

INFORMATION MEMORANDUM
CIMB-PRINCIPAL CHINA MULTI ASSET INCOME FUND

Seize attractive opportunities across asset classes in China with lower volatility

FORWARD  Your Investments



 **CIMB Principal**
ASSET MANAGEMENT

Manager : CIMB-Principal Asset Management Berhad (304078-K)

Trustee : HSBC (Malaysia) Trustee Berhad (1281-T)

This Information Memorandum for the CIMB-Principal China Multi Asset Income Fund is dated 3 July 2017.

The Fund is constituted on 3 July 2017.

DISCLAIMER: PLEASE READ THE INFORMATION MEMORANDUM AND OBTAIN PROFESSIONAL ADVICE BEFORE SUBSCRIBING TO THE FUND.

THIS FUND IS A MULTI-CLASS FUND AND IS ALLOWED TO ESTABLISH NEW CLASS(ES) FROM TIME TO TIME.

ABOUT THIS DOCUMENT

This is an information memorandum which introduces you to CIMB-Principal Asset Management Berhad (“CIMB-Principal”) and the CIMB-Principal China Multi Asset Income Fund (“Fund”), which is a wholesale fund. This Information Memorandum outlines in general the information you need to know about the Fund and is intended for the exclusive use by prospective Sophisticated Investors (as defined herein) who should ensure that all information contained herein remains confidential. The Fund is established with a multi-class structure and has more than one (1) class.

This Information Memorandum is strictly private and confidential and solely for your own use. It is not to be circulated to any third party. No offer or invitation to purchase the units of the Fund, the subject of this Information Memorandum, may be made to anyone who is not a Sophisticated Investor.

If you have any questions about the Fund, please contact our Customer Care Centre at 03-7718 3100 on any Business Day between 8:30 a.m. and 5:30 p.m. (Malaysian time), Mondays to Fridays (except on Selangor public holidays).

Unless otherwise indicated, any reference in this Information Memorandum to any rules, regulations, guidelines, standards, directives, notices, legislations or statutes shall be reference to those rules, regulations, guidelines, standards, directives, notices, legislations or statutes for the time being in force, as may be amended, varied, modified, updated, superseded and/or re-enacted from time to time.

Any reference to a time, day or date in this Information Memorandum shall be a reference to that time, day or date in Malaysia, unless otherwise stated. Reference to “days” in this Information Memorandum will be taken to mean calendar days unless otherwise stated.

As the base currency of the Fund is USD, please note that all references to currency amounts and NAV per unit in the Information Memorandum are in USD unless otherwise indicated.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE IN DOUBT, PLEASE CONSULT YOUR PROFESSIONAL ADVISERS IMMEDIATELY.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Information Memorandum:

- A-Shares - Securities issued by companies incorporated in the PRC and listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange (quoted in RMB). It is available for investment by domestic China investors and QFII license holders.
- Application Fee - Preliminary charge on each investment.
- B-Shares - Securities issued by companies incorporated in the PRC and listed on either the Shanghai Stock Exchange (quoted in USD) or the Shenzhen Stock Exchange (quoted in HKD). It is available for investment by all investors.
- Business Day - Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and banks in Kuala Lumpur and/or Selangor are open for business. In respect of the Target Fund, it means a day on which the banks in Hong Kong and regulated markets in countries where the Target Fund is materially invested are normally open for business.
Note: We may declare certain Business Days to be a non-Business Day if the jurisdiction of the Target Fund declares a non-business day and/or if the Target Fund Manager declares a non-dealing day. This information will be communicated to you via our website at <http://www.cimb-principal.com.my>. Alternatively, you can contact our Customer Care Centre at 603-7718 3100.
- CIMB Group - CIMB Group Sdn. Bhd.
- CIMB-Principal or the Manager - CIMB-Principal Asset Management Berhad.
- CIMB-Principal Fund - Any unit trust funds/ wholesale funds that may be offered by CIMB-Principal.
- CIS - Means collective investment schemes.
- Class(es) - Any Class of units representing similar interests in the assets of the Fund.
Note: For more information, please see page 1 and Annexure 1 of the respective Class.
- Class MYR - The Class of units issued by the Fund denominated in MYR.
- Class MYR-Hedged - The Class of units issued by the Fund denominated in MYR that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and MYR.
- Class SGD - The Class of units issued by the Fund denominated in SGD.
- Class USD - The Class of units issued by the Fund denominated in USD.
- CMSA - Capital Markets and Services Act 2007.
- CWA - Refers to the unit trust consultants of CIMB-Principal.
- Deed - The principal deed and any supplemental deed in respect of the Fund entered into between the Manager, the Trustee and the Unit holders, agreeing to be bound by the provisions of the Deed.
- Deposit - As per the definition of “deposit” in the Financial Services Act 2013 and “Islamic deposit” in the Islamic Financial Services Act 2013.
Note: To exclude structured deposits.
- Distributors - Any relevant persons and bodies appointed by us from time to time, who are responsible for selling the units of the Fund.
- Explanatory Memorandum - Refers to the explanatory memorandum in respect of the Trust and includes any supplemental explanatory memorandum, addendum or replacement explanatory memorandum, as the case may be. The explanatory memorandum is available on HSBC website at http://services.assetmanagement.hsbc.com.hk/site/fund_centre/retail_fund_centre/retail_individual_fund?fund=CMAMH.
- FIMM - Federation of Investment Managers Malaysia.
- Fund - CIMB-Principal China Multi Asset Income Fund.
- GST - Refers to the tax levied on goods and services pursuant to the Goods and Services Tax Act 2014.
- H-Shares - Securities issued by companies incorporated in the PRC and listed on the Stock Exchange of Hong Kong (quoted in HKD). It is available for investment by all investors.
- HKD - Hong Kong Dollar.
- Information Memorandum - Refers to the information memorandum in respect of the Fund and includes any supplemental information memorandum or replacement information memorandum, as the case may be.
- IUTA - Institutional Unit Trust Advisers.
- LPD - Latest Practicable Date, i.e. 31 May 2017, in which all information provided herein, shall remain current and relevant as at such a date.
- Liquid Asset - Refers to Deposits and money market instruments.
- Management Fee - A percentage of the NAV of the Class that is paid to us for managing the portfolio of the Fund.
- MCR - Multi-class ratio, being the apportionment of the NAV of each Class over the Fund’s NAV based on the size of each Class. The MCR is calculated by dividing the NAV of the respective Class by the NAV of the Fund before income and expenses for the day. The apportionment is expressed as a ratio and calculated as a percentage.
- NAV - Net Asset Value.
- NAV of the Fund - The NAV of the Fund is the value of all the Fund’s assets less the value of all the Fund’s

liabilities, at the point of valuation. For the purpose of computing the annual Management Fee and annual Trustee Fee, the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day. The NAV of a Class is the NAV of the Fund attributable to a Class at the same valuation point.

NAV per unit	- The NAV attributable to a Class of units divided by the number of units in circulation for that Class, at the valuation point.
OTC	- Over-the-counter.
PFG	- Principal Financial Group and its affiliates.
PRC	- People's Republic of China.
QFII	- Refers to Qualified Foreign Institutional Investor; approved pursuant to the relevant PRC laws and regulations, as may be promulgated and/or amended from time to time.
RM, MYR or Ringgit	- Malaysian Ringgit.
RMB	- Renminbi.
RQFII	- Refers to Renminbi Qualified Foreign Institutional Investor; approved pursuant to the relevant PRC laws and regulations, as may be promulgated and/or amended from time to time.
SC	- Securities Commission Malaysia.
SC Guidelines	- SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.
SFC	- Securities and Futures Commission in Hong Kong.
SGD	- Singapore Dollar.
Sophisticated Investor(s)	- Refers to investors as we determine as qualified or eligible to invest in the Fund and that fulfil any laws, rules, regulation, restrictions or requirements imposed by the respective country's regulators where the Fund is open for sale. For investors in Malaysia, this refers to any person who falls within any of the categories of investors set out in Part 1, Schedules 6 and 7 of the CMSA. Note: For more information, please see Annexure 2 for the current excerpts of Part 1, Schedules 6 and 7 of the CMSA.
Special Resolution	- A resolution passed by a majority of not less than three-fourth (3/4) of the Unit holders of the Fund or a Class, as the case may be, voting at a meeting of Unit holders duly convened and held in accordance with the provisions of the Deed and representing at least three-fourth (3/4) of the value of the Units held by Unit holders of the Fund or a Class, as the case may be, voting at the meeting (whether in person or by proxy) duly convened and held in accordance with the provisions of the Deed.
Switching Fee	- A charge that may be levied when switching is done from one fund or class to another.
Target Fund	- The CIS that the Fund invests predominantly in. Currently, it refers to HSBC China Multi-Asset Income Fund, a sub-fund of the Trust.
Target Fund Investment Adviser	- HSBC Global Asset Management (Hong Kong) Limited.
Target Fund Manager	- HSBC Investment Funds (Hong Kong) Limited.
Target Fund Research Adviser	- HSBC Jintrust Fund Management Company Limited.
Transfer Fee	- A nominal fee levied for each transfer of units from one Unit holder to another.
Trust	- HSBC Collective Investment Trust, an umbrella unit trust established under the laws of Hong Kong by a trust deed dated 27 February 2014 between the Target Fund Manager and HSBC Institutional Trust Services (Asia) Limited as the Target Fund's trustee.
Trustee	- HSBC (Malaysia) Trustee Berhad.
Trustee Fee	- A percentage of the NAV of the Fund that is paid to the Trustee for its services rendered as trustee for the Fund.
UK	- United Kingdom.
Unit holder	- The registered holder for the time being of a unit of any Class including persons jointly registered.
US or USA	- United States of America.
USD	- United States Dollar.
Wholesale Fund	- A unit trust scheme established in Malaysia where the units are to be issued, offered for subscription or purchase, or for which invitations to subscribe for or purchase the units are to be made, exclusively to Sophisticated Investor.
Withdrawal Fee	- A charge levied upon redemption under certain terms and conditions (if applicable).

Note: Unless the context otherwise requires, words importing the singular number should include the plural number and vice versa.

TABLE OF CONTENTS

DEFINITIONS	ii
1. FUND INFORMATION	1
1.1. CIMB-PRINCIPAL CHINA MULTI ASSET INCOME FUND	1
1.2. PERMITTED INVESTMENTS	2
1.3. INVESTMENT RESTRICTIONS AND LIMITS	2
1.4. APPROVALS AND CONDITIONS	3
1.5. BORROWINGS OR FINANCING	3
1.6. RISK FACTORS	3
1.6.1. GENERAL RISKS OF INVESTING IN A COLLECTIVE INVESTMENT SCHEME	3
1.6.2. SPECIFIC RISK RELATED TO THE FUND	3
1.6.3. SPECIFIC RISKS RELATED TO THE TARGET FUND	3
2. TARGET FUND INFORMATION	11
2.1. ABOUT HSBC CHINA MULTI-ASSET INCOME FUND (“TARGET FUND”)	11
2.2. INVESTMENT AND BORROWING RESTRICTIONS OF THE TARGET FUND	12
2.3. DILUTION ADJUSTMENT/ SWING PRICING	14
2.4. RESTRICTIONS ON REDEMPTION	14
2.5. SPECIFIC RISKS OF THE TARGET FUND	14
2.6. DIVIDEND DISTRIBUTION OF THE TARGET FUND	14
2.7. FEES CHARGED BY THE TARGET FUND (CLASS AM2-USD)	15
3. FEES, CHARGES AND EXPENSES	16
3.1. CHARGES	16
3.2. FEES AND EXPENSES	17
3.3. REBATES AND SOFT COMMISSIONS	18
4. TRANSACTION INFORMATION	19
4.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUND	19
4.2. UNIT PRICING	19
4.3. INCORRECT PRICING	21
4.4. INVESTING	21
4.5. MINIMUM INVESTMENTS	22
4.6. MINIMUM WITHDRAWALS	22
4.7. MINIMUM BALANCE	23
4.8. COOLING-OFF PERIOD	23
4.9. SWITCHING	23
4.10. TRANSFER FACILITY	23
4.11. DISTRIBUTION PAYMENT	24
4.12. UNCLAIMED MONEYS	24
5. ADDITIONAL INFORMATION	25
5.1. FINANCIAL YEAR-END	25
5.2. INFORMATION ON YOUR INVESTMENT	25
5.3. TERMINATION OF FUND AND/OR ANY OF THE CLASSES	25
5.4. RIGHTS, LIABILITIES AND LIMITATIONS OF UNIT HOLDERS	25
5.5. DOCUMENTS AVAILABLE FOR INSPECTION	26
5.6. POTENTIAL CONFLICTS OF INTERESTS AND RELATED-PARTY TRANSACTIONS	26
5.7. INTERESTS IN THE FUND	27
5.8. EMPLOYEES’ SECURITIES DEALINGS	27
6. THE MANAGER	28
6.1. ABOUT CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD	28
7. THE TRUSTEE	29
7.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD	29
ANNEXURE 1 – CLASS MYR-HEDGED	30
ANNEXURE 1 – CLASS USD	33
ANNEXURE 1 – CLASS MYR	36
ANNEXURE 1 – CLASS SGD	39
ANNEXURE 2 – EXCERPTS OF PART 1, SCHEDULES 6 AND 7 OF THE CMSA	42

1. FUND INFORMATION

1.1. CIMB-PRINCIPAL CHINA MULTI ASSET INCOME FUND

- Fund Category/Type** : Feeder fund/ Income & Growth.
- Investment Objective** : The Fund aims to provide income and moderate capital growth through investments in one collective investment scheme, which invests primarily in a diversified portfolio of securities related to China. *We will require your approval if there is any material change to the Fund's investment objective.*
- Benchmark** : The Fund adheres to the benchmark of the Target Fund for performance comparison. The benchmark of the Target Fund is 50% MSCI China Net + 50% Markit iBoxx Asia Local Bond Index China Offshore for comparison purpose.
- Distribution Policy** : The distribution policy of each of the Class may differ. Please refer to the Annexure 1 of the respective Class for more information. You may also refer to page 24 for information on the distribution payment.

Base Currency and Classes

The base currency of the Fund is USD.

Currently, the Fund has four (4) Classes, i.e. Class MYR, Class MYR-Hedged, Class USD, and Class SGD. Other classes may be offered for sale in the future and on such date to be determined by us.

Please note that the Fund is established with a multi-class structure where the Deed allows for the establishment of more than one (1) Class with similar interests in the assets of the Fund, i.e. the Fund is allowed to establish new Class(es) from time to time without your prior consent. Each Class may be different in terms of currency denomination, fees and charges and/or distribution policy and hence, will have its respective NAV per unit, denominated in its respective currency taking into account the aforementioned features. Although the Fund has multiple Classes, Unit holders should note that the assets of the Fund are pooled for investment purpose.

Information on the Classes are available in this Information Memorandum and all references to the Classes or Fund in this Information Memorandum will be applicable and/or refers (as the case may be) to the relevant Classes offered for sale, unless otherwise stated. For detailed information of the Classes, please refer to the Annexure 1 of the respective Class. When in doubt, you should consult professional advisers for a better understanding of the multi-class structure before investing in the Fund.

As the Manager, we shall have the sole and absolute right to issue other classes of units to the Fund in the future with different and/or similar features including but not limited to fees, charges, currency and/or distribution policy with that of the units without the need to obtain or seek your approval provided that the issuance of other classes shall not in our opinion prejudice the rights of the Unit holders of the current Classes of the Fund.

Launch Date, Initial Offer Period & Initial Offer Price Per Unit

Name of Class	Launch date	Initial offer period	Initial offer price per unit
Class MYR-Hedged	3 July 2017	Up to 21 days	MYR 1.0000
Class USD	3 July 2017	Up to 21 days	USD 1.0000
Class MYR	1 August 2017 ^{Note 1}	1 day	MYR 1.0000
Class SGD	1 August 2017 ^{Note 1}	1 day	SGD 1.0000

Note 1: We have the discretion to determine the launch date, which shall be 1 August 2017 or such other date as may be determined by us.

For more details, you may contact our Customer Care Centre or Distributors, or visit our website at <http://www.cimb-principal.com.my>.

Investment Policy and Principal Investment Strategy

The Fund is a feeder fund and it invests in a single collective investment scheme, i.e. HSBC China Multi-Asset Income Fund. The Fund may also invest in Liquid Asset for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its NAV in the Target Fund; a sub-fund established on 21 November 2014 under the HSBC Collective Investment Trust. The Fund will also maintain up to 5% of its NAV in Liquid Assets for liquidity purposes.

The Fund will be actively rebalanced from time to time to meet sales and redemptions 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 Adviser may take temporary defensive position when deemed necessary.

We do not employ risk management strategy on the portfolio of the Target Fund. However, the Target Fund Manager will employ, or will ensure that the Target Fund Investment Adviser will employ, a risk management process in respect of the Target Fund that enables the Target Fund Manager to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Target Fund. Please refer to page 11 under the “Investment objective and investment strategies of the Target Fund” for more information.

We will employ risk management strategy at the Fund level, where we will continuously monitor the investment objective, performance and suitability of the Target Fund to ensure that it is in line with the investment objective of the Fund. If we are of the opinion that the Target Fund no longer meets the Fund’s investment objective, we may, with your approval, replace the Target Fund with another CIS that is in line with the Fund’s objective. In such circumstances, we will redeem our investment in the Target Fund and invest in another CIS on a staggered basis for a smooth transition, if the Target Fund imposes any conditions in relation to redemption of units or if the manager of the newly identified target fund exercises its discretion to apply anti dilution levy* in relation to the applications for units. Thus, the time frame required to perform the transition will depend on such conditions, if any, imposed by the Target Fund as well as any conditions associated with a dilution adjustment that may be made by the newly identified target fund. Hence during the transition period, the Fund’s investments may differ from the stipulated investment objective, investment strategies and/or investment restrictions and limits. The Fund also may, with the concurrence of the Trustee, hold more than 5% of Liquid Assets on a temporary basis to meet redemption requests and to manage expenses of the Fund if there is temporary suspension of the Target Fund.

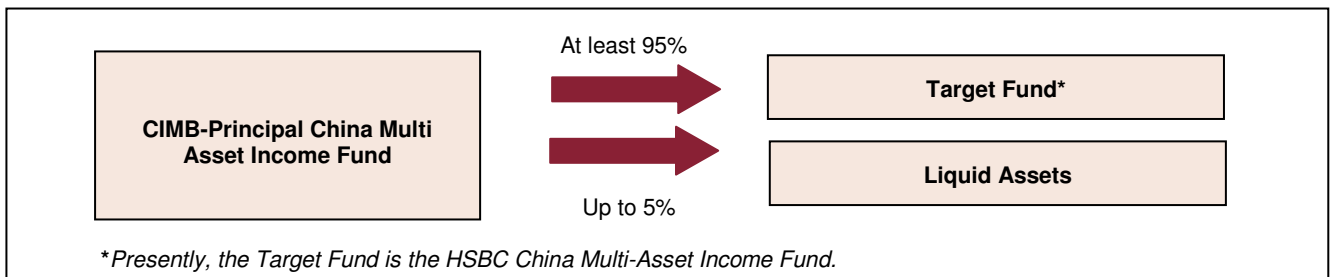
Currently, the Fund invests in Class AM2-USD of the Target Fund, which is a share class denominated in USD launched on 21 November 2014. The Fund may change its entire investment into another class of the Target Fund if we and the Target Fund Manager are of the opinion that the change is in the interest of the Unit holders. If we wish to effect such change, we will seek concurrence from the Trustee and you will be notified before implementation.

Note:

* *Anti dilution levy is an allowance for fiscal and other charges that is added to the NAV per unit to reflect the costs of investing application monies in underlying assets of the Target Fund or newly identified target fund.*

Information on the Target Fund

Trust	:	HSBC Collective Investment Trust, an umbrella unit trust established under the laws of Hong Kong by a trust deed dated 27 February 2014 between the Target Fund Manager and HSBC Institutional Trust Services (Asia) Limited as the Target Fund’s trustee.
Target Fund Manager	:	HSBC Investment Funds (Hong Kong) Ltd
Target Fund Investment Adviser	:	HSBC Global Asset Management (Hong Kong) Ltd
Target Fund Research Adviser	:	HSBC Jintrust Fund Management Company Ltd
Regulatory authority	:	Securities and Futures Commission of Hong Kong (“SFC”)



Asset Allocation

- 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.

1.2. PERMITTED INVESTMENTS

The Fund will invest in the following investments:

- One collective investment scheme;
- Liquid Assets;
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps for hedging purposes; and
- Any other form of investments as may be determined by us from time to time that is in line with the Fund’s objective.

1.3. INVESTMENT RESTRICTIONS AND LIMITS

The Fund is subject to the following investment restrictions and limits:

Collective investment scheme: The Fund must invest in one (1) collective investment scheme.

Liquid Assets: The Fund may invest up to 5% of the NAV of the Fund in Liquid Assets. The Fund may, with the concurrence of the Trustee, hold more than 5% of Liquid Assets on a temporary basis to meet redemption requests and to manage expenses of the Fund.

1.4. APPROVALS AND CONDITIONS

There is no exemption and/or variation to the SC Guidelines for the Fund.

1.5. BORROWINGS OR FINANCING

The Fund may not obtain cash financing or other assets in connection with its activities. However, the Fund may obtain cash financing for the purpose of meeting withdrawal requests for units and for short-term bridging requirements.

1.6. RISK FACTORS

1.6.1. GENERAL RISKS OF INVESTING IN A COLLECTIVE INVESTMENT SCHEME

Before investing, you should consider the following risk factors in addition to the other information set out in this Information Memorandum.

Returns not guaranteed

The investment of the fund is subject to market fluctuations and its inherent risk. There is **NO GUARANTEE** on the investment returns, nor any assurance that the fund's investment objective will be achieved.

Market risk

Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the fund's NAV.

Inflation risk

This is the risk that your investment in the fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the value of the investment in monetary terms has increased.

Loan financing risk

This risk occurs when you take a loan/financing to finance your investment. The inherent risk of investing with borrowed money includes you being unable to service the loan repayments. In the event units are used as collateral, you may be required to top-up your existing instalment if the prices of units fall below a certain level due to market conditions. Failing which, the units may be sold at a lower NAV per unit as compared to the NAV per unit at the point of purchase towards settling the loan.

1.6.2. SPECIFIC RISK RELATED TO THE FUND

Currency risk

You should be aware that currency risk is applicable to Class(es) (e.g. Class MYR) which is in a different currency than the base currency of the Fund (i.e. USD). The impact of the exchange rate movement between the base currency of the Fund and the currency denomination of the respective Class(es) may result in a depreciation of the value of your holdings as expressed in the base currency of the Fund.

As for a hedged Class, the Class itself provides mitigation to the currency risk arising from the difference between the currency denomination of the Class and the base currency of the Fund. While we aim to fully hedge the currency risk for a hedged Class, you should note that it may not entirely eliminate currency risk. In addition, you should note that, as a result of hedging, a hedged Class will not be able to enjoy the full benefits of the currency movement in the event of a favourable movement of the currency denomination of the hedged Class against the base currency of the Fund. You should also note that hedging incurs costs, in which will impact the NAV of a hedged Class.

Fund manager's risk

Since the Fund invests into a CIS managed by another manager, the Target Fund Manager has absolute discretion over the Target Fund's investment technique and knowledge, operational controls and management. In the event of mismanagement of the Target Fund, the NAV of the Fund, which invests into the Target Fund, would be affected negatively. Although the probability of such occurrence is minute, should the situation arise, we reserve the right to seek for an alternative CIS that is consistent with the objective of this Fund, subject to your approval.

Country risk

As the Fund invests in the Target Fund which is domiciled in Hong Kong, the Fund's investments in the Target Fund may be affected by risks specific to Hong Kong. Such risks include adverse changes in Hong Kong's laws and regulations and foreign investments policies.

1.6.3. SPECIFIC RISKS RELATED TO THE TARGET FUND

As the Fund invests predominantly in the Target Fund, the Fund also assumes the risks associated with the Target Fund, which include but not limited to the following:

General risks

- There is no guarantee that the investment objective of the Target Fund can be achieved. There is no express or implied assurance as to the likelihood of achieving the investment objective for the Target Fund.
- There is no guarantee that in any time period, particularly in the short term, the Target Fund's portfolio will achieve appreciation in terms of income or capital growth. The Target Fund's portfolio may be subject to market fluctuations and to all

the risks inherent in all investments and markets. As a result, the price of units may go down as well as up. Whilst the Target Fund Manager intends to implement strategies designed to minimise potential losses, there can be no assurance that these strategies will be successful. Making an investment in the Target Fund is not the same as making a deposit in a bank. An investor may lose a substantial proportion or all of its investment in the Target Fund.

- The prices of units depend on the market values of the Target Fund's investments and such prices as well as the income from units can go down as well as up. Past performance of the Target Fund does not indicate future performance. Investment in the Target Fund is not capital guaranteed and is only suitable for investors who can leave their capital for medium to long-term investment.
- The Target Fund's performance is subject to the risks associated with its investments and cash exposure including, among others, market, interest rate, currency, exchange rate, economic, credit, liquidity, counterparty, foreign securities and political risks.

Market risk

Investors should be aware that the value of securities in which the Target Fund invests, and the return derived from it can fluctuate. The Target Fund invests in and actively trades securities utilising strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the market. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as actions by various governmental agencies and domestic or international economic and political developments, may cause sharp market fluctuations, which could significantly and adversely affect the value of the Target Fund's investments.

Single market/concentration risk

The Target Fund invests primarily in the PRC markets which involve higher concentration risks. The value of the Target Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

China market risk

- Investing in the China market is subject to the risks of investing in emerging markets generally and the risks specific to the China market.
- Since 1978, the Chinese government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy, moving from the previous planned economy system. However, many of the economic measures are experimental or unprecedented and may be subject to adjustment and modification. Any significant change in mainland China's political, social or economic policies may have a negative impact on investments in the China market.
- The regulatory and legal framework for capital markets and joint stock companies in mainland China may not be as well developed as those of developed countries. The Target Fund may be subject to the risks associated with changes in the PRC laws and regulations (including tax laws) and such changes may have retrospective effect and may adversely affect the Target Fund.
- Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency.
- The Chinese government's control of currency conversion and movements in the RMB exchange rates may adversely affect the operations and financial results of companies in mainland China.

Foreign exchange risk

- Because the Target Fund's assets and liabilities may be denominated in currencies (such as RMB) different from the Target Fund's base currency (i.e. HKD), the Target Fund may be affected unfavourably by exchange control regulations or changes in the exchange rates between the Target Fund's base currency and other currencies. Changes in currency exchange rates may influence the value of the Target Fund's units, the dividends or interest earned and the gains and losses realised by the Target Fund. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions.
- At present, it is anticipated that the Target Fund's portfolio will have a higher exposure to HKD and/or USD denominated investments. It should be noted that, although the Target Fund may invest in securities that are related to China, such investments may not be denominated in RMB. Further, HKD (the base currency of the Target Fund) is currently pegged to USD. Accordingly, any depreciation of USD against other currencies may cause the value of units denominated in HKD to depreciate against such other currencies.
- If the currency in which a security is denominated appreciates against the base currency of the Target Fund, the value of the security will increase in terms of the Target Fund's base currency. Conversely, a decline in the exchange rate of the currency in which a security is denominated would adversely affect the value of the security in terms of the Target Fund's base currency.
- Further, dividends will be paid in the relevant class Currency, which may involve currency conversion of the proceeds obtained from realisation of the Target Fund's assets. For HKD and/or USD denominated classes of units, payment of dividends in HKD and/or USD may involve currency conversion from RMB to the HKD and/or USD. Currency conversion involves foreign exchange risks as the exchange rates are subject to fluctuations.

The RMB currency risk

- Starting from 2005, the exchange rate of the RMB is no longer pegged to the USD. The RMB has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the RMB against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China.
- As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including USD and HKD, are susceptible to movements based on external factors. It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and restrictions of the Chinese government. Trading in the RMB may be subject to possible delay in the settlement process.
- The possibility that the appreciation of RMB will be accelerated cannot be excluded. On the other hand, there can be no assurance that the RMB will not be subject to devaluation. The Target Fund's base currency is HKD, but the Target Fund may invest in RMB denominated investments. Any devaluation of the RMB could adversely affect the value of investors' investments in the Target Fund.

China A-Shares Access Products (“CAAPs”)

- Exposure to China A-Shares may be obtained through investment in CAAPs, including equity linked notes and other similar equity linked securities and instruments. CAAPs are derivative instruments which are linked to China A-Shares, and are intended to provide an economic performance that is equivalent to holding the underlying China A-Shares.
- Seeking exposure through CAAPs could lead to additional costs of investments. For example, investment in CAAPs is subject to the fees, charges and costs of issuers. As the availability of CAAPs is limited by applicable PRC regulations, the cost of investing in such products is subject to market supply and demand forces. Where the market supply is low relative to market demand, acquiring further CAAPs may involve a higher cost or a premium, which may adversely affect the Target Fund's overall performance.
- CAAPs may not be listed and are subject to the terms and conditions imposed by their issuer. These terms may lead to delays in implementing the Target Fund Manager's investment strategy due to restrictions on the issuer acquiring or disposing of the securities underlying the CAAPs. Investment in CAAPs can be illiquid as there is no active market in CAAPs. In order to meet realisation requests, the Target Fund relies upon the counterparty issuing the CAAPs to quote a price to unwind any part of the CAAPs. This price will reflect the market liquidity conditions and the size of the transaction.
- By seeking exposure to investments in China A-Shares through CAAPs, the Target Fund is taking on the credit risk of the issuer of the CAAPs. There is a risk that the issuer will not settle a transaction due to a credit or liquidity problem, or will otherwise default in its obligations under the CAAPs, thus causing the Target Fund to suffer a loss. In addition, in the case of a default, the Target Fund could become subject to adverse market movements while the Target Fund enters into a replacement transaction with a new counterparty.
- An investment in a CAAP entitles the holder to certain cash payments calculated by reference to the China A-Shares to which the CAAP is linked. It is not an investment directly in the China A-Shares themselves. An investment in the CAAP does not entitle the holder of the CAAP to the beneficial interest in the China A-Shares nor to make any claim against the company issuing the China A-Shares.
- Investment through CAAPs may lead to a dilution of performance of the Target Fund when compared to a fund investing directly in similar assets. In addition, when the Target Fund intends to invest in a particular China A-Share through CAAPs, there is no guarantee that subsequent application monies for units in the Target Fund can be immediately invested in such China A-Share through CAAPs. This may impact on the performance of the Target Fund.
- An issuer of a CAAP may deduct various charges, expenses or potential liabilities from the prices of the CAAP including but not limited to any actual or potential PRC tax liabilities (if any) determined by the CAAP issuer at its discretion and such deduction may not be refundable.
- As at the date hereof, it is likely that the Target Fund will invest in the China A-Shares market through CAAPs issued by institutions which have obtained the status as a “QFII” in China; and certain restrictions imposed by the Chinese government on QFIIs may have an adverse effect on the Target Fund's liquidity and performance. QFIIs are subject to restrictions on the maximum stake which can be held in any one listed company. Transaction sizes for QFIIs are large and there are lock-up restrictions on repatriation of capital invested by a QFII in China. These restrictions will impact on the terms of any CAAPs acquired by the Target Fund. In order to reduce such impact, the Target Fund will generally invest in CAAPs that is realisable on each dealing day under normal market conditions, subject to the credit risk of the counterparty. If the CAAPs cannot be realised on the each dealing day, the Target Fund may be subject to additional liquidity risks.
- Fluctuation in the exchange rate between the denomination currency of the underlying shares and the CAAPs will affect the value of the CAAPs, the redemption amount and the distribution amount on the CAAPs.
- For purpose of investment restriction monitoring, CAAPs will be treated as an equity investment in China A-Shares instead of being classified as a derivative in determining the appropriate limits.

PRC tax risks relating to CAAPs

- Various tax reform policies have been implemented by the Chinese government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current tax laws, regulations and practice in mainland China will be changed with retrospective effect in the future and any such change may have an adverse effect on the NAV of the Target Fund. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any changes in tax policies may reduce the after-tax profits of the companies in mainland China in which the Target Fund may invest in, thereby reducing the income from, and/or value of the units.
- Based on the *Circular Concerning the Temporary Exemption of the Corporate Income Tax for Gains Earned by QFII and RQFII from Transfer of Domestic Shares and Other Equity Interest Investment in China* promulgated by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on 14 November 2014, the Target Fund Manager (after taking tax advice) has decided that the Target Fund will not withhold (or will not request the CAAP issuers to withhold) any amount of realised or unrealised gains on its investments in CAAPs as tax provisions. The Target Fund Manager (after taking tax advice) may at its discretion make further modification to the tax provision policy of the Target Fund based on new developments and interpretation of the relevant regulations.
- Investors should note that any tax provision, if made, may be excessive or inadequate to meet actual PRC tax liabilities on investments made by the Target Fund. In the event that it is satisfied (based on tax advice) that part of the tax provisions are not required, the Target Fund Manager will arrange with the trustee to release such provisions back into the Target Fund, forming part of the Target Fund's assets. On the other hand, any amount by which the tax provisions fall short of the tax liability incurred or is expected to be incurred by the Target Fund shall be debited and deducted from the Target Fund's assets.
- Any tax provision, if made, will be reflected in the NAV of the Target Fund at the time of debit or release of such provision and thus will only impact on units which remain in the Target Fund at the time of debit or release of such provision. Units which are redeemed prior to the time of debit of such provision will not be affected by reason of any insufficiency of the tax provision. Likewise, such units and the unitholders who have redeemed will not benefit from any release of excess tax provisions.
- Investors may be advantaged or disadvantaged depending upon the final tax outcome as and when they subscribed and/or redeemed the units of the Target Fund. Investors should note that no unitholders who have redeemed their units in the Target Fund before the release of any excess tax provision shall be entitled to claim in whatsoever form any part of the tax provision or withholding amounts released to the Target Fund, which amount will be reflected in the value of units in the Target Fund.
- Investors should also be aware that changes in mainland China taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the Target Fund. Laws governing taxation will continue to change and may contain conflicts and ambiguities.

Equity securities risk

Investment in equity securities is subject to market risk and the prices of such securities may be volatile. Factors affecting the stock values are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, regional or global economic instability, currency and interest rate fluctuations. If the market value of equity securities in which the Target Fund invests in goes down, the NAV of the Target Fund may be adversely affected, and investors may suffer substantial losses.

Risks concerning China A-Shares

Insofar as the Target Fund obtains exposure to China A-Shares, it will be subject to the following risks:

- The existence of a liquid trading market for China A-Shares may depend on whether there is supply of, and demand for, such China A-Shares. The price at which securities may be purchased or sold by the Target Fund and the NAV of the Target Fund may be adversely affected if trading market for China A-Shares are limited or absent. The China A-Share market may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention). Market volatility and settlement difficulties in the China A-Share market may also result in significant fluctuations in the prices of the securities traded on such market and thereby may affect the value of the Target Fund.
- Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange. In particular, trading band limits are imposed by the stock exchanges in China on China A-Shares, where trading in any China A-Share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. A suspension may render it impossible for the Target Fund Manager to liquidate positions and can thereby expose the Target Fund to significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the Target Fund Manager to liquidate positions at a favourable price.

Risks of investing in small-cap companies

The Target Fund does not have a capitalisation requirement on stock investment and may invest in stocks issued by of small cap companies. These stocks are more abrupt or erratic in price movements and their sensitivity to market changes is higher than stocks of larger companies. They may be subject to a lower liquidity and cannot be sold readily. Further, even relatively small orders for purchase or sale of illiquid these securities can lead to significant price volatility. There is the risk that the stocks cannot be sold or can only be sold at a significant discount to the purchase price. This may result in investment losses to the Target Fund.

Debt securities

- The principal factors that may affect the value of the Target Fund's securities holdings include: (i) changes in interest rates, (ii) the credit worthiness of the issuers of securities, (iii) unanticipated prepayment, and (iv) the decline of bond prices in general in the relevant bond market.
- The Target Fund may invest in securities which have a lower credit rating or are unrated. Such securities are considered to have a higher risk exposure than securities which have a higher credit rating with respect to payment of interest and the return of principal, and may also have a higher chance of default. Low rated or unrated debt securities generally offer a higher current yield than higher grade issues. However, low rated or unrated debt securities involve higher risks and are more sensitive to adverse changes in general economic conditions and in the industries in which the issuers are engaged, as well as to changes in the financial condition of the issuers and changes in interest rates. Valuation of these securities is more difficult and thus the Target Fund's price may be more volatile. Additionally, the market for lower rated or unrated debt securities generally is less active than that for higher quality securities and the Target Fund's ability to liquidate its holdings in response to changes in the economy or the financial markets may be further limited by such factors as adverse publicity and investor perceptions.
- The credit ratings assigned by credit rating agencies are a generally accepted barometer of credit risk of a fixed income security. They are, however, subject to certain limitations. For example, the rating of an issuer is heavily weighted by past developments and does not necessarily reflect probable future conditions. There is often a time lag in updating the credit ratings in response to recent credit events.

Downgrading risk

Debt securities may be subject to the risk of being downgraded (i.e. lowering of credit ratings assigned to the securities). In the event of downgrading in the credit ratings of a security or an issuer relating to a security, the Target Fund's investment value in such security may be adversely affected. The risks disclosed in the foregoing paragraph in relation to low rated debt securities will generally apply.

Credit risk

- Investment in the fixed income securities is subject to the credit and counterparty risk of the issuers which may be unable or unwilling to make timely payments on principal and/or interest. On the other hand, the value of the Target Fund may be affected if any of the financial institutions with which the cash is invested or deposited suffers insolvency or other financial difficulties. Generally, a fixed income security that is lower rated or unrated will be subject to a higher credit risk of its issuer.
- In the event that any issuer of such securities defaults, becomes insolvent or experiences financial or economic difficulties, the value of the securities will be adversely affected. The Target Fund may suffer losses in its investment in such securities. There is no certainty in the credit worthiness of issuers of debt securities. Unstable market conditions may mean there are increased instances of default amongst issuers. In case of default, the Target Fund may also encounter difficulties or delays in enforcing its rights against the issuers of securities as such issuers may be incorporated outside Hong Kong and subject to foreign laws.
- The fixed income securities that the Target Fund invests in may be offered on an unsecured basis without collateral. In such circumstances, the Target Fund will rank equally with other unsecured creditors of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds obtained from the liquidation of the issuer's assets will be paid to holders of the fixed income securities only after all secured claims have been satisfied in full. The Target Fund is therefore fully exposed to the credit/insolvency risk of issuers as an unsecured creditor.

Liquidity risk

- The debt instruments in which the Target Fund invests may not be listed on a stock exchange or a securities market where trading is conducted on a regular basis. Even if the debt securities are listed, the market for such securities may be inactive and the trading volume may be low. In the absence of an active secondary market, the Target Fund may need to hold the debt

securities until their maturity date. If sizeable redemption requests are received, the Target Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Target Fund may suffer losses in trading such securities. The price at which the debt securities are traded may be higher or lower than the initial subscription price due to many factors including the prevailing interest rates.

- Further, the bid and offer spreads of the price of debt instruments in which the Target Fund invests may be high, and the Target Fund may therefore incur significant trading costs and may even suffer losses when selling such investments.

Interest rates

- Changes in market interest rates will affect the value of securities held by the Target Fund. Generally, the prices of debt instruments rise when interest rates fall, and vice versa. Long-term securities are generally more sensitive to changes in interest rates and, therefore, are subject to a greater degree of market price volatility. To the extent the Target Fund holds long-term fixed income securities, its NAV will be subject to a greater degree of fluctuation than if it held fixed income securities of a shorter duration. Fluctuations in interest rates may cause the Target Fund to suffer a loss in its investments if it disposes of such fixed income securities before their maturity.
- The Chinese government's macro-economic policies and controls will have significant influence over the capital markets in China. Changes in fiscal policies, such as interest rates policies, may have an adverse impact on the pricing of debt instruments, and thus the return of the Target Fund.

Risks of investing in other funds

- The Target Fund may invest in other CIS to obtain exposure to underlying assets, such as equity and bonds. Investors should note that such investment may involve another layer of fees charged at the underlying fund level. This is because, in addition to the expenses and charges payable by the Target Fund as disclosed in this Explanatory Memorandum, the Target Fund will bear indirectly the fees charged by the managers and other service providers of the underlying funds, or will incur charges in subscribing for or redeeming shares in the underlying funds.
- The Target Fund Manager will consider various factors in selecting the underlying funds, for example, the investment objective and strategy, level of fees and charges, the redemption frequency and liquidity of such funds. However, there is no assurance that the investment objective or strategy of an underlying fund will be successfully achieved.
- Where underlying funds are not able to meet redemption requests of the Target Fund, the Target Fund will be subject to liquidity risks, and may suffer losses as a result of delays in receiving redemption proceeds.
- If the Target Fund invests in an underlying fund managed by the Target Fund Manager or a connected person of the Target Fund Manager, all initial charges on such underlying fund will be waived. The Target Fund Manager may not obtain a rebate on any fees or charges levied by such underlying fund or its manager. Where potential conflicts of interest arise, the Target Fund Manager will endeavour to ensure that such conflicts are resolved fairly.

Risks relating to RQFII funds

The Target Fund may invest in the PRC domestic securities market through RQFII funds, which may be subject to the following risks:

- **Risks relating to onshore PRC markets**
RQFII funds primarily invest in onshore PRC securities markets and will be subject to risks inherent in such markets, including the debt and equity markets. Further, PRC securities are denominated in RMB, and the RQFII funds' returns will be subject to fluctuations of the RMB currency. Please refer to the risk factor "The RMB currency risk" above.
- **Risks relating to the RQFII regime**
 - Investment through the RQFII regime is subject to the availability of RQFII quota. There is no assurance that sufficient quota will be available for investment by a RQFII fund. Therefore the Target Fund's ability to obtain exposure to the PRC domestic securities through RQFII funds is subject to limitations of RQFII quota for the relevant RQFII funds.
 - Repatriations of capital out of China by RQFII funds that are open-ended funds are currently not subject to repatriation restrictions or prior approval, but there is no guarantee that restrictions will not be imposed in future. Any restrictions on repatriation of the invested capital out of China may impact on a RQFII fund's ability to meet redemption requests from the Target Fund. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the control of the Target Fund Manager (or the manager of a RQFII fund). Therefore, the Target Fund may be subject to liquidity risk insofar as it invests in RQFII funds.
 - The rules relevant to RQFII have only been recently announced. They are relatively new and their application may depend on the interpretation given by the relevant Chinese regulatory authorities. Any changes to the relevant rules may have an adverse impact on investments made by the RQFII funds and hence the Target Fund's performance. The current RQFII rules and regulations are subject to change, which may take retrospective effect. In the worst case, the relevant RQFII fund may be terminated if it is not legal or viable to operate because of changes to the application of the relevant rules. The Target Fund's holdings in the relevant the RQFII fund will be realised in case of such termination and the Target Fund may suffer losses.

Risks relating to RQFII funds that are exchange traded funds

- RQFII Exchange Traded Funds ("RQFII ETFs") typically seek to track a particular China A-Share market index by directly investing in the China A-Shares constituting such market index using RQFII quota. As with other exchange traded funds, RQFII ETFs are subject to tracking error risks (i.e. the returns of a RQFII ETF may deviate from the performance of the index it is designed to track) due to a number of factors.
- The Target Fund will trade units in RQFII ETFs on the Stock Exchange of Hong Kong (where trading prices are affected by market factors such as demand and supply). The trading days or hours of the PRC and Hong Kong stock markets are not exactly the same and this may affect the RQFII ETFs' ability to track the market index. Further, any suspension due to a trading band limit in the PRC stock markets may render it impossible for the RQFII ETFs to acquire certain index security, increasing the tracking error. These factors may result in the RQFII ETFs' units being traded at a substantial premium or discount to their NAV. The Target Fund may suffer a loss, depending on the relative prices at which the Target Fund trades the relevant RQFII ETF's units. For example, if the Target Fund acquires units of an RQFII ETF at a premium to the NAV of such RQFII ETF, it may realise a loss when it later sells the same units at a lower premium or at a discount (even if the NAV of the RQFII ETF remains unchanged).
- RQFII ETFs involve cross-border transfer of funds. They may be riskier than traditional exchange traded funds investing directly in markets other than the PRC. The operation of RQFII ETFs depends heavily on the expertise and infrastructure of

the RQFII ETF's manager (or its mainland parent company). There is no assurance that the RQFII ETFs will be operated as envisaged and the Target Fund may sustain a loss in its investment in RQFII ETFs.

Convertible bonds

- Convertible bonds are bonds which give an investor an option to exchange the bond for a predetermined number of shares at a given price and a specified future date. Convertible bonds are subject to the risks of both equities and bonds.
- Convertible bonds are subject to risks which typically apply to bonds including interest rate risk and credit risk. The value of convertible bonds tends to decline as interest rates increase and increase as interest rates decline. If the credit quality of the convertible bonds deteriorates or the issuer of the convertible bonds defaults, the performance of the Target Fund will be adversely affected. On the other hand, the prices of convertible bonds will be affected by the changes in the price of the underlying equity securities which, in turn, may have an unfavourable impact on the NAV of the Target Fund.

Asset-backed securities ("ABS")

- ABS are securitised obligations of the issuer payable solely from the underlying assets of the relevant issuer or the proceeds thereof, including but not limited to loans and other debt obligations. Consequently, holders of ABS (including the Target Fund) must rely solely on distributions on the underlying assets or proceeds thereof for payment.
- Investment in ABS is subject to the credit risk due to a debtor's or obligor's default in paying the loan or other debt obligations constituting the underlying assets. If distributions on the underlying assets are insufficient to make payments on the ABS, no other assets will be available for payment of the deficiency and following realisation of the underlying assets, and the obligations of the issuer of the related security to pay such deficiency will be extinguished.
- Underlying assets are usually illiquid and private in nature and are subject to risks including those relating to their liquidity and market value. Prices of ABS are volatile and will generally fluctuate due to a variety of factors that are difficult to predict, including but not limited to changes in interest rates, prevailing credit spreads, general economic conditions, and the financial condition of the debtors or obligors of the underlying assets. The Target Fund will be subject to fluctuations in its value insofar as investment is made in ABS.

Derivative risk

- Investment in derivative instruments can be illiquid, if there is no active market in these instruments. Such instruments are complex in nature and will be subject to insolvency or default risk of the issuers or counterparties. The Target Fund may suffer losses if the issuers or counterparties of the derivative instruments default in their obligations.
- Besides, many derivative instruments involve an embedded leverage. This is because such instruments provide significantly larger market exposure than the money paid or deposited when the transaction is entered into, so a relatively small adverse market movement could expose the Target Fund to the possibility of a loss exceeding the original amount invested.
- The Target Fund may invest in derivatives (e.g. forward contracts) for hedging purposes. There can be no assurance that any hedging techniques will fully and effectively eliminate the risk exposure of the Target Fund. While the Target Fund may enter into such transactions to seek to reduce risks (such as currency risk), unanticipated changes in the relevant markets may result in a poorer overall performance of the Target Fund. For a variety of reasons, the Target Fund may not obtain a perfect correlation between its hedging techniques and the portfolio holdings being hedged. In adverse situations, the Target Fund's use of derivatives may become ineffective in hedging and the Target Fund may suffer significant losses.

Investor risk

- Substantial redemptions of units (which are more likely in times of adverse market conditions) could require the Target Fund Manager to liquidate investments of the Target Fund more rapidly than otherwise desirable in order to raise the necessary cash to fund the redemptions. This could adversely affect the NAV of both units being redeemed and of the remaining units.
- The Target Fund Manager is entitled under certain circumstances to suspend dealings in the units. In this event, valuation of the NAV will be suspended, and any affected redemption applications and payment of redemption proceeds will be deferred. The risk of decline in NAV of the units during the period up to the redemption of the units will be borne by the redeeming unitholders.
- The Target Fund Manager may compulsorily redeem all or a portion of the unitholder's units in the Target Fund. Such compulsory redemption may create adverse tax and/or economic consequences to the unitholder depending on the timing thereof. No person will have any obligation to reimburse any portion of an investor's losses upon termination of the Target Fund, compulsory redemption or otherwise.

Valuation risk

- Valuation of the Target Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the NAV of the Target Fund may be adversely affected.
- The value of investments of the Target Fund may be affected by changing market conditions or other significant market events affecting valuation. For example, in the event of downgrading of an issuer, the value of the relevant debt securities may decline rapidly.
- In particular, the value of lower-rated corporate bonds is affected by investors' perceptions. When economic conditions appear to be deteriorating, or where an adverse event happens to the issuer, the bond may not be objectively priced and lower rated or unrated corporate bonds may decline in market value due to investors' heightened concerns and perceptions over credit quality.

Early termination risk

In the event of the early termination of the Target Fund, the Target Fund would have to distribute to the unitholders their pro rata interest in the assets of the Target Fund. It is possible that at the time of such sale or distribution, certain investments held by the Target Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the unitholders. Moreover, any organizational expenses with regard to the units that had not yet become fully amortised would be debited against the Target Fund's capital at that time.

Emerging and less developed markets securities risk

- Emerging or developing countries may have relatively unstable governments, economies based on a less diversified industrial base and securities markets that trade a smaller number of securities. Companies in emerging markets may generally be

smaller, less experienced and more recently organized than many companies in more developed markets. Prices of securities traded in the securities markets of emerging or developing countries tend to be volatile. Furthermore, foreign investors are often subject to restrictions in emerging or developing countries. These restrictions may require, among other things, governmental approval prior to making investments or repatriating income or capital, or may impose limits on the amount or type of securities held by foreigners or on the companies in which the foreigners may invest.

- The economies of individual emerging countries may differ favourably or unfavourably from developed economies in such respects as growth of gross domestic product, rates of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payment position and may be based on a substantially less diversified industrial base. Further, the economies of developing countries generally are heavily dependent upon international trade and, accordingly, have been, and may continue to be, adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been, and may continue to be, adversely affected by economic conditions in the countries with which they trade.
- Risks of emerging market securities may include: greater social, economic and political uncertainty and instability; more substantial governmental involvement in the economy; less governmental supervision and regulation; unavailability of currency hedging techniques; companies that are newly organized and small; differences in auditing and financial reporting standards, which may result in unavailability of material information about issuers; and less developed legal systems. In addition taxation of interest and dividend and capital gains received by non-residents varies among emerging and less developed markets and, in some cases may be comparatively high. There may also be less well-defined tax laws and procedures and such laws may permit retroactive taxation so that the Target Fund could in the future become subject to local tax liabilities that had not been anticipated in conducting investment activities or valuing assets.

Withholding tax

Investors should note that (i) the proceeds from the sale of securities in some markets or the receipt of any dividends or other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market including taxation levied by withholding at source and/or (ii) the Target Fund's investments may be subject to specific taxes or charges imposed by authorities in some markets. Regarding Foreign Account Tax Compliance Act ("FATCA"), although the Trust will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Trust will be able to satisfy these obligations. If the Trust becomes subject to a withholding tax as a result of the FATCA regime, the value of the units held by unitholders may suffer material losses. On the other hand, if an investor or an intermediary through which it holds its interest in the Trust fails to provide the Trust, its agents or authorised representatives with any correct, complete and accurate information that may be required for the Trust to comply with FATCA, the investor may be subject to withholding on amounts otherwise distributable to the investor, may be compelled to sell its interest in the Trust or, in certain situations, the investor's interest in the Trust may be sold involuntarily (provided that the Target Fund Manager or the trustee shall observe relevant legal requirements and shall act in good faith and on reasonable grounds). In particular, investors and potential investors should note the risk factors regarding China tax considerations and emerging and less developed markets.

Distribution out of capital

- Under the trust deed, distributions of the Target Fund may be paid from capital of the Target Fund. The Target Fund Manager may in its discretion distribute from capital if the income generated from the Target Fund's investments attributable to the relevant class of units during the relevant period is insufficient to pay distributions as declared. The Target Fund Manager may also at its discretion and after consultation with the auditors pay dividend out of gross income while charging/paying all or part of the Target Fund's fees and expenses to/out of the capital of the Target Fund (resulting in an increase in distributable income for the payment of dividends by the Target Fund), and thereby effectively pay distributions out of capital of the Target Fund.
- Investors should note that the payment of distributions out of capital or effectively out of capital represents a return or withdrawal of part of the amount they originally invested or from any capital gains attributable to the original investment. Any distributions involving payment of dividends out of the Target Fund's capital or effectively out of the Target Fund's capital will result in an immediate reduction in the NAV of the relevant class of units.

Cross-class liability

Multiple classes of units may be issued in relation to a sub-fund of the Trust, with particular assets and liabilities of the sub-fund attributable to particular classes. Where the liabilities of a particular class exceed the assets pertaining to that class, creditors pertaining to one class may have recourse to the assets attributable to other classes. Although for the purposes of internal accounting, a separate account will be established for each class, in the event of insolvency or termination of the Target Fund (i.e. when the assets of the Target Fund are insufficient to meet its liabilities), all assets will be used to meet the Target Fund's liabilities, not just the amount standing to the credit of any individual class. However, the assets of the Target Fund may not be used to satisfy the liabilities of another sub-fund.

Risks associated with the Shanghai-Hong Kong Stock Connect

- The Shanghai-Hong Kong Stock Connect programme is recently announced and is novel in nature. It enables Hong Kong and overseas investors to directly access eligible China A-Shares through Hong Kong brokers. It is subject to regulations promulgated by regulatory authorities and implementation rules (e.g. trading rules) made by the stock exchanges in the PRC and Hong Kong.
- New regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Shanghai-Hong Kong Stock Connect.
- It should be noted that the regulations are untested and there is no certainty as to how they will be applied, and their application may have retrospective effects. Moreover, the current regulations are subject to change. There can be no assurance that the Shanghai-Hong Kong Stock Connect will not be abolished. The Target Fund, which may invest in the PRC markets through Shanghai-Hong Kong Stock Connect, may be adversely affected as a result of such changes.

Risks associated with Contingent Convertible Securities ("CoCos")

CoCos are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. Upon the occurrence of a predetermined event (known as a trigger event), CoCos can be converted into shares of the issuing company, potentially at a discounted price, or the principal amount invested may be lost on a permanent or temporary basis. CoCos are risky and highly complex instruments. Coupon payments on CoCos are discretionary and may at times also be ceased or deferred by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level, or the

share price of the issuer falling to a particular level for a certain period of time. CoCos are also subject to additional risks specific to their structure including:

- **Trigger level risk**
Trigger levels differ and determine exposure to conversion risk. It might be difficult for the Target Fund Investment Adviser to anticipate the trigger events that would require the debt to convert into equity or the write down to zero of principal investment and/or accrued interest. Trigger events may include: (i) a reduction in the issuing bank's Core Tier 1/Common Equity Tier 1 (CT1/CET1) ratio or other ratios, (ii) a regulatory authority, at any time, making a subjective determination that an institution is "non-viable", i.e. a determination that the issuing bank requires public sector support in order to prevent the issuer from becoming insolvent, bankrupt or otherwise carry on its business and requiring or causing the conversion of the CoCos into equity or write down, in circumstances that are beyond the control of the issuer or (iii) a national authority deciding to inject capital.
- **Coupon cancellation**
Coupon payments on some CoCos are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The discretionary cancellation of payments is not an event of default and there are no possibilities to require re-instatement of coupon payments or payment of any passed missed payments. Coupon payments may also be subject to approval by the issuer's regulator and may be suspended in the event there are insufficient distributable reserves. As a result of uncertainty surrounding coupon payments, CoCos may be volatile and their price may decline rapidly in the event that coupon payments are suspended.
- **Capital structure inversion risk**
Contrary to the classic capital hierarchy, investors in CoCos may suffer a loss of capital when equity holders do not, for example when the loss absorption mechanism of a high trigger/write down of a contingent convertible security is activated. This is contrary to the normal order of the capital structure where equity holders are expected to suffer the first loss.
- **Call extension risk**
Some CoCos are issued as perpetual instruments and only callable at pre-determined levels upon approval of the competent regulatory authority. It cannot be assumed that these perpetual CoCos will be called on a call date. CoCos are a form of permanent capital. The investor may not receive return of principal as expected on call date or indeed at any date.
- **Conversion risk**
Trigger levels differ between specific CoCos and determine exposure to conversion risk. It might be difficult at times for the Investment Adviser of the Target Fund to assess how the CoCos will behave upon conversion. In case of conversion into equity, the Investment Adviser might be forced to sell these new equity shares since the investment policy of the Target Fund may not allow the holding of equity securities. Given the trigger event is likely to be some event depressing the value of the issuer's common equity, this forced sale may result in the Target Fund experiencing some loss.
- **Valuation and write-down risk**
CoCos often offer attractive yield which may be viewed as a complexity premium. The value of CoCos may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets. Therefore, Target Fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.
- **Market value fluctuations due to unpredictable factors**
The value of CoCos is unpredictable and will be influenced by many factors including, without limitation (i) creditworthiness of the issuer and/or fluctuations in such issuer's applicable capital ratios; (ii) supply and demand for the CoCos; (iii) general market conditions and available liquidity and (iv) economic, financial and political events that affect the issuer, its particular market or the financial markets in general.
- **Liquidity risk**
In certain circumstances finding a buyer ready to invest in CoCos may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.
- **Sector concentration risk**
CoCos are issued by banking and insurance institutions. The performance of the Target Fund which invests significantly in contingent convertible securities will depend to a greater extent on the overall condition of the financial services industry than for the Target Fund following a more diversified strategy.
- **Subordinated instruments**
CoCos will, in the majority of circumstances, be issued in the form of subordinated debt instruments in order to provide the appropriate regulatory capital treatment prior to a conversion. Accordingly, in the event of liquidation, dissolution or winding-up of an issuer prior to a conversion having occurred, the rights and claims of the holders of the CoCos such as the Target Fund, against the issuer in respect of or arising under the terms of the CoCos shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer.
- **Unknown risk**
The structure of CoCos is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform.

Past performance of the Target Fund is not an indication of its future performance.

The above summary of risks does not purport to be an exhaustive list of all the risk factors relating to investments in the Fund and are not set out in any particular order of priority. You should be aware that investments in the Fund may be exposed to other risks from time to time. If in doubt, please consult your professional advisers for a better understanding of the risks.

This Fund is a multi-class fund and is allowed to establish new Class(es) from time to time without your prior consent subject to the concurrence of the Trustee.

2. TARGET FUND INFORMATION

2.1. ABOUT HSBC CHINA MULTI-ASSET INCOME FUND (“TARGET FUND”)

HSBC Collective Investment Trust (“Trust”) is an umbrella unit trust established under the laws of Hong Kong by a trust deed dated 27 February 2014. The Trust has been authorised by the Securities and Futures Commission in Hong Kong (the “SFC”). The Target Fund is a sub-fund of the Trust established on 21 November 2014.

The Target Fund Manager is HSBC Investment Funds (Hong Kong) Limited, a company incorporated in and under the laws of Hong Kong. The Target Fund Manager has delegated its investment management duties to HSBC Global Asset Management (Hong Kong) Limited (“Target Fund Investment Adviser”) to provide discretionary investment management services in respect of the Target Fund. The Target Fund Manager and the Target Fund Investment Adviser are members of the HSBC Group. The Target Fund Investment Adviser has appointed HSBC Jintrust Fund Management Company Limited (“Target Fund Research Adviser”) as the research adviser to provide advice to the Target Fund Investment Adviser in respect of investments of the Target Fund. The Target Fund Investment Adviser retains discretionary management functions at all times.

This Information Memorandum describes the features of the Target Fund in accordance with its Explanatory Memorandum and we recommend the Information Memorandum should be read in conjunction with the Explanatory Memorandum and the relevant key investor information document. We take all reasonable efforts to ensure the accuracy that the disclosure in this Information Memorandum in relation to the Target Fund, including obtaining the confirmation from the Target Fund Manager. However, in the event of any inconsistency or ambiguity in relation to the disclosure, including any word or phrase used in this Information Memorandum regarding the Target Fund as compared to the Explanatory Memorandum, the Explanatory Memorandum shall prevail.

Investment Objective and Investment Strategies of the Target Fund

The Target Fund aims to provide income and moderate capital growth, through an active asset allocation in a diversified portfolio of a minimum of 70% of its NAV in fixed income and equity securities as well as money market and cash instruments that are related to China.

For the equity portion, the Target Fund seeks to invest in China A-Shares and B-Shares listed on stock exchanges in the PRC, H-Shares listed on The Hong Kong Stock Exchange (“SEHK”) and other China-related shares or securities listed on the above exchanges as well as on other exchanges outside of the PRC, Hong Kong and Macau (“other China-related listed securities”). For other China related listed securities, the Target Fund will invest in securities of companies which carry out or possess a preponderant part of their business activities in or are related to China.

The Target Fund may directly access China A-Shares through the Shanghai-Hong Kong Stock Connect. Exposure to China A-Shares through the Shanghai-Hong Kong Stock Connect will not be more than 10% of the Target Fund’s NAV. Besides, the Target Fund’s exposure to China A-Shares may be indirectly obtained through China A-Shares Access Products (“CAAPs”) including equity linked notes and other similar equity linked securities and instruments issued by institutions that have obtained the QFII status, provided that the aggregate investment in CAAPs will not be more than 30% of the Target Fund’s NAV.

From time to time, the Target Fund’s total (direct and indirect) exposure to China A-Shares will not be more than 40% of its NAV. The Target Fund’s total exposure to China A-Shares and B-Shares will not be more than 80% of its NAV.

There are no capitalisation restrictions for stocks in which the Target Fund may invest, and the Target Fund will normally invest across a range of market capitalisation.

The Target Fund will also invest in offshore PRC fixed income securities (including but not limited to bonds and notes) as well as money market instruments. The Target Fund currently may invest in instruments denominated and/or settled in RMB or other currencies including but not limited to USD and HKD, such as fixed income or debt instruments issued or guaranteed by the government or government agencies of the PRC and companies which have their registered office in the PRC or which carry out a preponderant part of their business activities in the PRC, and RMB denominated and/or settled fixed income or debt instruments issued or guaranteed by other governments, government agencies and companies. These fixed income or debt instruments include, but are not limited to, corporate bonds, government bonds, commercial papers, medium term notes, floating rate notes, bankers acceptances, money market instruments, certificates of deposits, bank deposits and negotiated term deposits issued, distributed or dealt outside the PRC. The Target Fund may also invest in convertible bonds issued, distributed or dealt outside the PRC.

The Target Fund does not have explicit restrictions on the minimum credit ratings of securities it may hold. It may also invest in unrated securities (i.e. securities for which no credit rating is assigned by any internationally recognised credit rating agency). The aggregate investment in securities that are (i) unrated; or (ii) rated non-investment grade by an internationally recognized credit rating agency (i.e. rated below Baa3 by Moody’s or BBB- by Standard & Poor’s or equivalent by a rating agency) will be up to 50% of its NAV.

The Target Fund may invest in asset-backed securities (including asset-backed commercial papers) for up to 10% of its NAV.

The Target Fund may invest up to 10% of its net assets in Contingent Convertible Securities (“CoCos”)*; however such investment is not expected to exceed 5%.

The Target Fund may invest up to 100% of its NAV in units or shares of other China related CIS authorised by the SFC (including other sub-fund(s) of the Trust), for example RQFII funds authorised by the SFC, or in recognised jurisdiction schemes (whether authorised by the SFC or not), for example schemes domiciled in Luxembourg and Ireland, except that not more than 10% of its net

assets may be invested in non-recognised jurisdiction schemes not authorised by the SFC. Investment in RQFII funds will be up to 30% of the Target Fund's NAV. The Target Fund will not invest in securities investment funds that are offered within the PRC.

The Target Fund may invest in cash, deposits and money market instruments for liquidity purposes. The asset allocation may change over time depending on the Target Fund Manager's view on market opportunities.

The Target Fund will normally be exposed to RMB, HKD and USD. Depending on the asset allocation of the Target Fund Manager, the Target Fund's exposure to different currencies may vary over time, and it may from time to time have limited exposure to RMB denominated assets.

The Target Fund may use derivative instruments such as deliverable or non-deliverable forwards for hedging purposes.

Save as mentioned above, the Target Fund will not invest in other derivative instruments or structured deposits or products for investment purposes.

Note:

* CoCos are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. They are risky and highly complex investment instruments. Under certain circumstances, CoCos can be converted into shares of the issuing company, potentially at a discounted price, or the principal amount invested may be lost on a permanent or temporary basis.

Benchmark

The Target Fund's benchmark is the 50% MSCI China Net + 50% Markit iBoxx Asia Local Bond Index China Offshore for comparison purposes.

Asset Allocation

The indicative asset allocation and classification of the Target Fund's investment is as below:

Type of asset classes*	Indicative percentage
China related equities (comprising one or more of the following): – China A-Shares – B-Shares – H-Shares and other China-related listed securities	20 – 80% of NAV
China related offshore fixed income instruments including bonds, money market instruments, convertible bonds, other fixed income instruments denominated in RMB and other currencies and cash	20 – 80% of NAV
China related CIS authorised by the SFC or recognised jurisdiction schemes	0 – 100% of NAV
Asset-backed securities	0 – 10% of NAV
CoCos	0 – 10% of NAV

* Exposure to China related equities, China related fixed income instruments and asset-backed securities may be achieved through direct investments and/or investment in units or shares or other CIS.

For information on the latest asset allocation of the Target Fund, please refer to the fund fact sheet of the Target Fund available at http://services.assetmanagement.hsbc.com.hk/site/fund_centre/retail_fund_centre/retail_individual_fund?fund=CMAMH.

2.2. INVESTMENT AND BORROWING RESTRICTIONS OF THE TARGET FUND

The following section was excerpted from the Explanatory Memorandum.

For this section, the following definitions apply:

Code	:	Refers to the Code on Unit Trusts and Mutual Funds issued by the SFC.
Connected Person	:	Shall unless otherwise specified have the meaning as set out in the Code, meaning, in relation to a company: (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or (c) any member of the group of which that company forms part; or (d) any director or officer of that company or of any of its Connected Persons as defined in (a), (b) or (c).
Managed Funds	:	Refers to shares or units in other open ended unit trusts or mutual funds.
OECD	:	Organization for Economic Co-operation and Development.

Investment restrictions

The following investment restrictions apply to the Target Fund:–

- (a) not more than 10% of the NAV of the Target Fund may consist of securities issued by a single issuer;
- (b) the Target Fund together with other Target Funds of the Trust (if any) may not, in aggregate, hold more than 10% of any ordinary shares issued by any single issuer;

- (c) not more than 15% of the NAV of the Target Fund may consist of securities not listed or quoted or dealt in on a stock exchange, over-the-counter market or other organized securities market that is open to the international public and on which such securities are regularly traded;
- (d) not more than 15% of the NAV of the Target Fund may consist of warrants and options, in terms of the total amount of premium paid, other than warrants and options held for hedging purposes;
- (e) not more than 10% of the NAV of the Target Fund may consist of Managed Funds which are non-recognised jurisdiction schemes (as permitted under the Code) and not authorised by the SFC; and not more than 30% of the NAV of the Target Fund may consist of shares or units in a Managed Fund which is a recognised jurisdiction scheme (as permitted under the Code) or an SFC-authorised scheme; provided that:–
 - (i) no investment may be made in any Managed Fund which invests primarily in investments prohibited under Chapter 7 of the Code;
 - (ii) where the Managed Fund's objective is to invest primarily in investment restricted under Chapter 7 of the Code, such holdings may not be in contravention of the relevant limitation;
 - (iii) all initial charges on the Managed Fund must be waived if the Managed Fund is managed by the Target Fund Manager or any of its Connected Persons; and
 - (iv) the manager may not obtain a rebate on any fees or charges levied by such Managed Fund or its manager;
- (f) subject to paragraph (g) below, not more than 20% of the NAV of the Target Fund may consist of physical commodities (including gold, silver, platinum or other bullion) and commodity based investments (other than shares in companies engaged in producing, processing or trading in commodities);
- (g) the net aggregate value of the contract prices of future contracts, whether payable to or by the Target Fund under all outstanding futures contracts (other than futures contracts entered into for hedging purposes), together with the aggregate value of investments falling within paragraph (f) above held by the Target Fund, may not exceed 20% of the NAV of the Target Fund;
- (h) notwithstanding paragraphs (a) and (b) above, not more than 30% of the NAV of the Target Fund may consist of Government and other public securities** of the same issue; and (i) subject to paragraph (h) above, the Target Fund may be fully invested in Government and other public securities** issued by a single issuer provided that it holds Government and other public securities** of at least six different issues.

*** In relation to (h) and (i), "Government and other public securities" means any investment issued by, or the payment of principal and interest on, which is guaranteed by the government of any member state of the OECD or any fixed interest investment issued in any OECD country by a public or local authority or nationalized industry of any OECD country or anywhere in the world by any other body which is, in the opinion of the Trustee, of similar standing. Government and other public securities will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.*

Further, the Target Fund Manager shall not on behalf of the Target Fund:–

- (i) invest in a security of any class in any company or body if any director or officer of the Target Fund Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class or the directors and the officers of the Target Fund Manager collectively own more than 5% of those securities;
- (ii) invest in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding shares in real estate companies and interests in real estate investment trusts (REITs));
- (iii) make short sales if as a consequence the liability of the Target Fund to deliver securities would exceed 10% of the NAV of the Target Fund (and for this purpose securities sold short must be actively traded on a market where short selling is permitted);
- (iv) write uncovered options;
- (v) write call options if the aggregate of the exercise prices of all such call options written on behalf of the Target Fund would exceed 25% of the NAV of the Target Fund;
- (vi) make a loan out of the Target Fund without the prior written consent of the trustee except to the extent that the acquisition of an investment or the making of a deposit (within applicable investment restrictions) might constitute a loan;
- (vii) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person without the prior written consent of the trustee;
- (viii) enter into any obligation on behalf of the Target Fund or acquire any asset for the account of the Target Fund which involves the assumption of any liability which is unlimited; or
- (ix) apply any part of the Target Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made unless such call could be met in full out of cash or near cash forming part of the Target Fund which has not been taken into account for the purpose of writing of call options on portfolio investments and shall not be entitled without the consent of the trustee to apply any part of the Target Fund in the acquisition of any other investment which is in the opinion of the Trustee likely to involve the trustee in any liability (contingent or otherwise).

Where the name of the Target Fund indicates a particular objective, geographic region or market, the scheme should invest at least 70% of its non-cash assets in securities and other investments to reflect the particular objective or geographic region or market which the Target Fund represents.

Borrowing restrictions

The Target Fund Manager may borrow up to 25% of the latest available NAV of the Target Fund to acquire investments. For this purpose back-to-back loans do not count as borrowing. The trustee shall be entitled on the instruction of the Target Fund Manager to charge or pledge in any manner all or any part of the Target Fund for the purposes of securing any borrowing and interest and expenses thereof.

Additional restrictions

The following additional investment and borrowing restrictions will apply to the Target Fund, if it invests all of its assets into other Managed Funds:

- (a) the Target Fund may only invest in shares or units of Managed Funds authorised by the SFC or in recognised jurisdiction schemes (as permitted under the Code, whether authorised by the SFC or not), except that not more than 10% of the Target Fund's total NAV may be invested in non-recognised jurisdiction schemes not authorised by the SFC;

- (b) notwithstanding the preceding restriction, no investment may be made in any Managed Funds whose objective is to invest primarily in any investment prohibited by Chapter 7 of the Code; and in the case of investments limited by Chapter 7 of the Code, such holdings may not be in contravention of the relevant limitation;
- (c) the Target Fund, except with the approval of the SFC, must invest in at least five Managed Funds, and not more than 30% of its total NAV may be invested in any one Managed Fund;
- (d) the Target Fund may not invest in another Managed Fund that invests all its assets into other funds;
- (e) the Target Fund may borrow up to 10% of its total NAV but only on a temporary basis for the purpose for meeting redemption requests or defraying operating expenses;
- (f) the Target Fund may not invest more than 10% of its total NAV in warrant funds, leveraged, and futures and options funds;
- (g) when investing in Managed Funds managed by the Target Fund Manager or the Target Fund Investment Adviser or their connected persons, all initial charges on the underlying Managed Funds must be waived; and
- (h) the Target Fund Manager may not obtain a rebate on any fees or charges levied by an underlying Managed Fund or its management company.

Securities lending and repurchase transactions

The Target Fund Manager will not enter into securities lending, repurchase or reverse repurchase transactions or similar over-the-counter transactions in respect of the Target Fund. Prior approval will be obtained from the SFC and at least one month's prior notice will be given to unitholders if there is a change in such intention.

In the event that any of the above restriction is breached, the Target Fund Manager shall as a priority objective take all steps as may be necessary to remedy such breach within a reasonable period of time, taking due account of the interests of unitholders.

2.3. DILUTION ADJUSTMENT/ SWING PRICING

If the Target Fund Manager considers it in the interest of unitholders, it may, when the net subscription or redemption requests in the Target Fund exceed a predefined threshold, require the trustee to adjust the issue price or redemption price in order to mitigate the effects of transaction costs, in particular but not limited to, bid-offer spreads, brokerage, taxes and government charges. Under normal market conditions, the Target Fund Manager expects that the adjustment will not exceed 2%. However, the rate may be significantly higher in special circumstances, for example, when a tax or levy higher than in normal rates is imposed on the Target Fund by a regulator or tax authority.

The management fee and trustee fee will continue to be calculated on the basis of the unadjusted NAV of the Target Fund. The initial charge will be calculated on the basis of the adjusted NAV of the Target Fund. Further, the Target Fund Manager may, with the approval of the trustee, arrange for a revaluation of the issue price or redemption price of a unit of any class if it considers that the issue price or redemption price calculated in relation to any dealing day does not accurately reflect the true value of the units.

2.4. RESTRICTIONS ON REDEMPTION

The Target Fund Manager may suspend, with the prior approval of the trustee, the redemption of units and/or delay the payment of redemption proceeds during any period in which the determination of the NAV of the Target Fund is suspended.

With a view to protecting the interests of unitholders, the Target Fund Manager is entitled, with the approval of the trustee, to limit the number of units redeemed on any dealing day (whether by sale to the Target Fund Manager or by cancellation by the trustee) to 10% of the total number of units in issue. In this event, the limitation will apply pro rata so that all unitholders wishing to redeem their units on that dealing day will redeem the same proportion of such units and units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next dealing day. If requests for redemption are so carried forward, the Target Fund Manager will within 7 days of such dealing day inform the unitholders concerned. Any part of a redemption request to which effect is not given by reason of the exercise of this power will be treated as if the request had been made with priority in respect of the next dealing day and all following dealing days (in relation to which the Target Fund Manager have the same power) until the original request has been satisfied in full.

2.5. SPECIFIC RISKS OF THE TARGET FUND

Please refer to "Specific Risks Related to the Target Fund" section at page 3 for details.

2.6. DIVIDEND DISTRIBUTION OF THE TARGET FUND

The Target Fund Manager aims to pay distributions on a monthly basis in respect of the Class AM2–USD.

In the event that the income generated from the Target Fund's investments attributable to the relevant class of units during the relevant period is insufficient to pay distributions as declared, the Target Fund Manager may in its discretion determine such distributions be paid from capital. The Target Fund Manager may also at its discretion and after consultation with the auditors pay dividend out of gross income while charging/ paying all or part of the Target Fund's fees and expenses to/out of the capital of the Target Fund (resulting in an increase in distributable income for the payment of dividends by the Target Fund), and thereby effectively pay distributions out of capital of the Target Fund. Investors should be aware of the effect of such distribution and pay attention to the risk factor headed "Distribution out of capital".

Investors should however note that the Target Fund Manager may in its discretion decide not to declare distributions. There is no guarantee on regular payment of distributions and, if distribution is made, the rate of such distributions is not guaranteed. The distribution policy of the Target Fund may be changed provided that prior approval will be sought from the SFC and not less than one month's prior written notice will be given to unitholders.

2.7. FEES CHARGED BY THE TARGET FUND (CLASS AM2-USD)

FEES/EXPENSES	
Initial charge	Nil.
Management fee	Up to 1.35% per annum of the NAV of the Target Fund. Note: <i>The management fee charged by the Target Fund will be paid out of the Management Fee charged by the Manager at the Fund level. Unit holders will incur a management fee at the Fund's level only and there is no double charging of management fee.</i>
Trustee fee	0.1% per annum of the NAV of the Target Fund, subject to an annual minimum fee of HKD470,000.
Redemption fee	Nil.
Performance fee	Nil.
Other expenses	<p>The Target Fund will bear the cost of:</p> <ul style="list-style-type: none"> (a) all stamp and other duties, taxes, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges, transfer fees and expenses, registration fees and expenses, transaction fees of the trustee, custodian or sub-custodian and proxy fees and expenses, collection fees and expenses, insurance and security costs, and any other costs, charges or expenses payable in respect of the acquisition, holding and realisation of any investment or other property or any cash, deposit or loan (including the claiming or collection of income or other rights in respect thereof and including any fees or expenses charged or incurred by the trustee or the Target Fund Manager or any Connected Person in the event of the trustee or the Target Fund Manager or such Connected Person rendering services or effecting transactions giving rise to such fees or expenses), (b) the fee and expenses of the auditors and the registrar, (c) fees charged by the trustee in connection with valuing the assets of the Target Fund or any part thereof, calculating the issue and redemption prices of units of the Target Fund and preparing financial statements, (d) all legal and professional fees and charges incurred by the Target Fund Manager or the trustee in connection with the Target Fund (including the fees and charges of the legal counsel, and fees and charges incurred in conducting legal proceedings or applying to any court for any purposes related to the Target Fund) and other professional fees and charges (including any professional fees and charges in relation to agreeing and/or contesting taxation liabilities or recoveries to be paid out of or into the Target Fund, or preparation or issuance of any accounts, statements or reports in relation to the Target Fund or any income, revenue, expenses, assets and/or liabilities of the Target Fund), (e) out-of-pocket expenses incurred by the trustee wholly and exclusively in the performance of its duties, (f) the expenses of or incidental to the preparation of deeds supplemental to the trust deed, (g) the expenses of holding meetings of unitholders and of giving notices to unitholders, (h) the costs and expenses of obtaining and maintaining a listing for the units of the Target Fund on any stock exchange or exchanges selected by the Target Fund Manager and approved by the trustee and/or in obtaining and maintaining any approval or authorisation of the Target Fund or in complying with any undertaking given, or agreement entered into in connection with, or any rules governing such listing, approval or authorisation, and (i) without prejudice to the generality of the foregoing, all costs incurred in publishing the issue and redemption prices of units of the Target Fund, all costs of preparing, printing and distributing all statements, accounts and reports pursuant to the provisions of the trust deed (including the auditors' fees and trustee's fee), the expenses of preparing and printing any offering document, and any other expenses, deemed by the Target Fund Manager, after consulting the trustee, to have been incurred in compliance with or in connection with any change in or introduction of any law or regulation or directive (whether or not having the force of law) of any governmental or other regulatory authority or with the provisions of any code relating to unit trusts. <p>The total expense ratio of the Target Fund for 31 March 2016 is 1.54%.</p>

3. FEES, CHARGES AND EXPENSES

3.1. CHARGES

The following describes the charges that you may **directly** incur when you buy or redeem units.

3.1.1. Application Fee

When applying for units of a Class, you may be charged an Application Fee based on the NAV per unit of the respective Class. Please refer to the Annexure 1 of the respective Class for further information.

Below is an illustration on how the Application Fee is calculated:-

	Class ABC (Denominated in USD)	Class XYZ (Denominated in MYR)
Investment amount	USD 10,000	MYR 10,000
NAV per unit	USD 1.0000	MYR 1.0000
Application Fee (NAV per unit)	5.5%	5.5%
Units issued to Unit holder = $\frac{\text{Investment amount}}{\text{NAV per unit}}$	= $\frac{\text{USD } 10,000.00}{\text{USD } 1.0000}$ = 10,000 units	= $\frac{\text{MYR } 10,000.00}{\text{MYR } 1.0000}$ = 10,000 units
Application Fee per unit = NAV per unit x Application Fee (%)	= USD 1.0000 x 5.5% = USD 0.0550	= MYR 1.0000 x 5.5% = MYR 0.0550
Total Application Fee	= 10,000 units x USD 0.0550 = USD 550.00	= 10,000 units x MYR 0.0550 = MYR 550.00

Note: Please note that the above example is for illustration purpose only and the illustration does not take into account GST. The Application Fee imposed will be rounded to two (2) decimal places.

3.1.2. Withdrawal Fee

Nil.

3.1.3. Dilution Fee

Nil.

3.1.4. Switching Fee

Switching is treated as a withdrawal from a Class and an investment into another Class or CIMB-Principal Fund (or its class). As such, you will be charged a Switching Fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of the other Class or CIMB-Principal Fund (or its class). Switching Fee will not be charged if the Class or CIMB-Principal Fund (or its class) to be switched into has a lower Application Fee. In addition, you may be charged administrative fee for each switch. Please refer to the Annexure 1 of the respective Class for further information.

3.1.5. Transfer Fee

You may be charged a Transfer Fee for each transfer. Please refer to the Annexure 1 of the respective Class for further information.

All fees and charges payable by you are subject to any applicable taxes (including but not limited to GST) and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated above.

3.2. FEES AND EXPENSES

All fees and expenses of the Fund will generally be apportioned to each Class currently available for sale based on the MCR except for Management Fee and those that are related to the specific Class only, such as, the cost of Unit holders meeting held in relation to the respective Class. If in doubt, you should consult professional advisers for better understanding.

The following describes the fees that you may **indirectly** incur when you invest in a Class.

3.2.1. Management Fee

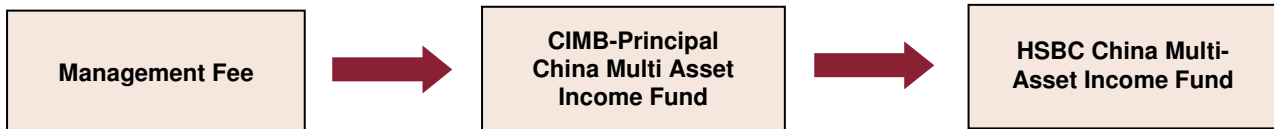
Please note that the Management Fee is charged to the respective Class at the Class level, based on the NAV of the Class. Please refer to the Annexure 1 of the respective Class for further information. The Management Fee shall be accrued daily and paid monthly.

Below is an illustration on how the Management Fee is calculated, assuming Management Fee of 1.80% per annum and USD 150 million each for both Class ABC and Class XYZ:-

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
Annual Management Fee	1.80% per annum	1.80% per annum
NAV of the class	USD 150 million	USD 150 million
Management Fee for the day = NAV of the class x Management Fee rate for the class (%) / 365 days	= USD 150 million x 1.80% / 365 = USD 7,397.26	= USD 150 million x 1.80% / 365 = USD 7,397.26

Note: In the event of a leap year, the computation will be based on 366 calendar days.

Please note that although at least 95% of the Fund's NAV will be invested in another CIS, no additional Management Fee will be charged to the investor.



Note: The Management Fee will only be charged once at the Fund level. The management fee charged by the Target Fund will be paid out of the Management Fee charged at the Fund level.

As this Fund will invest in units of the Target Fund, there is management fee incurred by the Target Fund which will be rebated back to the Fund to ensure that there will not be double charging of the Management Fee. Please refer to "Fees charged by the Target Fund" section at page 15 for details on the Target Fund's management fee.

3.2.2. Trustee Fee

Please note that the Trustee Fee (including local custodian fee but excluding foreign sub-custodian fees and charges) charged to the Fund is based on the NAV of the Fund. The Trustee Fee shall be accrued daily and paid monthly.

The Trustee Fee is 0.04% per annum for the Fund.

Below is an illustration on how the Trustee Fee is calculated, assuming the NAV of the Fund is USD 300 million:-

Trustee Fee for the Fund = 0.04% per annum
 Trustee Fee for the day = NAV of the Fund x annual Trustee Fee rate for the Fund (%) / 365 days
 = USD 300 million x 0.04% / 365
 = USD 328.77

Note: In the event of a leap year, the computation will be based on 366 calendar days.

All fees and charges payable by the Fund are subject to any applicable taxes (including but not limited to GST) and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated above.

3.2.3. Other costs of investing in a feeder fund

As the Fund will invest in units of the Target Fund, there are other fees and expenses incurred by the Target Fund which is set out in detail under "Fees charged by the Target Fund" section at page 15.

3.2.4. Other expenses

The Deed also provides for payment of other expenses. Other expenses which are directly related and necessary to the operation and administration of the Fund may be charged to the Fund. These would include (but are not limited to) the following:

- commissions or fees paid to brokers or dealers (if any) in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes or difference account;
- taxes (including but not limited to goods and services tax) and other duties charged on the Fund by the government and other authorities (if any) and bank fees;
- fees and other expenses properly incurred by the auditor and tax agent;
- fees for valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- costs incurred for the modification of the Deed otherwise than for our benefit or the Trustee's;
- costs incurred for any meeting of the Unit holders other than those convened for our benefit or the Trustee's;
- the sale, purchase, insurance and any other dealing of investment including commissions or fees paid to brokers;
- costs involved with external specialist approved by the Trustee in investigating or evaluating any proposed investment;
- the engagement of valuer, adviser or contractor of all kinds;
- preparation and audit of the taxation returns and accounts of the Fund;
- termination of the Fund or Class and the retirement or removal of the Trustee or the Manager and the appointment of a new trustee or manager;
- any proceedings, arbitration or other dispute concerning the Fund, Class or any asset, including proceedings against the Trustee or the Manager, or commenced by either of them for the benefit of the Fund or that Class (except to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed out of the Fund);
- remuneration and out of pocket expenses of the independent members of the investment committee and/or the members of the hariah committee or advisers (if any) of the Fund, unless we decide otherwise to bear the same;
- expenses incurred in the printing of and postage of the annual and interim (if any) reports, including the purchase of stationery;
- (where the custodial function is delegated by the Trustee to a foreign sub-custodian), charges or fees paid to the foreign sub-custodian;
- all costs and/or expenses associated with the distributions and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer; and
- cost of obtaining experts opinion by the Trustee and us for the benefit of the Fund or Class.

We and the Trustee are required to ensure that any fees or charges payable are reasonable and in accordance with the Deed which stipulates the maximum rate in percentage terms that can be charged. We will ensure that there is no double charging of management fee to be incurred by you when you invest in the Fund. All expenses of the Fund will generally be apportioned to each Class based on the MCR except for those that are related to the specific Class only, such as, the cost of Unit holders meeting held in relation to the respective Class. If in doubt, you should consult professional advisers for better understanding.

You should note that we may alter the fees and charges (other than the Trustee Fee) within such limits, and subject to such provisions, as set out in the Deed.

You should note that we may, for any reason at any time, where applicable, waive or reduce the amount of any fees (except the Trustee Fee) or other charges payable by you in respect of the Fund, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) and for any period or periods of time at our absolute discretion.

Expenses not authorised by the Deed must be paid by us or the Trustee out of our own funds, if incurred for our own benefit.

3.3. REBATES AND SOFT COMMISSIONS

We 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 Fund 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 Fund. All dealings with brokers are executed on best available terms.

There are fees and charges involved and you are advised to consider them before investing in the Fund.

All fees and charges payable by you and/or the Fund are subject to any applicable taxes (including but not limited to GST) and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in the Information Memorandum.

As this is a feeder fund, you are advised that you will be subjected to higher fees arising from the layered investment structure.

We have the discretion to amend the amount, rate and/or terms and conditions for the above-mentioned fees, charges and expenses from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you or seek your approval on the amendments to the fees and charges.

4. TRANSACTION INFORMATION

4.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUND

We will ensure that all the assets of the Fund are valued in a fair manner. The assets of the Fund are valued as follows:

- **Collective investment scheme**
The value of the unlisted CIS (i.e. the Target Fund) shall be determined by reference to the last published repurchase or redemption price for the Target Fund.
- **Money market instruments**
Valuation of tradable money market instruments such as repurchase agreements shall be determined each day by reference to the principal value of such authorised investments and the accrued income for the relevant period.
- **Deposits**
The value of Deposits shall be determined each day by reference to its principal value and its accrued income for the relevant period.
- **Derivatives**
The value of unlisted Derivatives will be determined by the financial institution that issued the instrument and that value will be the fair value as determined in good faith by us on methods or basis which have been verified by the auditor and approved by the Trustee.

The value of any listed Derivatives, which are quoted on an approved exchange, shall be calculated by reference to the last transacted price on that approved exchange. If the last transacted price does not represent the fair value of the securities, then the securities shall be valued at fair price as determined by reference to us, based on the methods or bases approved by the Trustee after appropriate technical consultation, such as the mean of bid and offer prices at the close of trading. Suspended Derivatives will be valued at their last done price unless there is conclusive evidence to show that the value has gone below the suspended price or where the quotation of the Derivatives has been suspended for a period exceeding 14 days, whereupon their fair value will be determined in good faith by us based on the methods or bases approved by the Trustee after appropriate technical consultation.

If the value of the Fund's assets is denominated in a foreign currency, the assets are translated on a daily basis to USD based on the bid foreign exchange rate quoted by either Reuters or Bloomberg, at UK time 4:00 p.m. (Malaysian time 11:00 p.m. or 12:00 a.m.) at the same day, or such other time as we may determine or as per the Investment Management Standards issued by the FIMM.

4.2. UNIT PRICING

We adopt a single pricing method for any transactions (i.e. applications, withdrawals, switches and/or transfers) based on forward prices. This means that we will process your transactions request based on the unit pricing on a Business Day (i.e. the NAV per unit) that we receive the completed relevant transaction forms from you.

If the transactions are made by 4:00 p.m. on a Business Day, we will process the transactions using the unit pricing for that Business Day. For transactions made after 4:00 p.m., we will process the transactions using the unit pricing on the next Business Day.

We will carry out the valuation for a Business Day on the next Business Day (T+1) by 4:00 p.m. This is to cater for the currency translation of the foreign securities or instruments to the Fund's base currency. Currently, the currency translation is based on the bid exchange rate quoted by Bloomberg or Reuters at UK time 4:00 p.m. (Malaysia time 11:00 p.m. or 12:00 a.m.) on the same day, or such other time as we may determine or as stipulated in the Investment Management Standards issued by the FIMM. The NAV per unit for a Business Day is available on our website at <http://www.cimb-principal.com.my> after 5:30 p.m. on the following Business Day (T+1).

After the initial offer period, the Fund must be valued at least once every Business Day. The method of determining NAV per unit of the Class is calculated as follows:

$$\text{NAV per unit of the Class} = \frac{\text{NAV of the Class}}{\text{Number of units in issue of the Class}}$$

The NAV of the Fund is the sum of the value of all investments and cash held by the Fund (calculated in accordance with the Deed) including income derived by the Fund which has not been distributed to you, less all amounts owing or payable in respect of the Fund which also includes any provisions that may be made by us and the Trustee. For example, a provision may be made for possible future losses on an investment which cannot be fairly determined.

The valuation of the Fund is in the base currency i.e. USD. As such, all the assets and liabilities of each Class will be converted into USD for valuation purposes. The foreign exchange rate used for this purpose shall be the bid exchange rate quoted by Bloomberg or Reuters at UK time 4:00 p.m. (Malaysia time 11:00 p.m. or 12:00 a.m.) at the same day, or such other time as we may determine or as per the Investment Management Standards issued by the FIMM. The NAV per unit of each Class will be the NAV of the Fund attributable to each Class divided by the number of units in circulation of that Class, at the same valuation point.

Multi-class Ratio (MCR)

MCR is the apportionment of the NAV of each Class over the Fund's NAV based on the size of each Class. The MCR is calculated by dividing the NAV (in USD) of the respective Class by the NAV of the Fund before income and expenses for the day. The apportionment is expressed as a ratio and calculated as a percentage.

Below is an illustration on computation of the NAV of the Fund:

	Fund (USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Fund before income and expenses	185,942,897	173,342,897	12,600,000
% MCR	100%	⁽¹⁾ 93.22%	⁽¹⁾ 6.78%
Add: Income	30,000	⁽²⁾ 27,966	⁽²⁾ 2,034
Less: Expenses	(10,000)	⁽²⁾ (9,322)	⁽²⁾ (678)
Benefits or costs of hedging (if any)		-	900
NAV of the Fund before Management Fee and Trustee Fee	185,963,797	173,361,541	12,602,256
Less: Management Fee	- (9,170)	1.80% p.a. (8,549)	1.80% p.a. (621)
Less: Trustee Fee	0.04% p.a. (204)	- (190)	- (14)
NAV of the Fund	185,954,423	173,352,802	12,601,621
Units in circulation	205,000,000 units	170,000,000 units	35,000,000 units
NAV per unit		1.0197	0.3600
Currency exchange rate		N/A	(MYR/USD) 4.00
NAV per unit		USD 1.0197	MYR 1.4400

	Fund (USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Fund before creation of units for the day	185,954,423	173,352,802	12,601,621
⁽³⁾ Creation of units	1,250,000	1,000,000	250,000
Closing NAV	187,204,423	174,352,802	12,851,621
Units in circulation	206,675,125.03 units	170,980,680.59 units	35,694,444.44 units
NAV per unit		1.0197	0.3600
Currency exchange rate		N/A	(MYR/USD) 4.00
NAV per unit		USD 1.0197	MYR 1.4400

Note:

⁽¹⁾ MCR computation

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
$\frac{\text{NAV of the Class} \times 100}{\text{NAV of the Fund before income and expenses}}$	$\frac{173,342,897 \times 100}{185,942,897}$	$\frac{12,600,000 \times 100}{185,942,897}$
	= 93.22%	= 6.78%

⁽²⁾ Apportionment based on MCR is as follows:

	(USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
Add: Income	30,000	MCR x Income = Income for Class ABC = 93.22% x USD 30,000 = USD 27,966	MCR x Income = Income for Class XYZ = 6.78% x USD 30,000 = USD 2,034
Less: Expenses	(10,000)	MCR x Expenses = Expenses for Class ABC = 93.22% x USD 10,000 = USD 9,322	MCR x Expenses = Expenses for Class XYZ = 6.78% x USD 10,000 = USD 678

⁽³⁾ Creation of units

	Class ABC (Denominated in USD)	Class XYZ (Denominated in MYR)
Creation of units	USD 1,000,000	MYR 1,000,000
NAV per unit	USD 1.0197	MYR 1.4400
Number of units	980,680.59 units	694,444.44 units
Currency exchange rate	N/A	(MYR/USD) 4.00
Creation of units	USD 1,000,000	USD 250,000

Note: Please note the above is for illustration purpose only. NAV per unit is truncated to four (4) decimal places.

4.3. INCORRECT PRICING

We shall take immediate remedial action to rectify any incorrect valuation and/or pricing of the Fund. Where such error has occurred, we shall reimburse the money in the following manner:

- a) in the event of over valuation and/or pricing, we shall reimburse:
 - (i) the Fund for any redemption of units; and/or
 - (ii) you, if you have purchased units of the Fund at a higher price; or
- b) in the event of under valuation and/or pricing, we shall reimburse:
 - (i) the Fund for any subscription of units; and/or
 - (ii) you, if you have redeemed units of the Fund at a lower price.

Notwithstanding the above, unless the Trustee otherwise directs, we shall make the reimbursement only where an incorrect pricing:

- a) is equal or more than 0.50% of the NAV per Unit; and
- b) results in a sum total of USD10.00 (or the same value in the respective Class currency) or more to be reimbursed to a Unit holder for each sale or withdrawal transaction.

We shall have the right to amend, vary or revise the aforesaid limits from time to time.

4.4. INVESTING

4.4.1. Who can invest?

The Fund shall only be offered or marketed to Sophisticated Investor.

You are eligible to invest in the Fund if you are:

- an individual who is at least eighteen (18) years of age and not an undischarged bankrupt with a bank account (or foreign currency bank account, as the case may be) in the currency of the Class applied for (e.g. Class USD investors are required to have a USD bank account). As an individual investor, you may also opt to invest in joint names (i.e. as a joint Unit holder and both applicants must be at least eighteen (18) years of age).
- an institution including a company, corporation, co-operative, trust or pension fund with a bank account (or foreign currency bank account, as the case may be) in the currency of the Class applied for (e.g. Class USD investors are required to have a USD bank account).

However, we have the right to reject an application on reasonable grounds.

Further, if we become aware of a US person (i.e. someone who has a USA address (permanent or mailing)) or US entity (i.e. a corporation, trust, partnership or other entity created or organised in or under the laws of the United States or any state thereof or

any estate or trust the income of which is subject to United States Federal Income Tax regardless of source) holding units in the Fund, we will issue a notice to that Unit holder requiring him/her to, within thirty (30) days, either withdraw the units or transfer the units to a non-US person or non-US entity.

We also have the right to withdraw all units held by you in the event we are of the opinion that such withdrawal is necessary to ensure that we comply with any relevant laws, regulations and guidelines. We will first notify you before making any such compulsory withdrawal of your units.

4.4.2. How to invest?

You may invest through any of our Distributors or our head office after completing the relevant application forms and attaching a copy of your identity card, passport or any other identification document. We may request for additional supporting document(s) or information from you. On the application form, please indicate clearly the amount you wish to invest in the Fund. We may introduce other mode of investment from time to time, subject to the approval of the relevant authorities.

You may invest:

- by crossed cheque, banker's draft, money order or cashier's order (made payable as advised by us or our Distributors as the case may be). You will have to bear the applicable bank fees and charges, if any;
- directly from your bank account (or foreign currency bank account, as the case may be) held with our Distributors, where applicable;
- by such other mode of payment that we and/or the relevant authorities approve from time to time. Any charges, fees and expenses incurred in facilitating such mode of payment shall be borne by you. Such mode of payment is subject to further limit(s), restriction(s) and/or terms and conditions that we and/or the relevant authorities may impose from time to time.

4.4.3. Can the units be registered in the name of more than one (1) Unit holder?

We may register units in the name of more than one (1) Unit holder but we have the discretion not to allow registration of more than two (2) joint Unit holders. All applicants must be at least eighteen (18) years of age and are Sophisticated Investor.

In the event of the demise of a joint Unit holder, whether Muslim or non-Muslim, only the surviving joint Unit holder will be recognized as the rightful owner. His/her units will be dealt with in accordance with the Deed and applicable laws and regulations.

You are advised not to make payment in cash to any individual agent when purchasing units of a fund.

Please take note that if your investments are made through an IUTA via a nominee system of ownership, you would not be deemed as a Unit holder under the Deed and as a result, may not exercise all the rights ordinarily conferred to a Unit holder (e.g. the right to call for Unit holders' meetings and the right to vote at a Unit holders' meeting).

4.5. MINIMUM INVESTMENTS

The minimum initial and additional investment for each Class may differ and may be determined by us from time to time. Please refer to the Annexure 1 of the respective Class for further information.

Note: You may request for a lower amount when purchasing units (or additional units), which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject your request to lower the amount and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) without prior notice to you.

4.5.1. Processing an application

If we receive a complete application by 4:00 p.m. on a Business Day, we will process it using the NAV per unit for that Business Day. If we receive the application after 4:00 p.m., we will process it using the NAV per unit for the next Business Day. We will only process the completed applications with all the necessary information. The number of units that you receive will be rounded down to two (2) decimal places.

4.6. MINIMUM WITHDRAWALS

The minimum withdrawal amount for each Class may differ and may be determined by us from time to time, unless you are withdrawing your entire investment. Please refer to the Annexure 1 of the respective Class for further information. You may withdraw by completing a redemption form and sending it to the relevant Distributor or our head office. There is no restriction on the frequency of withdrawals. We will transfer the withdrawal proceeds to your bank account (or foreign currency bank account, as the case may be) in our records. If we wish to increase the minimum withdrawals, we will consult with the Trustee and you will be notified of such changes before implementation.

Note: You may request for a lower number of units for withdrawal, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) without prior notice to you.

4.6.1. Processing a withdrawal

If we receive a complete withdrawal request by 4:00 p.m. on a Business Day, we will process it using the NAV per unit for that Business Day. If we receive the withdrawal request after 4:00 p.m. on a Business Day, we will process it using the NAV per unit for the next Business Day. The amount that you will receive is calculated by the withdrawal value less the Withdrawal Fee, if any. You will be paid in the currency of the Class (e.g. Class USD will be paid in USD) within ten (10) days. You will have to bear the applicable bank fees and charges, if any

You should note that the time taken to pay the redemption proceeds to you (i.e. ten (10) days) may be extended/delayed if:

- (i) The Target Fund is suspended ^{Note 1}; or
- (ii) The redemption request of the Target Fund is deferred ^{Note 2}.

Should any of the above events occur, we may not be able to pay the redemption proceeds to you within ten (10) days. However, we will pay the redemption proceeds to you within ten (10) days subsequent to the receipt of redemption proceeds from the Target Fund Manager.

Note 1: During the period when the Target Fund is suspended, the Target Fund Manager will not accept any subscriptions and/or redemptions and the calculation of the Target Fund's NAV will be suspended.

Note 2: The Target Fund Manager may limit the number of units redeemed on any dealing day to 10% of the total number of units in issue of the Target Fund. In such event, units of the Target Fund may be redeemed on a pro rata basis and any part of a redemption request to which affect is not given by reason of this will be treated as if a request has been made in respect of the next dealing day and all following dealing day dealing day until the original request has been satisfied in full.

Please refer to the "Restrictions on Redemption" section at page **Error! Bookmark not defined.** for more information. If in doubt, please consult your professional advisers.

4.7. MINIMUM BALANCE

The minimum balance that must be retained in your account for each Class may differ and may be determined by us from time to time. Please refer to Annexure 1 of the respective Class for further information. If the balance (i.e. number of units) of an investment drops below the minimum balance units, further investment will be required until the balance of the investment is restored to at least the stipulated minimum balance. Otherwise, we may withdraw your entire investment and forward the proceeds to you. If we wish to increase the minimum balance amount, we will consult with the Trustee and you will be notified of such changes. However, you should note that we may, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all Unit holders) or specifically (for any particular Unit holder or a group of Unit holders) without prior notice to you.

4.8. COOLING-OFF PERIOD

You have six (6) Business Days after your initial investment (i.e. from the date the application form is received and accepted by us or any of our Distributors) to reconsider the appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased. We will refund the investment amount including Application Fee (if any) to you in the currency of the respective Class within ten (10) days from the date we receive the complete documentations. Please note that the cooling-off right is only given to first time investor investing with us or our Distributors. However, CIMB-Principal's staff and person(s) registered to deal in unit trust of CIMB-Principal or any of our Distributors are not entitled to the cooling-off right.

4.9. SWITCHING

Switching is available between the Classes of the Fund or between a Class and other CIMB-Principal Funds (or its classes), which should be denominated in the same currency. You may contact our **Customer Care Centre** at **(03) 7718 3100** for more information on the availability of switching. Please also refer to the Annexure 1 of the respective Class for further information.

To switch, simply complete a switch request form and send to the relevant Distributor or our head office. Currently, there is no restriction on the frequency of switches. However, we have the discretion to allow or to reject any switching into (or out of) the Fund or Class, either generally (for all Unit holders) or specifically (for any particular Unit holder of a group of Unit holders).

4.9.1. Processing a switch

We process a switch as a withdrawal from one fund or class and an investment into another fund or class. If we receive a complete switch request by 4:00 p.m. on a Business Day, we will process the switch out using the NAV per unit for that Business Day. If we receive the request after 4:00 p.m., the switch out will be processed using the NAV per unit for the next Business Day.

4.10. TRANSFER FACILITY

You are allowed to transfer your holdings to an eligible Sophisticated Investor subject to such terms and conditions stipulated in the Deed. However, we may refuse to register any transfer of unit at our absolute discretion. You may be subjected to Transfer Fee for each transfer. Please refer to the Annexure 1 of the respective Class or further information.

4.11. DISTRIBUTION PAYMENT

Depending on the distribution policy of the respective Class, distribution (if any) will be made at the end of each distribution period to the Classes according to its distribution policy. Each unit of the Class will receive the same distribution for a distribution period regardless of when those units were purchased. The distribution amount you will receive is in turn calculated by multiplying the total number of units held by you in the Class by the cent per unit distribution amount. On the distribution date, the NAV per unit will adjust accordingly. For more information on the distribution policy of each Class, please see Annexure 1 of the respective Class.

All distributions (if any) will be automatically reinvested into additional units in the Class at the NAV per unit on the distribution date (the number of units will be rounded down to two (2) decimal places), unless written instructions to the contrary are communicated to us, in which you should have first furnished us with details of your bank account in the currency denomination of that Class, that all distribution payment shall be paid into (the cost and expense will be borne by you). No Application Fee is payable for the reinvestment.

If units are issued as a result of the reinvestment of a distribution or other circumstance after you have withdrawn your investment from the Class, those additional units will then be withdrawn and the proceeds will be paid to you.

You should note that distribution payments, if any, will be made in the respective currency for the Class(es). As such, the distribution amount may be different for each Class as a result of exchange rate movement between the base currency of the Fund and the denominated currency of the Class(es). The distribution will be paid into your bank account (which shall be in the respective currency of the Class(es)) in our records (at your cost and expense).

Note: Please note that for Class(es) that provide distribution, we have 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 you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have 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.

4.12. UNCLAIMED MONEYS

Any moneys payable to you which remain unclaimed after twelve (12) months as prescribed by Unclaimed Moneys Act, 1965 ("UMA"), as may be amended from time to time, will be surrendered to the Registrar of Unclaimed Moneys by us in accordance with the requirements of the UMA. Thereafter, all claims need to be made by you with the Registrar of Unclaimed Moneys.

However, for income distribution payout to you, if any, which remain unclaimed for six (6) months will be reinvested into the Fund within thirty (30) Business Days after the expiry of the cheque's validity period based on the prevailing NAV per unit of the Fund on the day of the reinvestment in circumstances where you still hold units of the Fund. As for income distribution payout by bank transfer, if any, shall be transmitted to your valid and active bank account. If the bank transfer remained unsuccessful and unclaimed for six (6) months, it will be reinvested into the Fund within thirty (30) Business Days after the six (6) months period based on the prevailing NAV per unit on the day of the reinvestment in circumstances where you still holds units of the Fund. No Application Fee is payable for the reinvestment. In the event that you no longer hold any unit in the Fund, the distribution money would be subject to the treatment mentioned in the above paragraph as prescribed by the UMA.

Unit prices and distributions payable, if any, may go down as well as up.

We have the discretion to amend the amount, rate and/or terms and conditions of the transaction information herein, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you on the amendments to the transaction information.

5. ADDITIONAL INFORMATION

5.1. FINANCIAL YEAR-END

31 October.

5.2. INFORMATION ON YOUR INVESTMENT

We will send you the following:

- Monthly statement of your account showing details of transactions and distributions (if any); and
- Quarterly report and audited annual report showing snapshots of the Fund and details of the portfolio for the respective period reported. Both the quarterly report and the audited annual report will be sent to you within two (2) months of the end of the period reported.

The Fund's annual report is available upon request.

Please take note that if your investments are made through the Distributor (i.e. the IUTA via a nominee system of ownership), you would not be deemed to be a Unit holder under the Deed. As such, you may obtain the above information from the respective Distributor.

5.3. TERMINATION OF FUND AND/OR ANY OF THE CLASSES

Subject to the provision set out below, the Fund and/or any of the Class may be terminated or wound-up as proposed by us with the consent of the Trustee (which consent shall not be unreasonably withheld) upon the occurrence of any of the following events, by giving not less than three (3) months' notice in writing to the Unit holders as hereinafter provided (i) if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the trust or (ii) if in our reasonable opinion it is impracticable or inadvisable to continue the Fund or Class. A Class may be terminated by Unit holders if a Special Resolution is passed at a Unit holders' meeting of that Class to terminate or wind-up that Class provided always that such termination or winding-up of that Class does not materially prejudice the interest of any other Class in that Fund.

5.4. RIGHTS, LIABILITIES AND LIMITATIONS OF UNIT HOLDERS

The money you have invested in the Fund will purchase a certain number of units, which represents your interest in the Fund. Each unit held by you in the Fund represents an equal undivided beneficial interest in the assets of the Fund. However, the unit does not give you an interest in any particular part of the Fund or a right to participate in the management or operation of the Fund (other than through Unit holders' meetings).

You will be recognised as a registered Unit holder in the Fund on the Business Day the details are entered onto the register of Unit holders.

Please take note that if your investments are made through the Distributor (i.e. the IUTA via a nominee system of ownership), you would not be deemed to be a Unit holder under the Deed and as a result, may not exercise all the rights ordinarily conferred to a Unit holder (e.g. the right to call for Unit holders' meetings and the right to vote at a Unit holders' meeting).

Rights

As a Unit holder, you have the right, among others, to:

- inspect the register, free of charge, at any time at our registered office, and obtain such information pertaining to its units as permitted under the Deed and SC Guidelines;
- receive the distribution of the Class (if any), participate in any increase in the value of the units and to other rights and privileges as set out in the Deed;
- call for Unit holders' meetings under the following circumstances:
 - (i) to consider the most recent audited financial statements of the Fund;
 - (ii) to require the retirement or removal of the Manager or the Trustee;
 - (iii) to give to the Trustee such directions as the meeting thinks proper; or
 - (iv) to consider any other matter in relation to the Deed.
- vote for the removal of the Trustee or the Manager through a Special Resolution;
- receive annual and quarterly reports of the Fund; and
- exercise cooling-off right.

Unit holders' rights may be varied by changes to the Deed, the SC Guidelines or judicial decisions or interpretation.

Liabilities

- Your liability is limited to the purchase price paid or agreed to be paid for a unit. You do not need to indemnify the Trustee or us in the event that the liabilities incurred by us and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the Fund.
- Any right of indemnity of us and/or the Trustee shall be limited to recourse to the Fund.

Limitations

You cannot:

- interfere with or question the exercise by the Trustee, or us on its behalf, of the rights of the Trustee as the registered owner of the assets of the Fund;
- claim any interest in the asset of the Fund; or
- require the asset of the Fund to be transferred to you.

Note: You may refer to the Deed for full details of your rights.

5.5. DOCUMENTS AVAILABLE FOR INSPECTION

You may inspect the following documents or copies thereof in relation to the Fund (upon request) at our principal place of business and/or the business address of the Trustee (where applicable) without charge:

- The Deed;
- Information Memorandum and supplementary or replacement information memorandum, if any;
- The latest annual and interim reports of the Fund;
- Material contracts or documents referred to in this Information Memorandum;
- The audited financial statements of the Manager and the Fund (where applicable) for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement; and
- The Explanatory Memorandum dated December 2014 and any supplementary or replacement explanatory memorandum, if any.

5.6. POTENTIAL CONFLICTS OF INTERESTS AND RELATED-PARTY TRANSACTIONS

We (including our directors) will at all time act in your best interests and will not conduct ourselves in any manner that will result in a conflict of interest or potential conflict of interest. In the unlikely event that any conflict of interest arises, such conflict shall be resolved so that the Fund is not disadvantaged. In the unlikely event that we face conflicts in respect of our duties as the Manager to the Fund and to other CIMB-Principal Funds that we manage, we are obliged to act in the best interests of all our investors and will seek to resolve any conflicts fairly and in accordance with the Deed.

We shall not act as principal in the sale and purchase of any securities or investments to and from the Fund. We shall not make any investment for the Fund in any securities, properties or assets in which we or our officer have financial interest in or from which we or our officer derives a benefit, unless with the prior approval of the Trustee. We (including our directors) who hold substantial shareholdings or directorships in public companies shall refrain from any decision making relating to that particular investment of the Fund.

As at LPD, none of our directors and substantial shareholders has either direct or indirect interest in other corporations that carry on a similar business with CIMB-Principal, except for the following:

Director / Shareholder	Position	Shareholding (Direct / Indirect)	Name of corporation
CIMB Group Sdn Bhd	Shareholder	√	CIMB-Principal Islamic Asset Management Sdn Bhd CIMB-Mapletree Management Sdn Bhd

The Fund may maintain Deposits with CIMB Bank Berhad, CIMB Islamic Bank Berhad and CIMB Investment Bank Berhad. We may enter into transactions with other companies within the CIMB Group and the Principal Financial Group provided that the transactions are effected at market prices and are conducted at arm's lengths.

The Target Fund Manager, Target Fund Investment Adviser, Target Fund's trustee, and Trustee are members of the HSBC Group and are ultimately owned by the HSBC Holding plc.

In addition to the abovementioned, there may be related party transaction involving or in connection with the Fund in the following events:-

- 1) where the Fund invests in instrument(s) offered by the related party of the Trustee (e.g. placement of monies, structured products, etc);
- 2) where the Fund is being distributed by the related party of the Trustee;
- 3) where the assets of the Fund are being custodied by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (Trustee's delegate); and
- 4) where the Fund obtains financing from the related party of the Trustee.

The Trustee has in place policies and procedures to deal with any conflict of interest situation. The Trustee will not make improper use of its position as the owner of the Fund's assets to gain, directly or indirectly, any advantage or cause detriment to the interests of Unit holders. Any related party transaction is to be made on terms which are best available to the Fund and which are not less favourable to the Fund than an arms-length transaction between independent parties.

Subject to any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit holder or enter into any contract or transaction with each other, the Fund or any Unit holder or retain for its own benefit any profits or benefits derived from any such contract or transaction or act in the same or similar capacity in relation to any other scheme.

5.7. INTERESTS IN THE FUND

Subject to any legal requirement, we or any of our related corporation, or any of our officers or directors, may invest in the Fund. Our directors will receive no payments from the Fund other than distributions that they may receive as a result of investment in the Fund. No fees other than the ones set out in this Information Memorandum have been paid to any promoter of the Fund, or the Trustee (either to become a trustee or for other services in connection with the Fund), or us for any purpose.

5.8. EMPLOYEES' SECURITIES DEALINGS

We have in place a policy contained in its Rules of Business Conduct, which regulates its employees' securities dealings. All of our employees are required to declare their securities trading annually to ensure that there is no potential conflict of interest between the employees' securities trading and the execution of the employees' duties to us and our customers.

6. THE MANAGER

6.1. ABOUT CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD

CIMB-Principal holds a Capital Markets Services License for fund management and dealing in securities restricted to unit trust products under the CMSA and specialises in managing and operating unit trusts for investors, both institutional and retail. CIMB-Principal's responsibilities include managing investment portfolios by providing fund management services to insurance companies, pension funds, unit trust companies, corporations and government institutions in Malaysia. In addition, CIMB-Principal is an approved private retirement scheme provider in Malaysia.

It originally commenced its operations as a unit trust company in November 1995. As at LPD, CIMB-Principal has more than 21 years of experience in the unit trust industry.

As at LPD, the shareholders of the company are CIMB Group (60%) and Principal International (Asia) Ltd. (40%).

CIMB Group is held in majority by CIMB Group Holdings Berhad. It is a fully integrated investment bank. It offers the full range of services in the debt markets, the equity markets and corporate advisory. Member companies of CIMB Group also provide services in lending, private banking, private equity, Islamic capital markets as well as research capability in economics, equity and debt markets.

PIA is a private company incorporated in Hong Kong and its principal activity is the provision of consultancy services to other PFG group of companies. PIA is a subsidiary of the PFG, which was established in 1879 and is a diversified global financial services group servicing more than 15 million customers.

The primary roles, duties and responsibilities of CIMB-Principal as the Manager of the Fund include:

- maintaining a register of Unit holders;
- implementing the appropriate investment strategies to achieve the Fund's investment objective;
- ensuring that the Fund has sufficient holdings in liquid assets;
- arranging for the sale and repurchase of units;
- calculating the amount of income to be distributed to Unit holders, if any; and
- maintaining proper records of the Fund.

As at LPD, there is no litigation or arbitration proceeding current, pending or threatened against or initiated by CIMB-Principal nor is there any fact likely to give rise to any proceeding which might materially affect the business/financial position of CIMB-Principal.

6.1.1. Designated person responsible for fund management function

Name:	Patrick Chang Chian Ping
Designation:	Chief Investment Officer, Malaysia
Experience:	Patrick was appointed as the Chief Investment Officer, Malaysia on 22 February 2016. He comes with an extensive 15 year experience in asset management and is backed by numerous ASEAN awards from Malaysian pension funds in 2013 and 2015. He was previously the Head of ASEAN equities at BNP Paribas Investment Partners, Malaysia where he oversees ASEAN equities for both Malaysian and offshore clients from 2012. Prior to that, he served as Senior Vice President for CIMB-Principal where he specialized in Malaysia, ASEAN and Asia specialist funds. He also worked as a portfolio manager at Riggs and Co International Private Banking in London specializing in managing global ETF portfolios.
Qualifications:	MSc Finance from City University Business School and BSc Accounting and Financial Analysis from University of Warwick (Chevening Scholar), UK.

Note: For more information and/or updated information about CIMB-Principal, please refer to our website at <http://www.cimb-principal.com.my>.

7. THE TRUSTEE

7.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

HSBC (Malaysia) Trustee Berhad (1281-T) (“HSBCT”) is a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at 13th Floor, Bangunan HSBC, South Tower, No. 2, Leboh Ampang, 50100 Kuala Lumpur.

Since 1993, the Trustee has acquired experience in the administration of unit trusts and has been appointed as trustee for unit trust funds, exchange traded funds, wholesale funds and funds under private retirement scheme.

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit Holders of the Fund. In respect of monies paid by an investor for the application of units, the Trustee's responsibility arises when the monies are received in the relevant account of the Trustee and in respect of redemption, the Trustee's responsibility is discharged once it has paid the redemption amount to the Manager.

7.1.1. Trustee's statement of disclaimer

The Trustee is not liable for doing or failing to do any act for the purpose of complying with law, regulation or court orders.

7.1.2. Anti-Money Laundering and Anti-Terrorism Financing Provisions

The Trustee has in place policies and procedures across the HSBC Group, which may exceed local regulations. Subject to any local regulations, the Trustee shall not be liable for any loss resulting from compliance of such policies, except in the case of negligence, wilful default or fraud of the Trustee.

7.1.3. Consent to Disclosure

The Trustee shall be entitled to process, transfer, release and disclose from time to time any information relating to the Fund, Manager and Unit holders for purposes of performing its duties and obligations in accordance to the Deed, the CMSA, the SC Guidelines and any other legal and/or regulatory obligations such as conducting financial crime risk management, to the Trustee's parent company, subsidiaries, associate companies, affiliates, delegates, service providers, agents and any governing or regulatory authority, whether within or outside Malaysia (who may also subsequently process, transfer, release and disclose such information for any of the above mentioned purposes) on the basis that the recipients shall continue to maintain the confidentiality of information disclosed, as required by law, regulation or directive, or in relation to any legal action, or to any court, regulatory agency, government body or authority.

7.1.4. Trustee's delegate

The Trustee has appointed the Hongkong and Shanghai Banking Corporation Ltd as the custodian of both the local and foreign assets of the Fund. For quoted and unquoted local investments of the Fund, the assets are held through their nominee company, HSBC Nominees (Tempatan) Sdn Bhd. The Hongkong and Shanghai Banking Corporation Ltd is a wholly owned subsidiary of HSBC Holdings Plc, the holding company of the HSBC Group. The custodian's comprehensive custody and clearing services cover traditional settlement processing and safekeeping as well as corporate related services including cash and security reporting, income collection and corporate events processing. All investments are registered in the name of the Trustee or to the order of the Trustee. The custodian acts only in accordance with instructions from the Trustee. The Trustee shall be responsible for the acts and omissions of its delegate as though they were its own acts and omissions.

However, the Trustee is not liable for the acts, omissions or failure of third party depository such as central securities depositories, or clearing and/or settlement systems and/or authorised depository institutions, where the law or regulation of the relevant jurisdiction requires the Trustee to deal or hold any asset of the Fund through such third parties.

7.1.5. Material Litigation and Arbitration

As at LPD, the Trustee is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give rise to any proceedings which might materially affect the business/financial position of the Trustee and any of its delegates.

7.1.6. Trustee's statement of responsibility

The Trustee has given its willingness to assume the position as Trustee of the Fund and all the obligations in accordance with the Deed, all relevant laws and rules of law. The Trustee shall be entitled to be indemnified out of the Fund against all losses, damages or expenses incurred by the Trustee in performing any of its duties or exercising any of its powers under this Deed in relation to the Fund. The right to indemnity shall not extend to loss occasioned by breach of trust, wilful default, negligence, fraud or failure to show the degree of care and diligence required of the Trustee having regard to the provisions of the Deed.

Note: We have obtained the necessary consent and confirmation from each of the relevant parties with regards to the information disclosed in this section.

ANNEXURE 1 – CLASS MYR- HEDGED

This section is only a summary of the salient information about Class MYR-Hedged. You should read and understand the entire Information Memorandum before investing and keep the Information Memorandum for your records. In determining which investment is right for you, we recommend you speak to professional advisers. CIMB-Principal Asset Management Berhad, member companies of the CIMB Group, the PFG and the Trustee do not guarantee the repayment of capital.

CLASS INFORMATION

		Page
Name of Class	Class MYR-Hedged	
Currency denomination	MYR	
Initial offer price per unit	MYR 1.0000	1
Launch date	3 July 2017	1
Initial offer period	Up to 21 days from the launch date of Class MYR-Hedged.	1
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	24

FEES & CHARGES

This table describes the charges that you may **directly** incur when you buy or redeem units of Class MYR-Hedged.

Charges	Class MYR-Hedged	Page
Application Fee	CWA: Up to 6.50% of the NAV per unit. IUTA: Up to 5.50% of the NAV per unit.	16
Withdrawal Fee	Nil.	16
Switching Fee	Switching is treated as a withdrawal from Class MYR-Hedged and an investment into another Class or CIMB-Principal Fund (or its class). As such, you will be charged a Switching Fee equal to the difference (if any) between the Application Fee of Class MYR-Hedged and the Application Fee of the other Class or CIMB-Principal Fund (or its class). Switching Fee will not be charged if the Class or CIMB-Principal Fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose MYR100 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	16
Transfer Fee	A maximum of MYR50 may be charged for each transfer.	16
Other charges payable directly by you when purchasing or redeeming units	Any applicable bank charges and other bank fees incurred as a result of an investment or redemption will be borne by you.	

All fees and charges payable by you are subject to any applicable taxes (including but not limited to GST) and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in the Information Memorandum.

This table describes the fees that you may **indirectly** incur when you invest in Class MYR-Hedged.

Charges	Class MYR-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	17
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	17
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	18
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, Unit holders are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	17

Note: Despite the maximum Application Fee disclosed above, you may negotiate with us or the Distributors for lower charges. However, you should note that we or the Distributors may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) without prior notice to you.

We may, for any reason at any time, where applicable, waive or reduce the amount of any fees (except the Trustee Fee) or other charges payable by you in respect of the Fund, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) and for any period or periods of time at our absolute discretion.

All fees and charges payable by the Fund are subject to any applicable taxes (including but not limited to GST) and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in the Information Memorandum.

We have the discretion to amend the amount, rate and/or terms and conditions for the above-mentioned fees and charges from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class MYR-Hedged	Page
Minimum initial investment	MYR 10,000 or such other amount as we may decide from time to time.	22
Minimum additional investment	MYR 5,000 or such other amount as we may decide from time to time.	22
Minimum withdrawal	5,000 units or such other amount of units as we may decide from time to time.	22
Minimum balance	10,000 units or such other amount of units as we may decide from time to time.	23
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class that you intend to switch out; ○ the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are redeeming from the Class in entirety; and ○ the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and ○ the Switching Fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	23
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	23
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, CIMB-Principal's staff and person(s) registered to deal in unit trust of CIMB-Principal or any Distributors are not entitled to the cooling-off right.	23

Note: You may request for a lower amount or number of units when purchasing units (or additional units) or redeeming units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) without prior notice to you. For increase in the amount or units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.

There are fees and charges involved and you are advised to consider them before investing in the Fund.

We have the discretion to amend the amount, rate and/or terms and conditions of the transaction information herein, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you on the amendments to the transaction information.

ANNEXURE 1 – CLASS USD

This section is only a summary of the salient information about Class USD. You should read and understand the entire Information Memorandum before investing and keep the Information Memorandum for your records. In determining which investment is right for you, we recommend you speak to professional advisers. CIMB-Principal Asset Management Berhad, member companies of the CIMB Group, the PFG and the Trustee do not guarantee the repayment of capital.

CLASS INFORMATION

		Page
Name of Class	Class USD	
Currency denomination	USD	
Initial offer price per unit	USD 1.0000	1
Launch date	3 July 2017	1
Initial offer period	Up to 21 days from the launch date of Class USD.	1
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	24

FEES & CHARGES

This table describes the charges that you may **directly** incur when you buy or redeem units of Class USD.

Charges	Class USD	Page
Application Fee	CWA: Up to 6.50% of the NAV per unit. IUTA: Up to 5.50% of the NAV per unit.	16
Withdrawal Fee	Nil.	16
Switching Fee	Switching is treated as a withdrawal from Class USD and an investment into another Class or CIMB-Principal Fund (or its class). As such, you will be charged a Switching Fee equal to the difference (if any) between the Application Fee of Class USD and the Application Fee of the other Class or CIMB-Principal Fund (or its class). Switching Fee will not be charged if the Class or CIMB-Principal Fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose USD35 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	16
Transfer Fee	A maximum of USD15 may be charged for each transfer.	16
Other charges payable directly by you when purchasing or redeeming units	Any applicable bank charges and other bank fees incurred as a result of an investment or redemption will be borne by you.	

All fees and charges payable by you are subject to any applicable taxes (including but not limited to GST) and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in the Information Memorandum.

This table describes the fees that you may **indirectly** incur when you invest in Class USD.

Charges	Class USD	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	17
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	17
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	18
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, Unit holders are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	17

Note: Despite the maximum Application Fee disclosed above, you may negotiate with us or the Distributors for lower charges. However, you should note that we or the Distributors may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) without prior notice to you.

We may, for any reason at any time, where applicable, waive or reduce the amount of any fees (except the Trustee Fee) or other charges payable by you in respect of the Fund, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) and for any period or periods of time at our absolute discretion.

All fees and charges payable by the Fund are subject to any applicable taxes (including but not limited to GST) and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in the Information Memorandum.

We have the discretion to amend the amount, rate and/or terms and conditions for the above-mentioned fees and charges from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class USD	Page
Minimum initial investment	USD 5,000 or such other amount as we may decide from time to time.	22
Minimum additional investment	USD 1,000 or such other amount as we may decide from time to time.	22
Minimum withdrawal	1,000 units or such other amount of units as we may decide from time to time.	22
Minimum balance	5,000 units or such other amount of units as we may decide from time to time.	23
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class that you intend to switch out; ○ the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are redeeming from the Class in entirety; and ○ the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and ○ the Switching Fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	23
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	23
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, CIMB-Principal's staff and person(s) registered to deal in unit trust of CIMB-Principal or any Distributors are not entitled to the cooling-off right.	23

Note: You may request for a lower amount or number of units when purchasing units (or additional units) or redeeming units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) without prior notice to you. For increase in the amount or units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.

There are fees and charges involved and you are advised to consider them before investing in the Fund.

We have the discretion to amend the amount, rate and/or terms and conditions of the transaction information herein, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you on the amendments to the transaction information.

ANNEXURE 1 – CLASS MYR

This section is only a summary of the salient information about Class MYR. You should read and understand the entire Information Memorandum before investing and keep the Information Memorandum for your records. In determining which investment is right for you, we recommend you speak to professional advisers. CIMB-Principal Asset Management Berhad, member companies of the CIMB Group, the PFG and the Trustee do not guarantee the repayment of capital.

CLASS INFORMATION

		Page
Name of Class	Class MYR	
Currency denomination	MYR	
Initial offer price per unit	MYR 1.0000	1
Launch date	1 August 2017 or such other date as may be determined by us. We have the discretion to determine the launch date.	1
Initial offer period	1 day from the launch date of Class MYR.	1
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	24

FEES & CHARGES

This table describes the charges that you may **directly** incur when you buy or redeem units of Class MYR.

Charges	Class MYR	Page
Application Fee	CWA: Up to 6.50% of the NAV per unit. IUTA: Up to 5.50% of the NAV per unit.	16
Withdrawal Fee	Nil.	16
Switching Fee	Switching is treated as a withdrawal from Class MYR and an investment into another Class or CIMB-Principal Fund (or its class). As such, you will be charged a Switching Fee equal to the difference (if any) between the Application Fee of Class MYR and the Application Fee of the other Class or CIMB-Principal Fund (or its class). Switching Fee will not be charged if the Class or CIMB-Principal Fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose RM100 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	16
Transfer Fee	A maximum of MYR50 may be charged for each transfer.	16
Other charges payable directly by you when purchasing or redeeming units	Any applicable bank charges and other bank fees incurred as a result of an investment or redemption will be borne by you.	

All fees and charges payable by you are subject to any applicable taxes (including but not limited to GST) and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in the Information Memorandum.

This table describes the charges that you may **indirectly** incur when you invest in Class MYR.

Charges	Class MYR	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	17
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	17
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	18
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, Unit holders are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	17

Note: Despite the maximum Application Fee disclosed above, you may negotiate with us or the Distributors for lower charges. However, you should note that we or the Distributors may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) without prior notice to you.

We may, for any reason at any time, where applicable, waive or reduce the amount of any fees (except the Trustee Fee) or other charges payable by you in respect of the Fund, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) and for any period or periods of time at our absolute discretion.

All fees and charges payable by the Fund are subject to any applicable taxes (including but not limited to GST) and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in the Information Memorandum.

We have the discretion to amend the amount, rate and/or terms and conditions for the above-mentioned fees and charges from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you on the amendments to the fees and charges

TRANSACTION INFORMATION

	Class MYR	Page
Minimum initial investment	MYR 10,000 or such other amount as we may decide from time to time.	22
Minimum additional investment	MYR 5,000 or such other amount as we may decide from time to time.	22
Minimum withdrawal	5,000 units or such other amount of units as we may decide from time to time.	22
Minimum balance	10,000 units or such other amount of units as we may decide from time to time.	23
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class that you intend to switch out; ○ the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are redeeming from the Class in entirety; and ○ the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and ○ the Switching Fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	23
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	23
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, CIMB-Principal's staff and person(s) registered to deal in unit trust of CIMB-Principal or any Distributors are not entitled to the cooling-off right.	23

Note: You may request for a lower amount or number of units when purchasing units (or additional units) or redeeming units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) without prior notice to you. For increase in the amount or units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.

There are fees and charges involved and you are advised to consider them before investing in the Fund.

We have the discretion to amend the amount, rate and/or terms and conditions of the transaction information herein, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you on the amendments to the transaction information.

ANNEXURE 1 – CLASS SGD

This section is only a summary of the salient information about Class SGD. You should read and understand the entire Information Memorandum before investing and keep the Information Memorandum for your records. In determining which investment is right for you, we recommend you speak to professional advisers. CIMB-Principal Asset Management Berhad, member companies of the CIMB Group, the PFG and the Trustee do not guarantee the repayment of capital.

CLASS INFORMATION

		Page
Name of Class	Class SGD	
Currency denomination	SGD	
Initial offer price per unit	SGD 1.0000	1
Launch date	1 August 2017 or such other date as may be determined by us. We have the discretion to determine the launch date.	1
Initial offer period	1 day from the launch date of Class SGD.	1
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	24

FEES & CHARGES

This table describes the charges that you may **directly** incur when you buy or redeem units of Class SGD.

Charges	Class SGD	Page
Application Fee	CWA: Up to 6.50% of the NAV per unit. IUTA: Up to 5.50% of the NAV per unit.	16
Withdrawal Fee	Nil.	16
Switching Fee	Switching is treated as a withdrawal from Class SGD and an investment into another Class or CIMB-Principal Fund (or its class). As such, you will be charged a Switching Fee equal to the difference (if any) between the Application Fee of Class SGD and the Application Fee of the other Class or CIMB-Principal Fund (or its class). Switching Fee will not be charged if the Class or CIMB-Principal Fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose SGD35 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	16
Transfer Fee	A maximum of SGD15 may be charged for each transfer.	16
Other charges payable directly by you when purchasing or redeeming units	Any applicable bank charges and other bank fees incurred as a result of an investment or redemption will be borne by you.	

All fees and charges payable by you are subject to any applicable taxes (including but not limited to GST) and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in the Information Memorandum.

This table describes the fees that you may **indirectly** incur when you invest in Class SGD.

Charges	Class SGD	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	17
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	17
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	18
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, Unit holders are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	17

Note: Despite the maximum Application Fee disclosed above, you may negotiate with us or the Distributors for lower charges. However, you should note that we or the Distributors may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) without prior notice to you.

We may, for any reason at any time, where applicable, waive or reduce the amount of any fees (except the Trustee Fee) or other charges payable by you in respect of the Fund, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) and for any period or periods of time at our absolute discretion.

All fees and charges payable by the Fund are subject to any applicable taxes (including but not limited to GST) and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in the Information Memorandum.

We have the discretion to amend the amount, rate and/or terms and conditions for the above-mentioned fees and charges from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class SGD	Page
Minimum initial investment	SGD 5,000 or such other amount as we may decide from time to time.	22
Minimum additional investment	SGD 1,000 or such other amount as we may decide from time to time.	22
Minimum withdrawal	1,000 units or such other amount of units as we may decide from time to time.	22
Minimum balance	5,000 units or such other amount of units as we may decide from time to time.	23
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class that you intend to switch out; ○ the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are redeeming from the Class in entirety; and ○ the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and ○ the Switching Fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	23
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	23
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, CIMB-Principal's staff and person(s) registered to deal in unit trust of CIMB-Principal or any Distributors are not entitled to the cooling-off right.	23

Note: You may request for a lower amount or number of units when purchasing units (or additional units) or redeeming units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors) without prior notice to you. For increase in the amount or units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.

There are fees and charges involved and you are advised to consider them before investing in the Fund.

We have the discretion to amend the amount, rate and/or terms and conditions of the transaction information herein, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you on the amendments to the transaction information.

**ANNEXURE 2 – EXCERPTS OF
PART 1, SCHEDULES 6 AND 7 OF
THE CMSA**

SCHEDULE 6

[Section 229]

Excluded offers or excluded invitations

Part I

A. Excluded offers or excluded invitations made to accredited investors

1. An offer or invitation made to a unit trust scheme, prescribed investment scheme or private retirement scheme.
- 1A. An offer or invitation made to Bank Negara.
2. An offer or invitation made to—
 - a) a holder of a capital markets services license; or
 - b) an executive director or a chief executive officer of a holder of a capital markets services license.
3. An offer or invitation made to a closed end fund approved by the SC.
4. An offer or invitation made to a bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010.
5. An offer or invitation made to an Islamic bank licensee or takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010.
6. An offer or invitation made to a licensed institution as defined in the Financial Services Act 2013 or an Islamic bank as defined in the Islamic Financial Services Act 2013.
7. An offer or invitation made to an insurance company registered under the Financial Services Act 2013 or a takaful operator registered under the Islamic Financial Services Act 2013.

B. Excluded offers or excluded invitations made to high net worth entity

8. An offer or invitation made to—
 - a) a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding ten million ringgit or its equivalent in foreign currencies; or
 - b) a corporation that is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the CMSA and has assets under management exceeding ten million ringgit or its equivalent in foreign currencies.
9. An offer or invitation made to—
 - a) a corporation with total net assets exceeding ten million ringgit or its equivalent in foreign currencies based on the last audited accounts; or
 - b) a partnership with total net assets exceeding ten million ringgit or its equivalent in foreign currencies.
10. An offer or invitation made to a statutory body established by an Act of Parliament or an enactment of any State.
11. An offer or invitation made to a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967.

C. Excluded offers or excluded invitations made to high net worth individual

12. An offer or invitation made to an individual—
 - a) whose total net personal assets, or total net joint assets with his or her spouse, exceed three million ringgit or its equivalent in foreign currencies, excluding the value of the individual's primary residence;
 - b) who has a gross annual income exceeding three hundred thousand ringgit or its equivalent in foreign currencies per annum in the preceding twelve months; or
 - c) who, jointly with his or her spouse, has a gross annual income exceeding four hundred thousand ringgit or its equivalent in foreign currencies per annum in the preceding twelve months.

SCHEDULE 7

[Section 230]

Excluded issues

Part I

A. Excluded issues made to accredited investors

1. An issue made to a unit trust scheme, prescribed investment scheme or private retirement scheme.
2. An issue made to a holder of a capital markets services license.
3. An issue made to an executive director or a chief executive officer of a holder of a capital markets services license.
4. An issue made to a closed end fund approved by the SC.
5. An issue made to a bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010.
6. An issue made to an Islamic bank licensee or takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010.
7. An issue made to a licensed institution as defined in the Financial Services Act 2013 or an Islamic bank as defined in the Islamic Financial Services Act 2013.
8. An issue made to an insurance company registered under the Financial Services Act 2013 or a takaful operator registered under the Islamic Financial Services Act 2013.
- 8A. An issue made to Bank Negara.

B. Excluded Issues made to High-Net Worth Entities

9. An issue made to—
 - a) a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding ten million ringgit or its equivalent in foreign currencies; or
 - b) a corporation that is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the CMSA and has assets under management exceeding ten million ringgit or its equivalent in foreign currencies.

10. An issue made to—
 - a) a corporation with total net assets exceeding ten million ringgit or its equivalent in foreign currencies based on the last audited accounts; or
 - b) a partnership with total net assets exceeding ten million ringgit or its equivalent in foreign currencies.
11. An issue made to a statutory body established by an Act of Parliament or an enactment of any State.
12. An issue made to a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967.

C. Excluded Issues made to High-Net Worth Individuals

13. An offer or invitation made to an individual—
 - a) whose total net personal assets, or total net joint assets with his or her spouse, exceed three million ringgit or its equivalent in foreign currencies, excluding the value of the individual's primary residence;
 - b) who has a gross annual income exceeding three hundred thousand ringgit or its equivalent in foreign currencies per annum in the preceding twelve months; or
 - c) who, jointly with his or her spouse, has a gross annual income exceeding four hundred thousand ringgit or its equivalent in foreign currencies per annum in the preceding twelve months.

CIMB-Principal Asset Management Berhad (304078-K)

Enquiries:

Customer Care Centre
(603) 7718 3100

Email
service@cimb-principal.com.my

Website
www.cimb-principal.com