creation Unit (comprising 500,000 units), the Fund receives an Index Basket consisting of constituent shares plus or minus a cash payment as determined by the Manager on a daily basis. For the purpose of computation of the portfolio turnover rate, the value of the Index Baskets received is not considered as part of purchases. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments divided by the average daily net asset value.

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. If the financial markets and/or the overall economy are impacted for an extended period, the carrying value of the investments and the Fund's investments results may be materially adversely affected.

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

12 Authorisation of financial statements

The financial statements of the Fund for the financial year ended 31 December 2020 were authorised for issue by Trustee on 31 March 2021.