

PRINCIPAL NEXT-G CONNECTIVITY FUND

QUARTERLY REPORT

**FOR THE FINANCIAL PERIOD FROM 16 JANUARY 2021 (DATE OF LAUNCH)
TO 31 JULY 2021**

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INVESTORS' LETTER

Dear Valued Investor,

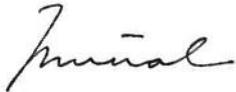
The global equity markets were positive in August 2021 with the developed markets maintaining their uptrend while the Asia-Pacific markets picking up as well. The Standard & Poor's 500 ("S&P 500") and STOXX Europe 600 rose 2.9% and 2.0% respectively while the best performing Asian markets were India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

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

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

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

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



Munirah Khairuddin
Chief Executive Officer

MANAGER'S REPORT

FUND OBJECTIVE AND POLICY

What is the investment objective of the Fund?

The Fund aims to achieve capital appreciation through investments in one (1) collective investment scheme, which invests in mobile internet and connectivity related securities.

Has the Fund achieved its objective?

For the period under review, the Fund has underperformed its benchmark. However, it is still in line to achieve its long-term investment objective through its capital appreciation.

What are the Fund investment policy and principal investment strategy?

The Fund is a feeder fund and it invests in a single CIS, i.e. Neuberger Berman 5G Connectivity Fund ("Target Fund"). The Fund may also invest in liquid assets for liquidity purpose. In order to achieve its investment objective, the Fund will invest at least 95% of its NAV in the Target Fund and may also invest up to 5% of its NAV in liquid assets for liquidity purpose. The Target Fund was established on 8 April 2020 under the Neuberger Berman Investment Funds Plc; an investment company with variable capital and segregated liability between sub-funds incorporated in Ireland.

The Fund will be actively rebalanced from time to time to meet sales and withdrawals transactions. This is to enable a proper and efficient management of the Fund. As this is a feeder fund that invests predominantly in the Target Fund, we do not intend to take temporary defensive position for the Fund during adverse market, economic and/or any other conditions. This is to allow the Fund to mirror the performance of the Target Fund in either bullish or bearish market conditions. However, the Target Fund Investment Manager may take temporary defensive position when deemed necessary.

The asset allocation strategy for this Fund is as follows:

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

Information on the Target Fund

Target Fund	:	Neuberger Berman 5G Connectivity Fund
Share Class	:	Class I3
Currency denomination	:	USD
Target Fund Investment Manager	:	Neuberger Berman Europe Limited
Target Fund Sub-Investment Manager	:	Neuberger Berman Investment Advisers LLC, Neuberger Berman Asia Limited
Regulatory Authority	:	Central Bank of Ireland

Base Currency

USD

Fund category/type

Feeder fund/Growth

When was the Fund launched?

Name of Class	Launch Date
Class AUD-Hedged ("AUD-H")	16 January 2021
Class GBP-Hedged ("GBP-H")	16 January 2021
Class MYR-Hedged ("MYR-H")	16 January 2021
Class SGD-Hedged ("SGD-H")	16 January 2021
Class USD	16 January 2021

FUND OBJECTIVE AND POLICY (CONTINUED)

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

RM66.43 million (207.98 million units)

What is the Fund's benchmark?

The Fund adheres to the benchmark of the Target Fund for performance comparison. Currently, benchmark of the Target Fund is MSCI All-Country World Index ("ACWI").

What is the Fund distribution policy?

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

What was the net income distribution for the financial period from 16 January 2021 (date of launch) to 31 July 2021?

There was no distribution made for the financial period from 16 January 2021 (date of launch) to 31 July 2021.

PERFORMANCE DATA

Details of portfolio composition of the Fund for the unaudited financial period were as follows:

	31.07.2021
	%
Collective investment scheme	99.19
Cash and other assets	1.61
Liabilities	(0.80)
	<u>100.00</u>

Performance details of the Fund for unaudited financial period were as follows:

	31.07.2021
NAV (USD Million)	
- Class AUD-H	5.91
- Class GBP-H	5.22
- Class MYR-H	42.34
- Class SGD-H	4.47
- Class USD	8.49
Units in circulation (Million)	
- Class AUD-H	8.20
- Class GBP-H	3.85
- Class MYR-H	181.12
- Class SGD-H	6.16
- Class USD	8.65
NAV per unit (USD)	
- Class AUD-H	0.7208
- Class GBP-H	1.3540
- Class MYR-H	0.2338
- Class SGD-H	0.7259
- Class USD	0.9818

PERFORMANCE DATA (CONTINUED)

Performance details of the Fund for the unaudited financial period were as follows (continued):

	16.01.2021 (date of launch) to 31.07.2021
Highest NAV per unit (USD)	0.7456
- Class AUD-H	1.3693
- Class GBP-H	0.2401
- Class MYR-H	0.7384
- Class SGD-H	0.9915
- Class USD	
Lowest NAV per unit (USD)	
- Class AUD-H	0.6751
- Class GBP-H	1.2170
- Class MYR-H	0.2117
- Class SGD-H	0.6539
- Class USD	0.8684
Total return (%)	
- Class AUD-H	3.07
- Class GBP-H	3.17
- Class MYR-H	3.39
- Class SGD-H	3.27
- Class USD	3.21
Capital growth (%)	
- Class AUD-H	3.07
- Class GBP-H	3.17
- Class MYR-H	3.39
- Class SGD-H	3.27
- Class USD	3.21
Income distribution (%)	
- Class AUD-H	-
- Class GBP-H	-
- Class MYR-H	-
- Class SGD-H	-
- Class USD	-
Management Expense Ratio ("MER") (%)	0.81
Portfolio Turnover Ratio ("PTR") (times) #	0.57

For the financial period under review, the Fund's PTR stood at 0.57 times. As a feeder fund, the turnover reflects investments and withdrawals in the Target Fund.

PERFORMANCE DATA (CONTINUED)

Performance details of the Fund for the unaudited financial period were as follows (continued):

	Since inception to 31.07.2021 %
Annual total return	
- Class AUD-H	(2.62)
- Class GBP-H	(3.14)
- Class MYR-H	(1.36)
- Class SGD-H	(1.90)
- Class USD	(1.82)

(Launch date: 16 January 2021)

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

MARKET REVIEW (16 JANUARY 2021 (DATE OF LAUNCH) TO 31 JULY 2021)

Overall markets remain volatile in May 2021 despite recent quarterly earnings in the tech sector have largely been positive. With fundamentals remaining strong, Growth technology started to outperform Value/Cyclicals towards the end of the month as interest rates stabilized. COVID-19 remains an overhang. While the United States is quickly reopening, resurgence of COVID-19 cases in Asia, particularly in Taiwan, Singapore, Malaysia, and India, raises concerns of lockdowns and potential supply chain disruptions, which could further constrain technology component supplies.

Global equity markets were volatile in June 2021 and second quarter of 2021 overall primarily due to macro factors, specifically interest rate & inflation debates, global chip shortages, US infrastructure deal optimism and COVID-19 variant concerns. Despite strong technology in first quarter of 2021 earnings, 10-year yield spike drove a significant rotation from Growth to Value in April 2021 and May 2021. China Internet was also under pressure given regulatory overhang and intensifying competition. After a sharp tech sector sell-off, Growth technology finally started to outperform Value/Cyclicals towards the end of May 2021 on slipping rates. Nevertheless, the Neuberger Berman 5G Connectivity Fund outperformed its benchmark towards the end of second quarter of 2021 as the transitory inflation narrative took hold with 10-year yield stabilizing around 1.4% to 1.5% and the market remains positive on strength of the economic recovery.

Despite a largely beat-and-raise earnings season, global equity markets remained volatile in July 2021 due to an increasingly complicated macro backdrop, China's regulatory crackdown, peaking growth concerns against tougher comparative bar and COVID-19 Delta variant fears. Nevertheless, most companies in the fifth generation ("5G") network infrastructure and connected device universe reported stronger than expected earnings and raised full year outlook, reinforcing our thesis that global 5G fundamentals remain strong and that the semiconductor industry will be stronger for longer.

FUND PERFORMANCE

	3 months to 31.07.2021				
	Class AUD-H	Class GBP-H	Class MYR-H	Class SGD-H	Class USD
	%	%	%	%	%
Income Distribution	-	-	-	-	-
Capital Growth	3.07	3.17	3.39	3.27	3.21
Total Return	3.07	3.17	3.39	3.27	3.21
Benchmark	3.72	3.72	3.72	3.72	3.72
Average Total Return	N/A	N/A	N/A	N/A	N/A

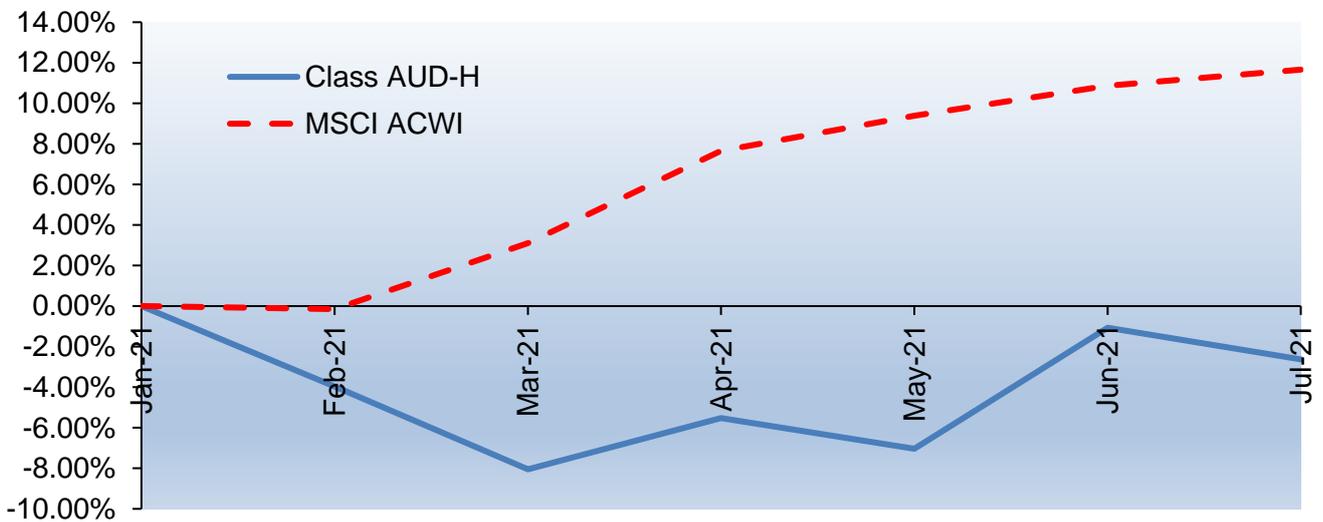
FUND PERFORMANCE (CONTINUED)

	6 months to 31.07.2021				
	Class AUD-H %	Class GBP-H %	Class MYR-H %	Class SGD-H %	Class USD %
Income Distribution	-	-	-	-	-
Capital Growth	(2.62)	(3.14)	(1.36)	(1.90)	(1.82)
Total Return	(2.62)	(3.14)	(1.36)	(1.90)	(1.82)
Benchmark	13.86	13.86	13.86	13.86	13.86
Average Total Return	(5.21)	(6.23)	(2.72)	(3.79)	(3.64)

	Since inception to 31.07.2021				
	Class AUD-H %	Class GBP-H %	Class MYR-H %	Class SGD-H %	Class USD %
Income Distribution	-	-	-	-	-
Capital Growth	(2.62)	(3.14)	(1.36)	(1.90)	(1.82)
Total Return	(2.62)	(3.14)	(1.36)	(1.90)	(1.82)
Benchmark	11.66	11.66	11.66	11.66	11.66
Average Total Return	N/A	N/A	N/A	N/A	N/A

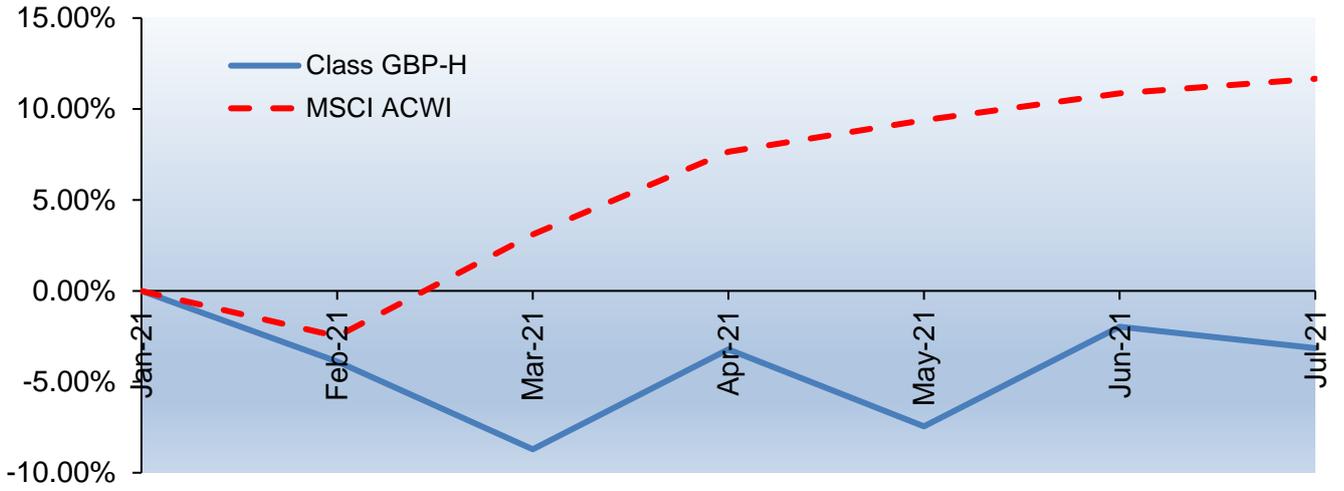
During the 3-month period under review, Class AUD-H, Class GBP-H, Class MYR-H, Class SGD-H and Class USD have increased by 3.07%, 3.17%, 3.39%, 3.27%, and 3.21% respectively. Meanwhile, the benchmark increased by 3.72% within the same reporting period.

CLASS AUD-H

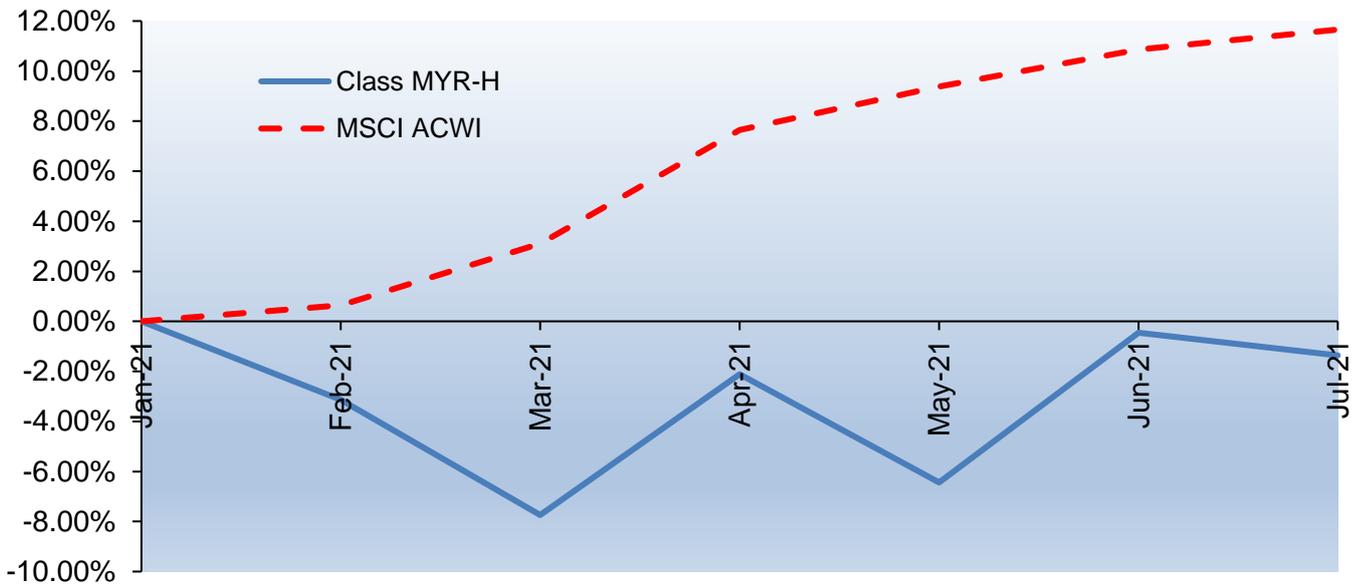


FUND PERFORMANCE (CONTINUED)

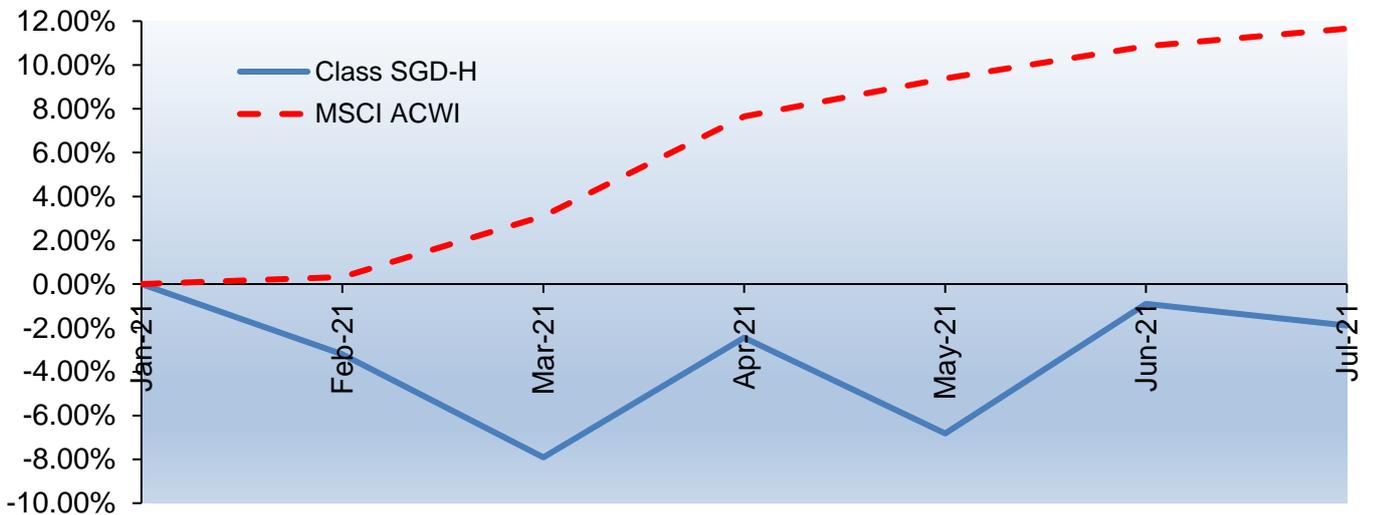
Class GBP-H



Class MYR-H

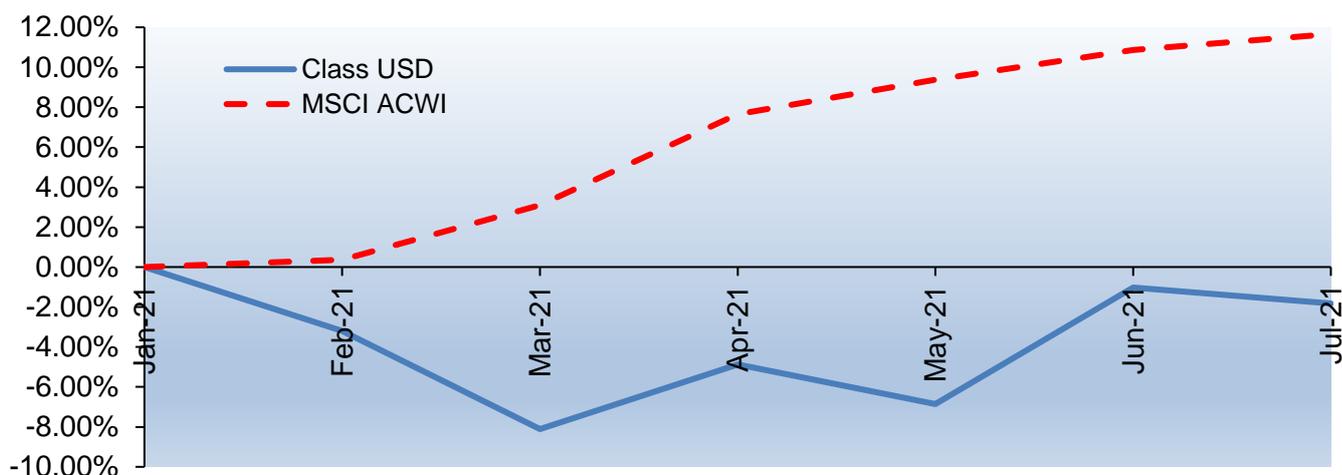


Class SGD-H



FUND PERFORMANCE (CONTINUED)

Class USD



Changes in NAV

CLASS AUD-H

	31.07.2021
NAV (USD Million)	5.91
NAV/Unit (USD)	0.7208

CLASS GBP-H

	31.07.2021
NAV (USD Million)	5.22
NAV/Unit (USD)	1.3540

CLASS MYR-H

	31.07.2021
NAV (USD Million)	42.34
NAV/Unit (USD)	0.2338

CLASS SGD-H

	31.07.2021
NAV (USD Million)	4.47
NAV/Unit (USD)	0.7259

CLASS USD

	31.07.2021
NAV (USD Million)	8.49
NAV/Unit (USD)	0.9818

As of 31 July 2021, the Fund's NAV for Class AUD-H, Class GBP-H, Class MYR-H, Class SGD-H and Class USD stood at USD5.91 million, USD5.22 million, USD42.34 million, USD4.47 million, and USD8.49 million respectively.

Meanwhile, the NAV per unit for Class AUD-H, Class GBP-H, Class MYR-H, Class SGD-H and Class USD stood at USD0.7208, USD1.3540, USD0.2338, USD0.7259, and USD0.9818 respectively.

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

PORTFOLIO STRUCTURE

Asset allocation

(% of NAV)		31.07.2021
Collective investment scheme		99.19
Cash and other assets		1.61
Liabilities		(0.80)
TOTAL		100.00

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

MARKET OUTLOOK*

While market volatility is likely to persist in the near term, we remain focused on areas with strong earnings tailwinds and visibility while avoiding sectors with uncertainties and headwinds. Digitalization of the economy is irreversible and nations are strategically investing in 5G. As such, we keep our focus on beneficiaries of the acceleration in 5G rollout especially in the US. The semiconductor industry is also becoming more structural and secular as it is increasingly viewed as a strategic asset. Coupled with digital transformation trends and favorable demand/supply dynamics, we believe semiconductors will remain stronger for longer. Further, the proliferation of the 5G ecosystem is resulting in more innovation and more interaction in next-generation killer apps and we want to capture this growth.

We plan to take advantage of market dislocations to trade up for higher quality exposures where we see incremental positive outlook, better earnings power, and validation of our 5G investment thesis.

INVESTMENT STRATEGY

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

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 July 2021 were as follows:

Class AUD-H

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00*	0.00
5,001 - 10,000	-	-	-
10,001 - 50,000	-	-	-
50,001 - 500,000	-	-	-
500,001 and above	1	8.20	100.00
Total	2	8.20	100.00

* Note: 0.00 denotes unit count less than 0.01 million.

UNIT HOLDINGS STATISTICS

Breakdown of unit holdings by size as at 31 July 2021 were as follows (continued):

Class GBP-H

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00*	0.00
5,001 - 10,000	-	-	-
10,001 - 50,000	-	-	-
50,001 - 500,000	-	-	-
500,001 and above	1	3.85	100.00
Total	2	3.85	100.00

Class MYR-H

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00*	0.00
5,001 - 10,000	-	-	-
10,001 - 50,000	-	-	-
50,001 - 500,000	-	-	-
500,001 and above	1	181.12	100.00
Total	2	181.12	100.00

Class SGD-H

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00*	0.00
5,001 - 10,000	-	-	-
10,001 - 50,000	-	-	-
50,001 - 500,000	-	-	-
500,001 and above	1	6.16	100.00
Total	2	6.16	100.00

Class USD

Size of unit holdings (units)	No. of unit holders	No. of units held (million)	% of units held
5,000 and below	1	0.00*	0.00
5,001 - 10,000	-	-	-
10,001 - 50,000	-	-	-
50,001 - 500,000	-	-	-
500,001 and above	1	8.65	100.00
Total	2	8.65	100.00

Note: 0.00* denotes unit count less than 0.01 million.

SOFT COMMISSIONS AND REBATES

Principal Asset Management Berhad (the “Manager”) and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Principal Malaysia Funds (“Funds”) unless the soft commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Funds. All dealings with brokers are executed on best available terms.

During the financial period under review, the Manager and 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.

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 16 JANUARY 2021 (DATE OF LAUNCH) TO 31 JULY 2021**

**16.01.2021
(date of launch)
to 31.07.2021
USD**

LOSS

Net gain on financial assets at fair value through profit or loss	637,498
Net loss on derivatives at fair value through profit or loss	(1,802,193)
Net foreign exchange loss	(101,172)
	(1,265,867)

EXPENSES

Management fee	518,351
Trustee fee	11,519
Audit fee	980
Tax agent's fee	588
Other expenses	253
	531,691

LOSS BEFORE TAXATION

(1,797,558)

Taxation

-

**LOSS AFTER TAXATION, REPRESENTING TOTAL
COMPREHENSIVE LOSS FOR THE FINANCIAL
PERIOD**

(1,797,558)

Loss after taxation is made up as follows:

Realised amount	(2,385,902)
Unrealised amount	588,344
	(1,797,558)

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

	31.07.2021
	USD
ASSETS	
Cash and cash equivalents	681,662
Financial assets at fair value through profit or loss	65,891,755
Derivative assets at fair value through profit or loss	105,413
Amount due from Manager	51,310
Amount due from Manager of collective investment scheme	
- management fee rebate	34,384
- disposal of collective investment scheme	193,527
TOTAL ASSETS	<u>66,958,051</u>
LIABILITIES	
Amount due to Manager of collective investment scheme	
- purchase of collective investment scheme	293,942
Amount due to Manager	126,560
Accrued management fee	101,578
Amount due to Trustee	2,257
Other payables and accruals	1,568
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS)	<u>525,905</u>
NET ASSET VALUE OF THE FUND	<u>66,432,146</u>
NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS	<u>66,432,146</u>

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

31.07.2021
USD

REPRESENTED BY:

FAIR VALUE OF OUTSTANDING UNITS (USD)

- Class AUD-H	5,912,973
- Class GBP-H	5,217,839
- Class MYR-H	42,343,372
- Class SGD-H	4,472,545
- Class USD	8,485,417
	<u>66,432,146</u>

NUMBER OF UNITS IN CIRCULATION (UNITS)

- Class AUD-H	8,203,803
- Class GBP-H	3,853,527
- Class MYR-H	181,114,904
- Class SGD-H	6,161,209
- Class USD	8,643,074
	<u>207,976,517</u>

NET ASSET VALUE PER UNIT (USD)

- Class AUD-H	0.7208
- Class GBP-H	1.3540
- Class MYR-H	0.2338
- Class SGD-H	0.7259
- Class USD	<u>0.9818</u>

NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES

- Class AUD-H	AUD0.2651
- Class GBP-H	GBP0.2637
- Class MYR-H	RM0.2685
- Class SGD-H	SGD0.2671
- Class USD	<u>USD0.9818</u>

UNAUDITED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE FINANCIAL PERIOD FROM 16 JANUARY 2021 (DATE OF LAUNCH) TO 31 JULY 2021

16.01.2021
(date of launch)
to 31.07.2021
USD

**NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT
THE BEGINNING OF THE FINANCIAL PERIOD**

-

Movement due to units created and cancelled
during the financial period:

Creation of units from applications

- Class AUD-H	6,680,343
- Class GBP-H	5,635,506
- Class MYR-H	45,943,221
- Class SGD-H	5,981,065
- Class USD	8,803,162
	<u>73,043,297</u>

Cancellation of units

- Class AUD-H	(451,999)
- Class GBP-H	(382,634)
- Class MYR-H	(2,262,269)
- Class SGD-H	(1,377,498)
- Class USD	(339,193)
	<u>(4,813,593)</u>

Total comprehensive loss for the financial period

(1,797,558)

**NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS AT
THE END OF THE FINANCIAL PERIOD**

66,432,146

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 16 JANUARY 2021 (DATE OF LAUNCH) TO 31 JULY 2021**

**16.01.2021
(date of launch)
to 31.07.2021
USD**

CASH FLOWS FROM OPERATING ACTIVITIES

Proceeds from disposal of collective investment scheme	5,000,415
Purchase of collective investment scheme	(70,320,000)
Management fee rebate received	131,359
Management fee paid	(416,773)
Trustee fee paid	(9,262)
Payments for other fees and expenses	(253)
Net realised loss on forward foreign currency contracts	(1,907,606)
Net realised foreign exchange loss	(82,505)
Net cash used in operating activities	(67,604,625)

CASH FLOWS FROM FINANCING ACTIVITIES

Cash proceeds from units created	72,991,987
Payments for cancellation of units	(4,687,033)
Net cash generated from financing activities	68,304,954

Net increase in cash and cash equivalents	700,329
Effects of foreign exchange differences	(18,667)
Cash and cash equivalents at the beginning of the financial period	-
Cash and cash equivalents at the end of the financial period	681,662

Cash and cash equivalents comprised of:

Bank balances	681,662
Cash and cash equivalents at the end of the financial period	681,662

DIRECTORY

Head Office of the Manager

Principal Asset Management Berhad (Company No.: 199401018399 (304078-K))
10th Floor, Bangunan CIMB,
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Tel: (03) 2084 8888

Website

www.principal.com.my

E-mail address

service@principal.com.my

Customer Care Centre

(03) 7718 3000

Trustee for the Principal Next-G Connectivity Fund

HSBC (Malaysia) Trustee Berhad (Company No.: 193701000084 (1281-T))
13th Floor, HSBC South Tower,
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50100, Kuala Lumpur, MALAYSIA.
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