

## Information Memorandum

19 December 2019

# Principal Corporate Deposit Fund 1

*(formerly known as CIMB-Principal Corporate Deposit Fund 1)*

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

**Trustee** : **PB Trustee Services Berhad** (196801000374 (7968-T))

THIS IS A REPLACEMENT INFORMATION MEMORANDUM. THIS INFORMATION MEMORANDUM IS ISSUED TO REPLACE AND/OR SUPERSEDE THE REPLACEMENT INFORMATION MEMORANDUM ISSUE NO. 2 OF THE CIMB-PRINCIPAL CORPORATE DEPOSIT FUND 1 DATED 31 DECEMBER 2012, THE FIRST SUPPLEMENTAL INFORMATION MEMORANDUM DATED 19 MARCH 2015 AND THE SECOND SUPPLEMENTAL INFORMATION MEMORANDUM DATED 27 FEBRUARY 2018.

This Information Memorandum Issue No. 3 of the Principal Corporate Deposit Fund 1 is dated 19 December 2019.

The Fund was constituted on 23 September 2011.

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

# ABOUT THIS DOCUMENT

This is an Information Memorandum which introduces you to Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (“Principal Malaysia”) and the Principal Corporate Deposit Fund 1 (“Fund”), which is a Wholesale Fund. This Information Memorandum outlines in general the information you need to know about the Fund and is intended for the exclusive use of the prospective Sophisticated Investors (as defined herein) who should ensure that all information contained herein remains confidential.

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

If you have any questions about the Fund, please call our Corporate & Institutional Business at (03) 2084 8888 on any Business Day between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursday and between 8:45 a.m. and 4:45 p.m. (Malaysian time) on Fridays (except on Kuala Lumpur public holidays).

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

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

Please note all references to currency amounts and NAV per unit in the Information Memorandum are in Malaysian Ringgit unless otherwise indicated.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE UNABLE TO MAKE YOUR OWN EVALUATION, YOU ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.**

# DEFINITIONS

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

Application Fee	- Preliminary charge on each investment.
Business Day	- Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and/or banks in Kuala Lumpur and/or Selangor are open for business. <b>Note:</b> We may declare certain Business Days a non-Business Day when deemed necessary, such as in the event of market disruption.
CIMB Group	- CIMB Group Sdn. Bhd.
CMSA	- Capital Markets and Services Act 2007.
Deed	- The principal and all supplemental deed in respect of the Fund made between us and the Trustee, in which the Unit holders agree to be bound by the provisions of the Deed.
Eligible Market	- A market which is regulated by a regulatory, operates regularly, is open to the public and has adequate liquidity for the purposes of the Fund.
Fund or CDF1	- Principal Corporate Deposit Fund 1 (formerly known as CIMB-Principal Corporate Deposit Fund 1).
Information Memorandum	- Refers to this Information Memorandum in respect of the Fund and includes any addendum to the information memorandum or replacement information memorandum, as the case may be.
LPD	- Latest Practicable Date i.e. 31 October 2019, in which all information provided herein, shall remain current and relevant as at such a date.
Management Fee	- A percentage of the NAV of the Fund that is paid to the Manager for managing the portfolio of the Fund.
NAV of the Fund	- The NAV of the Fund is the value of all the Fund's assets less the value of all the Fund's liabilities, at the point of valuation. For the purpose of computing the annual Management Fee (if any) and annual Trustee Fee (if any), 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.
PIA	- Principal International (Asia) Ltd.
PFG	- Principal Financial Group and its affiliates.
Principal Malaysia or the Manager	- Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad).
RM or MYR	- Malaysian Ringgit.
SC	- Securities Commission Malaysia.
SC Guidelines	- SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.
Sophisticated Investors	- Refers to investors as we determine as qualified or eligible to invest in the Fund and that fulfil any laws, rules, regulation, restrictions or requirements imposed by the respective country's regulators where the Fund is open for sale. For investors in Malaysia, this refers to any person who falls within any of the categories of investors set out in Part 1, Schedule 6 and 7 of the CMSA. <b>Note:</b> For more information, please refer to our website at <a href="http://www.principal.com.my">http://www.principal.com.my</a> for the current excerpts of Part 1, Schedules 6 and 7 of the CMSA.
Special Resolution	- A resolution passed by a majority of not less than $\frac{3}{4}$ of Unit holders voting at a meeting of Unit holders.
Switching Fee	- A charge that may be levied when switching is done from one fund to another.
Transfer Fee	- A nominal fee levied for each transfer of units from one Unit holder to another.
Trustee	- PB Trustee Services Berhad.
Trustee Fee	- A fee that is paid to the Trustee for its services rendered as trustee for the Fund.
Unit holder	- The registered holder for the time being of a unit of the Fund including persons jointly so registered.
US or USA	- United States of America.
Wholesale Fund	- A unit trust scheme established in Malaysia where the units are to be issued, offered for subscription or purchase, or for which invitations to subscribe for or purchase the units are to be made, exclusively to Sophisticated Investor.
Withdrawal Fee	- A charge levied upon withdrawal under certain terms and conditions (if applicable).

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

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# 1. FUND INFORMATION

## 1.1. PRINCIPAL CORPORATE DEPOSIT FUND 1

<b>Fund Category/Type</b>	: Wholesale Fund (Money Market)/ Income.
<b>Investment Objective</b>	: The Fund aims to provide investors with a low risk investment portfolio by investing primarily in deposits. <i>We will require your approval if there is any material change to the Fund's investment objective.</i>
<b>Benchmark</b>	: CIMB Bank Overnight Rate. <b>Note:</b> Information on the benchmark can be obtained from <a href="https://www.cimbbank.com.my">https://www.cimbbank.com.my</a> .
<b>Distribution Policy</b>	: The Fund aims to pay distribution on a monthly basis, depending on the level of income (if any) the Fund generates and at our discretion. We have the discretion to decide on the amount to be distributed to the Unit holders. You may refer to page 8 for more information on the distribution payment.
<b>Launch Date</b>	: 23 September 2011

### Investment Policy and Principal Investment Strategy

The Fund will invest at least 90% of the Fund's NAV in deposits and/or money market instruments which have a remaining maturity period of less than 365 days. The remaining of the Fund's NAV is maintained in cash or its equivalent for any expenses recoverable directly from the Fund in accordance with the Deed and/or SC Guidelines. The investment policy is to invest in liquid and low risk short-term investments with capital preservation\*.

**Note:** \*The Fund is neither a capital guaranteed fund nor a capital protected fund.

**Investment in the Fund is not the same as placement in deposit with a financial institution. There are risks involved and you should rely on your own evaluation to assess the merits and risks when investing in the Fund.**

### Asset Allocation

- At least 90% of the Fund's NAV will be invested in deposits and/or money market instruments which have a remaining maturity period of less than 365 days; and
- Up to 10% of the Fund's NAV is maintained in cash or its equivalent for any expenses recoverable directly from the Fund in accordance with the Deed and/or SC Guidelines.

### Risk management strategy

Risk management is at the core of our investment process. Every proposed decision made by the investment team is considered in the context of the overall portfolio risk-return trade-off.

The Fund will only invest in liquid short-term investments with capital preservation. Our investment committee reviews the counterparties on a regular basis to ensure that the Fund invests in accordance with the Fund's objective. Hence, the Fund is constructed to be managed within the internal guidelines such as risk-return trade-off, which will be monitored regularly by the investment team.

## 1.2. PERMITTED INVESTMENTS

Subject to the Deed, the investment policy of the Fund and the requirements of the SC and any other regulatory body, we have the absolute discretion as to how the assets of the Fund are to be invested. Under the Deed, the Fund can invest in the following:

- Deposits and money market instruments; and
- Any other form of investments as may be determined by us from time to time that is in line with the Fund's objective.

The formulation of the investment policies and strategies of the Fund are based on the objective of the Fund after taking into consideration the regulatory requirements outlined in the SC Guidelines, with such exemptions/variations (if any) as approved by the SC.

## 1.3. INVESTMENT RESTRICTIONS AND LIMITS

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

- the value of the Fund's investment in deposits and/or money market instruments must not be less than 90% of the Fund's NAV; and
- the value of the Fund's investment in such deposits and/or money market instruments must have a remaining maturity period of not more than 365 days.

In respect of any restrictions and limits stipulated 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's investments, or as a result of repurchase of units or payment made out of the Fund).

If the Fund ceases to comply with the above limitations on investments, we should not make any further acquisitions to which the relevant limit is breached and must remedy the non-compliance as soon as practicable (maximum three (3) months from the date of the breach).

#### **1.4. APPROVALS AND CONDITIONS**

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

#### **1.5. BORROWINGS/FINANCING**

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

#### **1.6. SECURITIES LENDING**

Not applicable for the Fund.

#### **1.7. RISK FACTORS**

##### **1.7.1. GENERAL RISKS OF INVESTING IN A COLLECTIVE INVESTMENT SCHEME**

Any investment carries with it an element of risk. Therefore, prior to making an investment, prospective Sophisticated Investors should consider the following risk factors in addition to the other information set out in this Information Memorandum.

##### **Returns not guaranteed**

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

##### **Inflation risk**

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

##### **Manager's risk**

This risk refers to the day-to-day management of the fund by the manager which will impact the performance of the fund. For example, investment decisions undertaken by the manager, as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the deed, relevant law or guidelines due to factors such as human error or weaknesses in operational process and systems, may adversely affect the performance of the fund.

##### **Financing risk**

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

##### **1.7.2. SPECIFIC RISKS RELATED TO THE FUND**

There are specific risks associated with the investment portfolio in the Fund. The key ones include but not limited to the following:

##### **Credit and default risk**

The Fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the Fund invests in money market instruments and/or place deposits. Credit risk relates to the creditworthiness of the securities issuers or counterparties and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer or counterparties may impact the value as well as liquidity of the investments. We aim to mitigate this risk by performing bottom-up and top-down credit research and analysis to determine the creditworthiness of its issuers or counterparties, and impose investment limits on exposures for issuers or counterparties with different credit profiles as a precautionary step to limit any loss that may arise directly or indirectly as a result of a defaulted transaction.

##### **Interest rate risk**

Interest rate risk is the risk that an investment's value will be affected due to a change in the level of interest rates. Such changes usually affect the investments inversely and can be reduced by managing the duration of the portfolio via shorter or

longer tenured assets depending on our view of the future interest rate trend, which is based on our continuous fundamental research and analysis. However, given the short-term nature of the investments of the Fund and the investments are primarily in deposits, the Fund is exposed to minimal interest rate risk.

**Concentration risk**

Concentration risk is the risk of loss as a result of investing heavily into a particular group of counterparties/issuers. We aim to mitigate this risk by performing fundamental credit research and analysis to determine the creditworthiness of the counterparties/issuers.

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

## 2. FEES, CHARGES AND EXPENSES

### 2.1. CHARGES

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

#### 2.1.1. Application Fee

Nil

#### 2.1.2. Withdrawal Fee

Nil

#### 2.1.3. Switching Fee

Nil

#### 2.1.4. Transfer Fee

Nil

### 2.2. FEES AND EXPENSES

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

#### 2.2.1. Management Fee

The annual Management Fee for the Fund is up to 0.25% per annum of the Fund's NAV. The Management Fee shall be accrued daily based on the NAV of the Fund and paid monthly.

*Below is an illustration on how the Management Fee is calculated:*

*Management Fee for the day = NAV of the Fund x Management Fee rate for the Fund (%) / 365 days*

*If the NAV of the Fund is RM10 million, then*

*Management Fee for the day = RM10 million x 0.25% / 365  
= RM68.49*

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

#### 2.2.2. Trustee Fee

The Trustee is entitled to a fee of 0.02% per annum of the Fund's NAV, subject to a minimum of RM18,000 per annum. The Trustee Fee shall be accrued daily based on the NAV of the Fund and be paid monthly.

*Below is an illustration on how the Trustee Fee is calculated:*

*Trustee Fee for the day = NAV of the Fund x Trustee Fee rate for the Fund (%) / 365 days*

*If the NAV of the Fund is RM10 million, then*

*Trustee Fee for the day = RM10 million x 0.02% / 365 days  
= RM5.48*

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

#### 2.2.3. Other expenses

The Deed also provides for payment of other expenses. The major expenses recoverable directly from the Fund include:

- expenses incurred in the transaction costs of placement in deposits and/or investment in money market instruments;
- expenses incurred in printing of, the purchasing of stationery and postage for the annual and interim reports;
- tax and other duties imposed by the government and other authorities, and bank fees;
- fees and other expenses incurred by the auditor and tax agent;
- costs incurred in modifying the Deed for the benefit of Unit holders; and
- cost of convening and holding meetings of Unit holders other than those convened by or for the benefit of the Manager or Trustee.

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



**2.2.4** We and the Trustee are required to ensure that any fees or charges payable are reasonable and in accordance with the Deed which stipulates the maximum rate in percentage terms that can be charged.

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

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

### **2.3. REBATES AND SOFT COMMISSIONS**

We and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Fund unless the soft commission received is retained in the form of goods and services such as 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. Any rebates will be directed to the account of the Fund.

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

**All fees and charges payable by you and/or the Fund are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in the Information Memorandum.**

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

## 3. TRANSACTION INFORMATION

### 3.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUND

We will carry out the valuation of the Fund in a fair manner in accordance with applicable law and guidelines. The valuation bases for the investments permitted by the Fund are as below:

- **Deposits**  
The value of any deposits shall be determined each day by reference to the principal value of such permitted investments and the accrued income thereon for the relevant period.
- **Money market instruments**  
Money market instruments such as negotiable instrument of deposits and commercial papers shall be valued by reference to the quotes provided by independent and reputable pricing source(s), which is deemed fair value, includes but not limited to Bond Pricing Agency (“BPA”) registered by the Securities Commission. Where the quotes are provided by financial institutions, the valuation of the money market instruments will be based on the average of bid and offer prices quoted by three (3) independent and reputable financial institutions of similar standing at the close of trading, based on the methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

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

### 3.2. UNIT PRICING

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

The unit price is based on the closing market price of the Fund’s underlying investments as at the end of that Business Day. The unit price (i.e. NAV per unit of the Fund) for a Business Day is available on our website at <http://www.principal.com.my> after 1:30 p.m. on the following Business Day.

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

The Fund must be valued at least once every Business Day. The method of determining NAV per unit is calculated as follows:

$$\text{NAV per unit} = \frac{\text{NAV}}{\text{Number of Units in issue}}$$

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

### 3.3. INCORRECT PRICING

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

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

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

- i) is equal or more than 0.50% of the NAV per unit; and
- ii) results in a sum total of RM 10.00 or more to be reimbursed to a Unit holder for each sale or repurchase transaction.

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

### 3.4. INVESTING

#### 3.4.1. Who can invest?

The Fund shall only be offered or marketed to the Sophisticated Investors that is corporate client such as company, corporation or co-operative. However, we have the right to reject an application on reasonable grounds.

Further, if we become aware of any US entity (i.e. a corporation, trust, partnership or other entity created or organised in or under the laws of the United States or any state thereof or any estate or trust the income of which is subject to United States Federal Income Tax regardless of source) holding units in the Fund, we will issue a notice to that Unit holder requiring the Unit holder to, within thirty (30) days, either withdraw the Unit holder's units or transfer the units to a non-US entity.

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

#### 3.4.2. How to invest?

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

You may invest:

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

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

### 3.5. MINIMUM INVESTMENTS

The minimum initial investment in the Fund is RM1 million or such other amount as we may from time to time decide.

The minimum additional investment in the Fund is RM1,000 or such other amount as we may from time to time decide.

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

#### 3.5.1. Processing an application

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

### 3.6. MINIMUM WITHDRAWALS

The minimum withdrawal for the Fund is RM1,000 or such other amount as we may from time to time decide, unless you are withdrawing your entire investment. Withdrawals can be made from the Fund by completing a withdrawal form and sending it to us. There is no restriction on the frequency of withdrawals.

**Note:** You may request for a lower amount when withdrawing units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject a lower amount and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. For increase in the amount for minimum withdrawal, we will require concurrence from the Trustee and you will be notified of such changes before implementation.

### 3.6.1. Processing a withdrawal

If we receive a complete withdrawal request by 4:00 p.m., we will process it using the NAV per unit for that Business Day, which will be known on the following Business Day. If we receive the complete withdrawal request after 4:00 p.m., we will process it using the NAV per unit for the next Business Day.

If you request a specific amount in RM, the number of units will be calculated by dividing the requested amount in RM by the NAV per unit, and the number of units will be rounded down to two (2) decimal places. That amount will be paid in RM within three (3) Business Days from the day we process the withdrawal request. The amount that you will receive is calculated by the withdrawal value less the Withdrawal Fee (if any). You will have to bear the applicable bank fees and charges, if any.

## 3.7. MINIMUM BALANCE

The minimum balance that must be retained in the Fund is 1,000 units or such other number of units as we may from time to time decide. If the number of units of an investment drops below 1,000 units, further investments will be required until the balance of the investment is restored to at least the stipulated minimum balance. Otherwise, we can withdraw the entire investment and forward the proceeds to you.

**Note:** We may, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. For increase in the number units for minimum balance, we will require concurrence from the Trustee and you will be notified of such changes before implementation.

## 3.8. SWITCHING

Switching will be conducted based on the value of your investment in the Fund. The minimum amount for a switch must be equivalent to the minimum withdrawal amount applicable to the Fund or such other amounts as we may from time to time decide. Please note that the minimum amount for a switch must also meet the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the fund to be switched into. Further, Unit holders must at all times maintain at least the minimum balance required for the Fund to stay invested in that Fund. Currently, there is no restriction on the frequency of switches.

**Note:** We may, at our absolute discretion, allow switching into (or out of) the Fund, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you).

To switch, simply complete a switch request form and send to us.

## 3.9. TRANSFER FACILITY

You are allowed to transfer your holdings to other Sophisticated Investor subject to such terms and conditions as may be stipulated in the Deed and by us from time to time. We may refuse to register any transfer of a unit at our absolute discretion.

## 3.10. COOLING-OFF PERIOD

Not applicable for corporations/institutions.

## 3.11. TEMPORARY SUSPENSION

We and the Trustee may temporarily suspend the dealing in units of the Fund, subject to the SC Guidelines and/or the Deed. Please note that during the suspension period, there will be no NAV per unit available and hence, we will not accept any transactions for the applications, withdrawals, switches and/or transfers of units. If we have earlier accepted your request for withdrawals and switches of units, please note that there may be delay in processing those transactions and you will be notified accordingly. You will also be notified once the suspension is lifted.

## 3.12. DISTRIBUTION PAYMENT

The Fund aims to pay distribution on a monthly basis, depending on the level of income (if any) the Fund generates and at our discretion\*. The payment of distributions, if any, from the Fund will vary from period to period depending on market conditions, the cash position and the performance of the Fund. All units held at the end of the calendar month will be entitled to such distribution, if any. The distribution amount you will receive is calculated by multiplying the total number of units held by you in the Fund with the distribution amount in cent per unit. On the distribution date, the NAV per unit will adjust accordingly.

You can choose to receive the entire distribution amount by giving us your written instructions at the time of application or at anytime of the investment. If no instruction is made, all distributions will be automatically reinvested into additional units in the

Fund at the NAV per unit of the Fund on the distribution date (the number of units is rounded using the normal rounding policy to two(2) decimal places). No Application Fee is payable for the reinvestment.

If units are issued as a result of the reinvestment of a distribution or other circumstance after you have withdrawn your investment from the Fund, those additional units will then be automatically withdrawn by us if the number of units are below the minimum balance and the proceeds will be paid to you. Distribution payments will be made in RM.

**Note:** *\*We have the right to make provisions for reserves in respect of distribution of the Fund. If the distribution available is too small or insignificant, any distribution may not be of benefit to the you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund.*

### **3.13. UNCLAIMED MONIES**

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

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

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

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

## 4. ADDITIONAL INFORMATION

### 4.1. FINANCIAL YEAR-END

28 February (29 February in the event of a leap year).

### 4.2. INFORMATION ON YOUR INVESTMENT

We will send you the following:

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

**The Fund's annual report is available upon request.**

### 4.3. TERMINATION OF FUND

The Fund may be terminated as proposed by us with the consent of the Trustee (which consent shall not be unreasonably withheld) by giving not less than three (3) months' notice in writing to the Unit holders as hereinafter provided:

- if any law shall be passed which renders it illegal or in our opinion that it is impracticable or inadvisable to continue the Fund; or
- if in our reasonable opinion that it is impracticable or inadvisable to continue the Fund.

The Fund shall be terminated by us if a special resolution is passed at a Unit holders' meeting to terminate or wind-up the Fund.

### 4.4. RIGHTS, LIABILITIES AND LIMITATIONS OF A UNIT HOLDER

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

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

#### **Rights of Unit holders**

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

- inspect the register, free of charge, at any time at our registered office, and obtain such information pertaining to its units as permitted under the Deed and SC Guidelines;
- receive the distribution of the 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 Fund's Deed;
- call for Unit holders' meetings under the following circumstances:
  - (i) to consider the most recent financial statements of the Fund;
  - (ii) to require the retirement or removal of the Manager or Trustee;
  - (iii) to give to the Trustee such directions as the meeting thinks proper; or
  - (iv) to consider any other matter in relation to the Deed.
- vote for the removal of the Trustee or the Manager through a special resolution; and
- receive annual reports or any other reports of the Fund.

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

#### **Liabilities of Unit holders**

- (i) Your liability is limited to the purchase price per unit and Application Fee (if any) paid or agreed to be paid for a unit. You need not indemnify the Trustee or us if there is a deficiency in the assets of the Fund to meet the claim of any creditor of the Trustee or ours in respect of the Fund.
- (ii) Our recourse and the recourse of the Trustee and any creditor is limited to the assets of the Fund.

## Limitations of Unit holders

You cannot:

- (i) interfere with any of our rights or powers and/or rights or powers of the Trustee under the Deed;
- (ii) exercise a right in respect of an asset of the Fund or lodge a caveat or other notice affecting the asset of the Fund or otherwise claim any interest in the asset of the Fund; or
- (iii) require the asset of the Fund to be transferred to you.

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

## 4.5. DOCUMENTS AVAILABLE FOR INSPECTION

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

- The Deed;
- Information Memorandum and supplementary or replacement information memorandum, if any;
- Material contracts or documents disclosed in this Information Memorandum;
- The latest annual and interim reports of the Fund, which includes the audited financial statements of the Fund (where available) for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of launch of the Fund; and
- The audited financial statements of the Manager for current financial year and for the last three (3) financial years or less than three (3) years, from the date of incorporation or commencement.

## 4.6. POTENTIAL CONFLICTS OF INTERESTS AND RELATED-PARTY TRANSACTIONS

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

We shall not act as 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 our officer has financial interest in or from which we or our officer derives a benefit, unless with the prior approval of the Trustee. We (including our directors) who hold substantial shareholdings or directorships in public companies shall refrain from any decision making relating to that particular investment of the Fund.

As at LPD, none of our directors and substantial shareholders has either direct or indirect interest in other corporations that carry on a similar business with 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 (formerly known as CIMB-Principal Islamic Asset Management Sdn Bhd)
		Indirect	CIMB-Mapletree Management Sdn Bhd *

*\*Note: As at LPD date, CIMB-Mapletree Management Sdn. Bhd. has passed a special resolution on 9 May 2019 of which CIMB-Mapletree Management Sdn. Bhd. be wound up as a members' voluntary liquidation and a liquidator be appointed.*

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

We generally discourage cross trades and prohibit any transactions between client(s) accounts and fund accounts. Any cross trade activity require prior approval with the relevant supporting justification(s) to ensure the trades are executed in the best interest of both funds and such transactions were executed at arm's length. Cross trades will be reported to the Investment Committee to ensure compliance to the relevant regulatory requirements.

### The Trustee

As the Trustee and service provider for the Fund, there may be related party transactions involving or in connection with the Fund in the following events:

- 1) where the Fund invests in instrument(s) offered by the related party of the Trustee (e.g. placement of monies, structured products, etc);

- 2) where the Fund is being distributed by the related party of the Trustee;
- 3) where the assets of the Fund are being custodied by the related party of the Trustee both as sub-custodian and/or global custodian of that Fund (Trustee's delegate); and
- 4) where the Fund obtains financing as permitted under the SC Guidelines, from the related party of the Trustee.

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

Subject to any local regulations, the Trustee and/or their related group of companies may deal with each other, the Fund or any Unit holder or enter into any contract or transaction with each other, the Fund or any form of such contract or transaction or act in the same or similar capacity in relation to any other scheme.

#### **4.7. INTERESTS IN THE FUND**

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

#### **4.8. EMPLOYEES' SECURITIES DEALINGS**

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



# 5. THE MANAGER

## 5.1. ABOUT PRINCIPAL ASSET MANAGEMENT BERHAD

Principal Malaysia holds a Capital Markets Services License for fund management and dealing in securities restricted to unit trust 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 the company are PIA and CIMB Group.

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

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 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.

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

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

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

### 5.1.1. Designated person responsible for fund management function

<b>Name:</b>	Patrick Chang Chian Ping
<b>Designation:</b>	Chief Investment Officer (CIO), Malaysia & Chief Investment Officer, Equities, ASEAN Region
<b>Experience:</b>	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. 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.
<b>Qualifications:</b>	MSc Finance from City University Business School and BSc Accounting and Financial Analysis from University of Warwick, UK.

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

## 6. THE TRUSTEE

### 6.1. ABOUT PB TRUSTEE SERVICES BERHAD

**PB Trustee Services Berhad** was incorporated on 24 August 1968 and commenced its operations on 22 January 1969, with its registered and business office at 17th Floor, Menara Public Bank, 146 Jalan Ampang, 50450 Kuala Lumpur. The Trustee has an authorized share capital of RM1,050,000 and a paid-up share capital of RM525,000.

The Trustee's experience in trustee business has expanded over the past 40 years since its incorporation in 1968. It currently manages various types of funds in its capacity as trustee. These include corporate bonds, writing of wills, management of estates, trusteeship for golf clubs, recreational clubs and timesharing schemes. PBTSB is also acting as a custodian in its capacity.

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of the Unit holders of the Fund. The general function, duties and responsibility of the Trustee include, but are not limited to, the following:

- act in accordance with the provisions of the Deed, the CMSA, the SC Guidelines and securities laws;
- take into its custody the investments of the Fund and hold the investments in trust for the Unit holders;
- ensure that the Manager operates and administers the Fund in accordance with the provisions of the Deed, the CMSA, the SC Guidelines and acceptable business practice within the unit trust industry;
- ensure that it is fully informed of the investment policies of the Fund and of any changes made thereto, and if it is of the opinion that the policies are not in the interests of the Unit holders, it shall instruct the Manager to take appropriate action as the Trustee deems fit and/or summons a Unit holders' meeting for the purpose of giving such instructions to the Manager as the meeting thinks proper;
- as soon as practicable notify the SC of any irregularity or an actual or anticipated material breach of the provisions of the Deed, the SC Guidelines and any other matters which in the Trustee's opinion may indicate that the interests of Unit holders are not being served;
- exercise due care, skill, diligence and vigilance in carrying out its functions and duties, in actively monitoring the administration of the Fund by the Manager and in safeguarding the interests of Unit holders;
- maintain, or cause the Manager to maintain, proper accounting and other records in relation to those rights and interests, and of all transactions effected by the Manager on account of the Fund; and
- Require that the accounts be audited at least annually

#### 6.1.1. Trustee's Disclosure of Material Litigation

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

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

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

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