

Replacement Prospectus

PRINCIPAL FTSE CHINA 50 ETF

(a unit trust constituted on 19 April 2010 in Malaysia)

REPLACEMENT PROSPECTUS ON THE PRINCIPAL FTSE CHINA 50 ETF
AN EXCHANGE-TRADED FUND, PURSUANT TO THE LISTING OF ITS UNITS
ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS IS A REPLACEMENT PROSPECTUS. THIS PROSPECTUS REPLACES AND SUPERSEDES THE PROSPECTUS IN RESPECT OF THE CIMB FTSE CHINA 50 DATED 9 JUNE 2010 (AS AMENDED BY THE FIRST SUPPLEMENTAL PROSPECTUS DATED 16 DECEMBER 2010, THE SECOND SUPPLEMENTAL PROSPECTUS DATED 22 SEPTEMBER 2014 AND THE THIRD SUPPLEMENTAL PROSPECTUS DATED 1 APRIL 2015).

Manager



Principal Asset Management Berhad (304078-K)
(formerly known as CIMB-Principal Asset Management Berhad)

Trustee

Deutsche Bank Group



Deutsche Trustees Malaysia Berhad (763590-H)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 8.

This Prospectus Issue No. 2 is dated 30 September 2019.

RESPONSIBILITY STATEMENTS

The directors of Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement, or other facts which if omitted, would make any statement in this Prospectus false or misleading.

STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia has approved the issue of, offer for subscription or purchase, or issue an invitation to subscribe for or purchase Units in respect of the offering and a copy of this Prospectus has been registered with the Securities Commission Malaysia.

The approval, and registration of this Prospectus, should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. The Securities Commission Malaysia has not, in any way, considered the merits of the securities being offered for investment.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of the Manager responsible for the Fund and takes no responsibility for the contents of this Prospectus. The Securities Commission Malaysia makes no representation as to its accuracy or completeness of this Prospectus, and expressly disclaims any liability for any loss you may suffer arising from, or in reliance upon, the whole or any part of this Prospectus.

Admission to the Official List of Bursa Malaysia Securities Berhad is not to be taken as an indication of the merits of the offering, the Fund or of its Units.

ADDITIONAL STATEMENTS

You should note that you may seek recourse under the Capital Markets and Services Act 2007 for breaches of securities laws and regulations including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to the Fund.

Securities listed on Bursa Malaysia Securities Berhad are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any person set out in Section 236 of the *Capital Markets and Services Act 2007*, e.g. directors and advisers, are responsible.

LICENSING DISCLOSURE STATEMENT

The following is a statement required to be disclosed in this Prospectus under the Index Licence Agreement entered into between FTSE China Index Limited (the Index Licensor, formerly known as FTSE/Xinhua Index Limited) and the Manager on 19 April 2010:

The Fund has been developed solely by the Manager. The Fund is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the “LSE Group”). FTSE Russell is a trading name of certain of the LSE Group companies.

All rights in the FTSE China 50 Index vest in the relevant LSE Group company which owns the FTSE China 50 Index. FTSE® is a trade mark(s) of the relevant LSE Group company and is used by any other LSE Group company under license.

The FTSE China 50 Index is calculated by or on behalf of FTSE or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the FTSE China 50 Index or (b) investment in or operation of the Fund. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the Fund or the suitability of the FTSE China 50 Index for the purpose to which it is being put by the Manager.

Please refer to Section 2.3 on “RISK FACTORS” and Section 3.4 of this Prospectus for further information on the licensing conditions in relation to the Benchmark Index contained in the Index Licence Agreement.

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DEFINITIONS

In this Prospectus, the following words and expressions shall have the following meanings except where the context otherwise requires:

Application	:	A Creation Application and/or Redemption Application, as the case may be.
Application Cancellation Fee	:	The fee which may, at our discretion, be charged to each Participating Dealer upon the cancellation of each Application as set out in Section 4 of this Prospectus.
Authorised Securities	:	Any or all of the following: <ul style="list-style-type: none">(i) Index Securities;(ii) non-Index Securities which in the opinion of the Manager has a high correlation to one or more of the Index Securities that it is substituting; and/or(iii) if the Manager is of the opinion there exists liquidity constraints with the Index Securities and/or non-Index Securities, one or more exchange traded collective investment schemes which are likely to behave in a manner that is consistent with the investment objective of the Fund as determined by the Manager.
Benchmark Index or FTSE China 50 Index	:	The FTSE China 50 Index (or such other name by which the index may be known) provided by the Index Licensor or such replacement index as may be determined by the Manager, subject to the approval of the SC.
Board	:	Board of Directors of the Manager.
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd.
Bursa Securities	:	Bursa Malaysia Securities Berhad.
Business Day	:	A day (other than Saturday, Sunday or public holidays in the Federal Territory of Kuala Lumpur) on which Financial Institutions are open for business and money market transactions are carried on in the Federal Territory of Kuala Lumpur.
Cash Component	:	<ul style="list-style-type: none">(i) The amount of cash to be paid per Creation Unit Block and which forms part of the In-Kind Creation Basket; or(ii) the amount of cash to be received per Redemption Unit Block and which forms part of the In-Kind Redemption Basket, as the case may be.
Cash Creation	:	The creation of Units in Creation Unit Block(s) in exchange for the Subscription Amount delivered by the Participating Dealer.
Cash Redemption	:	The redemption of existing Units in Redemption Unit Block(s) delivered by the Participating Dealer in exchange for the Redemption Amount.
CDS Account	:	An account established at Bursa Depository for the recording of deposit of securities and dealing in such securities by the depositor.
Central Depositories Act	:	Securities Industry (Central Depositories) Act, 1991.
CIMB Bank	:	CIMB Bank Berhad.
CIMB Group	:	CIMB Group Sdn Bhd.
Clearing House	:	Bursa Malaysia Securities Clearing Sdn Bhd.
CMSA	:	Capital Markets and Services Act, 2007.

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Consideration	:	The price payable for Units applied for pursuant to a Creation Application which shall be the Issue Price multiplied by the number of Units applied.
Creation Application	:	An application to create new Units in the form as may be prescribed by the Participating Dealer.
Creation Securities	:	The Authorised Securities comprised in an In-Kind Creation Basket.
Creation Unit Block	:	The quantity of Units which will be issued upon a successful Creation Application: (a) for In-Kind Creation, in respect of one (1) whole In-Kind Creation Basket; and (b) for Cash Creation, in respect of the Subscription Amount, or as may be from time to time determined by the Manager, upon consultation with the Trustee and notified to the Participating Dealer.
Creation Unit Aggregations	:	A whole or multiples of the Creation Unit Block.
DBMB	:	Deutsche Bank (Malaysia) Berhad.
Dealing Day	:	Each Market Day during the continuance of the Fund on which the Hong Kong Stock Exchange is open for trading and/or such other day as the Manager may, in consultation with the Trustee, from time to time determine but shall not include a Market Day on which a force majeure event occurs or is continuing.
Dealing Deadline	:	For the purposes of Creation Application(s) and/or Redemption Application(s), 10.30 a.m. on any particular Dealing Day or such other time as the Manager (with approval of the Trustee) may from time to time determine and notify to the Participating Dealer(s).
Deed	:	The principal and all supplemental deeds in respect of the Fund made between the Manager and the Trustee, in which the Unitholders agree to be bound by the provisions of the Deed.
DTMB or the Trustee	:	Deutsche Trustees Malaysia Berhad.
ETF	:	Exchange-traded fund.
ETF Guidelines	:	Guidelines on Exchange-traded Funds.
Financial Institution	:	Shall have the same meaning as the term “financial institution” as defined in the Financial Services Act 2013.
Fund	:	The ETF as established by the Deed (as may be modified from time to time) known as the “Principal FTSE China 50 ETF” or other name as the Manager may determine, subject to the approval of the relevant authority(ies).
Fund Assets	:	All the assets (including cash) held or deemed to be held upon trust by the Trustee pursuant to the Deed including Income but excluding any amount standing to the credit of the distribution account to which the Income Entitlement is credited.
Hong Kong Stock Exchange	:	The stock exchange of Hong Kong.
Income	:	The income of the Fund which comprises all profits, dividends and other distributions or income which accrue in respect of the Fund Assets including all or any part of the capital gains and losses realised on the sale or disposal of Fund Assets as the Manager may from time to time determine to be treated as income of the Fund.

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Income Entitlement	:	The amount of any Income calculated in respect of a Unit on a Business Day and allocated to the Unit holder.
Index Licensor	:	FTSE China Index Limited (<i>formerly known as FTSE/Xinhua Index Limited</i>).
Index Licence Agreement	:	The index licence agreement dated 19 April 2010 entered into between the Index Licensor and the Manager.
Index Securities	:	The shares or interests issued by the companies that are included in the Benchmark Index from time to time or depository receipts that may be issued against such shares or interests.
Indicative Optimum Portfolio Value per Unit or IOPV per Unit	:	The estimated NAV per Unit of the Fund, calculated in the manner as set forth in Section 5.7 of this Prospectus.
In-Kind Creation	:	The creation of Units in Creation Unit Block(s) in exchange for In-Kind Creation Basket(s) delivered by a Participating Dealer.
In-Kind Creation Basket	:	The portfolio of Authorised Securities and Cash Component (if any) that is required to be delivered pursuant to a Creation Application for a Creation Unit Block and which is determined by the Manager in respect of each Dealing Day.
In-Kind Redemption	:	The redemption of existing Units in Redemption Unit Block(s) delivered by a Participating Dealer in exchange for In-Kind Redemption Basket(s).
In-Kind Redemption Basket	:	The portfolio of Authorised Securities and Cash Component (if any) that will be received pursuant to a Redemption Application in exchange for a Redemption Unit Block and which is determined by the Manager in respect of each Dealing Day.
Issue Price	:	The price at which Units are issued or to be issued from time to time and which shall be ascertained in accordance with the provisions set out in Section 5.7 of this Prospectus.
LPD	:	31 July 2019, being the latest practicable date prior to the registration of this Prospectus whereby the information disclosed shall remain relevant and current as at such date.
Liabilities	:	The outstanding liabilities, costs and expenses of the Fund including without limitation: <ul style="list-style-type: none">(i) unpaid administrative fees and expenses including the Management Fee and the Trustee Fee;(ii) all fees and expenses and all duties, taxes, governmental charges, brokerage, transfer fees, or other charges or expenses incurred by the Manager and/or the Trustee in relation to or in connection with any transaction, dealing or instrument or as a consequence of such transaction, dealing or instrument;(iii) accrued charges in respect of or owing in relation to any Authorised Securities;(iv) amounts required to meet all present liabilities and an appropriate allowance for any contingent liabilities;(v) any provision for tax which in the opinion of the Manager should be taken into account and such sum (if any) as estimated by the Manager to be paid or reclaimed in respect

DEFINITIONS

		of taxation related to income and transactions prior to the relevant date;
	(vi)	the amount outstanding in respect of any borrowing permitted by applicable laws and the amount of any unpaid interest and expenses in respect thereof;
	(vii)	any other cost or expenses payable but not paid which are expressly authorized by any of the provisions of the Deed to be payable out of the Fund Assets;
	(viii)	any other amounts required to meet liabilities or other expenditure which in the opinion of the Manager, with the approval of the Trustee, should be taken into account and which have not otherwise been taken into account in determining the amount of the liabilities in any of the preceding paragraphs of this definition; and
		liabilities shall (where appropriate) be treated as accruing from day to day.
Listing	:	Admission to the Official List and the listing of and quotation for the Units on the Main Market.
Listing Requirements	:	The Main Market Listing Requirements issued by Bursa Securities.
Main Market	:	Main Market of Bursa Securities.
Market Day	:	A Business Day on which Bursa Securities is open for trading.
Management Fee	:	A percentage of the NAV of the Fund that is paid to the Manager for managing the portfolio of the Fund as set out in Section 4.2 of this Prospectus.
MER	:	Management expense ratio which is the ratio of the sum of fees and recovered expenses of the Fund to the average NAV of the Fund calculated on a daily basis, as described in Section 4.3.2 of this Prospectus.
NAV of the Fund	:	The value of all Fund Assets less the value of all the Liabilities, at the Valuation Point. 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.
NAV per Unit	:	The NAV of the Fund divided by the number of Units in circulation, at the Valuation Point.
Participating Dealer	:	CGS-CIMB Securities Sdn Bhd and any other person who has entered into a Participating Dealer Agreement in form and substance acceptable to the Manager and Trustee.
Participating Agreement	Dealer :	The agreement entered into between the Participating Dealer, the Manager and Trustee setting out, amongst others: <ul style="list-style-type: none">(i) the arrangements in respect of the creation and issue of Units and the redemption and cancellation of Units; and(ii) the obligations of the Participating Dealer as a liquidity provider.
PIA	:	Principal International (Asia) Ltd.
PFG	:	Principal Financial Group and its affiliates.

DEFINITIONS

Principal Malaysia or the Manager	:	Principal Asset Management Berhad (<i>formerly known as CIMB-Principal Asset Management Berhad</i>).
Prospectus	:	This disclosure document issued by us describing the details of the Fund.
Redemption Amount	:	The sum equal to the Redemption Price multiplied by the number of Units to be redeemed pursuant to a Cash Redemption, to be delivered to the Participating Dealer in respect of the Cash Redemption.
Redemption Application	:	An application to redeem existing Units in the form as may be prescribed by the Participating Dealer.
Redemption Date	:	In relation to Units applied for, means the second (2 nd) Dealing Day after the Trade Date on which an Application for such Units is received/deemed received or such other day as may be agreed between the Manager and Trustee (on either a general or case by case basis) and notified to the Participating Dealer on which Units are to be redeemed/cancelled.
Redemption Price	:	The price per Unit at which Units are redeemed from time to time and which shall be ascertained in accordance with the provisions set out in Section 5.7 of this Prospectus.
Redemption Securities	:	The Authorised Securities comprised in an In-Kind Redemption Basket.
Redemption Unit Block	:	The quantity of Units which are required to be delivered to the Trustee upon a successful Redemption Application: (a) for In-Kind Redemption, in respect of one (1) In-Kind Redemption Basket; or (b) for Cash Redemption, in respect of the Redemption Amount, or as may be from time to time determined by the Manager, upon consultation with the Trustee and notified to the Participating Dealer.
Redemption Unit Block Aggregations	:	A whole or multiples of the Redemption Unit Block.
Register	:	The register of Unit holders kept and maintained by the Manager or its appointed agent on the following basis: i) Units issued to the Unit holders; ii) Units redeemed by the Unit holders; and iii) records obtained from Bursa Depository annually, or on such other dates as may be determined by the Manager.
Ringgit Malaysia or RM	:	The lawful currency of Malaysia.
SC	:	Securities Commission Malaysia.
Special Resolution	:	A resolution passed by a majority of not less than 75% of the total voting rights of the Unit holders who are entitled to vote on the resolution at the meeting of Unit holders, provided that for the purposes of terminating or winding up of the Fund a special resolution is passed by a majority in number representing at least 75% of the voting rights of the Unit holders voting at the Unit holders meeting;

DEFINITIONS

Subscription Amount	:	The Consideration in cash to be delivered by the Participating Dealer in respect of a Cash Creation.
Target Funds	:	Other collective investment schemes as defined in the ETF Guidelines.
Trade Date	:	The Dealing Day on which the Manager receives a valid Application in accordance with the Deed and the Participating Dealer Agreement provided that if such valid Application is received after the Dealing Deadline, the next Dealing Day shall be the Trade Date.
Transaction Costs	:	In relation to any particular transaction or dealing, means all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Fund Assets or the increase or decrease of the Fund Assets or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Fund Assets or otherwise which may have become or may be payable in respect of (whether prior to, upon or after the occasion of) any transaction or dealing.
Trustee Fee	:	A percentage of the NAV of the Fund that is paid to the Trustee, as set out in Section 4 of this Prospectus.
Unit	:	An undivided interest in the Fund.
Unit holder	:	Any person(s) registered as holding a Unit in accordance with the provisions of the Deed.
Valuation Point	:	At the official close of trading on the Hong Kong Stock Exchange on each Dealing Day.

Words denoting the singular shall, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include companies and corporations.

Unless otherwise indicated, any reference in this Prospectus 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 Prospectus shall be a reference to that time, day or date in Malaysia, unless otherwise stated. Reference to “days” in this Prospectus will be taken to mean calendar days unless otherwise stated.

Please note that all references to currency amounts and NAV per Unit in this Prospectus are in Ringgit Malaysia unless otherwise indicated.

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CORPORATE DIRECTORY

MANAGER : Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*)

Registered address : 8th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur Malaysia

Tel No.: (+603) 2084 8888

Business address : 10th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur Malaysia

Tel No.: (+603) 2084 8888

E-mail: service@principal.com.my

Website: <https://www.principal.com.my>

FUND ADMINISTRATION AND FUND ACCOUNTING SERVICE PROVIDER : Deutsche Trustees Malaysia Berhad
(Manager's Delegate)

Registered address and Business address : Level 20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur Malaysia

Tel no.: (+603) 2053 7522

Email: dbkl.dfs@db.com

Website: www.db.com

TRUSTEE : Deutsche Trustees Malaysia Berhad

Registered and Business address : Level 20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur Malaysia

Tel No.: (+603) 2053 7522

Email: dtmb.cis@list.db.com

CUSTODIAN : Deutsche Bank (Malaysia) Berhad
(Trustee's Delegate)

Registered address : Level 18, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur Malaysia

Tel no.: (+603) 2053 6788

Business address : Level 18-20, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur Malaysia

Tel no.: (+603) 2053 6788

Email: dbmb-dcs.cs@db.com

Website: www.db.com

CORPORATE DIRECTORY

AUDITORS OF THE MANAGER AND OF THE FUND	: PricewaterhouseCoopers Chartered Accountants Level 10, 1 Sentral Jalan Rakyat Kuala Lumpur Sentral PO Box 10192 50706 Kuala Lumpur Malaysia
TAX ADVISER	: PricewaterhouseCoopers Taxation Services Sdn Bhd Level 10, 1 Sentral Jalan Rakyat Kuala Lumpur Sentral PO Box 10192 50706 Kuala Lumpur Malaysia
LEGAL ADVISER	: Shook Lin & Bok 20th Floor, Ambank Group Building 55 Jalan Raja Chulan 50200 Kuala Lumpur Malaysia
PARTICIPATING DEALER & MARKET MAKER	: CGS-CIMB Securities Sdn Bhd
Registered address	: 13th Floor, Menara CIMB No.1, Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur, Malaysia
Business Address	: 17th Floor Menara CIMB No 1. Jalan Stesen Sentral 2 Kuala Lumpur Central 50470 Kuala Lumpur Malaysia
INDEX LICENSOR	: FTSE China Index Limited Suites 3508-3508, 35 th Floor Two Exchange Square 8 Connaught Place Central Hong Kong
LISTING	: Main Market of Bursa Securities

1. INFORMATION SUMMARY

This section is only a summary of salient information about the Fund. You should read and understand the whole Prospectus prior to making investment decisions.

1.1 Summary of the Fund

Item	Brief Description	Sections in Prospectus
Name of Fund	: Principal FTSE China 50 ETF	3 and Definitions
Category of Fund	: Exchange-traded fund / Equity	3.1
Type of Fund	: Index tracking	
Investment objective	: The Fund aims to provide investment results that closely correspond to the performance of the Benchmark Index, regardless of its performance.	3.3
Benchmark Index	: The FTSE China 50 Index or such replacement index as may be determined by the Manager, subject to the approval of the SC.	3.4
Investment policy and strategy	: A passive strategy whereby the Manager may adopt either a Replication Strategy or a Representative Sampling Strategy. Replication Strategy In managing the Fund, the Manager will generally adopt a Replication Strategy. Using a Replication Strategy, the Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Benchmark Index (to the extent possible). If the Manager is of the opinion there exists liquidity constraints with the Index Securities, the Fund may substitute the Index Securities (in part or in whole) with one or more derivatives of the Index Securities which are likely to behave in a manner consistent with the investment objective of the Fund as determined by the Manager. Representative Sampling Strategy The Manager may decide to adopt a Representative Sampling Strategy if various circumstances make it impossible or impracticable to adopt a Replication Strategy.	3.5

1. INFORMATION SUMMARY

Item	Brief Description	Sections in Prospectus
Risk factors	: The following is a list of risk factors (which may not be exhaustive) which an investor should carefully consider before investing in the Fund:	2
	(I) General risks of investing in ETFs	2.1
	(i) Returns not guaranteed	
	(ii) General market risk	
	(iii) Inflation risk	
	(iv) Loan financing risk	
	(v) Risk of non-compliance	
	(vi) Manager's risk	
	(II) Risk factors specific to the Fund	2.2
	(i) Market risk	
	(ii) Passive investment	
	(iii) Tracking error risk	
	(iv) Creation and redemption through Participating Dealer only	
	(v) Liquidity risk	
	(vi) Minimum creation and redemption size	
	(vii) Units may trade at prices other than at NAV of the Fund	
	(viii) No assurance of performance of Fund	
	(ix) Income distributions are contingent on dividends paid on Authorised Securities	
	(x) Concentration on a particular group of stocks, industry or group of industries	
	(xi) Dependence on trading market for Index Securities	
	(xii) Lack of discretion by Manager to adapt to market changes	
	(xiii) Trading in Units on Bursa Securities may be suspended	
	(xiv) Units may be de-listed from Bursa Securities	

1. INFORMATION SUMMARY

Item	Brief Description	Sections in Prospectus
	(xv) Risks of investing in financial derivatives	
	(xvi) Registration or cross-listing of Fund in other markets	
	(xvii) Suspension of creations and redemptions	
	(xviii) Foreign security risks	
	(xix) Foreign exchange risks	
	(xx) Market disruption events and settlement disruption events	
	(III) Risk factors related to the Benchmark Index	2.3
	(i) Errors or inaccuracies to the Benchmark Index	
	(ii) Benchmark Index is subject to fluctuations	
	(iii) Composition of and weightings in the Benchmark Index may change	
	(iv) Licence to use the Benchmark Index may be terminated	
	(v) Compilation of the Benchmark Index	
Investor profile	: The Fund is designed for investors who seek an “index-based” approach to investing in a liquid, low cost financial instrument with performance generally similar to the Benchmark Index. Due to its dual attribute of being a unit trust and being listed and traded on the stock exchange, the Units can be used by both medium to long-term investors and short-term traders.	3.1
Initial approved fund size	: 500 million Units.	
Offering of Units	: You may choose to purchase and sell Units in the secondary market on Bursa Securities or apply for creation /redemption in a Creation/Redemption Unit Block or Creation/Redemption Unit	5.1

1. INFORMATION SUMMARY

Item	Brief Description	Sections in Prospectus
	Block Aggregations, through the Participating Dealer.	
Creation/redemption of Units	<p>(I) Creation of Units</p> <p>Participating Dealer (either for their own accounts or for the accounts of their clients) can apply for creation of new Units via the delivery of In-Kind Creation Basket(s) in exchange for Units or the Subscription Amount in exchange for Units.</p>	5.2,5.3 and 5.5
	<p>(II) Redemption of Units</p> <p>Participating Dealer (either for their own accounts or for the accounts of their clients) can redeem Units via the delivery of existing Units in exchange for In-Kind Redemption Basket(s) or the delivery of existing Units in exchange for Redemption Amount.</p>	5.2,5.4 and 5.6
Creation/Redemption Unit Block	<p>: Currently, 650,000 Units. This quantity may change from time to time as determined by the Manager, upon consultation with the Trustee and notified to the Participating Dealer.</p> <p>Creation/redemption of Units must be in a Creation/Redemption Unit Block or Creation/ Redemption Unit Block Aggregations.</p>	5.3 - 5.6
Trading of Units	: You may trade (buy and sell) Units on the Main Market	5.1 and 5.9
Trading board lot size	: 100 Units	5.1 and 5.9
Trading currency	: Ringgit Malaysia	
Distribution policy	: Annually, subject to the discretion of the Manager.	3.7
Manager	: Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad)	6

1. INFORMATION SUMMARY

Item	Brief Description	Sections in Prospectus
Trustee	: Deutsche Trustees Malaysia Berhad	7

Please refer to Section 3 in this Prospectus as set out above for additional information specific to the respective items on the Fund.

Latest information on the Benchmark Index and the Fund will be published on the following websites:

- (i) the FTSE Russell website at <https://www.ftserussell.com>; and
- (ii) our website at <https://www.principal.com.my>.

1.2 Fees, charges and expenses

(i) Direct fees and charges payable by you

This table describes the charges that you may incur (based on the charges imposed by Bursa Securities as at LPD, which may be varied from time to time) when you buy or sell Units on Bursa Securities:

Fees and charges	%/RM
Brokerage fee	Maximum of 0.70% of the contract value (subject to minimum of RM40).
Clearing fee	On market transactions: 0.03% of the transaction value (subject to maximum of RM1,000 per contract).
	Direct business transactions: 0.03% of the transaction value (subject to minimum of RM10 and maximum of RM1,000 per contract).
Stamp duty	RM1.00 for every RM1,000 (or fractional part) of the transaction value of the securities, subject to a maximum of RM200.

Further information on the charges that you may incur from trading the Units on Bursa Securities can be found at <http://www.bursamalaysia.com>.

(ii) Indirect fees and charges payable by you

This table describes the fees and expenses that you may indirectly incur when you invest in the Fund:

Fees and expenses	%
Management Fee	Currently 0.60% ⁽¹⁾ per annum.
Trustee Fee	Up to 0.08% ⁽¹⁾ , subject to a minimum of RM12,000 per annum.
Index Licence fee ⁽²⁾	0.04% ⁽¹⁾

Notes:

⁽¹⁾ Calculated based on the NAV of the Fund, accrued daily.

1. INFORMATION SUMMARY

⁽²⁾ Payable to the Index Licensor.

In addition, there will be other fees or expenses incurred by the Fund as described in Section 4.3.3 of this Prospectus.

All of the abovementioned fees and expenses shall be deducted from the Fund Assets.

(iii) Fees and charges for Creation and/or Redemption of Units by or through Participating Dealer

All Creation/Redemption Applications must be submitted to the Manager through a Participating Dealer and the creation/redemption of Units must be implemented in accordance with the terms and conditions set out in the Participating Dealer Agreement.

The fees and charges (excluding out-of-pocket expenses) to be paid by the Participating Dealer to the Manager and/or Trustee (which may be charged to you by the Participating Dealer) as set out in the Participating Dealer Agreement are as follows:

Fees and charges		Description
(a)	Creation Application fee	Currently RM100 per Creation Unit Block (and subject to a maximum of RM1,000) payable to the Manager or such amount as may be determined by the Manager from time to time, in consultation with the Trustee.
(b)	Creation Application Cancellation Fee	Currently RM50 per Creation Unit Block (and subject to a maximum of RM500) payable to the Manager or such amount as may be determined by the Manager from time to time, in consultation with the Trustee.
(c)	Redemption Application fee	Currently RM100 per Redemption Unit Block (and subject to a maximum of RM1,000) payable to the Manager or such amount as may be determined by the Manager from time to time, in consultation with the Trustee.
(d)	Redemption Application Cancellation Fee	Currently RM50 per Redemption Unit Block (and subject to a maximum of RM500) payable to the Manager or such amount as may be determined by the Manager from time to time, in consultation with the Trustee.
(e)	Transaction Costs	The Manager may charge Transaction Costs (incurred by the Fund). This is to prevent the NAV of the Fund from being diluted by the Transaction Costs.
(f)	Other fees	The amount (other than Transaction Costs described above) that may be incurred by the Manager and/or the Trustee from time to time in relation to the Applications submitted by the Participating Dealer, which is charged by Bursa Depository.

1. INFORMATION SUMMARY

For Creation Application and/or Redemption Application in cash through Participating Dealer, the Participating Dealer is entitled to charge other costs to cover, amongst others, transaction costs in the form of stamp duties, brokerage fees, clearing fees and taxes in the acquisition and/or disposal of the Authorised Securities. Please refer to section 4.3.1 of this Prospectus for more details.

1.3 Use of proceeds

For investment in Authorised Securities and other investments described in Section 3.6 of this Prospectus and for payment of the fees, charges and expenses chargeable to the Fund as described in Section 4 of this Prospectus.

1.4 Other information

In respect of the Fund, the Manager and Trustee have entered into the Deed comprising the principal deed dated 19 April 2010, as modified by three (3) supplemental deeds thereto dated 8 December 2010, 30 July 2014 and 2 August 2019, respectively. The provisions therein are and shall be binding on each Unit holder so long as the Unit holder is registered as a person a person holding a Unit in accordance with the Deed.

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

Please refer to Section 4 for further details on the fees, charges and expenses related to investing in the Units.

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

For information concerning certain risk factors which should be considered by prospective investors, see "RISK FACTORS" in Section 2 in this Prospectus.

You should read and understand the contents of the Prospectus and if necessary consult your professional adviser(s).

You may contact the Manager's Customer Care Centre at (03) 7718 3000 or email at service@principal.com.my. The Manager's Customer Care Centre is available between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. and 4:45 p.m. (Malaysian time) on Fridays (except on Selangor public holidays).

If you wish to write in, please address your letter to:

**Principal Asset Management Berhad
Customer Care Centre
50, 52 & 54 Jalan SS 21/39
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan Malaysia**

2. RISK FACTORS

2.1 General risks of investing in ETFs

Any investment carries with it an element of risk. Therefore, prior to making an investment, you should consider the following risk factors in addition to the other information set out in this Prospectus.

(i) Returns not guaranteed

You should be aware that by investing in an ETF, there is no guarantee of any income distribution, returns or capital appreciation.

(ii) General market risks

Any purchase of securities will involve some element of market risk. Hence an ETF may be prone to changing market conditions as a result of:

- global, regional or national economic developments;
- governmental policies or political conditions;
- development in regulatory framework, law and legal issues,
- general movements in interest rates;
- broad investor sentiment; and
- external shocks (e.g. natural disasters, war and etc.)

All these may result in uncertainties and fluctuations in the price of the underlying securities of the ETF's investment portfolio. Such movements in the underlying values of the securities will cause the NAV of the Fund or prices of Units to fall as well as rise, and income produced by an ETF may also fluctuate.

(iii) Inflation risk

Inflation rate risk is the risk of potential loss in the purchasing power of your investment due to a general increase of consumer prices. Inflation erodes the real rate of your return, that is, the return after you take away the inflation rate. The inflation rate is commonly reported using the Consumer Price Index. Inflation is thus one of the major risks to you over a long-term period and results in uncertainty over the future value of investments. Thus, fixed rate securities are exposed to higher inflation risk than equities in a rising inflationary environment.

(iv) Loan financing risk

If a loan is obtained to finance the purchases of Units of the Fund, you will need to understand that:

- borrowing increases the possibility for gains as well as losses;
- if the value of the investment falls below a certain level, you may be asked by the financial institution to top up the collateral or reduce the outstanding loan amount to the required level;
- the borrowing cost may vary over time depending on the fluctuations in interest rates; and
- the risks of using loan financing in light of your investment objectives, attitude towards risk and financial circumstances should be carefully assessed.

2. RISK FACTORS

(v) Risk of non-compliance

This refers to an ETF not complying to applicable laws, rules, regulations, prescribed practices and internal policies and procedures by the Manager. This risk may also occur indirectly due to legal risk, which is risk of circumstances from the imposition and/or amendment on the relevant regulatory frameworks, laws rules, and other legal practices affecting an ETF. Non-compliance may cause investments in the ETF to be sold at a loss and hence affecting the value of the ETF and also may lead to suspension or de-listing of Units in Bursa Securities. In order to mitigate this risk, the Manager imposes stringent internal controls and ensures that compliance monitoring processes are undertaken.

(vi) Manager's risk

The performance of any ETF is dependent amongst others, on the experience, knowledge, expertise and investment techniques/processes adopted by the Manager and any lack of the above would have an adverse impact on the Fund's performance thereby working to the detriment of Unit holders. You should also note that the quality of the Fund's management is also affected by internal circumstances within the management company such as operational and system matters. Some of these are due to human error and some are due to other factors that may be beyond control. Although the occurrence of such events is very unlikely, the Manager seeks to reduce this risk by implementing a consistent and structured investment process, systematic operational procedures and processes along with stringent internal controls.

2.2 Risk factors specific to the Fund

(i) Market risk

The NAV of the Fund will change with changes in the market value of the securities it holds. The price of Units and the Income from them may go down as well as up. You may not get back your original investment. Whilst the Manager currently intends to pay out income distributions of the Fund annually, there is no guarantee that the Manager would make such distributions to you. Investment in the Fund involves risks similar to those of inherent in any fund of equity securities traded on an exchange, such as market fluctuations caused by factors like economic and political developments, changes in interest rates and foreign exchange. A significant decline in the value of the index can therefore be expected to result in a similar decline in the NAV of the Fund.

(ii) Passive investment

The Fund is not actively managed. Accordingly, the Fund may be affected by a decline in the Benchmark Index. The Fund invests in the Index Securities included in the Benchmark Index. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets.

(iii) Tracking error risk

Changes in the NAV of the Fund are unlikely to replicate the exact changes in the Benchmark Index. This is due to, among other things, the fees and expenses payable by the Fund and transaction fees and stamp duty incurred in adjusting the composition of the Fund's portfolio because of changes in the Benchmark Index and dividends received, but not distributed, by the Fund. In addition, as a result of the unavailability of Index Securities, the Transaction Costs in making

2. RISK FACTORS

an adjustment outweighing the anticipated benefits of such adjustment or for certain other reasons, there may be timing differences between changes in the Benchmark Index and the corresponding adjustment to the shares which comprise the Fund's portfolio.

During times when Index Securities are unavailable, illiquid or when the Manager determines it is in the best interests of the Fund to do so, the Fund may maintain a small cash position or invest in other Authorised Securities until Index Securities become available or liquid. Such costs, expenses, cash balances, timing differences or holdings could cause the NAV of the Fund to be lower or higher than the relative level of the Benchmark Index. Regulatory policies may affect the Manager's ability to achieve close correlation with the performance of the Benchmark Index. However, it is the aim of the Manager to minimise the tracking error between the Fund and the Benchmark Index.

(iv) Creation and redemption through Participating Dealer only

You may generally not create or redeem Units and in any event can only create or redeem Units through a Participating Dealer who is under no obligation to agree to do so on your behalf. The Participating Dealer may, in its absolute discretion, refuse to accept a creation or redemption order from you and can charge such fees as it may determine. The willingness of a Participating Dealer to redeem Units may depend upon, but is not limited to, that Participating Dealer's ability to sell the relevant Index Securities as well as any agreement which may be reached between you and the Participating Dealer. The Participating Dealer will not be able to create or redeem Units during any period when, amongst other things, dealings on Bursa Securities are restricted or suspended, settlement or clearing of securities through Bursa Depository is disrupted or the Benchmark Index is not compiled or published. In addition the Participating Dealer will not be able to create or redeem Units if some other events occur which impedes the calculation of the NAV of the Fund or disposal of the Fund's portfolio securities cannot be effected.

(v) Liquidity risk

Although the Units are listed on Bursa Securities, you should be aware that there may not be a liquid trading market for the Units. There can be no assurance that active trading markets will develop, nor is there a certain basis for predicting the actual price levels at, or sizes in which the Units may trade. Further, there can be no assurance that the Units will experience trading or pricing patterns similar to those of market-traded shares which are issued by investment companies in other jurisdictions or which are based upon indices other than the Benchmark Index. However, the market makers are expected to create liquidity for the Units.

(vi) Minimum creation and redemption size

Units will normally only be issued/redeemed in a Creation/Redemption Unit Block (currently 650,000 Units) or Creation/Redemption Unit Block Aggregations. If you do not hold Redemption Unit Blocks, you may only be able to realise the value of their Units by selling their Units on Bursa Securities.

(vii) Units may trade at prices other than at NAV of the Fund

The NAV of the Fund represents the fair price for buying or selling Units. As with any listed fund, the secondary market price of Units may sometimes trade above or below this NAV of the Fund. There is a risk, therefore, that Unit holders

2. RISK FACTORS

may not be able to buy or sell at a price close to this NAV of the Fund. The deviation from NAV of the Fund is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for Units on the Main Market. However, given that the Units can be created and redeemed in Creation and Redemption Unit Block by Participating Dealer, as applicable, it is not anticipated that there will be large deviations from the NAV of the Fund.

(viii) No assurance of performance of Fund

There can be no assurance that the investment objective of the Fund will be met. The absolute amount of fees and expenses payable by the Fund will fluctuate in relation to the NAV of the Fund. Although the amounts of certain ordinary expenses of the Fund can be estimated, the growth rate of the Fund, and hence the NAV of the Fund, cannot be anticipated. Accordingly, no assurances can be given as to the performance of the Fund or the actual level of its expenses.

(ix) Income distributions are contingent on dividends paid on Authorised Securities

The ability of the Fund to distribute Income to the Unit holders depends principally on the dividends declared and paid by the companies whose shares are held by the Fund and the level of fees and expenses payable by the Fund. Dividend payment rates of these companies are based on numerous factors, including their current financial condition, their dividend policies and the general economic condition. There can be no assurance that such companies will declare dividends or make other distributions. In addition, changes to the composition of the Benchmark Index (for example, the substitution of one constituent stock in the Benchmark Index with another paying higher or lower dividend) will affect the level of dividends received by the Fund.

To the extent possible, the Fund may distribute all, or substantially all, of the dividends (after deduction of relevant fees, expenses and taxes) received by the Fund amongst the Unit holders, pro-rated based on the number of Units held by each Unit holder as at the entitlement date of the income distribution. The exact amount to be distributed will be at the discretion of the Manager.

(x) Concentration on a particular group of stocks, industry or group of industries

If the Benchmark Index comprises Index Securities that are concentrated in a particular group of stocks, industry or group of industries, the Fund may be adversely affected by the performance of those stocks and be subject to price volatility. In addition, the Fund may be more susceptible to any single economic, market, political or regulatory occurrence. Any adverse impact experienced by the Fund as a result of this will affect the performance of the Fund.

(xi) Dependence upon trading market for Index Securities

All of the Index Securities are listed on the Hong Kong Stock Exchange. The existence of a liquid trading market for the Index Securities may depend on whether there is a supply of, and demand for, such Index Securities. There can be no assurance that there will be active trading in any of the Index Securities. The price at which the Index Securities may be purchased or sold by the Fund upon any rebalancing activities or otherwise and the NAV of the Fund may be adversely affected if trading markets for the Index Securities are limited or

2. RISK FACTORS

absent. Nevertheless, the constituent companies of the Benchmark Index generally have liquidity on the Hong Kong Stock Exchange.

(xii) Lack of discretion by Manager to adapt to market changes

The Index Securities and non-Index Securities (which have a high correlation with one or more of the Index Securities which it is substituting) held by the Fund will reflect the distribution of companies whose shares comprise the Benchmark Index. Therefore, adverse changes in the financial condition or share price of any company included in the Benchmark Index will be likely to adversely affect the NAV of the Fund and the trading price of the Units. The Manager will have no discretion to remove the shares of such company from the Fund.

(xiii) Trading in Units on Bursa Securities may be suspended

You will not be able to purchase or sell Units on Bursa Securities during any period that Bursa Securities suspends trading in the Units. Bursa Securities may suspend the trading of Units whenever it determines as appropriate in the interests of a fair and orderly market to protect you. The creation and redemption of Units will also be suspended in the event that the trading of Units on Bursa Securities is suspended.

(xiv) Units may be de-listed from Bursa Securities

Bursa Securities imposes certain requirements for the continued listing of securities, including the Units, on Bursa Securities. You cannot be assured that the Fund will continue to meet the requirements necessary to maintain the listing of the Units on the Main Market or that Bursa Securities will not change the Listing Requirements. The Fund may be terminated if its Units are de-listed from Bursa Securities.

(xv) Risks of investing in financial derivatives

The Manager may use financial derivatives including but not limited to futures, forwards, options and swaps contracts for the purpose of achieving the investment objective of the Fund. In particular, the Manager may invest the Fund's assets in derivatives contracts in order to try to minimise tracking error between the Benchmark Index and the NAV of the Fund. There is no guarantee that such techniques will achieve their desired result. There are certain investment risks in using derivatives contracts. Such risks may include: (i) the inability to close out a futures and options contracts caused by the non-existence of a liquid secondary market; and (ii) an imperfect correlation between price movements of the derivatives contracts with price movements of the Index Securities. Further, the risk of loss in trading futures and options contracts is potentially great, due to both the low margin deposits required, and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a futures and options contract may result in immediate and substantial loss (or gain) to the Fund. The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results in either a cash settlement or in the purchaser acquiring or delivering the underlying asset. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin. If the option expires worthless, the Fund will suffer a total loss of its investment which will consist of the option premium plus Transaction Costs.

2. RISK FACTORS

The exposure of the Fund will not exceed 100% of the Authorised Securities of the Fund at any time. The exposure relating to derivative instruments is calculated by converting the derivative positions into positions in the underlying assets embedded in those derivatives.

The Manager believes that risk management and performance analysis are integral parts of the investment process. As such, the Manager has a dedicated portfolio analytics team who carefully and independently monitors the portfolio's risks.

Additionally, all open positions/exposure in derivatives will be marked to market at the frequency at least equal to the frequency of the calculation of the NAV of the Fund. The Manager also has a comprehensive and structured internal compliance monitoring program with a dedicated team of compliance personnel covering, amongst other things, the monitoring of the portfolios for compliance with investment guidelines. The investment guidelines are reviewed regularly by the compliance team and the Manager's compliance monitoring program includes automated pre-trade compliance system as well as manual checking system to monitor compliance where certain investment guidelines cannot be electronically monitored. The compliance team will ensure that the exposure of the Fund will not exceed 100% of the Authorised Securities of the Fund at any time.

(xvi) Registration or cross-listing of Fund in other markets

The Fund may in the future be registered on other markets, or cross-listed on other exchanges, or otherwise offered in other jurisdictions. As this is expected to improve the liquidity for existing Unit holders and result in more efficient secondary market pricing due to increased scope for arbitrage, the Manager may be permitted by the Trustee to charge the related costs to the Fund, which increases the MER of the Fund and may result in tracking error between the Fund and the Benchmark Index.

(xvii) Suspension of creations and/or redemptions

Dealings of Units on Bursa Securities may not necessarily be suspended in the event that the creation and/or redemption of Units is temporarily suspended by the Manager in accordance with the terms of the Deed. If the creation and/or redemption of Units is temporarily suspended, the trading price of the Units may be adversely affected and differ from the market value of the Fund's underlying assets.

(xviii) Foreign security risks

The Fund invests entirely within or relates to the equity markets of a single country. These markets are subject to special risks associated with foreign investment including market fluctuations caused by factors affected by political and economic development. The principal risk factors, which could decrease the value of the investor's investment, are listed and described below:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the expatriation of funds or other Fund Assets;

2. RISK FACTORS

- higher transaction and custody costs and delays and risks of loss attendant in settlement procedures;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation; and
- greater social, economic, and political uncertainty and the risk of nationalisation or expropriation of assets and risk of war or terrorism.

(xix) Foreign exchange risk

As the Fund's investments are generally invested in Chinese stocks (Red Chips, P Chips and H shares) (referred to in Section 3.4 of this Prospectus) such that a substantial portion of the revenue and Income of the Fund may be received in a currency other than the Fund's base currency of Ringgit Malaysia, any fluctuation in the exchange rate of the relevant foreign currency relative to the Ringgit Malaysia will affect the NAV of the Fund. As the NAV of the Fund is determined on the basis of the Ringgit Malaysia, you may lose money if the relevant foreign currency depreciates against the Ringgit Malaysia. The Manager does not intend to hedge against such foreign currency exposure hence a Malaysian based investor will be exposed to exchange rate risks.

(xx) Market disruption events and settlement disruption events

There may be a suspension of the determination of the NAV of the Fund, suspension of trading in Units on Bursa Securities and/or suspension in Creation Application and/or Redemption Application if there is a market disruption event or a settlement disruption event.

Market disruption events may include without limitation, any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) in the constituents of the Benchmark Index, the closure on any Market Day of the relevant exchange prior to its scheduled closing time and any general moratorium declared in respect of banking activities in Hong Kong or the Federal Territory of Kuala Lumpur.

Settlement disruption events may include without limitation, any technical difficulties experienced by the Manager, which are out of the control of the Manager, in processing a valid Creation Application and/or Redemption Application and any controls restricting or prohibiting conversion or transfer, as the case may be, of the relevant foreign exchange currency to Ringgit Malaysia or from Ringgit Malaysia to the relevant foreign exchange currency.

2.3 Risk factors related to the Benchmark Index

(i) Errors or inaccuracies in the Benchmark Index

There may be inaccuracies, errors, omissions or mistakes in the compilation or calculation of the Benchmark Index, which may result in significant deviations between the NAV of the Fund and the Benchmark Index. The Manager and Trustee are not responsible or involved in the compilation or calculation of the Benchmark Index, and thus cannot be held responsible or liable for any inaccuracies, errors, omissions or mistakes in such compilation or calculation.

2. RISK FACTORS

(ii) The Benchmark Index is subject to fluctuations

The performance of the NAV of the Fund should correspond closely with the performance of the Benchmark Index. The Benchmark Index may experience periods of volatility in the future. If the Benchmark Index experiences volatility or declines, the price of the NAV of the Fund will vary or decline accordingly. Consequently, the price of the Units may vary or decline accordingly.

(iii) Composition of and weightings in the Benchmark Index may change

The securities which comprise the Benchmark Index are changed by the Index Licensor from time to time. The price of the Units may rise or fall as a result of such changes. The composition of the Benchmark Index may also change if one of the constituent companies were to delist its securities or if a new eligible company were to list its securities and be added to the Benchmark Index. If this happens, the weighting or composition of the Index Securities invested by the Fund would be changed as considered appropriate by the Manager in order to achieve the Fund's investment objectives. Thus, an investment in Units will generally reflect the Benchmark Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units.

(iv) Licence to use the Benchmark Index may be terminated

The Manager has been granted a licence by the Index Licensor to use the Benchmark Index in connection with the operation, marketing and promotion of the Fund. The Fund may be terminated if the Index Licence Agreement is terminated and the Manager is unable to identify or agree with the Index Licensor or any other index provider terms for the use of a suitable replacement index that uses, in the opinion of the Manager, the same or substantially similar formula for the method of calculation as the Benchmark Index. Any such replacement index will be notified to Unit holders. Accordingly you should note that the ability of the Fund to track the Benchmark Index depends on the continuation in force of the Index Licence Agreement in respect of the Benchmark Index or a suitable replacement.

(v) Compilation of the Benchmark Index

No warranty, representation or guarantee is given as to the accuracy or completeness of the Benchmark Index and its computation or any information related thereto. The process and the basis of computing and compiling the Benchmark Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by the Index Licensor without notice.

3. DETAILED INFORMATION ON THE FUND

3.1 An introduction to the Fund

The Fund is a collective investment scheme structured as a unit trust scheme under the ETF Guidelines and established under the Deed. The Units of the Fund are listed on Bursa Securities. The Deed is entered into between the Trustee and the Manager, and is governed by Malaysian laws.

The Fund is designed to provide investment results that closely correspond to the performance of the Benchmark Index, the FTSE China 50 Index, which consists of the 50 largest and most liquid Chinese stocks (Red Chips, H Shares and P Chips) listed and traded on the Hong Kong Stock Exchange.

Red Chip companies are incorporated outside the People's Republic of China that trades on the Hong Kong Stock Exchange and is substantially owned, directly or indirectly, by Mainland China state entities, and has the majority of its revenue or assets derived from Mainland China.

H shares are securities of companies incorporated in the People's Republic of China that trade on the Hong Kong Stock Exchange. They are traded in Hong Kong dollars. Like other securities trading on the Hong Kong Stock Exchange, there are no restrictions on who can trade H Shares.

P Chip are companies* controlled by Mainland Chinese companies or individuals, with the establishment and origin of the company in Mainland China. It must be incorporated outside the People's Republic of China and traded on the Hong Kong Stock Exchange with a majority of its revenue or assets derived from Mainland China. For more information and/or updated definitions of Chinese share classes, please refer to FTSE Russell's website at <https://www.ftserussell.com>.

*Provided that the company does not satisfy the abovementioned FTSE Russell definition of "Red Chip" companies.

The Manager will seek to track the performance of the Benchmark Index by investing substantially all of the Fund Assets in the constituents of the Benchmark Index in substantially the same weightings as they appear on the Benchmark Index.

This Fund is designed to be a liquid, low cost financial instrument for investors who wish for exposure to the Benchmark Index. Due to its dual attribute of being a unit trust and continuously traded on Bursa Securities like a listed share, the Units of the Fund may be used by investors seeking a medium to long-term increase in the value of their capital by making a financial investment in the constituent companies of the Benchmark Index as well as short-term arbitrage possibilities. The Participating Dealer plays an important role in providing liquidity to enable the Units to be used for short-term trading.

Nevertheless, you should note that the Fund is not like a typical unit trust fund offered to the public in Malaysia. Amongst others, Units can only be created/redeemed in Creation/Redemption Unit Blocks through Participating Dealer. These features are not present in a typical unit trust fund offered to the public in Malaysia, where Units can generally be purchased and redeemed for cash in comparatively smaller multiples of Units.

3.2 Listing of the Fund on Bursa Securities

An application for admission to the Official List and the listing of and quotation for up to 500 million Units on the Main Market was made to Bursa Securities and approval

3. DETAILED INFORMATION ON THE FUND

for the listing of and quotation for up to 500 million Units on the Main Market of Bursa Securities was obtained from Bursa Securities on 18 March 2010.

The Fund has been admitted to the Official List. The Units trade in board lots of 100.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed the Units as prescribed securities. In consequence thereof, the Units will be deposited directly with Bursa Depository and any dealings in the Units will be carried out in accordance with the Central Depositories Act and the rules of Bursa Depository.

3.3 Investment objective

The Fund is designed to provide investment results that closely correspond to the performance of the Benchmark Index, regardless of its performance.

Any material amendments to be made to the investment objective of the Fund would require prior approval of the Unit holders.

There is no guarantee or assurance of exact or identical replication at any time of the performance of the Benchmark Index. The Benchmark Index composition may change and the Units/securities may be delisted. The investment of the Fund may be concentrated in the securities of a single issuer or several issuers.

There is a lack of discretion for the Fund to adapt to market changes due to the inherent investment nature of the Fund and falls in the Benchmark Index are expected to result in corresponding falls in the value of the Fund.

3.4 The Benchmark Index

(i) An introduction to the Benchmark Index

The Benchmark Index is designed to represent the performance of the stocks of the Chinese market that are available to international investors. The Benchmark Index consists of the 50 largest and most liquid Chinese stocks (Red Chips, H Shares and P Chips) listed and trading on the Hong Kong Stock Exchange.

For more and/or updated information on Chinese share classes, please refer to FTSE Russell's website at <https://www.ftserussell.com/>.

The Benchmark Index is calculated and published in Hong Kong dollars. The Benchmark Index is calculated in real-time and published on an intra-second streaming basis.

(ii) Benchmark Index ground rules

Each security must be a current constituent of the FTSE All-World Index. Stocks are free-float weighted to ensure that only the investable opportunity set is included within the Benchmark Index*.

For further information on the Benchmark Index ground rules, please refer to the FTSE Russell website at <https://research.ftserussell.com>. The index methodology is subject to change from time to time, thus reference can be made to the FTSE Russell website for up-to-date information.

3. DETAILED INFORMATION ON THE FUND

** To be included in the index calculation, the securities' market capitalisation (share price x number of issued share) will be adjusted by a free float factor (i.e. 100% - stable shareholding or non-free float under FTSE definition) such that only the investable portion is included in the calculation.*

(iii) Review of constituents

The quarterly review of the Benchmark Index constituents takes place in March, June, September and December. The constituents will be reviewed using data from the close of business on the Monday following the third Friday in February, May, August and November. Where there is a market holiday in either China or Hong Kong on the Monday following the third Friday, the close of business on the last trading day prior to the Monday after the third Friday, where both markets are open, will be used. Any constituent changes will be implemented after the close of business on the third Friday of March, June, September and December. The constituents of the Benchmark Index are capped using prices adjusted for corporate actions as at the close of business on the second Friday in March, June, September and December. The capping is implemented after close of business on the third Friday in March, June, September and December based on the constituents, shares in issue and free float on the next trading day following the third Friday of the review month.

Quarterly changes are published after the close of business on the Wednesday before the first Friday of March, June, September and December to give users of the index sufficient notification of the changes before their implementation.

A company will be inserted into the Benchmark Index at the periodic review if it rises to 40th position or above when the eligible companies are ranked by full market capitalisation (before the application of any investability weightings)[#]. A company in the Benchmark Index will be deleted at the periodic review if it falls to 61st position or below when the eligible companies are ranked by full market capitalisation (before the application of any investability weightings)[#]. A constant number of constituents will be maintained for the Benchmark Index.

Where an eligible non constituent of the Benchmark Index undertakes an initial public offering of a new equity security, that security will be eligible for fast entry inclusion to the Benchmark Index providing it meets the following conditions:

- (a) if it is a fast entry into the FTSE All-World Index; and
- (b) If its full market capitalisation (i.e. number of shares in issue x share price) when ranked in descending order is in 20th position or higher, before the application of individual constituent investability weightings.

In such a case of fast entry, the company will normally be included after the close of business on the fifth day of official trading and advance notification will be given accordingly. The security which is the lowest ranking constituent by full market capitalisation of the index will be selected for removal.

New issues which do not qualify for fast entry will become eligible for inclusion at the next quarterly review, if large enough to become a constituent of the Benchmark Index at that time.

For further information on ground rules for the Benchmark Index, please refer to FTSE Russell website at <https://ftserussell.com>.

3. DETAILED INFORMATION ON THE FUND

#Full market capitalisation (before application of any investability weightings) means the security market capitalisation (i.e. share price x number of issued shares) before the application of the investability weighting factor (i.e. free float factor or foreign ownership limit, whichever is lower).

(iv) Accuracy and completeness in the calculation of the Benchmark Index

There may be circumstances where the completeness in the calculation of the index may not be accurate, please refer to Section 2.3(i) of this Prospectus for further information.

(v) Tracking errors

There may be circumstances where there is a tracking error between the Fund and the Benchmark Index. Please refer to Section 2.2(iii) of this Prospectus for further information.

(vi) Contingency plan in the event of cessation of the availability of the Benchmark Index

The Benchmark Index may be replaced in the event of cessation of the availability of the Benchmark Index. Please refer to Section 2.3(iv) of this Prospectus for further information.

(vii) Constituents of the Benchmark Index

There are 50 constituents for the FTSE China 50 Index. As at 28th June 2019, the top 5 constituents of the Benchmark Index and the weightings assigned to them by the Benchmark Index are as follows: -

No	Company Name	Weightings (%)
1	Tencent Holdings (P Chip)	9.18%
2	China Construction Bank (H)	9.13%
3	Ping An Insurance (H)	7.67%
4	Industrial and Commercial Bank of China (H)	6.63%
5	China Mobile (Red Chip)	5.50%

Source: FTSE Russell as at 28th June 2019

The table below illustrates the general composition of the Benchmark Index and the weightings of each supersector as at 28th June 2019:

Industry Classification Benchmark (ICB) - Supersector	Percentage of Index %, (by Index Market Capitalisation)
Banks	29.05%
Insurance	14.75%
Technology	13.11%
Oil & Gas	9.96%
Real Estate	9.06%
Telecommunications	7.71%
Retail	4.35%
Construction & Materials	2.72%

3. DETAILED INFORMATION ON THE FUND

Automobiles & Parts	2.60%
Financial Services	1.90%
Industrial Goods & Services	1.71%
Personal & Household Goods	1.62%
Basic Resources	1.17%
Travel & Leisure	0.28%

Source: FTSE Russell as at 28th June 2019

(viii) Foreign exchange rates

The foreign exchange rates used in the intra-day calculation of the Benchmark Index are Reuter's real-time spot rates.

The Benchmark Index is calculated in Hong Kong Dollars. Non Hong Kong Dollar denominated constituent prices are converted to Hong Kong Dollars in order to calculate the Benchmark Index.

The real-time foreign exchange rates are used throughout the period of calculation of the Benchmark Index.. Therefore foreign exchange movements are taken into account in the index calculation for each constituent even though the underlying market for that constituent may be closed. The WM/Reuters Closing Spot Rates™ are used to calculate the final index levels and are termed the "closing" FTSE China 50 Index foreign exchange rates.

As the Fund is denominated in Ringgit Malaysia, the performance of the Fund will be measured against the Benchmark Index in Ringgit Malaysia terms based on bid foreign exchange rates quoted by either a reputable information service provider determined by the Manager at 6.30 p.m. Malaysian time or such other time agreed between the Manager and the Trustee on the same Dealing Day.

(ix) Replacement of the Benchmark Index

As provided for under the Deed, the Manager may, after taking into account the interests of the Unit holders and subject to the approval of the SC, replace the FTSE China 50 Index with another index in the event any of the following occurs:

- (a) the FTSE China 50 Index ceases to exist;
- (b) a major change is made in the formula or method used to calculate the FTSE China 50 Index (other than a change in accordance with the operating rules of the Benchmark Index, such as a change in constituents);
- (c) a new index replacing the FTSE China 50 Index is released;
- (d) in the opinion of the Board of the Manager, a new index permitting better valuation of the investments made by the Unit holders of the Fund is released. This decision will be based on objective financial criteria including better liquidity, lower costs and a more efficient secondary market;
- (e) it becomes difficult to invest in the securities forming the FTSE China 50 Index or if part of the securities forming the FTSE China 50 Index have limited liquidity;
- (f) the Index Licensor increases its licence fee to a level considered too high by the Manager;
- (g) in the opinion of the Manager, the quality (including the precision and availability of data) of the FTSE China 50 Index has deteriorated; or

3. DETAILED INFORMATION ON THE FUND

- (h) the instruments and techniques used to guarantee sound portfolio management and needed to implement the investment policy of the Fund are not available.

The Manager may change the name of the Fund if the Benchmark Index is replaced. Any replacement of the Benchmark Index must first be approved by the SC and/or any other authorities, as the case may be.

(x) Licensing conditions of the Index Licence Agreement

Some of the licensing conditions of the Index Licence Agreement are as follows:

- (a) The Index Licensor shall grant the Manager a non-exclusive, non-transferable licence to use the Benchmark Index and Benchmark Index trade marks in connection with the issue, the operation, the marketing and the promotion of the Benchmark Index where the Fund is listed.
- (b) The Index Licensor or the Manager may terminate the Index Licence Agreement at any time by giving not less than three (3) months' written notice to the other party.
- (c) The Index Licence Agreement will commence on the date of the Index Licence Agreement and will continue for a period of one (1) year and thereafter for additional one (1) year periods until terminated in accordance with the terms of the Index Licence Agreement.
- (d) The Manager agrees and acknowledges that the Index Licensor reserves the right to review the charges under the Index Licence Agreement prior to the expiry of the initial term of the Index Licensing Agreement and thereafter and that any variation relating to the charges will take effect in the subsequent contract year.

(xi) Further Information on the Benchmark Index

For latest Benchmark Index information and other important news of the Benchmark Index, please refer to the FTSE Russell website at <https://www.ftserussell.com>.

3.5 Investment policy and strategy

Unlike the majority of investment funds where their investment portfolio management includes considerable discretion and an active, ongoing selection of investments (based on economic, financial and market analysis), the role of the Manager of the Fund is essentially passive. The responsibility of the Manager is to reflect the performance of the Benchmark Index (insofar as practicable and in accordance with the provisions of the Deed).

Since the investment objective of the Fund is to provide investment results that closely correspond with the performance of the Benchmark Index, the Manager is required to ensure (insofar as practicable and in accordance with the provisions of the Deed) that the Fund Assets comprise only, or substantially only, interest in the Index Securities in substantially the same weightings as they appear on the Benchmark Index. However, various circumstances may make it impossible or impracticable to purchase each component Index Security in such weightings. In those circumstances, the Manager may employ, alone or in combination with, other investment techniques in seeking to closely track the performance of the Benchmark Index.

Replication Strategy

3. DETAILED INFORMATION ON THE FUND

In managing the Fund, the Manager will generally adopt a Replication Strategy. Using a Replication Strategy, the Fund will invest in substantially all the Index Securities in substantially the same weightings (i.e. proportions) as the Benchmark Index (to the extent possible). If the Manager is of the opinion there exists liquidity constraints with the Index Securities, the Fund may substitute the Index Securities (in part or in whole) with one or more derivatives of the Index Securities which are likely to behave in a manner consistent with the investment objective of the Fund as determined by the Manager.

Representative Sampling Strategy

The Manager may decide to adopt a Representative Sampling Strategy if various circumstances make it impossible or impracticable (including but not limited to) (i) to purchase each component Index Security in the same weightings as they appear on the Benchmark Index; and (ii) to substitute the Index Securities in part or in whole, with one or more derivatives over the Index Securities which are likely to behave in a manner consistent with the investment objective of the Fund.

Using a Representative Sampling Strategy, the Fund will hold a representative sample of a portfolio of Index Securities and non-Index Securities (which have a high correlation with one or more of the Index Securities which it is substituting, being securities that have capitalisation, industry, performance and fundamental investment characteristics which perform like those of the Index Securities to be substituted) selected by the Manager using quantitative analytical models in a technique known as “portfolio sampling”. The Manager will seek to construct the portfolio of the Fund so that, in the aggregate, its performance will be that like those of the Benchmark Index.

If the Manager is of the opinion that there are liquidity constraints with the Index Securities and/or non-Index Securities, the Fund may invest in one or more exchange traded collective investment schemes which are likely to behave in a manner that is consistent with the investment objective of the Fund as determined by the Manager. Such exchange traded collective investment schemes should track the same Benchmark Index and have similar investment objective. The Manager must also be satisfied that the exchange traded collective investment schemes and the manager of the exchange traded collective investment schemes possess good track record.

Other than cash held for distribution and to meet the Fund’s fees, expenses and other liabilities, it is unlikely that cash or any other form of securities will form a substantial part of the Fund Assets. Nevertheless, the Fund may hold, on an ancillary basis, cash or cash equivalents of up to 10% of the Fund Assets.

3.6 Permitted investments and restrictions

3.6.1 Permitted investments

The Manager is authorised to invest in the following types of assets or instruments subject to the investment restrictions set out in Section 3.6.2 below:

- (i) Authorised Securities;
- (ii) derivatives, including but not limited to, forward contracts and futures contracts, swaps for purposes of enhancing tracking of the Benchmark Index;
- (iii) liquid assets; and
- (iv) any other investments permitted by the SC from time to time.

As a general rule, the Fund will adhere to the following asset allocation:

3. DETAILED INFORMATION ON THE FUND

- (i) at least 90% in permitted investments, excluding liquid assets; and
- (ii) not more than 10% in liquid assets.

The Fund's investment scope may include securities and investments other than Authorised Securities in order to facilitate the Fund's portfolio rebalancing activities as well as to provide for situations when securities or cash is received from the Fund's investments, by way of capital distribution, distribution of dividend in specie or in cash. Further, the Fund's investments may include former Index Securities. Such securities will only be held for such period after it ceases to be an Index Security as the Manager, in consultation with the Trustee, determines necessary to dispose of and replace or substitute such former Index Security.

3.6.2 Investment restrictions

The investment restrictions imposed upon the Manager are as follows:

- (i) the Fund may invest in units/shares in other collective investment schemes ("Target Fund") provided that the investment must not exceed 20% of the NAV of the Fund based on the most up-to-date value of the Fund Assets and such Target Fund must:
 - (a) be regulated by a regulatory authority;
 - (b) where the Target Fund is constituted in Malaysia, be approved by the SC;
 - (c) where the Target Fund is constituted outside of Malaysia, be registered/authorised/approved by the relevant regulatory authority in its home jurisdiction; and
 - (d) operate on the principle of prudent spread of risk and its investments to not diverse from the general investment principles of the ETF Guidelines.

Where the Fund invests in Target Funds operated by the Manager or its related corporation, the Manager must ensure that:

- there is no cross-holding between the Fund and the Target Fund;
- all initial charges on the Target Fund are waived; and
- the management fee must only be charged once, either at the Fund or the Target Fund.

- (ii) The Fund may invest in derivatives provided that:
 - (a) the Fund's exposure from the derivatives position must not exceed the NAV of the Fund at all times;
 - (b) the value of the Fund's holding in traded over-the-counter derivatives issued by a single counter-party must not exceed 10% of the NAV of the Fund, based on the most up-to-date value of the Fund Assets; and
 - (c) the exposure to the underlying assets of such derivative must not exceed the weighting for each particular asset, whether for a full replication or sampling strategy.
- (iii) The Fund may make investments in a foreign market where the regulatory authority is an ordinary or associate member of the International Organisation of Securities Commission ("IOSCO").

3. DETAILED INFORMATION ON THE FUND

- (iv) The Fund may not borrow cash or other assets (including borrowing of securities within the meaning of the Guidelines of Securities Borrowing and Lending issued by the SC) in connection with its activities.
- (v) The Fund may participate in the lending of securities within the meaning of the SC's Guidelines on Securities Borrowing and Lending. However, as at the LPD, the Fund does not participate in the lending of securities.
- (vi) The Fund may enter into any other form of investments as may be permitted by the SC from time to time that is in line with the Fund objectives.

3.6.3 Breach of investment restrictions

In respect of any restrictions and limits on investments stipulated under Section 3.6.2 of this Prospectus above, there is an allowance of 5% where such restrictions and limits are breached through appreciation or depreciation of the NAV of the Fund (whether as a result of an appreciation or depreciation in value of the Fund Assets, or as a result of redemption of Units or payment made out of the Fund).

The Manager may not make any further acquisition to which the relevant limit is breached, and the Manager should, within a reasonable period of not more than three (3) months from the date of the breach, take all necessary steps and actions to rectify the breach.

3.7 Income distribution policy

To the extent that the Fund will be holding Authorised Securities and other securities and cash in its portfolio, it may periodically be entitled to and receive dividends or other such Income on the securities or cash held. The Fund may distribute amongst the Unit holders all or substantially all of the net income (after the deduction of relevant fees, expenses and taxes) received by the Fund, pro-rated based on the number of Units held by each Unit holder as at the entitlement date of the income distribution. The exact amount to be distributed will be at the absolute discretion of the Manager.

Since the portfolio of the Fund will be substantially similar but not a perfect replication of the compositions and weightings of the Benchmark Index, the yield of the Fund would not be the same as the yield of the Benchmark Index.

Income distributions (if any) are expected to be made annually subject to the discretion of the Manager. Details of the entitlement dates, distribution amounts, ex-entitlement dates and payment dates for the distributions will be published on Bursa Securities' website at <http://www.bursamalaysia.com> and our website at <https://www.principal.com.my>.

3.8 Correlation and rebalancing

Correlation, in this context, is the measure of how the NAV of the Fund's portfolio moves in relation to the Benchmark Index. If the NAV of the Fund's portfolio moves exactly like the Benchmark Index, there is a perfectly positive correlation or 100% correlation. If the NAV of the Fund's portfolio does not move exactly like the Benchmark Index, the correlation is less than 100%.

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The Benchmark Index is a theoretical calculation while the Fund's portfolio is an actual holding of shares. The performance of the two may vary due to Transaction Costs, fees, expenses and taxes.

In managing the Fund, the Manager attempts to achieve a high positive correlation and a low tracking error between the NAV of the Fund's portfolio and the Benchmark Index. The Manager will be responsible to monitor the correlation and if, in the Manager's belief, the current portfolio is not tracking the Benchmark Index and that it will lead to a lower correlation, then the Manager may judiciously rebalance the portfolio to improve correlation or to rectify the divergence.

Except for index changes, where rebalancing of the portfolio may have to take place prior to, upon or after the index changes, rebalancing of the Fund's portfolio of investments will be carried out as and when there is a creation and/or redemption or change to index constituents, to reflect any changes to the composition of or weighting of shares in the Benchmark Index.

3.9 Risk management strategies and techniques

The risk management strategies and techniques employed by the Manager include the use of futures contracts and other derivatives and other securities related to the Index Securities to allow the Fund to better track the Benchmark Index movements. However, these instruments are not used to significantly modify the risk characteristics of the Fund relative to the Benchmark Index, as doing so would be against the Fund's investment objective of tracking the Benchmark Index.

There may be circumstances to be considered by you, see "RISK FACTORS" in Section 2 of this Prospectus.

3.10 Valuation of the Fund Assets

The Manager will carry out valuation of the Fund Assets in a fair manner in accordance to applicable law and guidelines. The valuation bases for the permitted investments of the Fund are as follows:

- **Listed securities**

The value of any authorized investments, which are quoted on an approved exchange, shall be calculated by reference to the last transacted price on that approved exchange. If there is no such transacted price, the value shall be determined by reference to the mean of bid and offer prices at the close of trading. Suspended securities 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 securities has been suspended for a period exceeding fourteen (14) days, whereupon their fair value will be determined in good faith by the Manager based on the methods or bases approved by the Trustee after appropriate technical consultation.

- **Unlisted securities**

As per the ETF Guidelines, the value of unlisted securities shall be determined on the basis of fair value as determined in good faith by the Manager on methods or basis which have been verified by the auditor of the Fund and approved by the Trustee, and adequately disclosed in this section.

3. DETAILED INFORMATION ON THE FUND

For unlisted derivative instruments, the value will be determined by the financial institution that issued the instrument.

- **Collective investment schemes**

The value of any investment in collective investment schemes which are quoted on an approved exchange shall be calculated in the same manner as other listed securities described above. When investing in unlisted collective investment schemes, the value shall be determined by reference to the last published repurchase price per unit for that collective investment scheme.

- **Deposits**

The value of any deposits placed with Financial Institutions and bank bills shall be determined each day by reference to the nominal value of such authorized investments and the accrued Income thereon for the relevant period.

If the quotations referred to above are not available or if the value of the authorized investments determined in the manner described above, in the opinion of the Manager, does not represent a fair value of the authorized investments, then the value shall be any fair value as may be determined in good faith by the Manager. This valuation method shall be verified by the auditors of the Fund and approved by the Trustee.

As the value of the Fund Assets is denominated in a foreign currency, the assets are translated on each Dealing Day to Ringgit Malaysia using the bid foreign exchange rate quoted by a reputable information service provider determined by the Manager at 6.30 p.m. Malaysian time or such other time agreed between the Manager and the Trustee on the same Dealing Day.

As the Fund is denominated in Ringgit Malaysia, the performance of the Fund will be measured against the Benchmark Index in Ringgit Malaysia terms based on bid foreign exchange rates quoted by either a reputable information service provider determined by the Manager at 6.30 p.m. Malaysian time or such other time agreed between the Manager and the Trustee on the same Dealing Day.

3.11 Valuation Point for the Fund

The valuation of the Fund will be carried out on each Dealing Day at the Valuation Point.

4. FEES, CHARGES AND EXPENSES

4.1 Direct fees and charges to you

This table describes the charges that you may incur (based on the charges imposed by Bursa Securities as at LPD which may be varied from time to time) when you buy or sell Units on Bursa Securities.

Fees and charges	%/RM
Brokerage fee	Maximum of 0.70% of the contract value (subject to minimum of RM40).
Clearing fee	On market transactions: 0.03% of the transaction value (subject to maximum of RM1,000 per contract). Direct business transactions: 0.03% of the transaction value (subject to minimum of RM10 and maximum of RM1,000 per contract).
Stamp duty	RM1.00 for every RM1,000 (or fractional part) of the transaction value of the securities, subject to a maximum of RM200.

Further information on the charges that you may incur from trading the Units on Bursa Securities can be found at <http://www.bursamalaysia.com>.

4.2 Indirect fees and expenses to you

This table describes the fees and expenses that you may indirectly incur when you invest in the Fund:

Fees and expenses	%
Management Fee	Currently 0.60% ⁽¹⁾ per annum.
Trustee Fee	Up to 0.08% ⁽¹⁾ , subject to a minimum of RM12,000 per annum.
Index Licence fee ⁽²⁾	0.04% ⁽¹⁾

Notes:

⁽¹⁾ Calculated based on to the NAV of the Fund, accrued daily.

⁽²⁾ Payable to the Index Licensor.

In addition, there will be other fees or expenses incurred by the Fund as described in Section 4.3.3 of this Prospectus.

All of the abovementioned fees and expenses shall be deducted from the Fund Assets.

4. FEES, CHARGES AND EXPENSES

4.3 Other fees, charges and expenses

4.3.1 Fees and charges for creation and/or redemption of Units by or through a Participating Dealer

All Creation/Redemption Applications must be submitted to the Manager through a Participating Dealer and the creation/redemption of Units must be implemented in accordance with the terms and conditions set out in the Participating Dealer Agreement.

The fees and charges (excluding out-of-pocket expenses) to be paid by the Participating Dealer to the Manager and/or Trustee (which may be charged to you by the Participating Dealer) as set out in the Participating Dealer Agreement are as follows:

Fees and charges		Description
(a)	Creation Application fee	Currently RM100 per Creation Unit Block (and subject to a maximum of RM1,000) payable to the Manager or such amount as may be determined by the Manager from time to time, in consultation with the Trustee.
(b)	Creation Application Cancellation Fee	Currently RM50 per Creation Unit Block (and subject to a maximum of RM500) payable to the Manager or such amount as may be determined by the Manager from time to time, in consultation with the Trustee.
(c)	Redemption Application fee	Currently RM100 per Redemption Unit Block (and subject to a maximum of RM1,000) payable to the Manager or such amount as may be determined by the Manager from time to time, in consultation with the Trustee.
(d)	Redemption Application Cancellation Fee	Currently RM50 per Redemption Unit Block (and subject to a maximum of RM500) payable to the Manager or such amount as may be determined by the Manager from time to time, in consultation with the Trustee.
(e)	Transaction Costs	The Manager may charge Transaction Costs (incurred by the Fund). This is to prevent the NAV of the Fund from being diluted by the Transaction Costs.
(f)	Other fees	The amount (other than Transaction Costs as described above) that may be incurred by the Manager and/or the Trustee from time to time in relation to the Applications submitted by the Participating Dealer, which is charged by Bursa Depository.

For Creation Application and/or Redemption Application in cash through Participating Dealer, the Participating Dealer is entitled to charge other costs to cover, amongst others, transaction costs in the form of stamp duties, brokerage fees, clearing fees and taxes in the acquisition and/or disposal of the Authorised Securities.

4. FEES, CHARGES AND EXPENSES

4.3.2 The aforementioned fees may be expressed in the form of a ratio i.e. the MER.

The MER is the ratio of the sum of fees and recovered expenses of the Fund to the average NAV of the Fund calculated on a daily basis. These incidental costs are paid directly from the Fund and include the following:

- (i) Management Fee;
- (ii) Trustee Fee; and
- (iii) other fund expenses.

Management expense ratio which is the ratio of the sum of fees and the recovered expenses of the Fund to the average value of the Fund calculated on a daily basis using the following formula:

$$\frac{\text{Fees of the Fund + Recovered expenses of the Fund}}{\text{Average Value of the Fund calculated on a daily basis}} \times 100$$

where:

Fees = All ongoing fees deducted/deductible directly from the Fund in respect of the period covered by the management expense ratio, expressed as a fixed amount, calculated on a daily basis. This would include the annual Management Fee, the annual Trustee Fee and any other fees deducted/deductible directly from the Fund;

Recovered expense = All expenses recovered from/charged to the Fund, as a result of the expenses incurred by the operation of the Fund, expressed as a fixed amount. This should not include expenses that would otherwise be incurred by an individual investor (e.g. brokerage, tax and levies); and

Average value of the Unit = The NAV of the Fund, including the income value of the Fund, less expenses on an accrued basis, in respect of the period covered by the management expense ratio, calculated on a daily basis.

4.3.3 The Trustee and/or the Manager shall be entitled to pay the following fees, costs and expenses out of the Fund Assets to the extent they have been incurred in relation to the Fund:

- (i) any costs, fees and expenses to be paid under any licence and data supply contracts in relation to the Index Licensor entered into by the Trustee and/or the Manager in respect of the Fund;
- (ii) the processing or handling fees levied by any person for rendering services to effect any acquisition, disposal or any other dealings whatsoever in the Fund Assets and any expenses in relation thereto including commissions or fees paid to brokers and/or dealers in effecting dealings in the Authorised Securities of the Fund;
- (iii) all fees, charges, expenses and disbursements of any legal adviser or counsel, accountant, auditor, valuer, broker, banker, tax adviser or other professional advisers employed or engaged by the Trustee or the Manager in the establishment of the Fund, in maintaining, preserving and protecting the Fund Assets and in the ongoing performance of their

4. FEES, CHARGES AND EXPENSES

- respective duties and obligations under the Deed or otherwise in connection with the Fund;
- (iv) all fees, charges, expenses and disbursements incurred in relation to the safe-custody, acquisition, holding, registration, realisation of or other dealing with any Fund Assets or the holding of any Fund Assets or the custody of the documents of title thereto (including insurance of documents of title against loss in shipment, transit or otherwise and charges made by agents of the Trustee for retaining documents in safe custody), any applicable fees and expenses of the custodian, joint-custodian and/or sub-custodian appointed pursuant to the provisions of the Deed and all transactional fees as may be agreed from time to time between the Manager and Trustee in relation to all transactions involving the whole or any part of the Fund Assets;
 - (v) all charges and expenses incurred for any meeting of Unit holders other than convened by and for the benefit of the Manager and the Trustee;
 - (vi) the fees and expenses incurred by the Manager and the Trustee in obtaining and/or maintaining the listing of and quotation for the Units on Bursa Securities, and/or the authorisation or other official approval or sanction of the Fund under the CMSA or any other applicable law or regulation;
 - (vii) the fees and expenses incurred in connection with depositing and holding of Units with Bursa Depository and the Clearing House (and in any other securities depository or clearing system);
 - (viii) cost of establishment of the Fund;
 - (ix) all charges, costs and expenses incurred by the Manager and the Trustee in respect of and/or in connection with the maintenance of a website or web pages (as the case may be) dedicated entirely to the Fund and communications with and/or notification to the Unit holders, the registrar and/or any relevant authorities including notifications made in relation to the Fund in Bursa Securities, newspaper(s) in Malaysia and such other forms of communication permitted or acceptable under the ETF Guidelines and as the Manager may from time to time determine;
 - (x) all fees, costs and expenses incurred in respect of preparing any deeds supplemental to the Deed and in respect of preparing any agreement in connection with the Fund other than those for the benefit of the Manager or the Trustee;
 - (xi) all costs incurred in respect of the preparation, publication and distribution of the annual reports and interim reports (if any) and of all cheques, statements, notices and other documents relating to the Fund;
 - (xii) all fees and expenses incurred in connection with the removal of the Manager, the Trustee or the auditor or the appointment of a new manager, a new trustee or new auditor;
 - (xiii) all expenses incurred in the collection of Income (including expenses incurred in obtaining tax repayments or relief and agreement of tax liabilities) or the determination of taxation;
 - (xiv) all expenses associated with the distributions declared pursuant to the Deed including without limitation, fees for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer;
 - (xv) all fees and expenses incurred by the Manager and the Trustee in winding-up and terminating the Fund;
 - (xvi) fees for the valuation of the Fund by independent valuers for the benefit of the Fund;

4. FEES, CHARGES AND EXPENSES

- (xvii) all fees and expenses of the independent members of the Investment Committee;
- (xviii) any costs, fees and expenses to be paid under any licence and data supply contracts in relation to the maintenance of calculation of IOPV per Unit; and
- (xix) such other charges, costs, expenses and disbursements (including but not limited to any tax and other duties imposed by any government and other authorities, e.g., sales and services tax payable by the Manager or the Trustee for the Fund pursuant to the Deed) as permitted or required (as the case may be) under the applicable laws which the Trustee is entitled to charge to the Fund.

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

4.4 Additional remuneration

Save as disclosed in Sections 4.1, 4.2 and 4.3, there are no other additional form of remuneration which the Manager and/or any related party/corporation or person may derive from the Fund.

4.5 Rebates and soft commissions

The Manager and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Fund unless the soft commission received is retained in the form of goods and services such as research and advisory services that assist in the decision making process relating to the Fund's investments.

All dealings with brokers are executed on most favourable terms available for the Fund.

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5. UNITS OF THE FUND

5.1 Offering of Units

You may obtain the Units by choosing one of the two available options below:

- (a) purchase and sell Units of the Fund in the secondary market on Bursa Securities; or
- (b) apply through the Participating Dealer in Creation/Redemption Unit Block or Creation/Redemption Unit Block Aggregations. The procedures are set out in Sections 5.2, 5.3 and 5.5 of this Prospectus.

If you wish to acquire and sell Units in sizes smaller than a Creation/Redemption Unit Block, you may do so on the secondary market in board lots of 100 Units (or multiples thereof) like ordinary listed shares through a licensed intermediary such as a stockbroker or any of the share dealing services offered by banks or other financial advisers at any time Bursa Securities is open for trading.

However, you should note that transactions in the secondary market on Bursa Securities will occur at quoted market prices which may differ from the NAV per Unit due to market demand and supply, liquidity and scale of trading spread for the Units in the secondary market.

5.2 Creation and redemption of Units

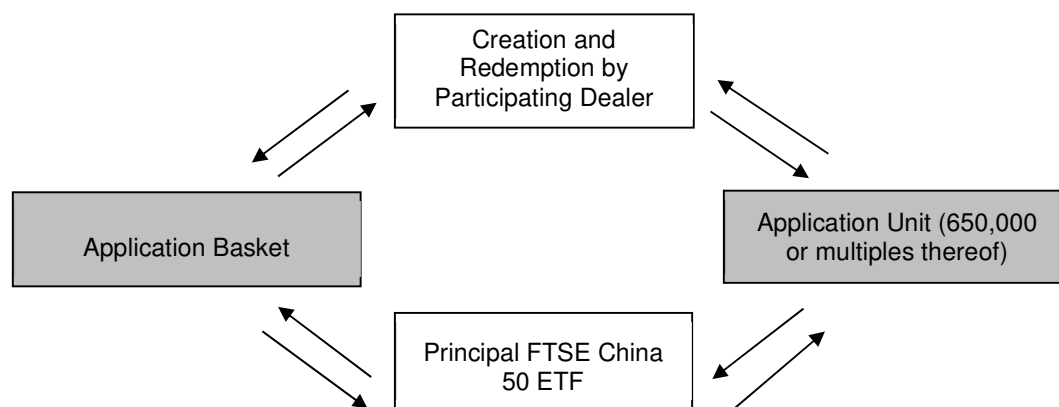
Creation/Redemption Applications from the Participating Dealer for the creation/redemption of Units in accordance with the Participating Dealer Agreement are expected under the following circumstances:

- (a) to facilitate Participating Dealer's clients' requests for creation/redemption; and
- (b) to create liquidity in the market as part of the Participating Dealer or market maker's market making function.

You should note that the Fund is not like a typical unit trust offered to the public. You should acquire or dispose Units by trading Units on Bursa Securities. New Units are only issued to the Participating Dealer. Hence, you may only create/redeem Units via applications for creation/redemption through a Participating Dealer, subject to the terms and conditions of the Deed and based on the procedures set out in the Participating Dealer Agreement.

The prices at which creations and redemptions occur are based on the NAV of the Fund at the Valuation Point on the Trade Date.

Direct creation and redemption by the Participating Dealer:



5. UNITS OF THE FUND

5.3 Procedures for In-Kind Creation

- 5.3.1 Creation of new Units can only be made on a Dealing Day through a Participating Dealer by way of exchange for In-Kind Creation Baskets in a Creation Unit Block or Creation Unit Block Aggregations.
- 5.3.2 A completed Creation Application must:
- (i) be submitted by a Participating Dealer in accordance with the Participating Dealer Agreement;
 - (ii) include the certifications required under the Participating Dealer Agreement, and such other certificates and opinion of counsel as the Trustee and Manager may consider necessary to ensure compliance with applicable laws;
 - (iii) specify the number of Creation Unit Blocks (the current size of 1 Creation Unit Block is 650,000 Units); and
 - (iv) specify the person making the Creation Application.
- 5.3.3 If a Creation Application is valid, the new Units will be created and issued on the second (2nd) Dealing Day after the Trade Date, and the Register will be updated on that Dealing Day when the Units are created and issued or the following Dealing Day if settlement period is extended. The Issue Price will be based on the NAV of the Fund as at the Valuation Point on the Trade Date. Details on the computation of the Issue Price are set out in Section 5.7 of this Prospectus.
- 5.3.4 Creation Applications received from the Participating Dealer on a day which is not a Dealing Day or is received after the Dealing Deadline of a Dealing Day shall be treated as having been received on the following Dealing Day.
- 5.3.5 Once a Creation Application is submitted, it cannot be revoked or withdrawn without the consent of the Manager, unless a suspension period has been declared by the Manager in accordance with the Deed.
- 5.3.6 The Manager will instruct the Trustee to issue the Units if the Application is made in Creation Unit Blocks and the Creation Securities delivered to the Trustee have been approved by the Manager.
- 5.3.7 The Manager and/or the Trustee reserve the right in its/their sole discretion, provided that it is reasonable, to reject or suspend a Creation Application if:
- (i) the Creation Application is unclear, erroneous or ambiguous (in the reasonable opinion of the Manager and/or Trustee);
 - (ii) the Creation Securities and the Cash Component (if any) do not correspond with the In-Kind Creation Basket for the applicable Dealing Day;
 - (iii) the aggregate of the Creation Unit Block(s) in respect of a Creation Application and the number of Units then in issue exceeds the authorised size of the Fund as approved from time to time by the SC;
 - (iv) the Manager reasonably believes that the acceptance of the Creation Securities would be unlawful; or
 - (v) the Manager has suspended the rights of the Participating Dealer to make Creation Applications pursuant to the Deed.
- 5.3.8 In addition, the Trustee may (by notice to the Manager) refuse to:
- (i) create Units; or
 - (ii) create Units in the number instructed by the Manager;

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if the Trustee considers that such creation is not in the interest of the Unit holders or that it would result in a breach of the provisions of the Deed and other applicable laws.

5.3.9 The In-Kind Creation Basket will be determined by the Manager on each Dealing Day and published on our website at <https://www.principal.com.my> and Bursa Securities' website at <http://www.bursamalaysia.com> prior to the opening of the market on that Dealing Day.

5.3.10 Any commission, remuneration or other sum payable by the Manager in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the Fund Assets.

5.3.11 Cancellation of Units created pursuant to an In-Kind Creation Application

(i) The Manager may instruct the Trustee to cancel the Units created (but not yet issued) pursuant to a Creation Application if:

- (a) the Creation Securities have not vested upon the Fund or to the Trustee's satisfaction;
- (b) the Cash Component (if any) has not been received by the Trustee;
- (c) the Creation Application Fee has not been received by the Manager; or
- (d) the aggregate of the value of the Creation Securities delivered to the Trustee and the amount of cash paid to the Trustee in respect of the Cash Component (if any) does not equal to the Consideration;

by such time and date as determined by the Manager (in consultation with the Trustee) in accordance with the Participating Dealer Agreement.

(ii) If any Units are cancelled as described in Section 5.3.11(i) above, the Creation Securities (if already vested upon the Fund) and the Cash Component (if already received by the Trustee) shall be delivered to the Participating Dealer.

The relevant cancelled Units shall be deemed to never have been created and the Participating Dealer shall have no right or claim against the Manager or the Trustee in respect of such cancellation. Further, the Manager may:

- (a) charge the Participating Dealer the Creation Application Cancellation Fee; and
- (b) require the Participating Dealer to pay to the Trustee (for the account of the Fund) in respect of each Unit so cancelled, the amount (if any) by which the Issue Price (as at the Trade Date of the Creation Application) exceeds the Redemption Price (which would have been applicable if the Manager had received a Redemption Application on the date on which such Units are cancelled).

5.3.12 Substitution of Creation Securities

(i) Where there are liquidity constraints on the Authorised Securities, the Manager may substitute any Authorised Securities comprised in an In-Kind Creation Basket with cash.

5. UNITS OF THE FUND

- (ii) If the Manager exercises this discretion, the cash in lieu amount should equal the value of the substituted Authorised Securities and shall comprise part of the Cash Component. Such substituted Authorised Securities will then cease to be a Creation Security comprising part of the In-Kind Creation Basket.
- (iii) The Manager, in consultation with the Trustee, is entitled to charge the Participating Dealer (for which cash is paid in lieu of delivering any Creation Securities), in addition to the Transaction Costs, such other fees that may be incurred by the Manager and/or Trustee in relation to the creation of the Units and/or the Creation Application.

5.4 Procedures for In-Kind Redemption

- 5.4.1 Redemption of Units can only be made on a Dealing Day through a Participating Dealer in a Redemption Unit Block or Redemption Unit Block Aggregations. The Redemption Price will be based on the NAV of the Fund as at the Valuation Point on the Trade Date. Details of the Redemption Price are set out in Section 5.7 of this Prospectus.
- 5.4.2 Upon receipt of a Redemption Application, the Manager has the exclusive right to instruct the Trustee (by notice in writing) to effect reductions in the Units of the Fund by cancelling the number of Units specified in such notice.
- 5.4.3 A completed Redemption Application must:
 - (i) be submitted by a Participating Dealer in accordance with the Participating Dealer Agreement;
 - (ii) include the certifications required under the Participating Dealer Agreement and such other certificates and opinion of counsel as the Trustee and Manager may consider necessary to ensure compliance with applicable laws;
 - (iii) specify the number of Redemption Unit Blocks (the current size of 1 Redemption Unit Block is 650,000 Units); and
 - (iv) specify the person making the Redemption Application.
- 5.4.4 If a Redemption Application is valid, the Units will be redeemed and cancelled on the second (2nd) Dealing Day after the Trade Date, and the Register will be updated on that Dealing Day or the following Dealing Day if the settlement period is extended. The Redemption Price will be based on the NAV of the Fund as at the Valuation Point on the Trade Date. Details on the computation of the Redemption Price are set out in Section 5.7 of this Prospectus.
- 5.4.5 Redemption Applications received from the Participating Dealer on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day shall be treated as having been received on the following Dealing Day.
- 5.4.6 Once a Redemption Application is submitted, it cannot be revoked or withdrawn without the consent of the Manager, and the Units cannot be sold unless a suspension period has been declared by the Manager in accordance with the Deed.
- 5.4.7 Upon receipt of a completed Redemption Application, the Manager will instruct the Trustee to effect the redemption, which will be settled by way of a transfer of the Redemption Securities and payment of the Cash Component.
- 5.4.8 The In-Kind Redemption Basket will be determined by the Manager on each Dealing Day and published on our website at <https://www.principal.com.my> and

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Bursa Securities' website at <http://www.bursamalaysia.com> prior to the opening of the market on that Dealing Day.

- 5.4.9 The Manager may deduct and set-off the Redemption Application Fee against any Cash Component payable to the Participating Dealer.
- 5.4.10 The Redemption Securities transferable and Cash Component payable (if any) to the Participating Dealer on the Redemption Date may be transferred or paid sooner if:
- (i) the Redemption Application has been received by the Manager in accordance with the Deed;
 - (ii) the Units to be redeemed have been delivered to the Trustee; and
 - (iii) the Cash Component (after deduction of the Redemption Application Fee payable) has been paid in full.
- 5.4.11 The Cash Component (if any) of the Units redeemed shall be paid in Ringgit Malaysia and, if paid by telegraphic transfer, shall be paid to a Ringgit Malaysia account of a Malaysian bank, unless otherwise agreed by the Manager.
- 5.4.12 In order to raise the cash required to pay the Cash Component (if any) of the Units being redeemed, the Manager can proceed to effect any sale of the Fund Assets.
- 5.4.13 On the Dealing Day after the Trade Date, the Fund shall be reduced by the cancellation of the Units redeemed. The Trustee shall transfer the applicable Redemption Securities out of the Fund Assets to the Participating Dealer and pay the Cash Component (if any), with such deductions as permitted under the Deed.
- 5.4.14 If the Units to be redeemed are not delivered to the Trustee in accordance with the provisions of the Deed:
- (i) the Redemption Application shall be deemed never to have been made (except that the Redemption Application Fee shall remain due and payable); and
 - (ii) the Manager may charge the Participating Dealer:
 - (a) the Redemption Application Cancellation Fee;
 - (b) any losses arising from the sale of the Fund Assets and any costs incurred by the Fund in connection with such failed redemption; and
 - (c) the amount (if any) by which the Redemption Price exceeds the Issue Price (which would have been applicable if the Manager had received a Creation Application on the date on which such Units were to be redeemed).
- 5.4.15 The Manager and/or the Trustee reserves the right in its/their discretion, provided that it is reasonable, to reject or suspend a Redemption Application if:
- (i) the Redemption Application is unclear, erroneous or ambiguous (in the reasonable opinion of the Manager and/or Trustee);
 - (ii) the number of Units in respect of which Redemption Applications are received by the Manager exceeds the limit set out in Section 5.4.18 of this Prospectus;
 - (iii) the Manager has suspended the rights of the Participating Dealer to make Redemption Applications pursuant to the Deed; or

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- (iv) in the reasonable opinion of the Manager, the Redemption Application may breach any of the terms or conditions of the Participating Dealer Agreement and/or the Deed.
- 5.4.16 In addition, the Trustee may (by notice to the Manager) refuse to:
- (i) redeem Units; or
 - (ii) redeem Units in the number instructed by the Manager;
- if the Trustee considers that such redemption is not in the interest of the Unit holders or that it would result in a breach of the provisions of the Deed and other applicable laws.
- 5.4.17 Substitution of Redemption Securities
- (i) The Manager may substitute any Redemption Security comprised in an In-Kind Redemption Basket with cash.
 - (ii) If the Manager exercises this discretion, the cash in lieu amount should equal the value of the substituted Authorised Securities and shall comprise part of the Cash Component. Such substituted Authorised Securities will then cease to be a Redemption Security comprising part of the In-Kind Redemption Basket.
 - (iii) The Manager, in consultation with the Trustee, is entitled to charge the Participating Dealer (for which cash is paid in lieu of delivering any Redemption Securities), in addition to the Transaction Costs, such other fees that may be incurred by the Manager and/or Trustee in relation to the redemption of the Units and/or the Redemption Application.
- 5.4.18 Limit on redemption per Trade Date
- (i) If the total number of Units (for which Redemption Applications have been received by the Manager) on a Trade Date exceeds 10% (or such higher percentage as the Manager may determine) of the NAV of the Fund on that day, the Manager can choose to limit the total number of Units to be redeemed.
 - (ii) Any Units which are not redeemed in respect of a particular Trade Date (“First Relevant Dealing Day”) as a result of the limit imposed by the Manager (as set out in Section 5.4.18(i) above) shall be carried forward for redemption on the Dealing Day following the First Relevant Dealing Day (such Dealing Day being hereinafter referred to as “Second Relevant Dealing Day”).
 - (iii) The Manager will inform the Participating Dealer of the higher percentage (if any) and of the number of Units the redemption of which have been deferred, within one (1) Dealing Day after the First Relevant Dealing Day and these Units shall be redeemed on the Redemption Date in respect of the Second Relevant Dealing Day.
 - (iv) If Redemption Applications are carried forward, any other Redemption Application received after the First Relevant Dealing Day and before the Second Relevant Dealing Day shall also be carried forward, and be deemed to be a Redemption Application submitted on the Second Relevant Dealing Day. Redemption Applications carried forward from the First Relevant Dealing Day shall be redeemed in priority to Redemption Applications received after such First Relevant Dealing Day.

5. UNITS OF THE FUND

5.5 Procedures for Cash Creation

- 5.5.1 Creation of new Units can only be made on a Dealing Day through a Participating Dealer by way of exchange for the Subscription Amount in a Creation Unit Block or Creation Unit Block Aggregations.
- 5.5.2 A completed Creation Application must:
- (i) be submitted by a Participating Dealer in accordance with the Participating Dealer Agreement;
 - (ii) include the certifications required under the Participating Dealer Agreement, and such other certificates and opinion of counsel as the Trustee and Manager may consider necessary to ensure compliance with applicable laws;
 - (iii) specify the number of Creation Unit Blocks (the current size of 1 Creation Unit Block is 650,000 Units); and
 - (iv) specify the person making the Creation Application.
- 5.5.3 If a Creation Application is valid, the new Units will be created and issued on the second (2nd) Dealing Day after the Trade Date, and the Register will be updated on that Dealing Day when the Units are created and issued or the following Dealing Day if settlement period is extended. The Issue Price will be based on the NAV of the Fund as at the Valuation Point on the Trade Date. Details on the computation of the Issue Price are set out in Section 5.7 of this Prospectus.
- 5.5.4 Creation Applications received from the Participating Dealer on a day which is not a Dealing Day or is received after the Dealing Deadline of a Dealing Day shall be treated as having been received on the following Dealing Day.
- 5.5.5 Once a Creation Application is submitted, it cannot be revoked or withdrawn without the consent of the Manager, unless a suspension period has been declared by the Manager in accordance with the Deed.
- 5.5.6 Upon receipt of a completed Creation Application, the Manager will instruct the Trustee to effect the creation, which will be settled by way of cash.
- 5.5.7 The Manager will instruct the Trustee to issue the Units if the Application is made in Creation Unit Blocks and has been approved by the Manager.
- 5.5.8 The Manager and/or the Trustee reserve the right in its/their sole discretion, provided that it is reasonable, to reject or suspend a Creation Application if:
- (i) the Creation Application is unclear, erroneous or ambiguous (in the reasonable opinion of the Manager and/or Trustee);
 - (ii) the aggregate of the Creation Unit Block(s) in respect of a Creation Application and the number of Units then in issue exceeds the authorised size of the Fund as approved from time to time by the SC;
 - (iii) the Manager reasonably believes that the acceptance of the Creation Securities would be unlawful; or
 - (iv) the Manager has suspended the rights of the Participating Dealer to make Creation Applications pursuant to the Deed.
- 5.5.9 In addition, the Trustee may (by notice to the Manager) refuse to:
- (i) create Units; or
 - (ii) create Units in the number instructed by the Manager;

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if the Trustee considers that such creation is not in the interest of the Unit holders or that it would result in a breach of the provisions of the Deed and other applicable laws.

5.5.10 Any commission, remuneration or other sum payable by the Manager in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the Fund Assets.

5.5.11 Cancellation of Units created pursuant to a Creation Application for Cash Creation

(i) The Manager may instruct the Trustee to cancel the Units created (but not yet issued) pursuant to a Creation Application if:

(a) the full Subscription Amount has not been received by the Trustee; or

(b) the Creation Application Fee has not been received by the Manager;

by such time and date as determined by the Manager (in consultation with the Trustee) in accordance with the Participating Dealer Agreement.

(ii) If any Units are cancelled as described in Section 5.5.11(i) above, the Subscription Amount (if already received by the Trustee) shall be delivered to the Participating Dealer.

The relevant cancelled Units shall be deemed to never have been created and the Participating Dealer shall have no right or claim against the Manager or the Trustee in respect of such cancellation. Further, the Manager may:

(a) charge the Participating Dealer the Creation Application Cancellation Fee; and

(b) require the Participating Dealer to pay to the Trustee (for the account of the Fund) in respect of each Unit so cancelled, the amount (if any) by which the Issue Price (as at the Trade Date of the Creation Application) exceeds the Redemption Price (which would have been applicable if the Manager had received a Redemption Application on the date on which such Units are cancelled).

5.6 Procedures for Cash Redemption

5.6.1 Redemption of Units can only be made on a Dealing Day through a Participating Dealer in a Redemption Unit Block or Redemption Unit Block Aggregations. The Redemption Price will be based on the NAV of the Fund as at the Valuation Point on the Trade Date. Details of the Redemption Price are set out in Section 5.7 of this Prospectus.

5.6.2 Upon receipt of a Redemption Application, the Manager has the exclusive right to instruct the Trustee (by notice in writing) to effect reductions in the Units of the Fund by cancelling the number of Units specified in such notice.

5.6.3 A completed Redemption Application must:

(i) be submitted by a Participating Dealer in accordance with the Participating Dealer Agreement;

(ii) include the certifications required under the Participating Dealer Agreement and such other certificates and opinion of counsel as the

5. UNITS OF THE FUND

- Trustee and Manager may consider necessary to ensure compliance with applicable laws;
- (iii) specify the number of Redemption Unit Blocks (the current size of 1 Redemption Unit Block is 650,000 Units); and
 - (iv) specify the person making the Redemption Application.
- 5.6.4 If a Redemption Application is valid, the Units will be redeemed and cancelled on the second (2nd) Dealing Day after the Trade Date, and the Register will be updated on that Dealing Day or the following Dealing Day if the settlement period is extended. The Redemption Price will be based on the NAV of the Fund as at the Valuation Point on the Trade Date. Details on the computation of the Redemption Price are set out in Section 5.7 of this Prospectus.
- 5.6.5 Redemption Applications received from the Participating Dealer on a day which is not a Dealing Day or is received after the Dealing Deadline on a Dealing Day shall be treated as having been received on the following Dealing Day.
- 5.6.6 Once a Redemption Application is submitted, it cannot be revoked or withdrawn without the consent of the Manager unless a suspension period has been declared by the Manager in accordance with the Deed.
- 5.6.7 Upon receipt of a completed Redemption Application, the Manager will instruct the Trustee to effect the redemption, which will be settled by way of cash. The Manager may deduct and set-off the Redemption Application fee against any cash payable to the Participating Dealer.
- 5.6.8 The Redemption Amount payable to the Participating Dealer may be transferred or paid on the Dealing Day after the Redemption Date if:
- (i) the Redemption Application has been received by the Manager in accordance with the Deed;
 - (ii) the Units to be redeemed have been delivered to the Trustee; and
 - (iii) the Redemption Application fee has been paid in full.
- 5.6.9 The Redemption Amount in respect of the Units redeemed shall be paid in Ringgit Malaysia and, if paid by telegraphic transfer, shall be paid to a Ringgit Malaysia account of a Malaysian bank, unless otherwise agreed by the Manager.
- 5.6.10 In order to raise the cash required to pay for the Units being redeemed, the Manager can proceed to effect any sale of the Fund Assets.
- 5.6.11 On the Dealing Day after the Trade Date, the Fund shall be reduced by the cancellation of the Units redeemed. The Trustee shall pay the Redemption Amount out of the Fund Assets to the Participating Dealer, with such deductions as permitted under the Deed.
- 5.6.12 If the Units to be redeemed are not delivered to the Trustee in accordance with the provisions of the Deed:
- (i) the Redemption Application shall be deemed never to have been made (except that the Redemption Application Fee shall remain due and payable); and
 - (ii) the Manager may charge the Participating Dealer:
 - (a) the Redemption Application Cancellation Fee;
 - (b) any losses arising from the sale of the Fund Assets and any costs incurred by the Fund in connection with such failed redemption; and

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- (c) the amount (if any) by which the Redemption Price exceeds the Issue Price (which would have been applicable if the Manager had received a Creation Application on the date on which such Units were to be redeemed).

5.6.13 The Manager and/or the Trustee reserves the right in its/their discretion, provided that it is reasonable, to reject or suspend a Redemption Application if:

- (i) the Redemption Application is unclear, erroneous or ambiguous (in the reasonable opinion of the Manager and/or Trustee);
- (ii) the number of Units in respect of which Redemption Applications are received by the Manager exceeds the limit set out in Section 5.6.15 of this Prospectus;
- (iii) the Manager has suspended the rights of the Participating Dealer to make Redemption Applications pursuant to the Deed; or
- (iv) in the reasonable opinion of the Manager, the Redemption Application may breach any of the terms or conditions of the Participating Dealer Agreement and/or the Deed.

5.6.14 In addition, the Trustee may (by notice to the Manager) refuse to:

- (i) redeem Units; or
 - (ii) redeem Units in the number instructed by the Manager;
- if the Trustee considers that such redemption is not in the interest of the Unit holders or that it would result in a breach of the provisions of the Deed and other applicable laws.

5.6.15 Limit on redemption per Trade Date

- (i) If the total number of Units (for which Redemption Applications have been received by the Manager) on a Trade Date exceeds 10% (or such higher percentage as the Manager may determine) of the NAV of the Fund on that day, the Manager can choose to limit the total number of Units to be redeemed.
- (ii) Any Units which are not redeemed in respect of a particular Trade Date (“First Relevant Dealing Day”) as a result of the limit imposed by the Manager (as set out in Section 5.6.15(i) above) shall be carried forward for redemption on the Dealing Day following the First Relevant Dealing Day (such Dealing Day being hereinafter referred to as “Second Relevant Dealing Day”).
- (iii) The Manager will inform the Participating Dealer of the higher percentage (if any) and of the number of Units the redemption of which have been deferred, within one (1) Dealing Day after the First Relevant Dealing Day and these Units shall be redeemed on the Redemption Date in respect of the Second Relevant Dealing Day.
- (iv) If Redemption Applications are carried forward, any other Redemption Application received after the First Relevant Dealing Day and before the Second Relevant Dealing Day shall also be carried forward, and be deemed to be a Redemption Application submitted on the Second Relevant Dealing Day. Redemption Applications carried forward from the First Relevant Dealing Day shall be redeemed in priority to Redemption Applications received after such First Relevant Dealing Day.

5.7 Calculation of Issue Price, Redemption Price and IOPV per Unit

The Deed provides that the Issue Price or Redemption Price of each Unit for any relevant Dealing Day will, subject to the qualification below, be calculated by the Manager and

5. UNITS OF THE FUND

shall be based on the NAV of the Fund as at the Valuation Point on the Trade Date divided by the number of Units then in issue and deemed to be in issue, truncated to four decimal places in such manner as may be determined by the Manager from time to time with the approval of the Trustee. The benefit of any such adjustment shall accrue to the Fund.

The Manager may, in consultation with the Trustee, add to the Issue Price (but not include within it) such sum (if any) as the Manager may consider representative of the appropriate provision for Transaction Costs which shall be for the account of the Fund.

As the NAV of the Fund is only calculated at the Valuation Point, the IOPV per Unit is calculated by the Manager after the close of the morning trading session of Hong Kong Stock Exchange (between 12.30pm to 2.30pm) on each Dealing Day to serve as an approximation to the NAV of the Fund.

The IOPV per Unit, which is the estimated NAV per Unit of the Fund, is calculated as follows:

- (i) calculating the price of the Fund Assets after the close of the morning trading session of Hong Kong Stock Exchange on every Dealing Day, including liquid assets (in Ringgit Malaysia);
- (ii) deducting the liabilities (in Ringgit Malaysia); and
- (iii) dividing the figure obtained from the calculation under sub-paragraph (i) and (ii) above by the number of Units that constitute the Fund.

Note: The figures for sub-paragraph (i) and (ii) above are translated by using the prevailing foreign exchange rate quoted by a reputable information service provider determined by the Manager.

Information on the IOPV per Unit can be obtained from Bursa Securities' website at <http://www.bursamalaysia.com>.

5.8 Transaction Costs

The Fund Assets may be decreased as a result of costs incurred in respect of transactions or dealings pursuant to a Creation/Redemption Application. In order to prevent any potential adverse effect on the your investment in the Fund, the Manager has the discretion to charge the Participating Dealer, amongst others, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges in relation to the Creation/Redemption Application. These Transaction Costs may be charged to you by the Participating Dealer.

5.9 Trading of the Units

The Units are listed for trading on Bursa Securities. The Units can be bought and sold throughout the trading day like other publicly-traded shares. There is no minimum investment. Although, Units are generally purchased and sold in "board lots" of 100 Units, brokerage firms may permit you to purchase or sell Units in smaller "odd lots". However, prices of Units traded in "odd-lots" may differ from Units purchased and sold in "board lots". When buying or selling Units through a broker, you will incur customary brokerage fee, stamp duty and clearing fees.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed the Units as a prescribed security. In consequence thereof, the Units will be deposited directly with Bursa Depository and any dealings in the Units will be carried out in accordance with the Central Depositories Act and the rules of Bursa Depository.

5. UNITS OF THE FUND

An investor's beneficial ownership of the Units is shown in the records of Bursa Depository. Bursa Depository serves as the securities depository for all Units of the Fund. As a beneficial owner of the Units, you are not entitled to receive physical delivery of Unit certificates or to have the Units registered in your name, and you are not considered a registered owner of the Units. Therefore, to exercise any right as an owner of the Units, you must rely upon the procedures of Bursa Depository. These procedures are the same as those that apply to securities listed on Bursa Securities.

A list of the authorised depository agents will be available on the Bursa Securities' website at <http://www.bursamalaysia.com>.

5.9.1 Unit trading price

The trading prices of Units on Bursa Securities may differ from their daily NAV per Unit and IOPV per Unit and can be affected by market forces such as supply and demand, economic conditions and other factors. You may keep track of the current market price of the Units via Bursa Securities' website at <http://www.bursamalaysia.com> on a daily basis.

The Units will be traded on the Main Market as determined by Bursa Securities in accordance with the relevant tick-size rules as set by Bursa Securities. This may be different from the bid/ask spread of the underlying securities.

5.9.2 Liquidity provision

It is our intention to facilitate the provision of liquidity for you through the appointment of Participating Dealer and/or market maker who are required to maintain a market for the Units. In maintaining a market for the Units, the Participating Dealer and/or market maker may realise profits or sustain losses. Any profit made by the Participating Dealer and/or market maker may be retained by them for their absolute benefit and they shall not be liable to account to the Trustee in respect of such profits.

Although Participating Dealer and/or market maker may buy and sell Units just like retail investors via Bursa Securities, there is no guarantee or assurance as to the price at which the market for the Units will be made. A list of Participating Dealer appointed by the Manager may be obtained from our website at <https://www.principal.com.my>. A list of the market makers will be available on the Bursa Securities' website at <http://www.bursamalaysia.com>.

6. THE MANAGER

6.1 About the Manager

The Manager, Principal Malaysia (Company Registration No. 304078-K) was incorporated in Malaysia on 13 June 1994 under the laws of Malaysia and presently holds a Capital Markets Services Licence for fund management in relation to portfolio, financial planning, dealing in securities restricted to unit trust and dealing in private retirement scheme under the CMSA and specialises in managing and operating unit trusts for investors, both institutional and retail. Principal Malaysia'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, Principal Malaysia 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, Principal Malaysia has more than 23 years of experience in the unit trust industry. The shareholders of Principal Malaysia are PIA and CIMB Group.

PIA is a private company incorporated in Hong Kong SAR 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.

CIMB Group is one of ASEAN's leading universal banking groups and is Malaysia's second largest financial services provider, by assets. It offers consumer banking, commercial banking, investment banking, Islamic banking and asset management products and services. Headquartered in Kuala Lumpur, CIMB Group is present in all 10 ASEAN nations and has market presence in Mainland China, Hong Kong SAR, India, Sri Lanka, Korea, US and UK. CIMB Group is listed on Bursa Malaysia and has a market capitalisation of approximately RM54.6 billion, around 36,000 employees and around 800 branches, as at 31 December 2018.

As at the LPD, Principal Malaysia managed 62 conventional unit trust funds and 22 Islamic unit trust funds. As at the LPD, Principal Malaysia's assets under management comprising in-house unit trust funds as well as corporate and individual portfolios stood at approximately RM56.58 billion.

You are advised to visit our website at <http://www.principal.com.my> for further information on the Manager.

6.2 Roles, duties and responsibilities

The primary responsibilities of Principal Malaysia as the Manager of the Fund include:

- ensuring a Register is maintained;
- deciding on the appropriate investment strategies to be adopted to achieve the investment objectives of the Fund;
- ensuring that the Fund has sufficient holdings in liquid assets;
- executing the purchase and sale of Authorised Securities in relation to Cash Creation and Cash Redemption;
- arranging for the sale and repurchase of Units;
- calculating the amount of Income Entitlement to be distributed to Unit holders; and
- maintaining proper records of the Fund.

6. THE MANAGER

6.3 Key personnel of the Manager

The following table sets out information on the key personnel of Principal Malaysia as at the LPD. The information in the following table is subject to changes following the LPD. You are advised to visit our website at <https://www.principal.com.my> for any updates in relation to the information contained below.

Name:	Munirah Khairuddin
Age:	44
Designation:	Chief Executive Officer
Qualifications:	<p>Munirah is a Chartered Financial Analyst (“CFA”) charterholder and holds the Capital Markets Services Representative’s License (“CMSRL”) for fund management. She graduated with a Bachelor of Arts (Honours) in Accounting & Financial Analysis, University of Newcastle Upon Tyne UK.</p> <p>She was recently named as the CEO of the Year, Malaysia in the Asia Asset Management’s 2014 Best of the Best Awards. Munirah was also selected as one of the recipients for the “Top 25 Women of Asset Management” awards by AsianInvestor in 2014.</p>
Experience, functions and areas of experience or responsibilities in Principal Malaysia	<p>Munirah joined Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad) in November 2006 and was later appointed as Deputy CEO in November 2008. Then, Munirah was responsible for the development of institutional, corporate and international business opportunities and institutional sales.</p> <p>She also served as the Director of CIMB-Principal and Commissioner of PT CIMB-Principal Asset Management in Indonesia. She previously worked as a G7 Economist and strategist for a Fortune 500 multinational oil and gas company. Prior to that, she was a fixed income portfolio manager for emerging markets at Rothschild Asset Management in London.</p> <p>Munirah was appointed as CEO in August 2013. She has been instrumental in helping the company to grow its Assets Under Management (AUM), deepening its retail leadership with new focus in private retirement space, and maintaining consistent risk management and investment performance. Munirah also played an integral part in the strategic business development initiatives of CWA, an agency force of more than 8,000 unit trust consultants nationwide. Munirah also oversees both the retail and corporate businesses for Singapore.</p> <p>She was also named as the CEO of the Year, Malaysia in the Asia Asset Management’s 2015 Best of the Best Awards for the second year in a row. Munirah was also selected as one of the</p>

6. THE MANAGER

	recipients for the "Top 25 Women of Asset Management" award by AsianInvestor in 2014.
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Name:	Patrick Chang Chian Ping
Age:	48
Designation:	Chief Investment Officer, Malaysia & Chief Investment Officer, Equities, ASEAN Region
Qualifications:	MSc Finance from City University Business School and BSc Accounting and Financial Analysis from University of Warwick, UK.
Experience, functions and areas of experience or responsibilities in Principal Malaysia	<p>Patrick Chang joined Principal Malaysia on 22 February 2016 and currently holds the positions of CIO, Malaysia and CIO Equities, ASEAN Region effective 1 October 2018. He comes with more than 18 years of experience in asset management. 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.</p> <p>Prior to that, he served as Senior Vice President for Principal Malaysia 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 and holds the Capital Markets Services Representative License.</p>

Name:	Jacqueline Lai
Age:	49
Designation:	Head, Compliance
Qualifications:	Bachelor of Business from RMIT majoring in Accountancy, Chartered Accountant in Malaysia, CIAFIN, SC Compliance Certification
Experience, functions and areas of experience or responsibilities in Principal Malaysia	<p>Jacqueline had been with CIMB Group for more than 19 years and joined Principal Malaysia -Compliance in April 2014. Prior to joining Principal Malaysia -Compliance, Jacqueline was with the Group Internal Audit Division and brings with her a wealth of experience in matters relating to compliance and audit.</p> <p>Jacqueline had been registered with the Securities Commission as the Compliance Officer for Principal Malaysia and Principal Islamic.</p>

6. THE MANAGER

6.4 The Board of the Manager

As at LPD, the Board consists of eight (8) members including three (3) Independent Directors. The Board meets at least four (4) times a year.

The Board oversees the management and operations of Principal Malaysia and enforces standards of accountability including the process of financial reporting and risk management of Principal Malaysia. It also ensures the Principal Malaysia's compliance to all applicable laws, regulations and guidelines.

The following table sets out information on the members of the Board of Principal Malaysia as at the LPD. The information in the following table is subject to changes following the LPD. You are advised to visit our website at <https://www.principal.com.my> for any updates in relation to the information contained below.

Name:	Wong Joon Hian
Age:	70
Designation:	Independent Director
Qualifications:	Member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and a fellow member of the Institute of Chartered Accountants in England and Wales.
Experience:	Has been an independent non-executive director of Principal Malaysia since 22 August 2007. He has accumulated over 30 years of working experience in the areas of audit, accountancy, financial services and corporate management. He commenced his career when he joined Price Waterhouse & Co. in England after qualifying as a Chartered Accountant in 1973. He returned to Malaysia in 1975 to work for Price Waterhouse (now known as PricewaterhouseCoopers PLT), Malaysia until 1985. He then served as the Technical Manager of The Malaysian Association of Certified Public Accountants from 1986 until he was appointed as the General Manager-Operations of Supreme Finance (Malaysia) Berhad in December 1987. After Mayban Finance Berhad had completed the acquisition of Supreme Finance (Malaysia) Berhad in 1991, he joined BDO Binder as an Audit Principal until 1994 when he joined Advance Synergy Berhad. He was appointed the managing director of United Merchant Group Berhad (now known as Advance Synergy Capital Sdn Bhd) in 1995. During the period from 1995 till 2007 he was a director of Ban Hin Lee Bank Berhad, Southern Investment Bank Berhad and United Merchant Finance Berhad. Currently, he is a director in several companies under the Advance Synergy Berhad Group and CIMB Group Holdings Berhad Group. He is also an independent non-executive director of Principal Islamic Asset Management Sdn Bhd (formerly known as CIMB-Principal Islamic Asset Management Sdn Bhd).

Name:	Munirah binti Khairuddin
Age:	44

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Designation:	Non-independent Director
Qualifications:	Please refer to the section on “Qualifications” in respect of Munirah binti Khairuddin in section 6.4 above.
Experience:	Please refer to the section on “Experience, functions and areas of experience or responsibilities in Principal Malaysia” in respect of Munirah binti Khairuddin in section 6.4 above.

Name:	A.Huzaim bin Abdul Hamid
Age:	54
Designation:	Independent Director
Qualifications:	Master of Science, Financial Economics, School of Oriental and African Studies (SOAS), University of London, United Kingdom, 2010; Advanced Diploma in Russian Language, from the Pushkin Institute of Moscow and the Russian Center of Science and Culture, Kuala Lumpur, 2009; Bachelor of Science, Economics, Louisiana State University, Baton Rouge Louisiana, United States of America, 1988.
Experience:	<p>Has been a Director of Principal Asset Management Berhad (<i>formerly known as CIMB-Principal Asset Management Berhad</i>) since 2 May 2013.</p> <p>Huzaim has spent 30 years in various aspects of finance, economics, and public policy advisory. 12 of those years was spent as a fund manager, where he was, among others, a Chief Investment Officer with Alliance Capital Asset Management and as a member of the Pacific Region Team and a Global Commodities Specialist with Hong Kong's Jardine Fleming Investment Management which is now part of JP Morgan, Chase and Co. He has been an independent Investment Committee member for more than 14 years for Principal Malaysia as well as being the same for Principal Islamic Asset Management Sdn Bhd (<i>formerly known as CIMB-Principal Islamic Asset Management Sdn Bhd</i>) and CIMB Wealth Advisors Berhad for several years. He also served as an independent Investment Committee member for CIMB Aviva Assurance and CIMB Aviva Takaful for two years.</p> <p>Huzaim is the Chairman & CEO of Ingenium Advisors, a financial economics advisory established in 2013. He was, prior to that, the Head of Strategic Operations at Malaysia's Employees Provident Fund, where he was deeply engaged in the reform of the Malaysian pension and social security system, which resulted in the private pension system, minimum wages, and minimum retirement age acts.</p> <p>He is also the Chairman of Kulak Sdn Bhd, a Defense services advisory company.</p> <p>Huzaim also spent several years serving as a Senior Fellow at the then renowned Institute of Strategic and International Studies (ISIS) Malaysia, reporting directly to its late Chairman, Tan Sri Noordin Sopiee. He was most active in economic, finance, and geostrategic issues. He was engaged heavily in OIC and East Asian matters, and was appointed the Deputy</p>

6. THE MANAGER

	Secretary General for the Malaysian chapter of the Network of East Asian Think-tanks (NEAT). Huzaima speaks and writes in 5 languages.
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Name:	Pedro Esteban Borda
Age:	58
Designation:	Non-independent Director
Qualifications:	Borda holds a Bachelor's Degree in Business Administration and a Master's Degree in Finance, both from Universidad Argentina de la Empresa (U.A.D.E).
Experience:	He is the Vice President South Asia and India of Principal International based in Malaysia. He is also a Director of Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad) since 20 June 2013. Prior joining Principal International, he was Chief Executive Officer, ASEAN Region of CIMB-Principal Asset Management Berhad. In addition, he was the Country Head – Mexico from 2004 to February 2013, Vice President of Principal Financial Group and previously a member of the Board of Directors of Principal Financial Group, Chile.

Name:	Hisham bin Zainal Mokhtar
Age:	57
Designation:	Independent Director
Qualifications:	He graduated with a Bachelor of Science and Master of Science in Mathematics from Illinois State University, US in 1984 and 1986 respectively. He obtained his Master of Business Administration from Massachusetts Institute of Technology ("MIT"), under the Sloan Fellows Program at the MIT Sloan School of Management in 2010. He is also a Chartered Financial Analyst charterholder.
Experience:	<p>Hisham presently is an Independent Board Member of Telekom Malaysia Berhad, Media Prima Berhad, Principal Islamic Asset Management Sdn Bhd (formerly known as CIMB-Principal Islamic Asset Management Sdn Bhd), Chairman of Sistem Televisyen Malaysia Berhad and a Business Coach at the Asia School of Business since August 2018.</p> <p>He began his career in the insurance industry at Universal Life and General Insurance in 1987. He joined William M Mercer Sdn Bhd in 1988 before becoming an investment analyst with Crosby Research (M) Sdn Bhd in 1991. He joined Barings Research (Malaysia) Sdn Bhd in 1994 and UBS Research (Malaysia) Sdn Bhd in 1996. He became a financial consultant at Sithe Pacific LLC in 1998, a regional independent power producer, and later ventured out to setup a boutique investment advisory firm, KE Malaysia Capital Partners Sdn Bhd.</p> <p>He served Tricubes Berhad as an Executive Director and Vice President of Corporate and Financing Planning from April 2001 to April 2005. He then joined Khazanah Nasional Berhad in May</p>

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	2005 and later served as a Director in the Investment Division from April 2009 to June 2014. He was Chief Operating Officer with Astro Overseas Limited from July 2014 until June 2018 and after that a Director in the Group Managing Director's Office at Malaysian Industrial Development Finance Berhad from July 2018 until March 2019.
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Name:	Effendy bin Shahul Hamid
Age:	47
Designation:	Non-independent Director
Qualifications:	Honours in Electronic Engineering with Optoelectronics, University College London; Alumni of CIMB-INSEAD Leadership Programme.
Experience:	<ul style="list-style-type: none"> ▪ Responsible for the development of the Group's new and disruptive revenue and value creation streams through a focus on creating and cultivating new-age partnerships at scale, venturing through selective strategic investments in platform based businesses, steering CIMB's FinTech practise and managing the Group's operations in Vietnam and the Philippines. ▪ Also responsible for the Group's asset management and investments business across both public and private markets, including the Group's regional asset management business, its private equity fund management business and the Group's equity investments portfolio in companies such as CIMB-Principal and Touch 'n Go. ▪ Most recently, was CEO of Group Commercial Banking, managing the Group's regional banking businesses for the small and medium enterprise and mid sized corporate segment, with a key lean on creating differentiated propositions and executing long term growth strategies. ▪ Prior to that, was Group Chief Marketing and Communications Officer, managing the Group's entire marketing and communications initiatives and lead franchise-wide efforts to ensure a consistent and differentiated CIMB brand for all of the Group's Businesses across the region. ▪ Before that, served as a Director in the Group's Investment Banking Division, primarily focusing on corporate advisory and origination. ▪ Prior to joining the Group, career stints in several international companies in a corporate development capacity, mostly involved in private equity, merger and acquisition activities across Asia Pacific and general business expansion initiatives. ▪ Regional business experience having worked and lived in Malaysia, Hong Kong SAR and Singapore.

Name:	Juan Ignacio Eyzaguirre Baraona
Age:	62
Designation:	Non-independent Director

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Qualifications:	He earned a civil engineering degree from the Universidad de Chile and a degree in philosophy from the Universidad de Los Andes.
Experience:	Juan has 30 years of experience in various senior positions in asset management, banking, insurance and fund management. In 2008, Juan founded Vistage Chile, a business coaching and management development consultancy headquartered in San Diego, California. Prior to this, Juan served as an executive of Principal Latin America where he drove regional business growth and strategy and led teams in Argentina, Chile and within Principal's joint venture in Brazil.

Name:	Paul Wong Chee Kin
Age:	50
Designation:	Non-independent Director
Qualifications:	Monash University, Melbourne, Australia (Bachelor of Business - Major in Banking & Finance)
Experience:	<p>Paul Wong was appointed as Group Chief Operations Officer on 1 October 2018 with key focus in strategizing and overseeing the Operations function of CIMB Group. He previously held the position as Head of Consumer Business Strategic Support since May 2016 with key focus in driving sales and operational productivity, improving customer experience and strengthening compliance at branches. Other previous appointments include Head of Regional Projects in driving sales and operational efficiency in Group Consumer Banking, and Head of ASEAN Business Solutions to oversee cross-border acquisition for retail products from July 2013 to April 2016.</p> <p>Paul was also Head of Sales Management under Consumer Sales & Distribution from 2007 to 2013 where he led the team drive and manage initiatives on marketing, compliance and employee engagement to optimize productivity from sales channels. During the period, Paul was also appointed as the designated Head of Retail Banking for Bank of Commerce ("BOC") in Philippines to lead the re-engineering of overall retail banking strategies as CIMB was exploring the acquisition of BOC.</p> <p>Prior to joining CIMB Bank, Paul served in various capacities in several financial institution including Alliance Bank, Prudential Assurance, OCBC, UOB, and DBS in Malaysia and Singapore.</p>

6.5 The Investment Committee

As required by the ETF Guidelines, the Manager is required to establish an Investment Committee for the Fund whose role is to ensure that the investment management of the Fund is consistent with:

- (a) the investment objective of the Fund;
- (b) the Deed;
- (c) this Prospectus;

6. THE MANAGER

- (d) the ETF Guidelines and other applicable laws;
- (e) internal investment restrictions and policies; and
- (f) acceptable and efficacious investment management practices within the industry.

The powers and duties of the Investment Committee include formulating and monitoring the implementation by the Manager of appropriate investment management strategies for the Fund and the measurement and evaluation of the performance of the Manager. Generally, the Investment Committee meets every month and is responsible for ensuring that the investment management of the Fund is consistent with the objectives of the Fund.

As at LPD, the Investment Committee consists of five (5) members including three (3) independent members.

The following table sets out information on the members of the Investment Committee as at the LPD. The information in the following table is subject to changes following the LPD. You are advised to visit our website at <https://www.principal.com.my> for any updates in relation to the information contained below:

Name:	Kim Teo Poh Jin	
Designation:	Independent member	
Qualifications:	Year	Qualifications
	1980	Bachelor of Arts (Hons) in Economics, Heriot-Watt University of Edinburgh
Experience:	Period	Experience
	May-15 to Present	Investment Committee, Principal Islamic Asset Management Sdn Bhd
	Aug-09 to Present	Group CEO/Executive Director, Boardroom Limited
	Mar-07 to Present	Investment Committee, Principal Asset Management Berhad
	Mar-07 to Sept 2013	Investment Committee, CIMB Wealth Advisors Berhad
	Jan-04 to Mar-07	Executive Director, Regional Head, Retail Equities, CIMB-GK Securities Pte Ltd

Name:	Wong Fook Wah	
Designation:	Independent member	
Qualifications:	Year	Qualifications
	1991	Investment Appraisal and Management, Harvard University, U.S.A.
	1987	Master's degree in Policy Science, Saitama University, Japan
	1977	Bachelor of Arts (Economics), Universiti Malaya
Experience:	Period	Experience
	1991 to Mar-11	Deputy Group Chief Executive Officer, RAM Holdings Bhd

6. THE MANAGER

	1987 – 1991	Analyst, Special task unit handling rehabilitational and restructuring work
	1977 to 1987	Economist (Economics Planning Division), Ministry of Finance

Name:	A. Huzaim Bin Abdul Hamid	
Designation:	Independent member	
Qualifications:	Year	Qualifications
	2010	Master of Science Financial Economics, School of Oriental and African Studies (SOAS), University of London, United Kingdom.
	2009	Advanced Certificate Russian Language, Pushkin State Institute of Russian Language, Moscow, Russia with the Russian Center for Science and Culture, Kuala Lumpur
	1988	Bachelors of Science, Economics, Louisiana State University, Baton Rouge Louisiana, United State of America
Experience:	Period	Experience
	Nov 2012 to Present	Ingenium Advisors Sdn Bhd Chairman & Chief Executive Officer
	Sep 2010 to Oct 2012	Employees Provident Fund Head of Strategic Operations
	Jan 2008 to Aug 2010	Self-employed Independent Researcher

Name:	Mohamad Safri bin Shahul Hamid	
Designation:	Non-independent member	
Qualifications:	Year	Qualifications
	2002	Master of Business Administration (Globalisation), Maastricht School Of Management, The Netherlands
	1998	Chartered Accountant (CA) with the Malaysian Institute of Accountants (MIA).
	1995	Bachelor of Accounting (Honours), International Islamic University Malaysia
Experience:	Period	Experience
	Feb-11 to Present	Deputy Chief Executive Officer / Senior Managing Director,(since April 2014) CIMB Islamic (CIMB Investment Bank)
	Mar-09 to Jan-11	Deputy Chief Executive Officer- MIDF Amanah Investment Bank Berhad (Kuala Lumpur)

6. THE MANAGER

	Feb-08 to Dec-08	Director, Global Markets & Regional Head, Islamic Structuring (Asia), Deutsche Bank Dubai International Financial Centre (Dubai)
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Name:	Alejandro Elias Echegorri Rodriguez	
Designation:	Non-independent member	
Qualifications:	Year	Qualifications
	1997 – 1998	Master En Economia, Ucema (Centro De Estudios Macroeconomicos De Argentina) - Buenos Aires, Argentina
	1979 – 1985	Economista, Universidad De La Republica - Montevideo, Uruguay
Experience:	Period	Experience
	Mar 2019 - Present	Chief Investment Officer of Principal Global Asset Management Asia.
	Mar 2015 – Mar 2019	Chief Executive Officer, ASEAN Region, Executive Director of Principal Asset Management Berhad and Director of Principal Islamic Asset Management Sdn Bhd, Principal Asset Management (S) Pte, Principal Asset Management Company Limited (Thailand), PT Principal Asset Management (Indonesia).
	Jul 2011 – Mar 2015	Principal Financial Group (Mexico) Chief Investment Officer – Latin America
	Sep 2003 – Jul 2011	Principal Financial Group (Mexico) Chief Investment Officer and Asset Management Head - Mexico
	Sep 1999 – Sep 2003	Citibank N.A. (Chile) Senior Investment Officer - Emerging Markets (Pension Fund Group)

6.6 Designated Person Responsible for the Management of the Fund

As required by the ETF Guidelines, the Manager is required to appoint a designated person responsible for the management of the Fund whose role is to ensure that the investment management of the Fund is consistent with the investment objective, investment policy and strategy, investment scope, restrictions as set out in Section 3 of this Prospectus and the ETF Guidelines.

The following table sets out information on the designated person responsible for the management of the Fund. The information in the following table is subject to changes following the LPD. You are advised to visit our website at <https://www.principal.com.my> for any updates in relation to the information contained below:

Name:	Patrick Chang Chian Ping
Designation:	Chief Investment Officer (CIO), Malaysia & Chief Investment Officer, Equities, ASEAN Region

6. THE MANAGER

Qualifications:	Please refer to the section on “Qualifications” in respect of Patrick Chang Chian Ping in section 6.4 above.
Experience:	Please refer to the section on “Experience, functions and areas of experience or responsibilities in Principal Malaysia:” in respect of Patrick Chang Chian Ping in section 6.4 above.

6.7 Material litigation and arbitration

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

6.8 Fund Administration and Fund Accounting Service Provider

The Manager has appointed Deutsche Trustees Malaysia Berhad to provide fund administration and fund accounting services.

DTMB’s roles and responsibilities include keeping proper records, performing valuations of the investments and fund accounting services, which would encompass the following services:

- (a) maintaining financial accounting record of portfolios including all transactions data, records and investment ledgers;
- (b) monitoring and recording of corporate actions;
- (c) performing cash and securities reconciliation with financial institutions and custodian records;
- (d) performing valuation of the investments and the Fund;
- (e) provision of a reporting package which includes the following:
 - Statement of Assets and Liabilities;
 - Statement of Income and Expenditure;
 - Portfolio Valuation Report; and
 - Transaction schedules;
- (f) providing relevant information to facilitate the preparation of statistical returns for submission to regulatory bodies; and
- (g) submitting accounts/accounting records to the appointed external auditors and providing relevant information for disclosure in the annual financial statements (whenever applicable).

6.9 Direct and indirect unit holding in the Fund

As at the LPD, none of the promoters, substantial shareholders, directors and key personnel of the Manager have any direct or indirect unit holding in the Fund.

7. THE TRUSTEE

7.1 About the Trustee

Deutsche Trustees Malaysia Berhad (Company No. 763590-H) was incorporated in Malaysia on 22 February 2007 and commenced business in May 2007. DTMB is registered as a trust company under the Trust Companies Act 1949, with its business address at Level 20, Menara IMC, 8 Jalan Sultan Ismail, 50250 Kuala Lumpur.

DTMB is a member of Deutsche Bank Group (“Deutsche Bank”). Deutsche Bank provides commercial and investment banking, retail banking, transaction banking and asset and wealth management products and services to corporations, governments, institutional investors, small and medium-sized businesses, and private individuals.

7.2 Roles, duties and responsibilities

DTMB’s main functions are to act as trustee and custodian of the Fund Assets and to safeguard the interests of Unit holders of the Fund. In performing these functions, the Trustee has to exercise due care and vigilance and is required to act in accordance with the relevant provisions of the Deed, the CMSA and all relevant laws.

7.3 Experience in trustee business

DTMB is part of Deutsche Bank’s Securities Services, which provides trust, custody and related services on a range of securities and financial structures. As at the LPD, DTMB is the trustee for 181 collective investment schemes including unit trust funds, wholesale funds, ETFs and private retirement schemes.

DTMB’s trustee services are supported by Deutsche Bank (Malaysia) Berhad, a subsidiary of Deutsche Bank, financially and for various functions, including but not limited to financial control and internal audit.

7.4 Material litigation and arbitration

As at the LPD neither the Trustee nor its delegate is (a) engaged in any material litigation and arbitration, including those pending or threatened, or (b) aware of any facts likely to give rise to any proceedings which might materially affect the business or financial position of the Trustee and any of its delegate.

7.5 Trustee’s Delegate

The Trustee has appointed DBMB as the custodian of the Fund Assets. DBMB is a wholly-owned subsidiary of Deutsche Bank AG. DBMB offers its clients access to a growing domestic custody network that covers over 30 markets globally and a unique combination of local expertise backed by the resources of a global bank. In its capacity as the appointed custodian, DBMB’s roles encompass safekeeping of Fund Assets; trade settlement management; corporate actions notification and processing; securities holding and cash flow reporting; and income collection and processing.

All investments of the Fund are registered in the name of the Trustee for the Fund, or where the custodial function is delegated, in the name of the custodian, to the order of the Trustee for the Fund. As custodian, DBMB shall act only in accordance with instructions from the Trustee.

7.6 Trustee’s statement of responsibility

7. THE TRUSTEE

The Trustee has given its willingness to assume the position as trustee of the Fund and is willing to assume all its obligations in accordance with the Deed, the CMSA, the ETF Guidelines and all relevant laws.

8. SALIENT TERMS OF THE DEED

This Section is meant to disclose the salient terms of the Deed and is not meant to be exhaustive. For full details of the Deed, please refer to the Deed which is available for inspection at the principal places of business of the Manager and Trustee.

Money invested by an investor in the Fund will purchase a number of Units, which represents the Unit holder's interest in the Fund. Each unit held in the Fund represents an equal undivided beneficial interest in the Fund Assets. However, the unit does not give a Unit holder 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).

A Unit holder will be recognised as a registered Unit holder in the Fund on the Dealing Day his/her details is entered onto the Register.

8.1 Rights of Unit holders

A Unit holder has the right, among others, to the following:

- (i) To inspect the Register, free of charge, at any time at the registered office of the Manager, and obtain such information pertaining to its Units as permitted under the Deed and the ETF Guidelines;
- (ii) To receive the distribution of the Fund (if any), participate in any increase in the capital value of the Units and to other rights and privileges as set out in the Deed;
- (iii) To call for Unit holders' meetings;
- (iv) To vote for the removal of the Trustee or the Manager through a Special Resolution;
- (v) To receive annual reports, interim reports (if any) or any other reports of the Fund; and
- (vi) To take any action against the Manager and the Trustee for any breach of its duties under the CMSA and the applicable guidelines as set out in the Deed.

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

8.2 Liabilities and limitations of Unit holders

8.2.1 Liabilities

- (i) The liability of a Unit holder is limited to the purchase price per unit and the Application Fee paid or agreed to be paid for a Unit. A Unit holder need not indemnify the Trustee or the Manager if there is a deficiency in the Fund Assets to meet the claim of any creditor of the Trustee or Manager in respect of the Fund.
- (ii) The recourse of the Trustee, the Manager and any creditor is limited to the Fund Assets.

8.2.2 Limitations

A Unit holder cannot:

- (i) interfere with any rights or powers of the Manager and/or Trustee under the Deed;
- (ii) exercise a right in respect of any of the Fund Assets or lodge a caveat or other notice affecting any particular part of the Fund Assets or otherwise claim any interest in any particular part of the Fund Assets; or
- (iii) require any particular part of the Fund Assets to be transferred to the Unit holder.

8. SALIENT TERMS OF THE DEED

For full details of the rights of a registered Unit holder of the Fund, please refer to the Deed.

8.3 Maximum fees and charges permitted by the Deed

This table describes the maximum fees permitted by the Deed and payable indirectly by investors.

Fees		% / RM
(1)	Management Fee	Up to 3.0% per annum, calculated daily on the NAV of the Fund.
(2)	Trustee Fee	Up to 0.20% per annum, calculated daily on the NAV of the Fund, but subject to a minimum fee of RM18,000 per annum (excluding foreign sub-custodian fees and charges).

A lower fee and/or charges than what is stated in the Deed may be charged, all current fees and/or charges will be disclosed in the Prospectus.

Any increase of the fees and/or charges above that stated in the current Prospectus may be made provided that a supplemental prospectus is issued and the maximum stated in the Deed shall not be breached.

Any increase of the fees and/or charges above the maximum stated in the Deed shall require Unit holders' approval.

8.4 Expenses permitted by the Deed

The Deed allows for payment of other expenses, which include (without limitation) expenses connected with:

- any costs, fees and expenses to be paid under any licence and data supply contracts in relation to the Index Licensor entered into by the Trustee and/or the Manager in respect of the Fund;
- the processing or handling fees levied by any person for rendering services to effect any acquisition, disposal or any other dealings whatsoever in the Fund Assets and any expenses in relation thereto including commissions or fees paid to brokers and/or dealers in effecting dealings in the Authorised Securities of the Fund;
- all fees, charges, expenses and disbursements of any legal adviser or counsel, accountant, auditor, valuer, broker, banker, tax adviser or other professional advisers employed or engaged by the Trustee or the Manager in the establishment of the Fund, in maintaining, preserving and protecting the Fund Assets and in the ongoing performance of their respective duties and obligations under this Deed, or otherwise in connection with the Fund;
- all fees, charges, expenses and disbursements incurred in relation to the safe-custody, acquisition, holding, registration, realisation of or other dealing with any Fund Assets or the holding of any Fund Assets or the custody of the documents of title thereto (including insurance of documents of title against loss in shipment, transit or otherwise and charges made by agents of the Trustee for retaining documents in safe custody), any applicable fees and expenses of the custodian, joint-custodian and/or sub-custodian appointed pursuant to the provisions of this Deed and all transactional fees as may be agreed from time to time between the Manager and the Trustee in relation to all transactions involving the whole or any part of the Fund Assets;

8. SALIENT TERMS OF THE DEED

- all charges and expenses incurred for any meeting of Unit holders other than convened by and for the benefit of the Manager and the Trustee;
- the fees and expenses incurred by the Manager and the Trustee in obtaining and/or maintaining the listing of and quotation for the Units on the Main Market, and/or the authorisation or other official approval or sanction of the Fund under the Act or any other applicable law or regulation;
- the fees and expenses incurred in connection with depositing and holding Units with the Bursa Depository and the Clearing House (and in any other securities depository or clearing system);
- cost of establishment of the Fund;
- all charges, costs and expenses incurred by the Manager and/or the Trustee in respect of and/or in connection with the maintenance of a website or web pages (as the case may be) dedicated entirely to the Fund and communications with and/or notification to the Unit holders, the Registrar and/or any relevant authorities including notifications made in relation to the Fund in Bursa Securities, newspaper(s) in Malaysia and such other forms of communication permitted or acceptable under the ETF Guidelines and as the Manager may from time to time determine;
- all fees, costs and expenses incurred in respect of preparing any deeds supplemental to this Deed and in respect of preparing any agreement in connection with the Fund other than those for the benefit of the Manager or the Trustee;
- all costs incurred in respect of the preparation, publication and distribution of the annual reports and interim reports (if any) and of all cheques, statements, notices and other documents relating to the Fund;
- all fees and expenses incurred in connection with the removal of the Manager, the Trustee or the auditor of the Fund or the appointment of a new manager, a new trustee or new auditor;
- all expenses incurred in the collection of Income of the Fund (including expenses incurred in obtaining tax repayments or relief and agreement of tax liabilities) or the determination of taxation;
- all expenses associated with the distributions declared pursuant to this Deed including without limitation fees for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer;
- all fees and expenses incurred by the Manager and the Trustee in winding-up and terminating the Fund;
- fees for the valuation of the Fund by independent valuers for the benefit of the Fund;
- all fees and expenses of the independent members of the Investment Committee;
- any costs, fees and expenses to be paid under any licence and data supply contracts in relation to the maintenance of calculation of IOPV per Unit; and
- such other charges, costs, expenses and disbursements (including but not limited to any tax and other duties imposed by any government and other authorities, e.g., goods and services tax payable by the Manager or the Trustee for the Fund pursuant to the Deed) as permitted or required (as the case may be) under the applicable laws which the Trustee is entitled to charge to the Fund.

The Manager 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. Further, any increase in the maximum rate of the Management Fee and Trustee Fee stated in the Deed shall only be made and

8. SALIENT TERMS OF THE DEED

effected once a supplemental deed stating the higher rate of the Trustee Fee and the Management Fee is entered into and registered with the SC.

8.5 Retirement, removal or replacement of the Manager

The Manager may retire upon giving twelve (12) months' notice to the Trustee of its desire to do so, or such lesser time as the Manager and Trustee may agree, in favour of another corporation.

The Manager shall retire under the following circumstances:

- if a Special Resolution is duly passed by the Unit holders that the Manager be removed; or
- if the Manager ceases to be approved by the SC to be the management company of the Fund.

The Manager may be removed by the Trustee under certain circumstances outlined in the Deed. These include:

- if the Manager shall have gone into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or cease to carry on business or if a receiver shall be appointed of the undertaking or assets of the Manager or if any encumbrances shall take possession of any of its assets;
- if the Manager ceases to carry on business;
- if the Trustee is of the opinion that the Manager has, to the prejudice of the Unit holders, failed to comply with any provision or covenant under the Deed or contravened any of the provisions of the CMSA; or
- if the Manager has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of the Unit holders for it to do so, after the Trustee has given notice to it of that opinion and the reasons for that opinion, and has considered any representations made by the Manager in respect of that opinion, and after consultation with the SC and a Special Resolution is duly passed by the Unit holders.

In any of the above said grounds, the Manager for the time being shall upon receipt of such notice by the Trustee cease to be the Manager and the Trustee shall by writing under its seal appoint another corporation to be the Manger of the Fund subject to such corporation entering into a deed(s) with the Trustee and thereafter act as Manager during the remaining period of the Fund.

The Manager may be replaced by another corporation appointed as manager by Special Resolution of the Unit holders at a Unit holder's meeting convened in accordance with the Deed either by the Trustee or the Unit holders.

8.6 Retirement, removal or replacement of the Trustee

The Trustee may retire upon giving twelve (12) months' notice to the Manager of its desire to do so, or such lesser time as the Manager and Trustee may agree.

The Manager and the Trustee may agree, and may by Deed appoint in its stead a new trustee approved by the SC.

The Trustee may be removed and another trustee may be appointed by Special Resolution of the Unit holders at a Unit holders' meeting convened in accordance with the Deed or as stipulated in the CMSA.

8. SALIENT TERMS OF THE DEED

The Trustee may be removed by the Manager under certain circumstances as specified in the Deed which include the following events:

- the Trustee goes into liquidation;
- the Trustee is placed under receivership, or ceases to exist or carry on business,
- the Trustee is no longer validly appointed or eligible to act as a Trustee pursuant to CMSA;
- the Trustee ceases to be approved by the SC to be a trustee for unit trust schemes;
- if a Special Resolution is duly passed by the Unit holders that the Trustee be removed.
- the Trustee fails or refuses to act as a Trustee in accordance to the Deed or the CMSA; or
- the Trustee is under investigation for conducts that contravene the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 and the relevant applicable securities laws.

The Manager shall take reasonable steps to remove and replace the Trustee as soon as practicable after becoming aware of any such circumstances as mentioned above.

Additionally, the Manager is legislatively empowered under Section 299 of the CMSA to remove a Trustee under specific circumstances set out therein.

The Trustee may be replaced by another corporation appointed as trustee by Special Resolution of the Unit holders at a Unit holder's meeting convened in accordance with the Deed either by the Manager or the Unit holders.

8.7 Termination of the Fund

8.7.1 The Fund may be terminated by the Trustee, with the approval of the Manager by notice in writing (except in the case of 8.7.1(vi) below) upon the occurrence of any of the following events:

- (i) if it becomes illegal or in the opinion of the Trustee impossible or impracticable to continue the Fund;
- (ii) if the Fund shall become liable to taxation (whether in Malaysia or elsewhere) in respect of income or capital gains at a rate considered by the Manager to be excessive in relation to the rate which would be borne by the Unit holder if they owned directly the relevant Fund Asset in question;
- (iii) if the Units cease to be listed on Bursa Securities;
- (iv) if the Fund ceases to be authorised under the CMSA;
- (v) if the Index Licence Agreement is terminated and a new Index Licence Agreement relating to the Benchmark Index is not entered into by the Trustee and/or the Manager;
- (vi) if the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee); or in the opinion of the Trustee, the Manager: (aa) has ceased to carry on business, or (bb) has to the prejudice of Unit holders failed to comply with the provisions of the Deed or contravened any of the provisions of any relevant law. The Trustee shall, in these instances, call for a meeting of Unit holders for a Special Resolution to terminate the Fund in the manner provided in the Deed; or
- (vii) if on the expiration of three (3) months after notifying the Manager that in the Trustee's opinion a change of Manager is desirable in the interests

8. SALIENT TERMS OF THE DEED

of the Unit holders and the Trustee has not found another company ready to accept the office of Manager of the Fund of which the Trustee and the SC shall approve.

- 8.7.2 Notwithstanding Section 8.7.1 above, the Fund may be terminated any time by Special Resolution of the Unit holders and such termination shall take effect from the date of which such Special Resolution is passed or such later date (if any) as the Special Resolution may provide.

8.8 Unit holders meeting

- 8.8.1 The Trustee or the Manager may respectively at any time convene a meeting of Unit holders at such time or place in Malaysia (subject as hereinafter provided) as the party convening the meeting may think fit and the following provisions of this Schedule shall apply thereto.

- 8.8.2 The Manager shall call for a meeting of Unit holders if not less than fifty (50) Unit holders or ten percent (10%) of all Unit holders direct the Manager to do so in writing delivered to the registered office of the Manager for the purpose of:

- (a) considering the most recent financial statement of the Fund;
- (b) giving the Trustee such directions as the meeting thinks proper; or
- (c) considering any other matter related to this Deed.

- 8.8.3 Where the meeting is convened to pass:

- (a) an ordinary resolution (which requires the approval of a simple majority), at least fourteen (14) days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of such meeting shall be given to the Unit holders; or
- (b) a Special Resolution, at least twenty one (21) days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of such meeting shall be given to the Unit holders,

such notices shall be given to the Unit holders in the following manner as contemplated under the Deed:

- (i) by sending by post a notice of the proposed meeting to each Unit holder at the Unit holder's last known address appearing in the Register;
- (ii) by publishing an advertisement giving notice of the meeting in a national language newspaper published daily and circulating generally throughout Malaysia, and in one other newspaper as may be approved by the SC; or
- (iii) such other forms of communication permitted or acceptable under the ETF Guidelines and as the Manager may from time to time determine.

- 8.8.4 The notice shall be in the form of a circular and shall specify the place day and hour of meeting, the general nature of the business to be transacted and the terms of any resolution to be proposed thereat. A copy of the notice shall be sent to the Trustee unless the meeting is convened by the Trustee. The accidental omission to give notice to or the non-receipt of notice by any of the Unit holders shall not invalidate the proceedings at any meeting.

- 8.8.5 At any meeting, at least five (5) Unit holders present in person or by proxy shall form a quorum for the transaction of business except for the purpose of passing a Special Resolution. The quorum for passing a Special Resolution shall be at

8. SALIENT TERMS OF THE DEED

least five (5) Unit holders present in person or by proxy registered as holding not less than twenty five percent (25%) of the Units in issue provided that if there are only five (5) or less than five (5) Unit holders, the quorum shall be by all the Unit holders for the time being. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.

- 8.8.6 Every Unit holder (being an individual) who is present in person or by proxy or (being a corporation) is represented by one of its representatives or by proxy shall, on a poll, have one vote for every Unit of which he or it is the Unit holder and need not cast all the votes to which he or it is entitled in the same way.
- 8.8.7 Any Unit holder being a corporation may by resolution of its directors or other governing body authorise any person to act its representative at any meeting of Unit holders, and a person so authorized shall at such meeting be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Unit holder.
- 8.8.8 Every question arising at a general meeting of Unit holders shall be decided in the first instance by a show of hands, provided that a poll shall be taken in any case where:
- (a) it is required by this Deed or by applicable laws that the question be decided, by a majority which is to be measured by a percentage of the votes of those present; or
 - (b) it is demanded either before or immediately after any question is put to a show of hands by:
 - (i) the Chairman;
 - (ii) the Trustee;
 - (iii) the Manager; or
 - (iv) any Unit holder or Unit holders present holding (any representing by proxy) or holding between them not less than ten percent (10%) of the Units issued.
- 8.8.9 Upon any question decided by a show of hands each Unit holder present and each proxy shall have one vote and upon any question decided by a poll each Unit holder present in person or by proxy shall have one vote for each fully paid Unit.

9. APPROVALS AND CONDITIONS

9.1 Approvals obtained from SC and conditions imposed

The SC had on 18 March 2010 approved the following proposals:

- (a) establishment of the Fund with an initial fund size of 500 million Units;
- (b) the listing and quotation for up to 500 million Units on the Main Market of Bursa Securities;
- (c) the appointment of Principal Malaysia as the Manager;
- (d) the appointment of Deutsche Trustees Malaysia Berhad as the Trustee;

subject to the following conditions:

No.	Conditions imposed	Status of compliance
(i)	The Manager must inform the SC the listing date of the Fund prior to the listing of the Fund;	Complied
(ii)	The listing of the Fund must be completed within 6 months from the date of the approval letter from SC. SC's approval would be deemed to have lapsed if the Manager fails to do so within the stipulated timeframe; and	Complied
(iii)	The Manager is to provide real-time or near real-time IOPV per Unit when the Fund's fund size reaches RM300 million or any other smaller viable fund size.	Duly noted and to be met when the Fund's fund size reaches RM300 million or any other smaller viable fund size.

The SC had on 8 March 2010 stated that it has no objection to the outsourcing of Principal Malaysia's fund accounting function to Deutsche Bank (Malaysia) Berhad.

The SC had on 18 March 2010 stated that it has no objection on the proposal of the Manager to calculate the IOPV per Unit once per day after the close of the morning trading session of the Hong Kong Stock Exchange

In addition to the above, the SC had on 10 June 2014 approved the change of the Benchmark Index i.e. FTSE China 25 Index, as it was then known to "FTSE China 50 Index" subject to the Unit holders as well as potential investors of the Fund being made aware of the change. The Manager has complied with the aforesaid condition.

9.2 Waiver/Variation approved by SC

The SC had on 18 March 2010 granted exemption in relation to Section 11.13 of the ETF Guidelines whereby the SC has exempted the requirement that the Trustee must create or redeem units in return for in-kind considerations only to permit the Trustee to create or redeem units in cash.

10. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST

10.1 Existing and proposed related party transactions

10.1.1 The Manager

We (including our directors) will at all times 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 Principal Malaysia's funds that we manage, we are obliged to act in the best interests of our investors and will seek to resolve any conflicts fairly and in accordance with the Deed.

We shall not act as principals 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 any of our officers have a financial interest in or from which we or any of our officers derive a benefit without 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.

The Fund may have dealings with parties related to us, such as CIMB Bank.

The Index Licensor is not a related corporation of the Manager.

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

10.1.2 The Trustee

As the Trustee for the Fund and the Manager's delegate for the fund accounting and valuation services, there may be related party transactions involving or in connection with the Fund in the following events:

- (1) Where the Fund invests in the products offered by Deutsche Bank AG and any of its group companies (e.g. money market placement, etc.);
- (2) Where the Fund has obtained financing from Deutsche Bank AG and any of its group companies, as permitted under the SC's guidelines and other applicable laws;
- (3) Where the Manager appoints DTMB to perform its back office functions (e.g. fund accounting and valuation); and
- (4) Where DTMB has delegated its custodian functions for the Fund to DBMB.

DTMB will rely on the Manager to ensure that any related party transactions, dealings, investments and appointments are on terms which are the best that are reasonably available for or to the Fund and are on an arm's length basis as if between independent parties.

While DTMB has internal policies intended to prevent or manage conflicts of interests, no assurance is given that their application will necessarily prevent or mitigate conflicts of interests. DTMB's commitment to act in the best interests of the Unit holders does not preclude the possibility of related party transactions or conflicts.

10. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST

10.1.3 Interests in the Fund

Subject to any legal requirement, the Manager, the Trustee, or any related corporation of the Trustee or the Manager, or any officers or directors of any of them, may invest in the Fund. The directors of the Manager and of the Trustee 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 those set out in this Prospectus 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 the Manager for any purpose.

10.1.4 Employees' securities dealings

The Manager has in place a policy contained in its Rules of Business Conduct, which regulates its employees' securities dealings. An annual declaration of securities trading is required from all employees to ensure that there is no potential conflict of interest between the employees' securities trading and the execution of the employees' duties to the company and customers of the company.

10.2 Interests of directors and substantial shareholders of the Manager

As at the LPD, none of our directors and substantial shareholders have either direct or indirect interests in other corporations carrying on a business similar to the business of Principal Malaysia, except for the following:

Director / Shareholder	Position	Shareholding (Direct / Indirect)	Name of corporation
CIMB Group Sdn Bhd	Shareholder	Direct	Principal Islamic Asset Management Sdn Bhd (<i>formerly known as CIMB-Principal Islamic Asset Management Sdn Bhd</i>)
		Indirect	CIMB-Mapletree Management Sdn Bhd

10.3 Declaration of expert's existing and potential interests/conflicts of interests

CGS-CIMB Securities Sdn Bhd confirms that there is no existing or potential interests or conflict of interests in its capacity as the Participating Dealer and Market Maker with respect to the Fund or the Manager.

Each of the Legal Adviser, Messrs Shook Lin & Bok., and the Tax Adviser, PricewaterhouseCoopers Taxation Services Sdn Bhd appointed in their respective advisory capacity to the Fund confirm no existing interest or potential conflict of interest with respect to the Fund or the Manager.

11. TAXATION OF THE FUND

TAXATION ADVISER'S LETTER ON TAXATION OF THE TRUST AND UNIT HOLDERS

PricewaterhouseCoopers Taxation Services Sdn Bhd

Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
P.O.Box 10192
50706 Kuala Lumpur

The Board of Directors

Principal Asset Management Berhad
(f.k.a CIMB-Principal Asset Management Berhad)
10th Floor Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur

31 July 2019

Dear Sirs,

TAXATION OF THE TRUST OFFERED UNDER THE PRINCIPAL FTSE CHINA 50 ETF AND UNIT HOLDERS

This letter has been prepared for inclusion in the Replacement Prospectus (“hereinafter referred to as “the Prospectus”) in connection with the offer of units in the Principal FTSE China 50 ETF (“the Trust”).

The taxation of income for both the Trust and the unit holders are subject to the provisions of the Malaysian Income Tax Act, 1967 (“the Act”). The applicable provisions are contained in Section 61 of the Act, which deals specifically with the taxation of trust bodies in Malaysia.

TAXATION OF THE FUND

The Trust will be regarded as resident for Malaysian tax purposes since the trustee of the Trust is resident in Malaysia.

(1) Foreign Investments

Income of the Trust in respect of overseas investment is exempt from Malaysian tax by virtue of Paragraph 28 of Schedule 6 of the Act and distributions from such income will be tax exempt in the hands of the unit holders. Such income from foreign investments may be subject to taxes or withholding taxes in the specific foreign country. However, any foreign tax suffered on the income in respect of overseas investment is not tax refundable to the Trust in Malaysia.

The foreign income exempted from Malaysian tax at the Trust level will also be exempted from tax upon distribution to the unit holders.

(2) Domestic Investments

(i) General taxation

11. TAXATION OF THE FUND

The income of the Trust consisting of dividends, interest (other than interest which is exempt from tax) and other investment income derived from or accruing in Malaysia, after deducting tax allowable expenses, is liable to Malaysian income tax at the rate of 24 per cent.

Gains on disposal of investments by the Trust will not be subject to income tax.

(ii) Dividend and other exempt income

All companies would adopt the single-tier system. Hence, dividends received would be exempted from tax and the deductibility of expenses incurred against such dividend income would be disregarded. There will no longer be any tax refunds available for single-tier dividends received. Dividends received from companies under the single-tier system would be exempted.

The Trust may receive Malaysian dividends which are tax exempt. The exempt dividends may be received from investments in companies which had previously enjoyed or are currently enjoying the various tax incentives provided under the law. The Trust will not be taxable on such exempt income.

Interest income or discount income derived from the following investments are exempt from tax:

- a) Securities or bonds issued or guaranteed by the Government of Malaysia;
- b) Debentures or sukuk, other than convertible loan stocks, approved or authorized by, or lodged with, the Securities Commission Malaysia; or
- c) Bon Simpanan Malaysia issued by Bank Negara Malaysia.

Income from Investment in structured products which are seen to be “debentures” under Capital Markets and Services Act 2007 will be exempted. Otherwise, tax implications could arise.

Interest income derived from the following investments are exempt from tax:

- a) Interest paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 or Islamic Financial Services Act 2013;
- b) Interest paid or credited by any development financial institution regulated under the Development Financial Institutions Act 2002;
- c) Bonds, other than convertible loan stocks, paid or credited by any company listed in Bursa Malaysia Securities Berhad ACE Market; or
- d) Interest income paid or credited by Malaysia Building Society Berhad¹.

With effect from 1 January 2019, the exemption shall not apply to interest income paid or credited to a unit trust that is a wholesale fund which is a money market fund.

The interest or discount income exempted from tax at the Trust level will also be exempted from tax upon distribution to the unit holders.

(3) Hedging Instruments

The tax treatment of hedging instruments would depend on the particular hedging instruments entered into.

Generally, any gain / loss relating to the principal portion will be treated as capital gain / loss. Gains / losses relating to the income portion would normally be treated as revenue gains / losses. The gain / loss on revaluation will only be taxed or claimed upon realisation. Any gain / loss on foreign exchange is treated as capital gain / loss if it arises from the revaluation of the principal portion of the investment.

1 Pursuant to the letters from Ministry of Finance Malaysia dated 11 June 2015 and 16 June 2015 with effect from year of assessment (“YA”) 2015.

11. TAXATION OF THE FUND

(4) Securities Borrowing and Lending Transaction (“SBL”)

The following is a summary of tax treatment of SBL transactions in Malaysia and the Malaysian securities listed on Bursa Malaysia Berhad (“Bursa”).

Pursuant to Income Tax (Exemption) (No. 30) Order 1995 - Revised 2008, the authorised borrower or lender in a SBL approved by SC will qualify for tax exemption on any income (other than dividends, manufactured payments, lending fees and interest earned on collateral) arising from loan of securities listed under Bursa. The same exemption also applies on the return of the same or equivalent securities and the corresponding exchange of collateral.

Lending fees are taxable when received by the lender. Withholding tax of 10 percent is also applicable if the borrower pays lending fees to a non-resident lender.

Interest earned on collateral is not exempted from income tax / withholding tax. Interest paid by Bursa Malaysia Securities Clearing Sdn Bhd on cash collateral will be exempted from tax when received by non-resident borrowers and individual borrowers who are residents.

Pursuant to Stamp Duty (Exemption) (No.28) Order 1995 and Stamp Duty (Exemption) (No. 12) Order 2000, the instrument of transfer of securities listed on Bursa and Bursa Malaysia Securities Malaysia Berhad ACE Market executed in favour of a borrower or lender and an instrument of transfer of collateral are exempted from stamp duty.

(5) Tax Deductible Expenses

Expenses wholly and exclusively incurred in the production of gross income are allowable as deductions under Section 33(1) of the Act. In addition, Section 63B of the Act provides for tax deduction in respect of managers’ remuneration, expenses on maintenance of the register of unit holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postages. The deduction is based on a formula subject to a minimum of 10 per cent and a maximum of 25 per cent of the expenses.

(6) Real Property Gains Tax (“RPGT”)

With effect from 1 January 2019, any gains on disposal of real properties or shares in real property companies² would be subject to RPGT at the following rates:-

Disposal time frame	RPGT rates
Within 3 years	30%
In the 4 th year	20%
In the 5 th year	15%
In the 6 th year and subsequent years	10%

(7) Sales and Service Tax (“SST”)

Effective from 1 September 2018, SST has been reintroduced to replace the Goods and Services Tax (“GST”). Both the Sales Tax Act 2018 and Services Tax Act 2018 have been gazetted on 28 August 2018.

² A real property company is a controlled company which owns or acquires real property or shares in real property companies with a market value of not less than 75 per cent of its total tangible assets. A controlled company is a company which does not have more than 50 members and is controlled by not more than 5 persons.

11. TAXATION OF THE FUND

The rates for sales tax are nil, 5 per cent, 10 per cent or a specific rate whereas the rate for service tax is at 6 per cent.

Sales tax will be chargeable on taxable goods manufactured in or imported into Malaysia, unless specifically exempted by the Minister. Whereas, only specific taxable services provided by specific taxable persons will be subject to service tax. Sales tax and service tax are single stage taxes. As such, SST incurred would generally form an irrecoverable costs to the business.

Generally, the Trust, being a collective investment vehicle, should not be caught under the service tax regime. Certain brokerage, professional, consultancy or management services paid by the Trust may be subject to service tax at 6 per cent including services acquired from a foreign service provider.

TAXATION OF UNIT HOLDERS

Unit holders will be taxed on an amount equivalent to their share of the total taxable income of the Trust to the extent of the distributions received from the Trust. The income distribution from the Trust will carry a tax credit in respect of the Malaysian tax paid by the Trust. Unit holders will be entitled to utilise the tax credit against the tax payable on the income distribution received by them. No additional withholding tax will be imposed on the income distribution from the Trust.

Non-resident unit holders may also be subject to tax in their respective jurisdictions. Depending on the provisions of the relevant country's tax legislation and any double tax treaty with Malaysia, the Malaysian tax suffered may be creditable against the relevant foreign tax.

Corporate unit holders, resident³ and non-resident, will generally be liable to income tax at 24 per cent on distribution of income received from the Trust. The tax credits attributable to the distribution of income can be utilised against the tax liabilities of these unit holders.

Individuals and other non-corporate unit holders who are tax resident in Malaysia will be subject to income tax at graduated rates ranging from 1 per cent to 28 per cent. Individuals and other non-corporate unit holders who are not resident in Malaysia will be subject to income tax at 28 per cent. The tax credits attributable to the distribution of income can be utilised against the tax liabilities of these unit holders.

The distribution of exempt income and gains arising from the disposal of investments by the Trust will be exempted from tax in the hands of the unit holders.

Any gains realised by unit holders (other than dealers in securities, insurance companies or financial institutions) on the sale or redemption of the units are treated as capital gains and will not be subject to income tax. This tax treatment will include gains in the form of cash or residual distribution in the event of the winding up of the Trust.

³ Resident companies with paid up capital in respect of ordinary shares of RM2.5 million and below will pay tax at 17 per cent for the first RM500,000 of chargeable income with the balance taxed at 24 per cent with effect from 1 January 2019.

With effect from YA 2009, the above shall not apply if more than –

- (a) 50 per cent of the paid up capital in respect of ordinary shares of the company is directly or indirectly owned by a related company;
- (b) 50 per cent of the paid up capital in respect of ordinary shares of the related company is directly or indirectly owned by the first mentioned company;
- (c) 50 per cent of the paid up capital in respect of ordinary shares of the first mentioned company and the related company is directly or indirectly owned by another company.

“Related company” means a company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of the basis period for a YA.

11. TAXATION OF THE FUND

Unit holders electing to receive their income distribution by way of investment in the form of new units will be regarded as having purchased the new units out of their income distribution after tax.

Unit splits issued by the Trust are not taxable in the hands of unit holders.

We hereby confirm that the statements made in this report correctly reflect our understanding of the tax position under current Malaysian tax legislation. Our comments above are general in nature and cover taxation in the context of Malaysian tax legislation only and do not cover foreign tax legislation. The comments do not represent specific tax advice to any investors and we recommend that investors obtain independent advice on the tax issues associated with their investments in the Trust.

Yours faithfully,

for and on behalf of

PRICEWATERHOUSECOOPERS TAXATION SERVICES SDN BHD

Jennifer Chang
Partner

PricewaterhouseCoopers Taxation Services Sdn Bhd have given their written consent to the inclusion of their report as tax adviser in the form and context in which it appears in the Prospectus and have not, before the date of issue of the Prospectus, withdrawn such consent.

12. ADDITIONAL INFORMATION

12.1 Keeping abreast with developments of the Fund

Copies of the annual reports and interim reports (if any) of the Fund will be available on our website at <https://www.principal.com.my> and <http://www.bursamalaysia.com>. We will deliver a copy of the annual report to you without charge within two (2) months from the end of the period or financial year (as the case may be) of the Fund. You may also obtain the annual reports and the interim reports (if any) from our office during normal business hours. Additional copies of the annual reports shall only be sent to you upon request and payment of a reasonable sum as may be determined by us and the Trustee.

Updated information on the Fund can be obtained from our website at <https://www.principal.com.my> and as announced on Bursa Securities' website at <http://www.bursamalaysia.com> from time to time.

Some of the information which is made available on our website and/or Bursa Securities' website include:

- (i) the annual reports and interim reports (if any);
- (ii) NAV per Unit;
- (iii) IOPV per Unit;
- (iv) Fees and charges in relation to the Fund;
- (v) Prospectus; and
- (vi) Benchmark Index.

12.2 Investor services

You should read and understand the contents of the Prospectus and if necessary consult your professional adviser(s).

You may contact our Customer Care Centre by telephone at (03) 7718 3000 or email at service@principal.com.my. Our Customer Care Centre is available between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. and 4:45 p.m. (Malaysian time) on Fridays (except on Selangor public holidays).

If you wish to write in, please address your letter to:

Principal Asset Management Berhad
Customer Care Centre
50, 52 & 54 Jalan SS 21/39
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan Malaysia

12.3 Anti-money laundering policies and procedures

In order to comply with the Anti-Money Laundering and Counter Financing of Terrorism Act 2001 (AMLA) and the relevant policies, procedures, guidelines and/or regulations aimed at the prevention of money laundering, we will be required to obtain satisfactory evidence of your identities and have effective procedures for verifying the bona fides of our investors.

12. ADDITIONAL INFORMATION

We conduct ongoing due diligence and scrutiny of our investors' identities and their investment objectives which may be undertaken throughout the course of the business relationship to ensure that the transactions being conducted are consistent with our knowledge of our investors, our business and risk profile.

We may not have direct contact with such investors and depending on the circumstances of each application, a detailed verification of identity might not be required where:

- (i) the applicant makes the payment for his investment from an account held in the applicant's name at a recognised financial institution;
- (ii) the applicant is regulated by a recognised regulatory authority and is based or incorporated in, or formed under the law of, a recognised jurisdiction; or
- (iii) the application is made through an intermediary which is regulated/licensed by a recognised regulatory authority and is based in or incorporated in, or formed under the law of a recognised jurisdiction.

We also reserve the right to request such information as is necessary to verify the source of the payment. We may refuse to accept the application and the subscription monies if an applicant of Units delays in producing or fails to produce any information required for the purposes of verification of identity or source of funds, and in that event we shall return the application monies (without interest and at the expense of the applicant) by telegraphic transfer to the account from which the monies were originally sent/or by way of a cheque to the applicant's last known address on our records.

We will consider a transaction or a series of transactions to be 'suspicious' if the transaction in question is inconsistent with the investor's known transaction profile or does not make economic sense. Suspicious transactions shall be submitted directly to the Financial Intelligence Unit of Bank Negara Malaysia.

12.4 Unclaimed monies

Any cheque payable to you which remains unclaimed after such period (currently being 12 months) will be paid to the Registrar of Unclaimed Monies in accordance with the requirements of the Unclaimed Monies Act, 1965.

12.5 Material agreements

Save as disclosed below, there are no other material agreements which have been entered into in relation to the Fund as at the date of this Prospectus:

- (i) The Deed (comprising the principal trust deed dated 19 April 2010 entered into between the Manager and Trustee, the first supplemental deed dated 8 December 2010, the second supplemental deed dated 30 July 2014 and the third supplemental deed dated 2 August 2019). The fees payable to the Trustee and Manager are set out in Sections 1.2(ii) and 4.2 of this Prospectus;
- (ii) The Participating Dealer Agreement dated 19 April 2010 entered into between CIMB Bank, the Manager and the Trustee;
- (iii) The Index Licence Agreement dated 19 April 2010 entered into between the Index Licensor and the Manager, the notice on rebranding of FTSE Xinhua Index Series dated 22 November 2010 from FTSE to the Manager, the letter of confirmation dated 24 November 2010 from FTSE to the Manager, SC's approval letter dated 10 June 2014 on the application for a change in Benchmark Index, the notice on enhancement of the FTSE China 25 Index to FTSE China 50 Index dated 3 December 2013 from FTSE to the Manager and the letter of consent dated 1 August 2014 from FTSE to the Manager. The licence fees payable is set out in Sections 1.2(ii) and 4.2 of this Prospectus; and
- (iv) The Fund Administration and Fund Accounting Services Agreement dated 22 March 2018 entered into between the Manager and DTMB.

13. CONSENTS

The written consent of PricewaterhouseCoopers Taxation Services Sdn Bhd, as the Tax Adviser, to the inclusion in this Prospectus of their names and statements/reports (where relevant) and Tax Adviser's Letter in the form and context in which they appear in this Prospectus has been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consents of the Custodian, Participating Dealer, Auditors of the Fund, Index Licensor, Fund administration and Fund accounting service provider, Trustee and Legal Adviser, to the inclusion in this Prospectus of their names and statements/reports (where relevant) in the form and context in which they appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

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14. DOCUMENTS FOR INSPECTION

- 14.1 Copies of the following documents may be inspected at our principal place of business and/or the Trustee's business address (where applicable, without charge) during normal business hours from the date of this Prospectus:
- (i) The Deed;
 - (ii) The material agreements referred to in Section 12.5 of this Prospectus;
 - (iii) The latest annual and interim reports of the Fund;
 - (iv) The audited financial statements of the Manager and the Fund for the last three financial years ended 31 December 2018;
 - (v) The Tax Adviser's letter referred to in Section 11 of this Prospectus;
 - (vi) The letters of consent referred to in Section 13 of this Prospectus; and
 - (vii) This Prospectus and supplementary or replacement prospectuses hereto, if any.

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15. DIRECTORY OF PARTICIPATING DEALER'S OFFICES

As at LPD, the Participating Dealer's office is as follows:

Participating Dealer

CGS-CIMB Securities Sdn Bhd

Registered address:

13th Floor, Menara CIMB
No 1. Jalan Stesen Sentral 2
Kuala Lumpur Central
50470 Kuala Lumpur Malaysia
Tel No.: (+603) 2261 8888

Business address:

17th Floor Menara CIMB
No 1. Jalan Stesen Sentral 2
Kuala Lumpur Central
50470 Kuala Lumpur Malaysia
Tel No.: (+603) 2261 8888

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Principal Asset Management Berhad (304078-K)
(formerly known as CIMB-Principal Asset Management Berhad)

Enquiries:

Customer Care Centre **(603) 7718 3000**

Email **service@principal.com.my**

Website **www.principal.com.my**