Principal®

Information Memorandum
31 December 2019

Principal Emerging Markets Multi Asset Fund

(formerly known as CIMB-Principal Emerging Markets Multi Asset Fund)

Manager	:	**Principal Asset Management Berhad** (304078-K) *(formerly known as CIMB-Principal Asset Management Berhad)*
Trustee	:	**HSBC (Malaysia) Trustee Berhad** (193701000084 (1281-T))

THIS IS A REPLACEMENT INFORMATION MEMORANDUM. THIS INFORMATION MEMORANDUM IS ISSUED TO REPLACE AND/OR SUPERSEDE THE INFORMATION MEMORANDUM OF THE CIMB-PRINCIPAL EMERGING MARKETS MULTI ASSET FUND DATED 6 JANUARY 2017, THE FIRST SUPPLEMENTAL INFORMATION MEMORANDUM DATED 17 MARCH 2017 AND SECOND SUPPLEMENTAL INFORMATION MEMORANDUM DATED 24 MAY 2018.

This Information Memorandum Issue No.2 for the Principal Emerging Markets Multi Asset Fund is dated 31 December 2019.

This Fund was constituted on 30 December 2016.

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

IS FUND IS A MULTI-CLASS FUND AND IS ALLOWED TO ESTABLISH NEW CLASS(ES) FROM TIME TO TIME AS MAY BE DETERMINED BY THE MANAGER.

In alliance with **CIMB**

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

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

If you have any questions about the Fund, please contact our Customer Care Centre at 03-7718 3000 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).

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notices, legislations or statutes for the time being in force, as may be amended, varied, modified, updated, superseded and/or re-enacted from time to time.

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

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

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

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DEFINITIONS

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

Application Fee	-	Preliminary charge on each investment.
AUD	-	Australian Dollar.
Business Day	-	Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and banks in Kuala Lumpur and/or Selangor are open for business. In respect of the Target Fund, it means a day on which the stock exchange in Luxembourg is open for business. ***Note:*** *We may declare certain Business Days to be a non-Business Day if the jurisdiction of the Target Fund declares a non-business day and/or if the Target Fund's manager declares a non-dealing day. This information will be communicated to you via our website at* ***http://www.principal.com.my****.*
CIMB Group	-	CIMB Group Sdn. Bhd.
CIS	-	Means collective investment schemes.
Class	-	Any Class of units representing similar interests in the assets of the Fund.
Class AUD-Hedged	-	The Class of units issued by the Fund denominated in AUD that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund and AUD.
Class EUR-Hedged	-	The Class of units issued by the Fund denominated in EUR that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and EUR.
Class GBP-Hedged	-	The Class of units issued by the Fund denominated in GBP that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and GBP.
Class HKD-Hedged	-	The Class of units issued by the Fund denominated in HKD that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and HKD.
Class MYR	-	The Class of units issued by the Fund denominated in MYR.
Class MYR-Hedged	-	The Class of units issued by the Fund denominated in MYR that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund and MYR.
Class RMB-Hedged	-	The Class of units issued by the Fund denominated in RMB that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and RMB.
Class SGD-Hedged	-	The Class of units issued by the Fund denominated in SGD that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund and SGD.
Class USD	-	The Class of units issued by the Fund denominated in USD.
CMSA	-	Capital Markets and Services Act 2007.
Company	-	AB SICAV I, an open-ended investment company with variable capital (*société d'investissement à capital variable*) incorporated on 8 June 2006 with limited liability in the Grand Duchy of Luxembourg.
Deed	-	The principal deed and any supplemental deed in respect of the Fund made between us and the Trustee, in which Unit holders agree to be bound by the provisions of the Deed.
Deposit	-	As per the definition of "deposit" in the Financial Services Act 2013 and "Islamic deposit" in the Islamic Financial Services Act 2013. ***Note:*** *To exclude structured deposits.*
Derivative	-	Means any agreement, including an option, a swap, futures or forward contract whose market price, value, delivery or payment obligations is derived from, referenced to or based on, but not limited to, securities, commodities, assets, rates (including interest rates or exchange rates) or indices.
Directive	-	Refers to the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as applicable and as may be amended.
Distributors	-	Any relevant persons and bodies appointed by us from time to time, who are responsible for selling the units of the Fund, including Principal Distributors and IUTAs.
EUR	-	Euro.
Fund or EMMA	-	Principal Emerging Markets Multi Asset Fund *(formerly known as CIMB-Principal Emerging Markets Multi Asset Fund)*.
GBP	-	Great Britain Pound.
HKD	-	Hong Kong Dollar.
Information Memorandum	-	Refers to the information memorandum in respect of the Fund and includes any supplemental information memorandum or replacement information memorandum, as the case may be.
Investment Manager	-	AllianceBernstein L.P.
IUTA	-	Institutional Unit Trust Scheme Adviser.
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 Company	-	AllianceBernstein (Luxembourg) S.à r.l. , a société à responsabilité limitée organized under the laws of the Grand Duchy of Luxembourg.

Management Fee	-	A percentage of the NAV of the Class that is paid to the Manager for managing the portfolio of the Fund.
MCR	-	Multi-class ratio, being the apportionment of the NAV of each Class over the Fund's NAV based on the size of each Class. The MCR is calculated by dividing the NAV of the respective Class by the NAV of the Fund before income and expenses for the day. The apportionment is expressed as a ratio and calculated as a percentage.
Member State	-	A member state of the European Union.
NAV	-	Net Asset Value.
NAV of the Fund	-	The NAV of the Fund is the value of all the Fund's assets less the value of all the Fund's liabilities, at the point of valuation. For the purpose of computing the annual Management Fee and annual Trustee Fee, the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day. The NAV of a Class is the NAV of the Fund attributable to a Class at the same valuation point.
NAV per unit	-	The NAV attributable to a Class of units divided by the number of units in circulation for that Class, at the valuation point.
OTC	-	Over-the-counter.
PFG	-	Principal Financial Group and its affiliates.
Principal Distributors	-	Refers to the unit trust scheme consultants of Principal Malaysia.
Principal Malaysia or the Manager	-	Principal Asset Management Berhad *(formerly known as CIMB-Principal Asset Management Berhad)*.
Prospectus	-	Refers to the prospectus in respect of the Company and includes any supplemental prospectus, addendum or replacement prospectus, as the case may be. The Prospectus is available on AllianceBernstein's website at **https://www.abglobal.com/**.
RM or MYR	-	Ringgit Malaysia.
RMB	-	Renminbi. For the avoidance of doubt, this refers to the offshore RMB, i.e. the CNH.
SC	-	Securities Commission Malaysia.
SC Guidelines	-	SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.
SGD	-	Singapore Dollar.
Sophisticated Investor	-	Refers to investors as we determine as qualified or eligible to invest in the Fund and that fulfil any laws, rules, regulation, restrictions or requirements imposed by the respective country's regulators where the Fund is open for sale. For investors in Malaysia, this refers to any person who falls within any of the categories of investors set out in Part 1, Schedules 6 and 7 of the CMSA. ***Note:*** *For more information, please refer to our website at* ***http://www.principal.com.my*** *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 3/4 of Unit holders voting at a meeting of Unit holders. For the purpose of terminating or winding up the Fund or a Class, a Special Resolution is passed by a majority in number representing at least 3/4 of the value of the units held by Unit holders voting at the meeting.
Switching Fee	-	A charge that may be levied when switching is done from one (1) fund or class to another.
Target Fund	-	The CIS that the Fund invests predominantly in. Currently, it refers to AB SICAV I Emerging Markets Multi-Asset Portfolio.
Transfer Fee	-	A nominal fee levied for each transfer of units from one (1) Unit holder to another.
Trustee	-	HSBC (Malaysia) Trustee Berhad.
Trustee Fee	-	A percentage of the NAV of the Fund that is paid to the Trustee for its services rendered as trustee for the Fund.
UCITS	-	An undertaking for collective investment in transferable securities established pursuant to the Directive.
UK	-	United Kingdom.
Unit holder	-	The registered holder for the time being of a unit of any Class including persons jointly registered.
US	-	United States of America.
USD	-	United States Dollar.
Wholesale Fund	-	A unit trust scheme established in Malaysia where the units are to be issued, offered for subscription or purchase, or for which invitations to subscribe for or purchase the units are to be made, exclusively to Sophisticated Investor.
Withdrawal Fee	-	A charge levied upon 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.*

1. FUND INFORMATION

1.1. PRINCIPAL EMERGING MARKETS MULTI ASSET FUND

Fund Category/Type	:	Feeder Fund / Income & Growth
Investment Objective	:	The Fund aims to maximize total return through investments in one collective investment scheme, which invests primarily in assets of the emerging markets. *We will require your approval if there is any material change to the Fund's objective.*
Benchmark	:	The Fund is benchmark unconstrained as the Target Fund is benchmark unconstrained, i.e. it will be actively managed without reference to any specific benchmark.
Distribution Policy	:	The distribution policy of each of the Class may differ. Please refer to the Annexure of the respective Class for more information. You may also refer to page 39 for information on distribution payment.
Base Currency	:	USD

Classes of the Fund

Please note that the Fund is established with a multi-class structure where the Deed allows for the establishment of more than one (1) Class with similar interests in the assets of the Fund, i.e. the Fund is allowed to establish new Class(es) from time to time without your prior consent.

Under the Deed, Unit holders of each Class have materially the same rights and obligations. Each Class may be different in terms of currency denomination, fees and charges and/or distribution policy and hence, will have its respective NAV per unit, denominated in its respective currency taking into account the aforementioned features. Although the Fund has multiple Classes, you should note that the assets of the Fund are pooled for investment purpose.

Currently, the Classes below are available for sale. Please refer to the Annexure for further details on the Classes. You should note that we have the discretion to decide on the offering of other Classes for sale in the future. This information will be communicated to you via our website at **https://www.principal.com.my**. When in doubt, you should consult your professional advisers for better understanding of the multi-class structure before investing in the Fund.

Name of Class	Launch date	Initial offer period	Initial offer price per unit
Class MYR	6 January 2017	N/A	MYR1.0000
Class USD	6 January 2017	N/A	USD1.0000
Class AUD-Hedged	1 July 2017	N/A	AUD1.0000
Class EUR-Hedged	2 July 2018	N/A	EUR1.0000
Class GBP-Hedged	2 July 2018	N/A	GBP1.0000
Class HKD-Hedged	2 July 2018	N/A	HKD1.0000
Class MYR-Hedged	27 February 2017	N/A	MYR1.0000
Class RMB-Hedged	2 July 2018	N/A	RMB1.0000
Class SGD-Hedged	1 July 2017	N/A	SGD1.0000

Investment Policy and Principal Investment Strategy

The Fund is a feeder fund and it invests in a single CIS, i.e. AB SICAV I Emerging Markets Multi-Asset Portfolio. The Fund may also invest in liquid asset for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its NAV in the Target Fund; a UCITS domiciled in Luxembourg and established on 23 May 2011. Currently, the Fund will invest in Class AD of the Target Fund ("Class AD"), which is a share class denominated in USD and launched on 21 March 2013. The Fund will also maintain up to 5% of its NAV in liquid assets for liquidity purposes. The Fund may invest into any other classes of the Target Fund which must be denominated in USD if we and the Target Fund Manager are of the opinion that the change is in the interest of the Unit holders. If we wish to effect such change, we will consult with the Trustee and you will be notified accordingly.

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

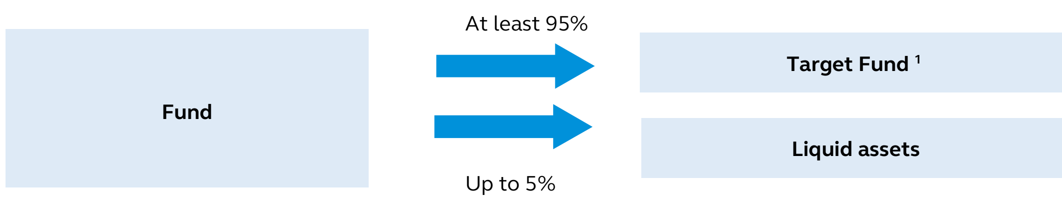
We do not employ risk management strategy on the portfolio of the Target Fund. However, the Target Fund Management Company will employ, or will ensure that the Investment Manager will employ, a risk management process in respect of the Target Fund that enables the Management Company to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Target Fund. Please refer to page 21 under the "Investment objective and investment strategies of the Target Fund" for more information.

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

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

Information on the Target Fund

Company	:	AB SICAV I, an open-ended investment company with variable capital (*société d'investissement à capital variable*)
Management Company	:	AllianceBernstein (Luxembourg) S.à r.l.
Investment Manager	:	AllianceBernstein L.P.
Regulatory authority	:	Commission de Surveillance du Secteur Financier



[1] *Presently, the Target Fund is the AB SICAV I Emerging Markets Multi-Asset Portfolio.*

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

1.2. PERMITTED INVESTMENTS

The Fund will invest in the following investments:
- One (1) CIS;
- Liquid assets;
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps for hedging purposes; and
- Any other form of investments as may be determined by us from time to time that is in line with the Fund's objective.

1.3. INVESTMENT RESTRICTIONS AND LIMITS

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

CIS: The Fund must invest in one (1) CIS.

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

1.4. APPROVALS AND CONDITIONS

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

1.5. BORROWINGS OR FINANCING

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

1.6. SECURITIES LENDING

Not applicable to the Fund.

1.7. RISK FACTORS

1.7.1. GENERAL RISKS OF INVESTING IN A CIS

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

Returns not guaranteed
The investment of the fund is subject to market fluctuations and its inherent risk. There is **NO GUARANTEE** on the investment returns, nor any assurance that the fund's investment objective will be achieved.

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

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

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

1.7.2. SPECIFIC RISK RELATED TO THE FUND

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

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

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

Country risk
As the Fund invests in the Target Fund which is domiciled in Luxembourg, the Fund's investments in the Target Fund may be affected by risks specific to Luxembourg. Changes to laws and regulations of Luxembourg may have an adverse impact on the Target Fund, and consequently the Fund.

1.7.3. SPECIFIC RISKS RELATED TO THE TARGET FUND

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

Investment Types
The following list displays the principal investment types in which the Target Fund may invest, but does not purport to provide a complete explanation of all investment types in which the Target Fund may invest. This list of investment types is merely illustrative and should not be construed as limiting the Target Fund's ability to invest in other types of securities. Investment

types not indicated for the Target Fund may still be used to some extent by the Target Fund at various times subject to the restrictions in the Target Fund's stated investment objective and policies and the limitations contained in Section 2.3 "Investment and borrowing restrictions of the Target Fund". Each of these investment types is described in detail on the following pages.

• Equity securities	• Options, Rights and Warrants
• REITs	• Futures Contracts
• Fixed-income securities	• Forward Commitments
• Residential Mortgage-Backed Securities (RMBS)*	• Repurchase
• Commercial Mortgage-Backed Securities (CMBS)*	• Currency Transactions
• Other Asset-Backed Securities*	• Swaps, Caps, Floors
• Structured securities and basket securities*	• Synthetic Equity Securities

** Unless otherwise provided for the Target Fund, investments in asset and mortgage backed securities and structured securities are limited to 20% of the net assets of the Target Fund.*

Investors should further note that the Investment Manager may vary the Target Fund's holdings due to changing market conditions, as further described below.

Temporary Defensive Position. Under extraordinary circumstances and for a limited period, the Investment Manager may take temporary defensive measures, varying the investment policy of Target Fund during periods in which conditions in securities markets or other economic or political conditions warrant. The Company may reduce the Target Fund's position in equity securities or long-term debt securities, as appropriate, and increase its position in other debt securities, which may include short-term fixed-income securities issued or guaranteed by the U.S. Government or by a governmental entity of any member state of the OECD, or by European, U.S. or multinational companies or supranational organizations rated AA or better by S&P or Aa or better by Moody's, or the equivalent thereof by at least one IRSRO, or if not so rated, determined by the Investment Manager to be of equivalent investment quality. Such securities may be denominated in the Target Fund's base currency or in a non-base currency. The Target Fund may also hold ancillary liquid assets comprised of cash and money market instruments issued or guaranteed by such highly rated institutions provided their maturity is less than 120 days. The Target Fund may also at any time temporarily invest funds awaiting reinvestment or held as reserves for dividends and other distributions to shareholders in money market instruments referred to above. While the Target Fund invests for temporary defensive purposes, it may not meet its investment objective.

Future Developments. On an ancillary basis, the Target Fund may take advantage of other investment practices that are not currently contemplated for use by the Target Fund to the extent such investment practices are consistent with the Target Fund's investment objective and legally permissible. Such investment practices, if they arise, may involve risks that exceed those involved in the practices described herein.

Lack of Liquidity of Certain Securities. Certain securities in which the Company may invest may become subject to legal or other restrictions on transfer and there may be no liquid market for such securities. The Target Fund will maintain no more than 10% of its total net assets in securities which have a lack of liquidity. For this purpose, such securities include, among others (a) direct placements or other securities which are subject to legal or contractual restrictions on resale or for which there is no readily available market (*e.g.*, trading in the security is suspended or, in the case of unlisted securities, market makers do not exist or will not entertain bids or offers), including many currency swaps and any assets used to cover currency swaps, (b) OTC options and assets used to cover written OTC options, and (c) repurchase agreements not terminable within seven days. Securities that have legal or contractual restrictions on resale but have a readily available market are not deemed illiquid. The Investment Manager will monitor the liquidity of the portfolio securities of the Target Fund. If the Target Fund invests in securities having a lack of liquidity, it may not be able to sell such securities and may not be able to realize their full value upon sale. See Section 2.3 "Investment and borrowing restrictions of the Target Fund" for a discussion of securities having a lack of liquidity in which the Target Fund may invest.

Investment Strategy Risks. The Target Fund engages in a business involving special considerations and risks, including some or all of those discussed below. There can be no assurance that the portfolio's investment objective will be achieved or that there will be any return of capital, and investment results may vary substantially on a monthly, quarterly or annual basis. An investment in the Target Fund does not represent a complete investment program.

Country Risks—Emerging Markets. The Target Fund may be permitted to invest in securities of emerging market issuers. The Target Fund consequently may experience greater price volatility and significantly lower liquidity than a portfolio invested solely in equity securities of issuers located in more developed markets. Investments in securities of emerging market issuers entail significant risks in addition to those customarily associated with investing in securities of issuers in more developed markets, such as (i) low or non-existent trading volume, resulting in a lack of liquidity and increased volatility in prices for such securities, as compared to securities of comparable issuers in more developed capital markets, (ii) uncertain national policies and social, political and economic instability, increasing the potential for expropriation of assets, confiscatory taxation, high rates of inflation or unfavorable diplomatic developments, (iii) possible fluctuations in exchange rates, differing legal systems and the existence or possible imposition of exchange controls, custodial restrictions or other laws or restrictions applicable to such investments, (iv) national policies which may limit the Target Fund's investment opportunities such as restrictions on investment in issuers or industries deemed sensitive to national interests, and (v) the lack or relatively early development of legal structures governing private and foreign investments and private property. Other risks relating to investments in emerging market issuers include: the availability of less public information on issuers of securities; settlement practices that differ from those in more developed markets and may result in delays or may not fully protect the Target Fund against loss or theft of assets; the possibility of nationalization of a company or industry and expropriation or confiscatory taxation; and the imposition of foreign taxes. Investments in emerging markets securities will also result in generally higher expenses due to: the costs of currency exchange; higher brokerage commissions in certain emerging markets; and the expense of maintaining securities with foreign custodians. Issuers in emerging markets may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which companies in developed markets are subject. In certain emerging market countries, reporting standards vary widely. As a result, traditional investment measurements used in developed markets, such as price/earnings ratios, may not be applicable in certain emerging markets. In addition to the above risks generic to all emerging markets, there are specific risks linked to investing in Russia. Investors should be aware that the Russian market presents specific risks in relation to the settlement and safekeeping of securities as well as in the registration of assets, where registrars are not always subject to effective government supervision. Russian securities are not on physical deposit with the Depositary or its local agents in Russia. Therefore, neither the Depositary nor its local agents in Russia can be considered to be performing a physical safekeeping or custody function in the traditional sense. The Depositary's liability only extends to its own negligence and willful default and to negligence and willful misconduct of its local agents in Russia and does not extend to losses due to the liquidation, bankruptcy, negligence and willful default of any registrar. In the event of such losses, the Company will have to pursue its rights against the issuer and/or its appointed registrar.

***China Markets Risk: General*.** Investing in the Chinese market is subject to the risks of investing in emerging markets generally and the risks specific to China. Since 1978, the government of the People's Republic of China ("PRC" or "China", which excludes Hong Kong, Macau and Taiwan for the purpose of this prospectus) has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy, moving from the previous planned economy system. However, many of the economic measures are experimental or unprecedented and may be subject to adjustment and modification. Any significant change in the PRC's political, social or economic policies may have a negative impact on investments in the Chinese market.

The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. In addition, the PRC's disclosure and regulatory standards are in many respects less stringent than and/or may deviate significantly from standards in many OECD countries. There may be less publicly available information about PRC companies than is regularly published by or about companies based in OECD countries and such information as is available may be less reliable than that published by or about companies in OECD countries. PRC companies are subject to accounting standards and requirements that differ in significant respects from those applicable to companies established or listed in OECD countries. As a result, the lower levels of disclosure and transparency of certain material information may impact on the value of investments made by the Company and may lead to the Company or its service providers coming to an inaccurate conclusion about the value of its investments. This, if combined with a weak regulatory environment, could result in lower standards of corporate governance and less protection of minority shareholder rights of the companies in which the Company will invest. Investors should also be aware that changes in the PRC taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the Target Fund. Laws governing taxation will continue to change and may contain conflicts and ambiguities. In addition, the Company's operations and financial results could be adversely affected by adjustments in the PRC's state plans, political, economic and social conditions, changes in the policies of the PRC government such as changes in laws and regulations (or the interpretation thereof), measures which may be introduced to control inflation, changes in the rate or method of taxation, imposition of additional restrictions on currency conversion and the imposition of additional import restrictions. Furthermore, a portion of the economic activity in the PRC is export-driven and, therefore, is affected by developments in the economies of the PRC's principal trading partners. The Chinese government's macro-economic policies and controls (including its monetary and fiscal policies) also have significant influence over the capital markets in China. Changes in fiscal policies, such as interest rates policies, may have an adverse impact on the pricing of debt securities held by the Target Fund. The return of the Target Fund will be adversely affected as a result.

Renminbi exchange risk. Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the Target Fund. Investors whose base currency is not the Renminbi may be adversely affected by changes in the exchange rates of the Renminbi. Further, the PRC government's imposition of restrictions on the repatriation of Renminbi out of China may limit the depth of the Renminbi market in Hong Kong and reduce the liquidity of the relevant fund. The Chinese government's policies on exchange control and repatriation restrictions are subject to change, and the Target Fund's or the investors' position may be adversely affected.

Currency conversion risk. Currently, the Renminbi is traded in two markets: one in mainland China, and one outside mainland China (primarily in Hong Kong). The RMB traded in mainland China is not freely convertible and is subject to exchange controls and certain requirements by the government of mainland China. The Renminbi traded outside mainland China, on the other hand, although freely tradable, is still subject to controls, limits and availability. Whilst the Renminbi is traded freely outside mainland China, the Renminbi spot, forward foreign exchange contracts and related instruments reflect the structural complexities of this evolving market. Accordingly, the Target Fund may be exposed to greater foreign exchange risks. Investments acquired by the Target Fund will primarily be denominated in Renminbi whereas the classes of shares of the Target Fund may be denominated in other currencies. All or part of the subscription monies of investors in a non-Renminbi denominated class of units will be converted into Renminbi for investment in underlying securities, while realisation proceeds in Renminbi will be converted to the relevant class currency for payment of redemption proceeds. As a result, investors will be exposed to foreign exchange fluctuations between Renminbi and the relevant class currency and may suffer losses arising from such fluctuations. Investors whose assets and liabilities are predominantly in a currency other than the Renminbi should take into account the potential risk of loss arising from fluctuations in value between such currency and the Renminbi. There is no guarantee that Renminbi will appreciate in value against the relevant class currency, or that the strength of the Renminbi may not weaken. In such case an investor may enjoy a gain in Renminbi terms but suffer a loss when converting its monies between Renminbi and their own currency. Investors should note that Renminbi is the only official currency of the PRC. While both onshore Renminbi (CNY) and offshore Renminbi (CNH) are the same currency, they are traded in different and separated markets. Since the two Renminbi markets operate independently where the flow between them is highly restricted, CNY and CNH are traded at different rates and their movement may not be in the same direction. The CNH rate may be at a premium or discount to the exchange rate for CNY rate. There may be significant bid and offer spreads, which may affect the value of the Target Fund. In calculating the value of non-Renminbi denominated assets and the prices of shares of non-Renminbi classes, the Investment Manager will normally apply the CNH exchange rate for the offshore Renminbi market in Hong Kong. The fluctuation in the CNH/CNY exchange rate could therefore have an impact on investors for such classes of shares. In particular, where the CNH rate is at a premium, an investor in a non-Renminbi class of shares may incur additional costs when investing in such shares (since the currency conversion into Renminbi will be made at the prevailing CNH rate). It is the Investment Manager's intention to maintain a substantial portion of investments of the Target Fund in Renminbi denominated and settled instruments. Where an investor subscribes for shares denominated in a non-Renminbi currency, the Investment Manager may convert part or all of such subscriptions into Renminbi prior to investment at the applicable exchange rate. As Renminbi is not freely convertible, currency conversion is subject to availability of Renminbi at the relevant time (i.e. it is possible there is not sufficient Renminbi for currency conversion in case of sizeable subscriptions). As such, the Investment Manager has the absolute discretion to reject any application made in non-Renminbi currency subscription monies (whether such application is in relation to a class of shares denominated in Renminbi) where it determines that there is not sufficient Renminbi for currency conversion. The Investment Manager may sell the Target Fund's investments denominated in Renminbi and/or convert Renminbi into non-Renminbi currency at the applicable exchange rate for payment of redemption proceeds and/or dividends to investors of non-Renminbi class of shares. Investors may therefore incur currency conversion costs and may suffer losses depending on the exchange rate movements of Renminbi relative to such non-Renminbi currency. Currency conversion is also subject to the Target Fund's ability to convert the proceeds denominated in Renminbi into non-Renminbi currency which, in turn, might delay the payment of redemption proceeds and/or dividends or affect the Target Fund's ability to meet redemption requests from and/or to pay dividends to the shareholders until such time the conversion into non- Renminbi currency is available.

RQFII risk. The Target Fund is not a RQFII but it may obtain access to Renminbi denominated debt securities or other permissible investments directly using the RQFII quota of a RQFII. The Target Fund may invest directly in RQFII eligible securities investment via the RQFII status of the RQFII Holder. The following risks are relevant to the RQFII regime:

- *Risks regarding RQFII status*. Investors should note that RQFII status could be suspended or revoked, which may have an adverse effect on the Target Fund's performance as a Portfolio may be required to dispose of its securities holdings. Investors should also note that there can be no assurance that the RQFII Holder will continue to maintain its RQFII status or to make available its RQFII quota, or the Target Fund will be allocated a sufficient portion of RQFII quotas from the RQFII Holder to meet all applications for subscription to the Target Fund, or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations. Such restrictions may respectively result in a rejection of applications or a suspension of dealings of the Target Fund. In extreme circumstances, the Target Fund may incur significant losses due to limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy, due to insufficiency of RQFII quota, RQFII investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution of trades or in settlement of trades.
- *Risks regarding RQFII quota.* An RQFII quota is generally granted to an RQFII. The rules and restrictions under RQFII regulations, generally apply to the RQFII as a whole and not simply to the investments made by the Target Fund. It is provided in the RQFII Measures (see *"Renminbi Qualified Foreign Institutional Investor" under "General Information")* that the size of the quota may be reduced or cancelled by the State Administration of Foreign Exchange ("SAFE") if the RQFII is unable to use its RQFII quota effectively within one year since the quota is granted. If the SAFE reduces the RQFII's quota, it may affect the Investment Manager's ability to effectively pursue the investment strategy of the Target Fund. On the other hand, the SAFE is vested with the power to impose regulatory sanctions if the RQFII or the RQFII custodian violates any provision of the RQFII Measures. Any violations could result in the revocation of the RQFII's quota or other regulatory sanctions and may adversely impact on the portion of the RQFII's quota made available for investment by the Target Fund.

Repatriation and liquidity risks. Certain restrictions imposed by the Chinese government on RQFIIs may have an adverse effect on the Target Fund's liquidity and performance. The SAFE regulates and monitors the repatriation of funds out of the PRC by the RQFII pursuant to the RQFII Measures. Although the relevant RQFII regulation has recently been revised to relax the limitation on repatriation of funds, it is a very new development therefore subject to uncertainties as to whether and how it will be implemented in practice. Any restrictions on repatriation of the invested capital and net profits may impact on the Target Fund's ability to meet redemption requests from the shareholders. Furthermore, as the authenticity and compliance review on each repatriation will be conducted by the RQFII Custodian, the repatriation may be delayed or even rejected by the RQFII Custodian in case of non-compliance with the RQFII regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming shareholder as soon as practicable after completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Investment Manager's control.

Application of RQFII rules. The RQFII rules described under "Renminbi Qualified Foreign Institutional Investor" above enable Renminbi to be remitted into and repatriated out of the PRC. The rules are novel in nature and their application may depend on the interpretation given by the relevant Chinese authorities. Investment products (such as the Target Fund) which make investments pursuant to such RQFII rules are among the first of its kind. Any changes to the relevant rules may have an adverse impact on investors' investment in the Target Fund. In the worst scenario, the Investment Manager may determine that the Target Fund shall be terminated if it is not legal or viable to operate the Portfolio because of changes to the application of the relevant rules. The current RQFII laws, rules and regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the RQFII rules and regulations will not be abolished. The Target Fund investing in the PRC markets through an RQFII may be adversely affected as a result of such changes.

Qualified Foreign Institutional Investor ("QFII"). The Target Fund may invest in some mainland China securities using QFII quota of an QFII quota holder. Investing through QFII quota is subject to different risk than other means of investing in mainland China. For example, the QFII holder's status may be revoked or changed if it does not meet all the necessary conditions or the QFII quota is subject to change by the QFII holder or the State Administration of Foreign Exchange ("SAFE"). Investing through an QFII quota is subject to repatriation and liquidity risks as the market is regulated by SAFE and subject to SAFE taking actions outside the investment manager's control. Although relevant QFII regulation has recently been revised to relax the limitation on repatriation of funds, it is a very new development therefore subject to uncertainties as to whether and how it will be implemented in practice.

Chinese credit rating agencies. The Target Fund may invest in securities the credit ratings of which are assigned by the Chinese local credit rating agencies. However, the rating criteria and methodology used by such agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies. The Target Fund may invest in securities which are rated at or above the Investment Grade by local credit rating agencies although the same rating may not be given using the standard rated by international credit rating agencies. As a result, if such debt securities are rated below investment grade based on the standard of international credit rating agencies, the Target Fund may be exposed to higher risks associated with below investment grade securities.

China municipal bond risk. The State Council has approved municipal debt issuance on a pilot basis covering a number of local governments. However, local governments have also taken on debt in other forms, including through the urban development investment vehicles. Recent events have highlighted the risk of possible defaults by such urban development investment vehicles. Investors should note that RMB debt instruments may not be guaranteed by the Chinese government. If there is a default by the issuers of such RMB debt instruments, the Target Fund may suffer losses.

Risk of investing in Urban Investment Bonds. In view of limitations on directly raising funds, local governments in the PRC have set up numerous entities known as "Local Government Financing Vehicles" ("LGFVs") to borrow and fund local development, public welfare investment and infrastructure projects. Urban Investment Bonds are issued by LGFVs. Local governments may be seen to be closely connected to Urban Investment Bonds, as they are shareholders of the LGFVs issuing such bonds. However, Urban Investment Bonds are typically not guaranteed by the relevant local governments or the central government of the PRC. As such, local governments or the central government of the PRC are not obliged to support any LGFVs in default. The LGFVs' ability to repay debts depends on various factors, including the nature of the business of such LGFVs, the financial strength of such LGFVs and the extent to which the relevant local governments are prepared to support such LGFVs. Slower revenue growth at some local governments may constrain their capacity to provide support, while regulatory constraints may also limit local governments' ability to inject land reserves into LGFVs. Further, local governments have taken on debt in various other forms, and recent analyses show that increased financing activities have posed a risk to local government finances. If a LGFV encounters financial difficulties, without the local government's support, there is a risk of possible defaults by the LGFV. This could result in substantial losses in the Target Fund's investments in debts issued by such LGFV, and as a result, the Target Fund's NAV will be adversely affected.

China liquidity risk. The RMB denominated debt securities market is at a developing stage and the market capitalisation and trading volume may be lower than those of the more developed markets. Market volatility and potential lack of liquidity due to low trading volume in the RMB denominated debt securities market may result in prices of debt securities traded on such markets fluctuating significantly and may adversely affect the volatility of the Target Fund's NAV.

Short swing profit rule. A shareholder holding (on an aggregate basis, i.e. across both domestically and overseas issued shares of a PRC incorporated company which is listed on a stock exchange in China (a "PRC Listco"), whether the relevant holdings are through the China Connect Scheme (see "*China Equities Risks: the China Connect Scheme*" below), QFII or RQFII regimes or other investment channels and together with the persons acting in concert with such shareholder including, for example, all group companies, all funds managed by the same fund manager and funds managed by different managers within the same group) 5% or more of the total issued shares (a "major shareholder") of a PRC Listco has to return any profits obtained from the purchase and sale of shares of such PRC Listco if both transactions occur within a six-month period. In the event that the Company becomes a major shareholder of a PRC Listco, the profits that the Company may derive from such investments may be reduced.

Disclosure of interests. If an investor holds or controls shares (on an aggregate basis, i.e. across both domestically and overseas issued shares of the same PRC Listco, whether the relevant holdings are through the China Connect Scheme, QFII or RQFII regimes or other investment channels and together with the persons acting in concert with such investor including, for example, all group companies, all funds managed by the same fund manager and funds managed by different managers within the same group) in a PRC Listco up to a certain threshold as may be specified from time to time by the relevant PRC authority, the investor must disclose such interest within a period specified by the relevant PRC authority, and the investor may not buy or sell any such shares within such period. Currently, where an investor holds (on an aggregate basis as detailed above) 5% or more equity interest in a PRC Listco, it must make a disclosure within 3 days of the occurrence of such fact and such investor must not buy or sell any such shares within such reporting period. There has also been a recent regulatory trend to tighten the disclosure of interests requirements by the relevant PRC regulators and stock exchanges, therefore further requirements may be applied in this regard.

Foreign Ownership Limits. There is a limit on how many shares a single foreign investor is permitted to hold in a PRC Listco, and also a limit on the maximum combined holdings of all foreign investors in a single PRC Listco. Such foreign ownership limits are applied on an aggregate basis (i.e. across both domestically and overseas issued shares of the same PRC Listco, whether the relevant holdings are through the China Connect Scheme, QFII or RQFII regimes or other investment channels and, in respect of the single foreign investor limit, together with the persons acting in concert with such investor including, for example, all group companies, all funds managed by the same fund manager and funds managed by different managers within the same group). Such legal and regulatory restrictions or limitations may have adverse effects on the liquidity and performance of the shares of the relevant PRC Listco due to factors such as limitations on fund repatriation, dealing restrictions, adverse tax treatments, higher commission costs, regulatory reporting requirements and reliance on services of local custodians and service providers. As of the date of this Prospectus, the single foreign investor limit (on an aggregated basis as detailed above) is set at 10% of the shares of a PRC Listco and the aggregate foreign investor limit is set at 30% of the China A shares of a PRC Listco. Such limits and levels are subject to change from time to time.

Peopl's Republic of China ("PRC") Taxation. By investing in shares of PRC resident enterprises (including China A-, B- and H-Shares), RMB denominated corporate and government bonds, securities investment funds and warrants listed on the PRC stock exchanges or PRC inter-bank bond markets, the Target Fund may be subject to withholding income tax ("WIT") and other taxes imposed in the PRC.

- *PRC Corporate Income Tax ("**CIT**"):*

  Lacking specific guidance, it is uncertain whether the RQFII or the relevant investing Portfolios would be considered the taxpayer with respect to the PRC-sourced income derived from the investment in bonds, shares and other securities in the PRC. In the event the RQFII were considered to be the taxpayer, any PRC taxes levied against the RQFII would be reimbursed and ultimately borne by the Target Fund. If the Target Fund is deemed to be the taxpayer, then the Target Fund will be subject to PRC CIT at 25% on its worldwide taxable income if it is considered to be a tax resident enterprise of the PRC. If the fund is considered to be a non-tax resident enterprise with an establishment or place of business ("**PE**") in the PRC, the PRC sourced profits attributable to that PE would be subject to CIT at 25%. Under the PRC CIT Law effective from 1 January 2008, a foreign enterprise without a PE in the PRC will generally be subject to a WIT at the current rate of 10% on its PRC sourced income, including but not limited to passive income (*e.g.* dividends, interest, gains arising from transfer of assets, etc.), subject to the application of treaty relief. The Investment Manager intends to manage and operate the fund in such a manner that the Target Fund not be treated as a tax resident enterprise of the PRC or a non-tax resident enterprise with a PE in the PRC for CIT purposes, although this cannot be guaranteed. As such, it is expected that the Portfolios should only be subject to WIT at 10% to the extent the fund directly derives PRC sourced income in respect of its investment in bonds, shares and other securities in the PRC.

  (i) Interest

  Unless a specific exemption is applicable, non-PRC tax residents, including the Company is subject to PRC WIT on interest received on debt instruments issued by PRC tax residents, including bonds issued by enterprises established within mainland China. The general WIT rate applicable is 10%, subject to reduction under an applicable double tax treaty.

  Interest derived from government bonds issued by the PRC Ministry of Finance and local governments is exempt from PRC CIT under the PRC CIT Law. Local government bonds refer to bonds issued by a government of a province, autonomous region, municipality directly under the Central Government, or municipality separately listed on the PRC's state plan.

  Under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" (the "**PRC-HK Arrangement**"), if a Hong Kong tax resident derives interest income from the PRC, the WIT rate can be reduced to 7% provided that the Hong Kong tax resident is the beneficial owner of the interest income under the PRC-HK Arrangement. Pre-approval from the PRC tax authorities is required before the reduced 7% rate can apply. Under the PRC-Luxembourg Double Taxation Agreement (the "PRC-Luxembourg DTA"), no treaty relief is available to the Company with respect to PRC- sourced interest income, and thus a 10% WIT rate will apply. There are still uncertainties as to how the PRC tax authorities will assess the beneficial ownership issue for investment funds and whether the RQFII or the Company would be considered the taxpayer in respect of interest income on bonds. If the relevant approval is not obtained or the fund is considered to be the taxpayer, the general rate of 10% will be applicable to the Company's portfolios that invest in the PRC.

  (ii) Dividends

  The Company will be subject to 10% WIT on PRC-sourced dividends (including dividends on A-Shares, B-Shares and H-Shares), which may be reduced by the relevant double tax treaty. The Company may not be eligible for treaty relief on PRC- sourced dividends pursuant to the PRC-HK Arrangement or PRC-Luxembourg DTA as it is unlikely that the Company would own a 25% or greater equity interest in a PRC enterprise due to regulatory restriction.

  (iii) Capital gain

  a. Debt investments

  There are no specific rules or regulations governing the CIT treatment of gains derived from the disposal of debt instruments in the PRC by the Company, and thus the general principles of the CIT law should be followed. The tax treatment for a Company investing in debt instruments in the PRC is governed by the general taxation provisions of the CIT Law. Under such general principles, the Company may not be subject to 10% PRC WIT on gains derived from the disposal of bonds in the PRC as such gains may not be considered to be PRC-source income. In the event gains derived from the disposal of bonds in the PRC are considered to be PRC-sourced income, the Company may be eligible for treaty relief under the Capital Gains Article of the PRC-HK Arrangement or PRC-Luxembourg DTA with respect to such gains. For tax residents in Hong Kong or Luxembourg that have no PE in the PRC, capital gains arising from the disposal of bonds in the PRC, pursuant to the PRC-HK Arrangement or PRC-Luxembourg DTA, may be exempted from the PRC WIT, subject to the approval of the PRC tax authorities. The Investment Manager or RQFII Holder will further assess and seek to apply with PRC tax authorities to enjoy the above capital gain tax exemption under the PRC-HK Arrangement or PRC-Luxembourg DTA (as applicable), although this cannot be guaranteed. Without the relevant approval, the general rate of 10% may be applicable to the capital gains derived by the Company on bonds in the PRC.

  b. Equity investments

  With the approval from the PRC State Council, the PRC State Administration of Taxation, the PRC Ministry of Finance and the China Securities Regulatory Commission have jointly issued Caishui [2014] 79 ("Circular 79") to clarify the WIT treatment with respect to gains derived by QFIIs and RQFIIs from the disposal of equity investments, including shares in PRC enterprises. According to Circular 79, QFIIs and RQFIIs are temporarily exempt from WIT with respect to gains derived from the disposal of equity investments, including shares in PRC enterprises (e.g. A-Shares and B-Shares), via the QFII or RQFII investment quota, effective from 17 November 2014. With respect to gains derived prior to 17 November 2014, QFIIs and RQFIIs are subject to WIT in accordance with the relevant laws.

- *Business Tax ("BT") and surtaxes*

  The revised PRC Provisional Regulations of Business Tax ("**BT law**") which came into effect on 1 January 2009 stipulates that gains derived by taxpayers from the trading of marketable securities would be subject to BT at 5%. Caishui [2005] 155 states that gains derived by RQFIIs from the trading of onshore PRC Securities (generally considered to include A-Shares and other PRC bonds) are exempt from BT. It is unclear whether gains derived by RQFIIs from the trading of onshore PRC securities other than equities and bonds (*e.g.* index futures) would be eligible for the BT exemption, though in practice BT is not enforced on gains derived by RQFIIs from the trading of onshore PRC securities. The new PRC BT law which came into effect on 1 January 2009 has not changed this exemption treatment at the time of this Explanatory Memorandum. However, it is not clear whether a similar exemption would be extended to RQFIIs. It is anticipated that the Value-Added Tax reform may be expanded to the financial services industry by the end of 2015. It is unclear whether the BT exemption prescribed in Caishui [2005] 155 would be grandfathered under the forthcoming VAT regime.

- *Stamp Duty ("SD")*

  SD under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on SD. SD is generally imposed on the seller of shares of Chinese companies listed on the PRC stock exchanges at a rate of 0.1% of the sales consideration. The Company will be subject to this tax on each disposal of such PRC listed shares. Unitholders should seek their own tax advice on their tax position with regard to their investment in the Company and the Target Fund. Various tax reform policies have been implemented by the PRC government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current tax laws, regulations and practice in the PRC will be changed with retrospective effect in the future and any such change may have an adverse effect on the net asset value of the Company. Moreover, there is no assurance that tax incentives currently offered to companies, if any, will not be abolished and that existing tax laws and regulations will not be revised or amended in the future. Any changes in tax policies may reduce the after-tax profits of the companies in the PRC in which the Company invests, thereby reducing the income from, and/or value of such investments.

  In light of the uncertainty on the income tax treatment on capital gains arising from the disposal of PRC bonds, and in order to meet this potential tax liability for capital gains, the Investment Manager currently intends to make provisions from the relevant Portfolios of the Company for any PRC WIT that is potentially payable by the Target Fund at a rate of 10% on the gross realised and unrealised capital gains derived from the disposal of PRC bonds since the launch of the Target Fund.

  Upon the availability of a definitive tax assessment by the competent authorities, any sums withheld in excess of the tax liability incurred or is expected to be incurred by the Target Fund shall be released and transferred to Target Fund's accounts. The amount of any such tax provision will be disclosed in the accounts of the Company. It should be noted that the actual applicable tax rates imposed by the State Administration of Taxation of The PRC ("**SAT**") may be different from the WIT provision. There is a possibility of taxes being applied retrospectively. As such, any provision for taxation made by the Investment Manager may be inadequate to meet actual PRC tax liabilities on gains derived from PRC securities held by the Company. In such event, the Company may experience a drop in NAV which may cause losses to investors

PRC tax disclosure regarding the Connect Scheme. In addition to investing in A-Shares via the RQFII quota of the RQFII Holder, the Company may gain exposure to A-Shares through the Connect Scheme, which has commenced trading as of 17 November 2014. With the approval from the PRC State Council, the PRC State Administration of Taxation, the PRC Ministry of Finance and the China Securities Regulatory Commission have jointly issued Caishui [2014] 81 ("Circular 81") to clarify the PRC tax treatment regarding China Connect Securities. Circular 81 is effective on 17 November 2014. According to Circular 81, the Company is subject to the following PRC income tax treatment with respect to the Northbound Trading under the Connect Scheme (i.e. trading of certain A- Shares on the Shanghai Stock Exchange):

- Temporarily exempt from PRC WIT with respect to gains derived from the disposal of A-Shares.
- Subject to PRC WIT at 10% with respect to dividends received from A-Shares.
- Temporarily exempt from PRC BT with respect to gains derived from the disposal of A-Shares.
- Subject to PRC SD at 0.1% with respect to the sale of A-Shares (i.e. the purchase of A-Shares is not subject to PRC SD).

Investors should note that the Connect Scheme has limited or no history, and, accordingly, the taxation rules applicable to China Connect Securities traded on Stock Connect are not long established and subject to change in the future. Investors should seek advice from their professional tax advisors with any questions regarding China Connect Securities.

China Equities Risks: the China Connect Scheme. The Target Fund may invest directly or indirectly in eligible China A shares ("China Connect Securities") through the China Connect Scheme, including investment in financial instruments and other market access products linked to China Connect Securities. The China Connect Scheme is a securities trading and clearing linked program developed by, amongst others, The Stock Exchange of Hong Kong Limited ("SEHK"), Shanghai Stock Exchange ("SSE"), Shenzhen Stock Exchange ("SZSE") (together with SSE, each a "China Connect Market"), Hong Kong Securities Clearing Company Limited ("HKSCC") and China Securities Depository and Clearing Corporation Limited ("ChinaClear"), with an aim to achieve mutual stock market access between mainland China and Hong Kong. Under the China Connect Scheme, the Shanghai Connect and the Shenzhen Connect operate independently from each other although subject to substantially similar regulatory framework. The China Connect Scheme will enable Hong Kong and overseas investors including the Target Fund to trade China Connect Securities listed on the relevant China Connect Market through local securities firms or brokers. For investment in China Connect Securities, the China Connect Scheme provides the "Northbound Trading Link". Under the Northbound Trading Link, investors, through their Hong Kong brokers and a securities trading service company established by SEHK respectively in Shanghai (for trading under the Shanghai Connect) and Shenzhen (for trading under the Shenzhen Connect), may be able to place orders to trade China Connect Securities listed on each relevant China Connect Market by routing orders to that relevant China Connect Market. Under the China Connect Scheme, HKSCC, also a wholly- owned subsidiary of Hong Kong Exchanges and Clearing Limited ("HKEx"), will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors. The relevant Companys may be allowed to trade China Connect Securities through the Northbound Trading Link under the China Connect Scheme, subject to applicable rules and regulations issued from time to time.

China Connect Securities Eligible for Northbound Trading Link. China Connect Securities eligible for trading on the Northbound Trading Link of the Shanghai Connect, as of the date of the Prospectus, include shares listed on the SSE that are (a) constituent stocks of SSE 180 Index; (b) constituent stocks of SSE 380 Index; (c) China A shares listed on the SSE that are not constituent stocks of the SSE 180 Index or SSE 380 Index but which have corresponding China H shares accepted for listing and trading on SEHK. China Connect Securities eligible for trading on the Northbound Trading Link of the Shenzhen Connect, as of the date of the Prospectus, include shares listed and traded on the SZSE that are (a) constituent stocks of the SZSE Constituent Index issued by a company which has a market capitalisation of no less than RMB6 billion; (b) constituent stocks of the SZSE Small/Mid Cap Innovation Index issued by a company which has a market capitalisation no less than RMB6 billion; and (c) China A shares that are not under items (a) or (b) above but which have corresponding China H shares accepted for listing and trading on SEHK. Shares listed on any relevant China Connect Market which are (i) traded in currencies other than Renminbi, or (ii) included in the risk alert board of any China Connect Market, (iii) subject to the delisting process or the listing of which has been suspended by SSE/SZSE, and (iv) otherwise designated by the SSE/SZSE, are not available for the Northbound Trading Link under the China Connect Scheme. SEHK may include or exclude securities as China Connect Securities and may change the eligibility of shares for trading on the Northbound Trading Link, and update the relevant lists on its designated information disclosure website. There can be no assurance that an active trading market for such China Connect Securities will develop or be maintained. If spreads on China Connect Securities are wide, this may adversely affect a Company's ability to dispose of China Connect Securities at the desired price. If a Company needs to sell China Connect Securities at a time when no active market for them exists, the price it receives for its China Connect Securities - assuming it is able to sell them - is likely to be lower than the price received if an active market did exist.

Foreign Exchange. All transactions in China Connect Securities will be made in RMB and may not be in the base currency of the Target Fund or the relevant currency of the share class held by a shareholder, and accordingly the Target Fund will be exposed to RMB currency risks. The ability to hedge RMB currency risks may be limited. In addition, given RMB is subject to exchange control restrictions, the Target Fund could be adversely affected by delays in converting other currencies into RMB and vice versa and at times when there are unfavourable market conditions.

Ownership of China Connect Securities. China Connect Securities are held in ChinaClear. HKSCC is a direct participant in ChinaClear and China Connect Securities acquired by investors through Northbound Trading will be:

a) recorded in the name of HKSCC in the nominee securities account opened by HKSCC with ChinaClear and HKSCC will be the nominee holder of such China Connect Securities; and

b) held under the depository of ChinaClear and registered in the name of HKSCC in the shareholders' register of the listed companies on the relevant China Connect Market.

HKSCC will record interests in such China Connect Securities in the Central Clearing and Settlement System ("CCASS") stock account of the relevant CCASS clearing participant. Under Hong Kong law, HKSCC will be regarded as the legal owner of such China Connect Securities and will be regarded as holding its beneficial entitlement to the China Connect Securities on behalf of the relevant clearing participant. Depending on the custody arrangements between such clearing participant and its Hong Kong or overseas clients, such clearing participant will in turn generally be regarded as holding its beneficial entitlement for such Hong Kong or overseas clients. Under current PRC regulations, China Connect Securities will be recorded in a nominee account opened by HKSCC with ChinaClear and Northbound investors have rights and interests in China Connect Securities acquired through the China Connect Scheme according to the applicable laws. The CSRC Securities Registration and Settlement Measures, the ChinaClear's Securities Registration Rules and Administrative Rules on Securities Accounts, the relevant rules of ChinaClear and the relevant China Connect Market in relation to the China Connect Scheme generally provide for the concept of a "nominee holder" and recognise the Northbound investors as the "ultimate owners" of the China Connect Securities.

Northbound investors shall generally exercise their rights in relation to China Connect Securities through HKSCC as the nominee holder. As Northbound investors will have actual control over voting rights in respect of such China Connect Securities (either individually or acting in concert with others), Northbound investors are responsible for complying with disclosure obligations and relevant foreign ownership limits under PRC laws and regulations in relation to China Connect Securities acquired through Northbound trading.

However, the precise nature and rights of a Northbound investor as the beneficial owner of China Connect Securities through HKSCC as nominee is less well defined under PRC law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore the exact nature and methods of enforcement of the rights and interests of Northbound investors under PRC law are not free from doubt.

Investors should note that, under the CCASS rules, HKSCC as nominee holder does not guarantee the title to China Connect Securities held through it and shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of China Connect Securities in the PRC or elsewhere.

Although the Company's ownership may be ultimately recognised, it may suffer difficulties or delays in enforcing its rights in China Connect Securities in the event any of the providers along the chain choose not to take any legal action or court proceeding to enforce any rights on behalf of the investor. To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depositary and the Company will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Company suffers losses resulting from the performance or insolvency of HKSCC.

Quota limitations. Trading under the China Connect Scheme will be subject to a daily quota (the "Daily Quota"). The Daily Quota limits the maximum net buy value of cross- border trades via the Northbound Trading Link respectively under the Shanghai Connect and the Shenzhen Connect that can be executed by SEHK's registered exchange participants (the "Exchange Participants") while the China Connect Scheme is in operation each day. Currently, the Daily Quota is set at RMB 13 billion for each of the Shanghai Connect and the Shenzhen Connect. The Daily Quota may change and consequently affect the availability of buy trades on the Northbound Trading Link. In particular, once the remaining balance of the Daily Quota applicable to the Northbound Trading Link drops to zero or such Daily Quota is exceeded, new buy orders will be rejected (though investors will be allowed to sell their China Connect Securities regardless of the quota balance). Therefore, quota limitations may restrict the Company's ability to invest in China Connect Securities through the China Connect Scheme on a timely basis, and the Target Fundmay not be able to effectively pursue its investment strategies depending on the relevant Company's size of investment in China Connect Securities through the China Connect Scheme.

Restriction on Day Trading. Day (turnaround) trading is not permitted on the China A share market. If an investor including a relevant Company buys China Connect Securities on T day, the investor may be able to sell China Connect Securities only on or after T+1 day. This will limit the Company's investment options, in particular where it wishes to sell any China Connect Securities on a particular trading day.

Foreign shareholding restrictions. The China Securities Regulatory Commission ("CSRC") stipulates that existing market shareholding restrictions also apply to shareholders holding China Connect Securities through the China Connect Scheme, and additionally, shareholdings by a Hong Kong or overseas investor must not exceed 10% of the total issued shares of a PRC listed company for such single foreign investor, and shareholdings by all foreign shareholders in aggregate must not exceed 30% of the total issued China A shares of a PRC listed company.

Suspension risk. It is contemplated that SEHK and the relevant China Connect Market would reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently.

No Manual Trade or Block Trade. There will be no manual trade facility or block trade facility for China Connect Securities transactions on the Northbound Trading Link. The Company's investment options will be limited.

Order Priority. Where a broker provides China Connect Scheme trading services to its clients, proprietary trades of the broker or its affiliates may be submitted to the trading system independently and without the traders having information on the status of orders received from clients. Due to quota restrictions or other market intervention events, there can be no guarantee that trades of the Company through the broker will be completed. In addition, brokers as issuers of financial instruments and other market access products linked to China Connect Securities may be restricted from issuing such instruments or products to the Target Fund if they are unable to obtain order priority or are subject to the Daily Quota in seeking to hedge their positions under such instruments or products.

Best Execution Risk. China Connect Securities trades may, pursuant to the applicable rules in relation to the China Connect Scheme, be executed through one or multiple brokers that may be appointed by the relevant Company for trading via the Northbound Trading Link. In effecting China Connect Securities transactions, the Investment Manager will seek to obtain the best execution of orders. If a broker offers standards of execution which it reasonably believes to be amongst best practice in the relevant marketplace, the Investment Manager may determine that it should consistently execute transactions with that broker (including where it is an affiliate). In order to satisfy the pre-trade checking requirements, the pre-trade delivery of China Connect Securities to an Exchange Participant will result in that Exchange Participant becoming responsible for holding and safekeeping such securities for the Company. Accordingly, the Investment Manager on behalf of the Company may determine that it can only execute China Connect Securities trades through one broker or Exchange Participant and accordingly such trades may not be executed on a best execution basis. Notwithstanding that the Company's China Connect Securities trades may not be executed at the best price, neither the brokers nor the Investment Manager shall have any liability to account to the Company in respect of the difference between the price at which the Company executes transactions and any other price that may have been available in the market at that relevant time. In addition, the broker may aggregate investment orders with its and its affiliates' own orders and those of its other clients, including the Company. In some cases, aggregation may operate to the Company's disadvantage and in other cases aggregation will operate to the Company's advantage. By using a broker's China Connect Scheme trading services where it requires to aggregate the Company's order in this way, in some cases this may result in the Company obtaining a less favourable result than would otherwise be the case.

Limited off-exchange trading and transfers. China Connect Securities will be traded only through the system used for the trading of China Connect Securities on the relevant China Connect Market (or, if applicable, other market), as operated by the relevant China Connect Market (or such other market) ("China Stock Connect System"). Market participants must match, execute or arrange the execution of any sale and buy orders or any transfer instructions from investors in respect of any China Connect Securities through the China Stock Connect System in accordance with the China Connect Scheme rules. "Non- trade" transfers are permitted in limited circumstances such as post-trade allocation of China Connect Securities to different funds/sub-funds by fund managers or correction of trade errors. While "non-trade" transfers of China Connect Securities are permitted in limited circumstances, there are also uncertainties surrounding whether the issuance of market access products (in the form of derivatives, structured products or participatory notes) to provide long positions to clients, securities lending and internal cash settled hedging arrangements in respect of China Connect Securities will trigger this foregoing rule against off-exchange trading. However, the risk may be remote to the extent that the relevant market access products and transactions are cash settled.

Clearing, settlement and custody risks. HKSCC and ChinaClear will establish the clearing links between SEHK and the relevant China Connect Market and each will become a participant of the other to facilitate clearing and settlement of cross-border trades. For cross-border trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house. China Connect Securities traded through the China Connect Scheme are issued in scripless form, so investors including the relevant Companys will not hold any physical China Connect Securities. Under the China Connect Scheme, Hong Kong and overseas investors including the relevant Companys which have acquired China Connect Securities through the Northbound Trading Link should maintain such China Connect Securities with their brokers' or custodians' stock accounts with CCASS operated by HKSCC. There are risks involved in dealing with the custodians or brokers who hold the Company's investments or settle the Company's trades. It is possible that, in the event of the insolvency or bankruptcy of a custodian or broker, the Company would be delayed or prevented from recovering its assets from the custodian or broker, or its estate, and may have only a general unsecured claim against the custodian or broker for those assets. In recent insolvencies of brokers or other financial institutions, the ability of the Company to recover their assets from the insolvent's estate has been delayed, limited, or prevented, often unpredictably, and there is no assurance that any assets held by the Company with a custodian or broker will be readily recoverable by the Company. The Company's rights and interests in China Connect Securities will be exercised through HKSCC exercising its rights as the nominee holder of China Connect Securities credited to HKSCC's RMB common stock omnibus account with ChinaClear.

Risk of HKSCC/CCASS Default and ChinaClear Default. Investors should note that China Connect Securities held with relevant brokers' or custodians' accounts with CCASS operated by HKSCC may be vulnerable in the event of a default, bankruptcy or liquidation of HKSCC/CCASS. In such case, there is a risk that the relevant Company may not have any proprietary rights to the assets deposited in the account with CCASS, and/or the Company may become an unsecured creditor, ranking pari passu with all other unsecured creditors, of HKSCC/CCASS. The Company may face difficulty and/or encounter delays in recovering such assets, or may not be able to recover it in full or at all, in which case the Target Fund would suffer losses. Further, the Company's assets held with relevant brokers' or custodians' accounts with CCASS may not be as well protected as they would be if it were possible for them to be registered and held solely in the name of the Company. In particular, there is a risk that creditors of HKSCC/CCASS may assert that the securities are owned by HKSCC/CCASS and not the Company, and that a court would uphold such an assertion, in which case creditors of HKSCC/CCASS could seize assets of the Company. Also, it may give rise to the risk that regulatory actions taken against HKSCC/CCASS by PRC government authorities may affect the Company. In the event of any settlement default by HKSCC, and a failure by HKSCC to designate securities or sufficient securities in an amount equal to the default such that there is a shortfall of securities to settle any China Connect Securities trades, ChinaClear will deduct the amount of that shortfall from HKSCC's RMB common stock omnibus account with ChinaClear, such that the Company may share in any such shortfall. ChinaClear has established a risk management framework and measures that are approved and supervised by CSRC. Should the remote event of ChinaClear's default occur and ChinaClear be declared as a defaulter, HKSCC has stated that it will in good faith, seek recovery of the outstanding China Connect Securities and monies from ChinaClear through available legal channels or through ChinaClear's liquidation process, if applicable. HKSCC will in turn distribute China Connect Securities and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the applicable regulator, agency or authority with jurisdiction, authority or responsibility in respect of the China Connect Scheme. Investors in turn will only be distributed the China Connect Securities and/or monies to the extent recovered directly or indirectly from HKSCC. In that event, the Company may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear. However, the above risks in the event of CCASS or HKSCC default and/or ChinaClear default are regarded as remote.

Participation in corporate actions and shareholders' meetings. Following existing market practice in China, investors engaged in trading of China Connect Securities on the Northbound Trading Link will not be able to attend meetings by proxy or in person of the relevant China Connect Market-listed company. Accordingly, the Company will not be able to attend meetings by proxy or in person of any relevant China Connect Market-listed company. Instead, investors may exercise their voting rights by giving their voting instructions to HKSCC through CCASS participants. All voting instructions from CCASS participants will be consolidated by HKSCC and it will submit a combined single voting instruction to the relevant China Connect Market-listed company. Therefore, the Company will not be able to exercise the voting rights of the invested company in the same manner as provided in some developed markets. In addition, any corporate action in respect of China Connect Securities will be announced by the relevant issuer through the relevant China Connect Market website and certain officially appointed newspapers. Investors engaged in trading of China Connect Securities may refer to the relevant China Connect Market website and the relevant newspapers for the latest listed company announcements or, alternatively, the website of HKEx for corporate actions in respect of China Connect Securities issued on the previous trading day. However, the China Connect Market-listed issuers publish corporate documents in Chinese only, and English translations will not be available. HKSCC will keep CCASS participants informed of corporate actions of China Connect Securities. Hong Kong and overseas investors (including the Company) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of China Connect Securities may be as short as one business day only. Therefore, the Company may not be able to participate in some corporate actions in a timely manner. Further, as multiple proxies are not available in the PRC, the Company may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of China Connect Securities. There is no assurance that CCASS participants who participate in the China Connect Scheme will provide or arrange for the provision of any voting or other related services.

Regulatory risk. The China Connect Scheme is a new program to the market and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal or regulatory enforcement in connection with cross-border trades under the China Connect Scheme.

Risk associated with investing in ChiNext Securities. SZSE has put in place a framework of multi-tiered capital market comprising the Main Board (the "SZSE Main Board Market"), the Small and Medium Enterprise Board market ("SZSE SME Board Market"), and the ChiNext market ("ChiNext"). The multi-tier capital market is designed for enterprises at different stages of growth and of different quality and risk profiles. The SZSE SME Board Market was established in May 2004. It is positioned to serve enterprises in relatively mature stage of development and with stable profitability. ChiNext was launched in October 2009. The market primarily targets innovative growth enterprises with profitability. China Connect Securities traded on ChiNext may carry a different and higher risk profile compared with China Connect Securities traded on the SZSE Main Board

Market or the SZSE SME Board Market. In particular, and without limitation, investors should note the differences listed below. The objective of ChiNext is to promote the development of innovative enterprises and other growing start-ups. Accordingly, the rules and regulations regarding securities on ChiNext are less stringent in terms of profitability and share capital than those in respect of the SZSE Main Board Market or the SZSE SME Board Market. Given the emerging nature of companies listed and traded on ChiNext, there is a risk that the securities traded on ChiNext may be susceptible to higher market volatility than securities traded on the SZSE Main Board Market or the SZSE SME Board Market. Listed companies on ChiNext are usually in a preliminary stage of development. They are therefore less mature than companies listed on the SZSE Main Board Market and the SZSE SME Board Market, they have a smaller scale and shorter operating history and their stability and resistance to market risks may be lower. Hence, they are subject to higher fluctuation in stock prices as the performance of these companies changes. They are subject to higher risks and higher turnover ratios than companies listed on the SZSE Main Board Market or the SZSE SME Board Market. The companies listed on ChiNext are generally less resistant to market risks and may experience more fluctuations in their performance. It may be more common for listed companies in the ChiNext market than companies listed on the SZSE Main Board Market and the SZSE SME Board Market to delist and such delistings may occur earlier in respect of securities listed and traded on ChiNext than those on the SZSE Main Board Market and the SZSE SME Board Market. Conventional valuation methods may not be entirely applicable to companies listed on ChiNext due to the risky nature of the industries in which these companies may operate. There are fewer circulating shares on ChiNext and stock prices may be more susceptible to manipulation and may experience higher fluctuation upon market speculation. Due to the emerging nature of ChiNext and the fact that stocks traded on ChiNext have less of a track record on profitability, such stocks may be overvalued and such high valuation may not be sustainable.

China Debt Securities Risk: China Interbank Bond Market. The Target Fund may invest directly or indirectly in debt instruments through the China Interbank Bond Market ("**CIBM**"). The CIBM is an over-the-counter market outside the two main stock exchanges in China and generally amounts to over 90% of total trading volume by bond value in China. The CIBM is regulated and supervised by the People's Bank of China ("**PBOC**"). Trading on the CIBM is subject to relevant rules promulgated by the PBOC included, but not limited to, the Announcement (2016) No. 3 ("**CIBM Rules**"). The Target Fund is permitted to invest in the CIBM pursuant to, *inter alia*, Announcement (2016) No. 3 issued by the PBOC as a foreign intuitional investor ("**Foreign Access Regime**") or the Interim Measures for the Administration of Mutual Bond Market Access between Mainland China and Hong Kong (Decree No.1 [2017]) ("**Bond Connect**").

The main debt instruments traded on the CIBM include government bonds, corporate bonds, bond repurchase transactions, bond loans, PBOC bills, and other financial debt instruments. The CIBM is in early stages of development, and therefore the market capitalisation and trading volume may be lower than those of more developed markets. The PBOC is responsible, *inter alia*, for establishing rules for listing, trading, and functioning rules of the CIBM, and supervising the market operators of the CIBM.

There are currently two ways for the Portfolio to invest through the CIBM:

(1) **Foreign Access Regime**. A foreign institutional investor who wish to invest directly in the CIBM must do so via an onshore settlement agent. The onshore settlement agent is responsible for making the relevant filings and account openings with the relevant authorities.

    Under the Foreign Access Regime, there two trading models: (i) bilateral negotiation and (ii) click-and-deal. Bilateral negotiations is applied to all inter-bank products and utilize the China Foreign Exchange Trading System & National Interbank Funding Centre ("**CFETS**"), a unified trading platform for the CIBM. One-click trading is only applied to cash-bonds and interest rate derivatives.

    A market-maker mechanism, whereby a third-party entity ensures bilateral quotations for bonds, was officially introduced in 2001 to improve market liquidity and enhance efficiency. Deals through market making can enjoy benefits such as lower trading and settlement costs. Bond transactions must be conducted by way of bilateral trading through independent negotiations and be concluded on a transaction by transaction basis. Bid and ask prices for primary bond transactions and repurchase interest rates must be determined independently by the parties to the transaction. Both parties to a transaction typically send instructions for delivery of bonds and funds, and provide for delivery on the agreed date. Depending on the type of bonds traded on the CIBM, the clearing and settlement institution will be the China Central Depository & Clearing Co., Ltd. ("**CCDC**") or the Shanghai Clearing House Co., Ltd. ("**SCH**").

(2) **Bond Connect**. A foreign investor may, as of July 2017, invest via a northbound trading link under Bond Connect. Bond Connect is an initiative to allow mutual bond market access between Hong Kong and Mainland China established by CFETS, the CCDC, SCH, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit ("**CMU**"). Bond Connect is governed by the authorities of mainland China.

    Under Bond Connect, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC. An offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the CMU) must open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently,CCDC and SCH). All bonds traded by eligible foreign investors will be registered in the name of the CMU, which will hold such bonds as a nominee owner.

Although there is no quota limitation under the CIBM Rules for the Foreign Access Regime or Bond Connect, relevant information about the Target Fund's investment must be filed with the PBOC as well as any significant change to the filed information; all filings must be made by the Portfolio's onshore settlement agent or registration agent. The PBOC will exercise on-going supervision of the onshore settlement agent and the Company's trading under the CIBM Rules. The PBOC may take relevant administrative actions such as suspension of trading and mandatory exit against the Company and/or the Investment Manager in the event of non-compliance with the CIBM Rules.

RMB Denominated Debt Risk. All transactions in CIBM must be made in RMB, and therefore may not be in the base currency of the Target Fund or the relevant currency of the share class held by a shareholder. Accordingly, the Target Fund may be exposed to risks associated with debt denominated in RMB such as foreign exchange, interest rate, and valuation risks.

Liquidity Risk. The Target Fund may be exposed to liquidity risk as low trading volumes in certain debt securities in the CIBM may result in the bid/offer spread of the price of certain debt securities fluctuating significantly. The bid/offer spread of the price of debt instruments in the CIBM may be large, and the Target Fund may incur significant trading and realisation costs and may even suffer losses when selling such investments.

Regulatory Risks. Investments in the CIBM are subject to regulatory risks as the CIBM is relatively new and has a short operating history. As the applicable CIBM laws, regulations, and legal requirements are equally new, their interpretation and enforcement involve significant uncertainty. Additionally, the PRC laws governing business organisations, bankruptcy, and insolvency may provide substantially less protection to security holders than that provided by the laws of more developed countries. These factors (individually or combined) could have an adverse effect on the Target Fund.

Tax Risks. Investments in the CIBM are subject to risks resulting from changes to existing tax laws, regulations, policies, and practices in the PRC, including tax exemptions relating to purchases through the CIBM, which may disadvantage the Portfolio and its shareholders. Changes in existing tax law, regulations, policies, and practices in the PRC may also impact Chinese companies as well as transactions in Chinese companies. Any changes in tax law, regulations, policies, or practices may, *inter alia*, reduce the after-tax profits of the companies in the PRC in which the Portfolio invests, thereby adversely affecting the Target Fund and its shareholders. It is also possible that the current tax laws, regulations, policies, and practices in the PRC will be changed with retroactive effect.

Limits on Redemptions Risk. While there are no quota restrictions under the current CIBM, the repatriation of funds from the PRC may be subject to the restrictions in the futures if such restrictions are promulgated by the PBOC. Any future restrictions on repatriation of funds form the PRC may impact the Target Fund's ability to meet redemptions.

Settlement Risk. Although delivery-versus-payment (DVP) settlement (e.g. simultaneous delivery of security and payment) is the dominant settlement method adopted by CCDC and SCH for all bond transactions in the CIBM, there is no assurance that settlement risks can be eliminated. In addition, DVP settlement practices in the PRC may differ from practices in developed markets. In particular, such settlement may not be instantaneous and be subject to a delay of a period of hours. Where the counterparty does not perform its obligations under a transaction or there is otherwise a failure due to CCDC or SCH (as applicable), the Target Fund may sustain losses.

Onshore Agent Risk. Under Foreign Access Regime, as all filings, registrations, and account openings must be carried out by an onshore settlement agent, offshore custody agent, registration agent, or other third parties, the Target Fund may be exposed to risk of default, failure, or error on the part of such parties when meeting certain requirements of the CIBM Rules.

Allocation Risk. This is the risk that the allocation of investments, such as between debt and equity or growth and value companies may have a more significant effect on the Target Fund's NAV when one of these styles is performing more poorly than the other. Also, the transaction costs of rebalancing the Target Fund's investments may be, over time, significant.

Turnover Risk. The Target Fund may be actively managed and, in some cases in response to market conditions, the portfolio's turnover may exceed 100%. A higher rate of portfolio turnover increases brokerage and other expenses, which must be borne by the Target Fund and its shareholders. High portfolio turnover also may result in the realization of substantial net short term capital gains, which, when distributed, may be taxable to shareholders. In addition, the Target Fund may experience relatively higher turnover attributable to investors in a particular country where such portfolio is available for purchase. This activity may adversely affect such portfolio's performance and the interests of long-term investors. Volatility resulting from excessive purchases and redemptions or exchanges of shares, especially involving large dollar amounts, may disrupt efficient portfolio management. In particular, the Target Fund may have difficulty implementing long-term investment strategies if it is unable to anticipate what portion of assets it should retain in cash to provide liquidity to shareholders. Also, excessive purchases and redemptions or exchanges of shares may force the Target Fund to maintain a disadvantageously large cash position to accommodate short duration trading activity. Further, excessive purchases and redemptions or exchanges of the Target Fund's shares may force the Target Fund to sell portfolio securities at inopportune times to raise cash to accommodate short duration trading activity. Additionally, the Target Fund may incur increased expenses if one or more shareholders engage in excessive purchase and redemption or exchange activity. For example, the Target Fund that is forced to liquidate investments due to short duration trading activity may incur increased brokerage and tax costs without attaining any investment advantage. Similarly, the Target Fund may bear increased administrative costs as a result of the asset level and investment volatility that accompanies patterns of short duration trading activity.

Smaller Capitalization Companies Risk. The Target Fund may invest in securities of companies with relatively small market capitalizations. Securities of these smaller capitalization companies may be subject to more abrupt or erratic market movements than the securities of larger, more established companies, both because the securities are typically traded in lower volume and because the companies are subject to greater business risk. Also, in certain emerging market countries, volatility may be heightened by actions of a few major investors. For example, substantial increases or decreases in cash flows of mutual funds investing in these markets could significantly affect local stock prices and, therefore, share prices of the Target Fund .

Financial Instruments Risks

Derivatives Risk. The Target Fund may use derivatives, which are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate, or index. The Investment Manager will sometimes use derivatives as part of a strategy designed to reduce other risks. Generally, however, the Target Fund may use derivatives as direct investments to earn income, enhance yield and broaden portfolio diversification. In addition to other risks such as the credit risk of the counterparty, derivatives involve the risk of difficulties in pricing and valuation and the risk that changes in the value of the derivative may not correlate perfectly with relevant underlying assets, rates, or indices.

While the judicious use of derivatives by experienced investment advisers such as the Investment Manager can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The following is a general discussion of important risk factors and issues concerning the use of derivatives that investors should understand before investing in the Target Fund.

- *Market Risk*. This is the general risk attendant to all investments that the value of a particular investment will change in a way detrimental to the portfolio's interest.
- *Management Risk*. Derivative products are highly specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The successful use of derivatives draws upon the Investment Manager's special skills and experience and usually depends on the Investment Manager's ability to forecast price movements, interest rates, or currency exchange rate movements correctly. Should prices, interest rates, or exchange rates move unexpectedly, the Target Fund may not achieve the anticipated benefits of the transactions or may realize losses and thus be in a worse position than if such strategies had not been used. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the Target Fund and the ability to forecast price, interest rate or currency exchange rate movements correctly.
- *Credit Risk*. This is the risk that a loss may be sustained by the Target Fund as a result of the failure of another party to a derivative (usually referred to as a "counterparty") to comply with the terms of the derivative contract. The credit risk for exchange-traded derivatives is generally less than for privately negotiated derivatives, since the clearing house, which is the issuer or counterparty to each exchange-traded derivative, provides a guarantee of performance. This guarantee is supported by a daily payment system (*i.e.*, margin requirements) operated by the clearing house in order to reduce overall credit risk. For privately negotiated derivatives, there is no similar clearing agency guarantee. Therefore, the Investment Manager will consider the creditworthiness of each counterparty to a privately negotiated derivative in evaluating potential credit risk.
- *Liquidity Risk*. Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.
- *Leverage Risk*. Since warrants, options and many derivatives (to the extent utilized) have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the warrant, option or derivative itself. In the case of swaps, the risk of loss generally is related to a notional principal amount, even if the parties have not made any initial investment. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment.
- *Other Risks*. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Many derivatives, in particular privately negotiated derivatives, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to the Target Fund. Derivatives do not always perfectly or even highly correlate or track the value of the assets, rates or indices they are designed to track. Consequently, the Target Fund's use of derivatives may not always be an effective means of, and sometimes could be counterproductive to, furthering the Target Fund's investment objective.

OTC Derivatives Counterparty Risk. In addition to the general risks of derivatives discussed above, transactions in the OTC derivatives markets may involve the following particular risks.

- *Absence of regulation; counterparty default.* In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies are generally traded) than of transactions entered into on organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with OTC transactions. Therefore, any portfolio entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the portfolio will sustain losses. The Target Fund will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of the measures the Company may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Company will not sustain losses as a result.
- *Liquidity; requirement to perform*. From time to time, the counterparties with which the Company effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Company might be unable to enter into a desired transaction in currencies, credit default swaps or total return swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward, spot and option contracts on currencies do not provide the Investment Manager with the possibility to offset the Company's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Company may be required, and must be able, to perform its obligations under the contracts.
- *Necessity for counterparty trading relationships*. As noted above, participants in the OTC market typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While the Company and the Investment Manager believe that the Company will be able to establish multiple counterparty business relationships to permit the Company to effect transactions in the OTC market and other counterparty markets (including credit default swaps, total return swaps and other swaps market as applicable), there can be no assurance that it will be able to do so. An inability to establish or maintain such relationships would potentially increase the Company's counterparty credit risk, limit its

operations and could require the Company to cease investment operations or conduct a substantial portion of such operations in the futures markets. Moreover, the counterparties with which the Company expects to establish such relationships will not be obligated to maintain the credit lines extended to the Company, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

Commodity Related Risk. Investing in commodity-linked derivative instruments may subject the Target Fund to greater volatility than investments in traditional securities. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

Structured Instruments Risk. Structured instruments are potentially more volatile and carry greater market risks than traditional debt instruments. Depending on the structure of the particular structured instrument, changes in a Benchmark may be magnified by the terms of the structured instrument and have an even more dramatic and substantial effect upon the value of the structured instrument. The prices of the structured instrument and the Benchmark or Underlying Asset may not move in the same direction or at the same time. Structured instruments may be less liquid and more difficult to price than less complex securities or instruments or more traditional debt securities. The risk of these investments can be substantial; possibly all of the principal is at risk.

Mortgage-Backed and/or Other Asset-Backed Securities Risk. Investments in mortgage-backed and other asset- backed securities are subject to certain additional risks. The value of these securities may be particularly sensitive to changes in interest rates. These risks include "extension risk", which is the risk that, in periods of rising interest rates, issuers may delay the payment of principal, and "prepayment risk", which is the risk that in periods of falling interest rates, issuers may pay principal sooner than expected, exposing the Portfolio to a lower rate of return upon reinvestment of principal. Mortgage-backed securities offered by non-[US] governmental issuers and other asset-backed securities may be subject to other risks, such as higher rates of default in the mortgages or assets backing the securities or risks associated with the nature and servicing of mortgages or assets backing the securities.

Equity Securities Risks

Equity Securities Risk. The value of underlying equity investments of the Target Fund may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market and economic conditions and changes in currency exchange rates. The value of the Target Fund's investments may decline over short- or long-term periods. Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the Company's shares.

REITs Risk. Investing in REITs involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of any credit extended. REITs are dependent upon management skills, are not diversified, are subject to heavy cash flow dependency, default by borrowers and self- liquidation. REITs are also subject to the possibilities of failing to qualify for tax free pass-through of income under the IRC and failing to maintain their exemptions from registration under the Investment Company Act.

REITs (especially mortgage REITs) are also subject to interest rate risks. When interest rates decline, the value of a REIT's investment in fixed rate obligations can be expected to rise.

Conversely, when interest rates rise, the value of a REIT's investment in fixed rate obligations can be expected to decline. In contrast, as interest rates on adjustable rate mortgage loans are reset periodically, yields on a REIT's investments in such loans will gradually align themselves to reflect changes in market interest rates, causing the value of such investments to fluctuate less dramatically in response to interest rate fluctuations than would investments in fixed rate obligations.

Investing in REITs may involve risks similar to those associated with investing in small capitalization companies. REITs may have limited financial resources, may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than larger company securities. Historically, small capitalization stocks, such as REITs, have been more volatile in price than the larger capitalization stocks included in the S&P Index of 500 Common Stocks.

Debt Securities Risks

Fixed-Income Securities Risk—General. The NAV of the Target Fund invested in fixed-income securities will change in response to fluctuations in interest rates and currency exchange rates, as well as changes in credit quality of the issuer. Some portfolios may invest in high yielding fixed-income securities where the risk of depreciation and realization of capital losses on some of the fixed-income securities held will be unavoidable. In addition, medium- and lower-rated and unrated fixed-income securities of comparable quality may be subject to wider fluctuations in yield and market values than higher-rated fixed-income securities.

Fixed-Income Securities and Interest Rates. The value of the Target Fund's shares will fluctuate with the value of its investments. The value of the Target Fund's investments in fixed- income securities will change as the general level of interest rates fluctuates. During periods of falling interest rates, the values of fixed-income securities generally rise, although if falling interest rates are viewed as a precursor to a recession, the values of the Target Fund's securities may fall along with interest rates. Conversely, during periods of rising interest rates, the values of fixed-income securities generally decline. Changes in interest rates have a greater effect on fixed-income securities with longer maturities and durations than those with shorter maturities and durations.

Fixed-Income Securities and Prepayment. Many fixed-income securities, especially those issued at high interest rates, provide that the issuer may repay them early. Issuers often exercise this right when interest rates decline. Accordingly, holders of securities that may be called or prepaid may not benefit fully from the increase in value that other fixed-income securities experience when rates decline. Furthermore, in such a scenario the Target Fund may reinvest the proceeds of the payoff at then-current yields, which would be lower than those paid by the security that was paid off.
Prepayments may cause losses on securities purchased at a premium, and unscheduled prepayments, which will be made at par, will cause the Target Fund to experience a loss equal to any unamortized premium.

Rating Agencies. Future actions of any rating agency can adversely affect the market value or liquidity of fixed-income securities, and a rating agency may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to any class of securities. Any such revision or withdrawal of a rating as a result of such a failure might adversely affect the liquidity and value of a fixed-income security.

Subordinated Debt. Subordinated debt is a type of debt which ranks lower in the capital structure than other debt. Subordinated debt typically has a lower credit rating and therefore a higher yield than senior debt. Subordinated debt is particularly risk sensitive because investors in subordinated debt only have a claim on the issuer's assets after all other senior debtholders have been satisfied or paid in full. Investors in subordinated debt generally lack the potential upside gain of equity holders. Investors should note that to the extent the Target Fund's investments include bonds and/or other debt securities that are subordinated debt obligations, the Portfolio's claims will rank behind those of the issuer's senior debtholders and other securities higher in the issuer's capital structure. Thus, there is a risk that no payments will be made to any Portfolio in respect of subordinated obligations until the claims of the issuer's senior debtholders and holders of securities higher in the issuer's capital structure have been satisfied or paid in full.

Contingent Convertible Securities ("CoCos"). CoCos are a form of contingent hybrid securities primarily issued by global financial institutions as an efficient means of raising capital. CoCos may be issued as Additional Tier 1 securities, as a perpetual instrument, with discretionary coupons ("***AT1 CoCos***") or as Tier 2 instruments with a stated maturity and with fixed coupons ("***T2 CoCos***"). CoCos are usually subordinated and behave like debt securities in normal circumstances but which either (i) convert to equity securities and/or (ii) have a write-down (either full or partial) on the occurrence of a particular Trigger Event. CoCos are subject to certain risks associated with bonds and equities but are subject to additional risks specific to their features, structure, and individual terms including:

- *Financial Sector Concentration Risk.* CoCos are primarily issued by global financial institutions, in particular banks, subject to the regulatory supervision of a wide array of national and potentially supranational regulatory bodies. These global financial institutions may be adversely affected by market events and could be forced into restructurings, mergers with other financial institutions, full or partial nationalization, be subject to government intervention, or become bankrupt or insolvent. Each of these events may affect securities issued by any such financial institution, especially CoCos, and result in the disruption or complete cancellation of payments to investors, conversion of debt, and/or loss of capital.
- *Capital Structure Inversion Risk*. CoCos are typically subordinated to traditional convertible bonds in the issuer's capital structure. In certain scenarios, investors in CoCos may suffer a loss of capital ahead of the issuer's equity holders or when such equity holders do not suffer a loss of capital.
- *Conversion Risk*. Whereas traditional convertible bonds are convertible at the option of the investor and the investor of such bonds will generally convert when the issuer's share price is higher than the strike price, CoCos, do not covert at the option of the investor; instead, CoCos tend to convert when the issuer is in crisis. Additionally, whereas traditional convertible bonds are convertible at the option of the investor, CoCos may be convertible at the discretion of regulatory bodies or mandatorily upon the occurrence of another Tigger Event. CoCos may experience a sudden drop in value should a pre- defined trigger be breached. Any conversion on such Trigger Event may occur when the share price of the issuer's equity is less than when the CoCo was issued or purchased. In case of conversion to the issuer's equity securities, the Investment Manager might have to sell some or all of these equities in order to ensure compliance with the investment policy of the Target Fund holding such equity securities.
- *Trigger Event Risk. CoCos may convert following a Trigger Event. Trigger Events leading to conversion will be disclosed in the prospectus or other offering document relating to each CoCo issuance. Trigger Events may, inter alia, be mechanical (e.g. based on the issuer's regulatory capital ratios) or subject to a regulatory supervisor's discretionary determination. For example, a Trigger Event may occur if banking regulator determines that a particular CoCo issuer is no longer viable (i.e. the bonds are "bail-in-able" at the "point of non-viability" or ("PONV"). Trigger Events may differ among individual CoCos and the same or different issuers. Therefore, the actual occurrence of a Trigger Event based on an issuer's regulatory capital ratios, for example, is a function of the distance at any time between such ratios and such particular CoCo's pre-determined trigger. For this reason, the Investment Manager on behalf of the Target Fund investing in CoCos needs tounderstand and monitor the amount of regulatory capital the issuer has in place relative to the trigger. Due to these and other uncertainties, it may be difficult for the Investment Manager to assess at any time the whether a Trigger Event will occur and what exactly such Trigger Event will entail in the circumstances, including how a particular CoCo will behave on conversion.*
- *Write-Down Risk. A write-down means that some or all of the principal amount of the CoCos will be written down as a loss-absorbing measure in respect of the issuing financial institution. Therefore, due to the uncertainty of Trigger Events generally, it may be difficult for the Investment Manager to assess at any time whether a Trigger Event will occur and what exactly such Trigger Event will entail, including the result of the conversion.*
- *Coupon Cancellation Risk. While CoCos (both AT1 and T2) are subject to conversion and write-down when the issuing financial institution reaches the Trigger level, for AT1 CoCos there is an additional source of risk for the investor in the form of coupon cancellation in a going concern situation. Coupon payments on AT1 CoCos are entirely discretionary and may be cancelled or postponed by the issuer at any point, for any reason and for any length of time. The cancellation of coupon spayments on AT1 CoCos does not amount to an event of default.*

- *Cancelled payments do not accumulate and are instead written off. This significantly increases uncertainty in the valuation of AT1 CoCos and may lead to mispricing of risk. In addition, among other things, investors in AT1 CoCos may see their coupons cancelled or postponed while the issuer continues to pay dividends on its common equity and/or coupons on other debt higher in the issuer's capital structure.*
- *Call Extension Risk. AT1 CoCos are a form of permanent capital for the issuing financial institution callable at pre-determined levels only with the approval of the issuer's regulatory supervisor. Therefore it cannot be assumed that AT1 CoCos (which are otherwise perpetual) will be called on the call date. For this and other reasons, there is no guarantee that the Target Fund will receive return of principal paid for these types of CoCos.*
- *Liquidity Risk. CoCos are a relatively new instrument and are only issued by a limitied number of financial institutions. Additionally, as CoCos are an innovative instrument, the secondary market for CoCos is limited to investors with sufficient knowledge and experience to invest in CoCos. As such, the market prices and overall liquidty of CoCos is subject to change which may result in a loss of value of CoCos as well as the Target Fund's inability to sell CoCos within a reasonable time.*
- *Unknown Risk. CoCos are innovative and not completely tested in various market scenarios including times of crisis for the financial credit sector. In a stressed environment, when the underlying features of CoCos will be put to the test, it is uncertain how they will perform. Initially singular or isolated conversions of individual CoCos upon Trigger Events may result in volatility to the asset class as a whole leading to downward pressures on prices, valuation issues and illiquidity.*
- *Yield/Valuation Risk. The growth of the CoCo market since its inception is due to attractive yields which may be viewed as a complexity premium, relative to more highly rated debt issues of the same issuer or similarly rated debt issues of other issuers, Cocos tend to compare favorably from a yield standpoint. Yet it remains unclear whether investors have fully considered the underlying risks associated with CoCos. The concern, among other things, is whether investors have fully considered the risk of conversion upon Trigger Events, or, for AT1 CoCos, coupon cancellation.*

Fixed-Income Securities Risk—Lower-Rated and Unrated Instruments. The Target Fund's assets may be invested, in whole or in part, in high yield, high risk debt securities that are rated in the lower rating categories (*i.e.*, below Investment Grade) or which are unrated but are of comparable quality as determined by the Investment Manager. Debt securities rated below Investment Grade are commonly referred to as "junk bonds" and are considered to be subject to greater risk of loss of principal and interest than higher-rated securities and are considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal, which may in any case decline during sustained periods of deteriorating economic conditions or rising interest rates.

Lower-rated securities generally are considered to be subject to greater market risk than higher-rated securities in times of deteriorating economic conditions. In addition, lower-rated securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than Investment Grade securities, although the market values of lower-rated securities tend to react less to fluctuations in interest rate levels than do those of higher-rated securities. The market for lower-rated securities may be thinner and less active than that for higher-quality securities, which can adversely affect the prices at which these securities can be sold. To the extent that there is no regular secondary market trading for certain lower-rated securities, the Investment Manager may experience difficulty in valuing such securities and, in turn, the Target Fund's assets. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may tend to decrease the market value and liquidity of such lower-rated securities. Transaction costs with respect to lower-rated securities may be higher, and in some cases information may be less available, than is the case with Investment Grade securities.

Since the risk of default is higher for lower-rated securities, the Investment Manager's research and credit analysis are a correspondingly important aspect of its program for managing the Target Fund's investment in these securities. In considering investments for the Target Fund, the Investment Manager will attempt to identify those high-yielding securities the financial condition of which is adequate to meet future obligations or has improved, or is expected to improve in the future. The Investment Manager's analysis focuses on relative values based on such factors as interest or dividend coverage, asset coverage, earnings prospects, and the experience and managerial strength of the issuer.

Unrated securities will be considered for investment by the Target Fund when the Investment Manager believes that the financial condition of the issuers of such securities, or the protection afforded by the terms of the securities themselves, limits the risk to the portfolio to a degree comparable to that of rated securities which are consistent with the portfolio's objectives and policies.

In seeking to achieve the Target Fund's primary objective, there will be times, such as during periods of rising interest rates, when depreciation and realization of capital losses on securities in the portfolio will be unavoidable. Moreover, medium- and lower-rated securities and unrated securities of comparable quality may be subject to wider fluctuations in yield and market values than higher-rated securities under certain market conditions. Such fluctuations after a security is acquired do not affect the cash income received from that security but are reflected in the NAV of the Target Fund.

Distressed Securities. Certain securities may become distressed when the issuer of such securities enters into default or is in high risk of default. Such securities often have a credit rating of CC or below. An issuer of securities may experience a risk of default for a number of reasons, including weak financial condition, poor operating results, substantial capital needs, negative cash flow or net worth, and changes in market or competitive conditions which adversely affect the issuer's business, among other factors. The Target Fund may invest in distressed securities where the Investment Manager believes that the market valuation of such securities is below their fair value. While higher in risk, distressed securities generally offer a correspondingly greater potential for higher returns. Distressed securities may be difficult to value due to legal and market uncertainties, and the level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is high. Accordingly, there can be no assurance that investments in such securities will generate returns to compensate shareholders adequately for the risks assumed and without experiencing a loss. Distressed securities may also be affected by laws concerning issuer reorganization, bankruptcy, and creditor and shareholder rights, and such laws may vary considerably in various jurisdictions, leading to uncertainty as to the enforceability of claims by investors and lenders and delay in the recoupment of an investment.

Credit Risk—Sovereign Debt Obligations. By investing in debt obligations of governmental entities, the Target Fund will be exposed to the direct or indirect consequences of political, social and economic changes in various countries. Political changes in a particular country may affect the willingness of a particular government to make or provide for timely payments of its debt obligations. The country's economic status, as reflected, among other things, in its inflation rate, the amount of its external debt and its gross domestic product, will also affect the government's ability to honor its obligations.

The ability of governments to make timely payments on their debt obligations is likely to be influenced strongly by the issuer's balance of payments, including export performance, and its access to international credits and investments. To the extent that a particular country receives payment for its exports in currencies other than the currency of the Target Fund, such country's ability to make debt payments denominated in the currency of the Target Fund could be adversely affected. To the extent that a particular country develops a trade deficit, such country will need to depend on continuing loans from foreign governments, supranational entities or private commercial banks, aid payments from foreign governments and on inflows of foreign investment. The access of a particular country to these forms of external funding may not be certain, and a withdrawal of external funding could adversely affect the capacity of such country to make payments on its debt obligations. In addition, the cost of servicing debt obligations can be affected by a change in global interest rates since the majority of these debt obligations carry interest rates that are adjusted periodically based upon global rates.

The Target Fund may invest in debt obligations of governmental entities and supranational entities, for which a limited or no established secondary markets may exist. Reduced secondary market liquidity may have an adverse effect on the market price and the Target Fund's ability to dispose of particular instruments when necessary to meet its liquidity requirements or in response to specific economic events such as deterioration in the creditworthiness of the issuer. Reduced secondary market liquidity for such debt obligations may also make it more difficult for the Target Fund to obtain accurate market quotations for the purpose of valuing its portfolio. Market quotations are generally available on many sovereign debt obligations only from a limited number of dealers and may not necessarily represent firm bids of those dealers or prices for actual sales.

The Target Fund may have limited legal recourse in the event of a default with respect to certain sovereign debt obligations it holds. For example, remedies from defaults on certain debt obligations of governmental entities, unlike those on private debt, must, in some cases, be pursued in the courts of the defaulting party itself. Legal recourse therefore may be significantly diminished. Bankruptcy, moratorium and other similar laws applicable to issuers of sovereign debt obligations may be substantially different from those applicable to issuers of private debt obligations. The political context, expressed as the willingness of an issuer of sovereign debt obligations to meet the terms of the debt obligation, for example, is of considerable importance. In addition, no assurance can be given that the holders of commercial bank debt will not contest payments to the holders of securities issued by foreign governments in the event of default under commercial bank loan agreements.

In addition, the Target Fund's investment in debt obligations of supranational entities is subject to the additional risk that one or more member governments may fail to make required capital contributions to a particular supranational entity and, as a result, such supranational entity may be unable to meet its obligations with respect to its debt obligations held by the Target Fund.

By investing in municipal securities, the Target Fund will be exposed to certain additional risks including with respect to the economic conditions of the particular state or municipality, political or legislative changes, uncertainties related to the tax status of municipal securities, or the rights of investors in these securities. To the extent that the Target Fund invests more of its assets in a particular state’s municipal securities, the portfolio may be vulnerable to events adversely affecting that state, including economic, political and regulatory occurrences, court decisions, terrorism and catastrophic natural disasters, such as hurricanes or earthquakes. The Target Fund’s investments in certain municipal securities with principal and interest payments that are made from the revenues of a specific project or facility, and not general tax revenues, may have increased risks. Factors affecting the project or facility, such as local business or economic conditions, could have a significant effect on the project’s ability to make payments of principal and interest on these securities.

Credit Risk—Corporate Debt Obligations. By investing in debt obligations issued by companies and other entities, the Target Fund will be subject to the risk that a particular issuer may not fulfill its payment or other obligations in respect of such debt obligations. Additionally, an issuer may experience an adverse change in its financial condition which may in turn result in a decrease in the credit rating assigned by an IRSRO to such issuer and its debt obligations, possibly below Investment Grade. Such adverse change in financial condition or decrease in credit rating(s) may result in increased volatility in the price of an issuer's debt obligations and negatively affect liquidity, making any such debt obligation more difficult to sell.

General Risks of CDO Investments. The value of any CDOs owned by the Target Fund generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CDO (“CDO Collateral”), general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Consequently, holders of CDOs must rely solely on distributions on the CDO Collateral or proceeds thereof for payment in respect thereof. CDO Collateral may consist of high yield debt securities, loans, ABS and other instruments, which often are rated below investment grade (or of equivalent credit quality). The lower ratings of high yield securities and below investment grade loans reflect a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest. In addition, the lack of an established, liquid secondary market for some CDOs (CDO equity securities in particular) may have an adverse effect on the market value of those CDOs and will in most cases make it difficult to dispose of such CDOs at market or near-market prices.

Rating Agencies. Future actions of any rating agency can adversely affect the market value or liquidity of CDOs, and a rating agency may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to any class of CDO security. Any such revision or withdrawal of a rating as a result of such a failure might adversely affect the liquidity and value of the CDO security.

Effects of Regulation on CDO Market. Legislative or regulatory action taken by the U.S. federal government or any U.S. regulatory body (or other non-U.S. authority or regulatory body) in response to economic conditions or otherwise may negatively impact the liquidity and value of CDOs.

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

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

2. TARGET FUND INFORMATION

2.1. ABOUT AB SICAV I ("COMPANY")

The Company, i.e. AB SICAV I, is an open-ended investment company with variable capital (*société d'investissement à capital variable*) incorporated on 8 June 2006 with limited liability in the Grand Duchy of Luxembourg. The Company is structured as an umbrella fund comprising separate pools of assets. The Target Fund is a portfolio of the Company which was established on 23 May 2011.

Management Company
The Board of Directors of the Company has appointed AllianceBernstein (Luxembourg) S.à r.l. (the "Management Company") as the management company of the Company to be responsible on a day-to-day basis, under supervision of the Board of Directors of the Company, for providing administration, marketing, investment management and advisory services in respect of all portfolios.

Investment Manager
The Management Company has delegated its investment management and advisory functions to AllianceBernstein L.P. (the "Investment Manager"); a Delaware limited partnership domiciled in Delaware, U.S.A. The Investment Manager is registered with the U.S. Securities and Exchange Commission (the "SEC") as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended.

Administrator, Paying Agent and Depository
The Management Company has also delegated the administration functions to Brown Brothers Harriman (Luxembourg) S.C.A. (the "Administrator") pursuant to the terms of the administration agreement. In such capacity it is responsible for the general administrative functions of the Target Fund required by Luxembourg law, such as the calculation of the NAV of the shares and the maintenance of accounting records.

Brown Brothers Harriman (Luxembourg) S.C.A. also acts as paying agent ("Paying Agent") and as depositary ("Depository") of the Company for (i) the safekeeping of the assets of the Company (ii) the cash monitoring, (iii) the oversight functions and (iv) such other services as agreed from time to time and reflected in the Depositary agreement. The Depositary is a credit institution established in Luxembourg, which is registered with the Luxembourg register of commerce and companies under number B29923. It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector, as amended.

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

2.2. ABOUT AB SICAV I EMERGING MARKETS MULTI-ASSET PORTFOLIO ("TARGET FUND")

Investment Objective and Investment Strategies

The Target Fund seeks to maximize total return. The Target Fund seeks to meet its investment objective primarily through asset allocation among stocks and bonds of emerging market issuers, sector and security analysis, interest rate management, country and currency selection.

The Investment Manager will pursue the Target Fund's investment objective of maximizing total return while also seeking to moderate volatility. The Investment Manager will actively adjust the Target Fund's investment exposures to emerging market issuers and a variety of emerging markets and other asset classes, with the goal of producing what the Investment Manager considers to be the Target Fund's optimal risk/return profile at any particular point in time. These asset classes include equity securities, fixed income instruments, including high-yield securities and currencies. The Target Fund also will obtain exposures to these asset classes through the use of those financial derivative instruments described below. The Target Fund is not subject to any limitation on the portion of its net assets that may be invested in equities, fixed income securities or currencies. Therefore, at any point in time the Target Fund's investments in one of these asset classes may be more than 50% of its net assets. Neither is the Target Fund limited in its holdings in credit qualities, countries, industry sectors or market capitalizations.

The Target Fund is not subject to any limitation on the portion of its net assets that may be invested in equities, fixed income securities or currencies. Therefore, at any point in time the Target Fund's investments in one of these asset classes may be more than 50% of its net assets. Neither is the Target Fund limited in its holdings in credit qualities, countries, industry sectors or market capitalizations.

The term "***emerging market issuers***" refers to (i) those equity and debt issuers domiciled (or maintaining their primary listings) in emerging markets countries (*described below*); (ii) those equity and debt issuers domiciled (or maintaining their primary listings) outside of emerging markets countries who derive at least 50% of their gross revenues from one or more emerging market countries or whose geographic distribution of their operations (in terms of assets and production) exceeds 60% in one or more emerging market countries or (iii) in the case of fixed income securities, those issuers domiciled (or maintaining their primary listings) outside of emerging markets countries who issue fixed income securities in a currency of one or more emerging market countries. In addition, the term "*emerging market issuers*" shall include those equity and debt issuers included from time-to-time in any of the following indices: the MSCI Emerging Markets Index, the MSCI Emerging Markets Frontier Index, the JP Morgan EMBI Global Index, the JP Morgan Corporate Emerging Bond Index, or any country whose per capita GDP is not classified as "High Income" by the World Bank, irrespective of whether such issuer satisfies one of the above-referenced criteria.

The term "***emerging market countries***" refers to those countries included from time to time in the MSCI Emerging Markets Index, the MSCI Emerging Markets Frontier Index, the JP Morgan EMBI Global Index, the JP Morgan Corporate Emerging Bond Index or defined as emerging market or developing countries by the World Bank.

In addition, the Target Fund may invest in equity or fixed income securities of those issuers domiciled in developed markets who do not qualify as "emerging market issuers" for purposes of the above definition provided that the Investment Manager determines, in its discretion, that such developed market issuers are likely to benefit from extra business opportunities that one or more emerging market countries offer. The Investment Manager anticipates that under normal market conditions the Target Fund's investments in such developed market issuers will not exceed 30% of the Target Fund's net assets.

Equities. The Target Fund may obtain equity exposure by investing in common stocks, but also may invest in preferred stocks, warrants and convertible securities including sponsored and unsponsored American Depository Receipts ("*ADRs*"), Global Depositary Receipts ("*GDRs"*), equity securities of real estate investments trusts ("*REITs*") as well as Derivatives.

Fixed-income. The Target Fund may obtain fixed-income exposure by investing in fixed-income instruments and Derivatives. Many types of fixed income instruments may be purchased by the Target Fund, including, without limitation, debt obligations issued by sovereign or other governmental or municipal entities of emerging markets, including, but not limited to, governmental agencies and instrumentalities (collectively, "*governmental entities*"), as well as debt obligations issued or guaranteed by various organizations or entities established generally to promote regional or country-specific economic reconstruction or development (collectively, "*supranational entities*"), corporate bonds, various types of asset-backed securities, various types of mortgage-related securities, preferred stock and inflation-protected securities, as well as fixed-income instruments issued by other entities in the Investment Manager's discretion. The Target Fund may also invest in cash, cash equivalents, or short-term fixed-income obligations, including money market instruments.

Credit quality. The Target Fund is not subject to any limitation on the portion of its net assets that may be invested in Investment Grade versus below-Investment Grade fixed income instruments. Accordingly, the Target Fund may purchase fixed-income instruments rated Investment Grade or below Investment Grade, as well as those instruments which possess no rating.

Currencies. The Target Fund may invest without limitation in securities denominated in the currency of emerging market countries or non-emerging market countries. Active currency management is expected to be a source of potential return as well as potential risk mitigation for the Target Fund. This strategy involves the adjustment of Target Fund-wide currency exposures to take into account the risk and return outlook of both the Target Fund's base currency and of these other currencies. Accordingly, at any time, the Investment Manager may adjust the Target Fund's currency exposures or take positions in any currency depending on the expected return and risk characteristics which the portfolio management team believes those currencies are likely to offer.

The Investment Manager's currency strategy may be implemented through transactions in a range of currency related derivative instruments including deliverable and non-deliverable forward foreign currency exchange contracts, currency futures, currency options, options on currency futures and currency swaps. These instruments may be used to both protect the Target Fund against adverse currency effects and to seek active investment opportunities based on the risk and return outlook of different currencies. For example, when the Investment Manager's believes that a particular foreign currency offers a lower expected return or higher risk than the base currency, the Investment Manager may enter into a forward foreign currency exchange contract to sell an amount of the foreign currency expected to offer a lower return or higher risk in order to hedge exposure to its base currency. In cases where the Investment Manager's believes that a currency is likely to offer an attractive return or lower risk, the aforementioned instruments may also be employed to increase the Target Fund's exposure to the currency to a level where the Target Fund's exposure to that currency exceeds the value of the Target Fund's securities denominated in that currency and, with respect to currencies that are not represented in the Target Fund's securities holdings, to provide exposure to such currencies.

Structured investments. The Target Fund may invest in structured securities (both Investment Grade and below Investment Grade) originated by a wide range of originators and sponsors. Structured securities may include asset-backed securities ("*ABS*") and collateralized debt obligations ("*CDOs*"). The Target Fund's investments in structured securities will not exceed 20% of its net assets.

Commodities. The Target Fund may seek commodity-related exposures through investment in equities of commodity producers or other commodity-related issuers. The Target Fund may also obtain indirect exposure to commodities through permitted investments such as certain financial derivative instruments on commodity indices and exchange-traded funds qualified as UCITS or eligible UCI within the meaning of the Law of 2010.

Pooled vehicles. The Target Fund also may invest up to 10% of its net assets in pooled vehicles (including open-ended exchange-traded funds) to both more efficiently manage its assets and to gain exposure to certain asset classes. Any investments in pooled vehicles sponsored by the Investment Manager will not be subject to any additional management or incentive fees.

Use of Financial Derivative Instruments/ Efficient Portfolio Management Techniques. The Investment Manager will use a wide array of derivative products and strategies when implementing the Target Fund's investment strategy. These financial derivative instruments and efficient portfolio management techniques may be used for hedging purposes or to seek additional return. Such financial derivative instruments may include, but are not limited to, swaps (including interest rate swaps ("IRS"), total rate of return swaps ("TRS") and credit default swaps ("CDS")), swaptions, fixed income and equity options, fixed income and equity futures and currency transactions (including forward currency contracts and currency options). These financial derivative instruments (including OTC derivatives and exchange-traded financial derivative instruments) and efficient portfolio management techniques may be employed without limitation for the following purposes: (i) as an alternative to investing directly in the underlying investments; (ii) to create aggregate exposure that is greater than the net assets of the Target Fund (i.e., to create a leverage effect); (iii) to take synthetic short positions; (iv) to manage duration; (v) to hedge against interest rate, credit and currency fluctuations and (vi) for efficient portfolio management purposes. With respect to CDS, the Target Fund may both "sell" protection in order to gain exposure and "buy" protection to both hedge credit exposure and establish synthetic short positions. To the extent the Target Fund utilizes financial derivative instruments to obtain synthetic short positions, the Investment Manager will ensure that the Target Fund is adequately covered at all times. In accordance with the transparency requirements of the SFT Regulation the chart below reflects, where applicable, the expected and maximum level of the Target Fund's net assets that may be subject to securities financing transactions (i.e. securities lending transactions as well as repurchase agreements and reverse repurchase agreements) ("SFTs") and total return swaps and/or other financial derivative instruments with similar characteristics ("TRS"); being specified that in certain circumstances this proportion may be higher.

Type of Transactions	Expected Range	Maximum
TRS	0%-20%	100%
Repurchase agreements and reverse repurchase agreements	0%-5%	10%
Securities lending transactions	0%-10%	50%

For further details concerning SFTs and TRS, please refer to the "Appendix D: Additional Information relating to Financial Derivative Instruments, Financial Techniques and Instruments and Collateral Management." of the Prospectus.

Leverage. The Investment Manager does not expect to utilize bank borrowing in implementing the Target Fund's investment strategy. The expected level of leverage of the Target Fund is estimated to be in the 50% to 300% range of its NAV. The expected level of leverage is calculated as the sum of the notionals of the financial derivative instruments held by the Target Fund. Pursuant to the CSSF Circular 11/512 dated 30 May 2011, this calculation methodology neither takes into account the fact that a particular financial derivative instrument increases or decreases the Target Fund's investment risks nor permits to net financial derivative instruments with reverse positions. Shareholders should be aware that (i) a higher level of expected leverage does not automatically imply a higher level of investment risk and (ii) the expected level of leverage disclosed above is mainly generated by the use of derivatives for hedging purposes or for efficient portfolio management. In addition, the actual leverage of the Target Fund may deviate from the above mentioned expected level of leverage. ***(Effective from 15 November 2019)***

Other Investment Policies. As a temporary defensive measure or to provide for redemptions, the Target Fund may, without limit, hold cash, cash equivalents, or short-term fixed-income obligations, including money market instruments. The Target Fund may invest up to 10% of its net assets in securities for which there is no ready market. For more details, please see paragraph (5) of the "Investment and Borrowing Restrictions of the Target Fund" section on page 24 of this Information Memorandum. The Target Fund may therefore not be readily able to sell such securities. Moreover, there may be contractual restrictions on the resale of such securities. Currently, markets in Russia do not qualify as regulated markets under the investment restrictions, and, therefore, investments in securities dealt on such markets are subject to the 10% limit set forth in paragraph (5) of "Investment Restrictions" in the "Investment and Borrowing Restrictions of the Target Fund" section on page 24 of this Information Memorandum (however, exposure to Russia through other regulated markets is not subject to this restriction).

Risk Measurement. The Investment Manager will utilize a Value-at-Risk ("VaR") methodology to monitor the global exposure (market risk) for the Target Fund. The global exposure of the Target Fund is measured by the relative VaR methodology pursuant to which the VaR of the Target Fund may not exceed twice the VaR of a reference benchmark. For these purposes, the Target Fund's reference benchmark is the MSCI Emerging Markets.

Note: *Investment Grade means fixed-income securities rated Baa (including Baa1, Baa2 and Baa3) or higher by Moody's or BBB (including BBB+ and BBB-) or higher by S&P, or the equivalent thereof by at least one internationally recognized statistical ratings organization.*

Benchmark

The Target Fund has no benchmark as it is benchmark unconstrained.

Distribution Policy

For Class AD of the Target Fund, the board of the Company intends to declare and pay monthly distributions. The board of the Company intends to maintain a stable distribution rate per share. Distributions may come from gross income (before reduction for fees and expenses), realized and unrealized capital gains and capital attributable to Class AD. Distributions in excess of net income (gross income less fees and expenses) may represent a return of the investor's original investment amount and as such may result in a decrease in the NAV per share for Class AD.

The board of the Company also may determine if and to what extent dividends paid include realized capital gains and/or are paid out of capital attributable to Class AD. To the extent the net income and net realized profits attributable to these Shares exceed the amount declared payable, the excess return will be reflected in the respective NAV of such shares. Dividends may be automatically reinvested at the election of the shareholder.

Asset Allocation

The Target Fund does not have a fixed asset allocation. However, the investment team of the Target Fund is guided by a predetermined set of asset allocation and its ranges are subject to change. For information on the latest asset allocation of the Target Fund, please refer to the fund fact sheet of the Target Fund available at **https://www.abglobal.com**.

2.3. INVESTMENT AND BORROWING RESTRICTIONS OF THE TARGET FUND

The investment restrictions imposed by Luxembourg law must be complied by the Target Fund.

(1)	The Company may not borrow money except from banks on a temporary basis, which includes for purposes of redeeming Shares, and only if the aggregate of the amount borrowed would not exceed 10% of the value of the total net assets of the Target Fund, provided, however, that this restriction shall not prevent the Company from acquiring foreign currencies by means of a back to back loan;
(2)	The Company may not mortgage, pledge, hypothecate or in any manner transfer, as security for indebtedness, any securities owned or held by the Company except as may be necessary in connection with (i) borrowings mentioned in (1) above, and then such mortgaging, pledging or hypothecating may not exceed 10% of the total net assets of the portfolio concerned, and/or (ii) margin requirements which the Company may have with respect to its transactions in forward or futures contracts or in options, and/or (iii) swap transactions;
(3)	Without prejudice to other provisions contained herein, the Company may not grant loans to or act as a guarantor on behalf of third parties;
(4)	(i) The Company may not invest in the transferable securities or money market instruments of any single issuer if more than 10% of the total net assets of the Target Fund would consist of the transferable securities or money market instruments of such issuer. The Company may not invest more than 20% of its assets in deposits made with the same body. The total value of the transferable securities and the money market instruments held by the Company in issuers in which it invests more than 5% of the total net assets of the Target Fund may not exceed, at the time of any investment, 40% of the total net assets of the Target Fund provided, this limitation does not apply to deposits made with financial institutions subject to prudential supervision. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision. Notwithstanding the individual limits laid down in paragraph (1), the Company may not combine: - investments in transferable securities or money market instruments issued by, and/or - deposits made with, - exposures arising from OTC derivative transactions undertaken with, a single body in excess of 20% of the net assets of the Target Fund. (ii) The above limit of 10% shall be 35% in respect of the transferable securities or the money market instruments issued or guaranteed by any Member State of the European Union or any local authority thereof, or public international bodies of which one or more Member States of the European Union are members or any other non Member State; (iii) The above limit of 10% shall be 25% in respect of certain authorized bonds when these are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest. When the Company may invest more than 5% of the assets of the Target Fund in the bonds referred to above and issued by one issuer, the total value of these investments may not exceed 80% of the value of the assets of the Target Fund concerned. (iv) The transferable securities and the money market instruments referred to in items (ii) and (iii) shall not be included in applying the limit of 40% set out in this paragraph; and (v) **Notwithstanding the foregoing, the Company may invest up to 100% of the assets of the Target Fund in different transferable securities or money market instruments issued or guaranteed by any Member State, its local authorities, or public international bodies of which one or more of such Member States are members, or by any Member State of the OECD, provided that the Company holds within the Target Fund transferable securities or money market instruments from at least six different issues, and transferable securities or money market instruments from any one issue shall not account for more than 30% of the net assets of such portfolio.** The limits provided for in paragraphs (i), (ii) and (iii) may not be combined, and thus investments in transferable securities or money market instruments issued by the same body or in deposits made with this body carried out in accordance with paragraphs (i), (ii) and (iii) shall under no circumstances exceed in total 35% of the net assets of the Target Fund. Issuers which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC1 or in accordance with recognized international accounting rules, are regarded as a single body for the purpose of calculating the limits contained therein. The Company may invest concurrently in transferable securities and money market instruments of issuers within the same group up to a limit of 20% of the net assets of the Target Fund.

(4bis) (i) Without prejudice to the limits set forth in investment restriction (6) the limits laid down in investment restriction (4) may be raised to a maximum of 20% for investment in shares and/or debt securities issued by the same body when the aim of the portfolio's investment policy as described in this Prospectus is to replicate the composition of a certain stock or debt securities index which is recognized by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "CSSF") on the following basis:

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

(ii) The limit laid down in item (i) may be raised to a maximum of 35% where that proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for one single issuer.

(5) The Company may not on behalf of the Target Fund invest more than 10% of its assets in transferable securities and money market instruments other than:

(a) transferable securities and money market instruments admitted to or dealt in on a regulated market;

(b) transferable securities and money market instruments dealt in on another market in a Member State of the European Union which is regulated, operates regularly and is recognized and open to the public;

(c) transferable securities and money market instruments admitted to official listing on a stock exchange in a non-Member State of the European Union or dealt in on another market in a non-Member State of the European Union which is regulated, operates regularly and is recognized and open to the public provided that the choice of the stock exchange or market has been provided for in the constitutional documents of the UCITS;

(d) recently issued transferable securities and money market instruments, provided that:

- the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another regulated market which operates regularly and is recognized and open to the public, provided that the choice of the stock exchange or the market has been provided for in the constitutional documents of the UCITS;
- such admission is secured within one year of issue;

(e) Money market instruments other than those dealt in on a regulated market and which fall under Article 1 of the Law of 2010, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
- issued by an undertaking any securities of which are dealt in on regulated markets referred to in subparagraphs (a), (b) or (c) above, or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law; or
- issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (10,000,000 euro) and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitization vehicles which benefit from a banking liquidity line.

(6) (i) The Company may not purchase securities of any issuer if, upon such purchase, the Company owns more than 10% of any class of the securities of such issuer, or if, as a result of such purchase, the Management Company may exercise a significant influence over the management of the issuer.

(ii) Moreover, the Company may acquire no more than:

- 10% of the debt securities of the same issuer
- 25% of the units of any single collective investment undertaking except in connection with a merger or amalgamation
- 10% of the money market instruments of any single issuing body

The limits laid down in the indents above may be disregarded at the time of acquisition if at that time the gross amount of such money market instruments or debt securities, or the net amount of the securities in issue, cannot be calculated.

(iii) The limits set forth in items (i) and (ii) shall not apply to (i) transferable securities or money market instruments issued or guaranteed by any Member State of the European Union or any local authority thereof, or issued by public international bodies of which one or more Member States of the European Union are members or issued or guaranteed by any member state of the OECD, or (ii) shares held by the Company in the capital of a company incorporated in a State which is not a Member State of the European Union investing its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State, if that company, in its investment policy, complies with the limits laid down in Articles 43 and 46 and in

	paragraphs (1) and (2) of Article 48 of the Law of 2010. (iii) shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unitholders' request exclusively on its or their behalf.
(7)	The Company may not underwrite or subunderwrite securities of other issuers except to the extent that, in connection with the disposition of portfolio securities, the Company may be deemed to be an underwriter under applicable securities laws;
(8)	The Company may not purchase securities of other undertakings for collective investment of the open-ended type, except in compliance with the following - it may invest in collective investment undertakings qualifying as undertakings for collective investment in transferable securities authorized according to Directive 2009/65/EC and/or undertakings for collective investments within the meaning of the first and second indent of Article 1 (2) of the Directive 2009/65/EC whether they are situated in a European Union Member State or not provided that: - such undertakings for collective investment must be authorized under laws which provide that they are subject to supervision considered to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured, - the level of protection for unitholders in these undertakings for collective investment must be equivalent to that provided for unitholders in an undertaking for collective investment in transferable securities registered in a European Union Member State, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the Directive 2009/65/EC, - the business of these undertakings for collective investment must be reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period, - no more than 10% of the assets of such an undertaking for collective investments, whose acquisition is contemplated, may, according to their constitution documents, in aggregate be invested in units of other undertakings for collective investment, and/or provided that it may not invest more than 10% of the net assets of a portfolio in units or shares of undertakings for collective investment as mentioned above; When the Company invests in units of other undertakings for collective investment in transferable securities and/or other undertakings for collective investment that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, the Management Company or other company may not charge subscription or redemption fees in connection with an acquisition or disposal of the units of such other undertakings for collective investment.
(9)	The Company may not trade in options on securities or money market instruments unless the following limitations are observed: (i) individual purchases of call and put options and the writing of call options shall be limited so that upon exercise thereof none of the preceding restrictions would be infringed; (ii) put options may be written by the Company provided adequate liquid assets are set aside until the expiry of said put options to cover the aggregate exercise price of the securities to be acquired by the Company pursuant thereto; (iii) call options will only be written if such writing does not result in a short position; in such event the Company will maintain within the relevant portfolio the underlying securities until the expiry date of the relevant call options granted by the Company, except that the Company may dispose of said securities in declining markets under the following circumstances: (a) the market must be sufficiently liquid to enable the Company to cover its position at any time; (b) the aggregate of the exercise prices payable under such options written shall not exceed 25% of the net assets of each portfolio concerned; and (c) no option will be purchased or sold unless it is quoted on a stock exchange or dealt in on a regulated market and provided, immediately after its acquisition, the aggregate of the acquisition prices of all options held by the Company (in terms of premiums paid) does not exceed 15% of the net assets of each portfolio concerned;
(10)	The Company may for the purpose of hedging currency risks hold forward currency contracts or currency futures or acquire currency options for amounts not exceeding, respectively, the aggregate value of securities and other assets held within each portfolio concerned denominated in a particular currency, provided, however, that the Company may also purchase the currency concerned through a cross transaction (entered into through the same counterparty), or, within the same limits, enter into currency swaps, should the cost thereof be more advantageous to the Company. Contracts on currencies must either be quoted on a stock exchange or dealt in or on a regulated market except that the Company may enter into currency forward contracts or swap arrangements with highly rated financial institutions;
(11)	The Company may not trade in index options except that - for the purpose of hedging the risk of the fluctuation of the value of the securities within a portfolio, the Company may, on behalf of such portfolio, sell call options on stock indices or acquire put options on stock indices. In such event the value of the underlying securities included in the relevant stock index options shall not exceed, together with outstanding commitments in financial futures contracts entered into for the same purpose, the aggregate value of the portion of the assets of the portfolio concerned to be hedged; and - for the purpose of the efficient management of its securities portfolio, the Company may acquire call options on stock indices mainly in order to facilitate changes in the allocation of the assets of a portfolio between markets or in anticipation of or in a significant market sector advance, provided the value of the underlying securities included in the relevant stock index options is covered within such portfolio by uncommitted cash reserves, short dated debt

	securities and instruments or securities to be disposed of at predetermined prices; Such options on stock index futures must either be listed on an exchange or dealt in on a regulated market, except that the Company may purchase or sell OTC options on financial instruments, if such transactions are more advantageous to the Company or if quoted options having the required features are not available, provided such transactions are made with highly rated counterparties specializing in these types of transactions. Further, the aggregate acquisition cost (in terms of premiums paid) of all options on securities and such options on interest rate futures and other financial instruments purchased by the Company for purposes other than hedging, shall not exceed 15% of the net assets of each of the portfolios concerned;
(12)	The Company may not enter into interest rate futures contracts, trade in options on interest rates or enter into interest rate swap transactions except that - for the purpose of hedging the risk of fluctuations of the value of the assets of a portfolio, the Company may sell interest rate futures or write call options or purchase put options on interest rates or enter into interest rate swaps. Such contracts or options must be denominated in the currencies in which the assets of such portfolio are denominated, or in currencies which are likely to fluctuate in a similar manner, and they must be listed on an exchange or dealt in on a regulated market, provided, however, that interest rate swap transactions may be entered into by private agreement with highly rated financial institutions; and - for the purpose of efficient portfolio management, the Company may enter into interest rate futures purchase contracts or acquire call options on interest rate futures, mainly in order to facilitate changes in the allocation of the assets of a portfolio between shorter or longer term markets, in anticipation of or in a significant market sector advance, or to give a longer term exposure to short term investments, provided, always, that sufficient uncommitted cash reserves, short dated debt securities or instruments or securities to be disposed of at predetermined value exist to match the underlying exposure of both such futures positions and the value of the underlying securities included in call options on interest rate futures acquired for the same purpose and for the same portfolio; - Such options on interest rate futures must either be listed on an exchange or dealt in on a regulated market, except that the Company may purchase or sell OTC options on financial instruments, if such transactions are more advantageous to the Company or if quoted options having the required features are not available, provided such transactions are made with highly rated counterparties specializing in these types of transactions. Further, the aggregate acquisition costs (in terms of premiums paid) of all options on securities and such options on interest rate futures and other financial instruments purchased by the Company for purposes other than hedging, shall not exceed 15% of the net assets of each of the portfolios concerned;
(13)	The Company may not trade in stock index futures except that - for the purpose of hedging the risk of fluctuations of the value of the assets of a portfolio, the Company may have outstanding commitments on behalf of such portfolio in respect of index futures sales contracts not exceeding the corresponding risk of fluctuation of the value of the corresponding portion of such assets; and - for the purpose of efficient portfolio management, the Company may enter into index futures purchase contracts, mainly in order to facilitate changes in the allocation of a portfolio's assets between markets or in anticipation of or in a significant market sector advance, provided that sufficient uncommitted cash reserves, short dated debt securities or instruments owned by the portfolio concerned or securities to be disposed of by such portfolio at a predetermined value exist to match the underlying exposure of both such futures positions and the value of the underlying securities included in call stock index options acquired for the same purpose; provided, further, that all such index futures must either be listed on an exchange or dealt in on a regulated market;
(14)	The Company may not lend portfolio investments except against receipt of adequate security either in the form of bank guarantees of highly rated financial institutions or in the form of a pledge of cash or securities issued by governments of member states of the OECD. No securities lending may be made, except through recognized clearing houses or highly rated financial institutions specializing in these types of transactions and for more than one half of the value of the securities of each portfolio and for periods exceeding 30 days;
(15)	The Company may not purchase real estate, but the Company may make investments in companies which invest in or own real estate;
(16)	The Company may not enter into transactions involving commodities, commodity contracts or securities representing merchandise or rights to merchandise, and for purposes hereof commodities includes precious metals, except that the Company may purchase and sell securities that are secured by commodities and securities of companies which invest or deal in commodities and may enter into derivative instruments transactions on commodity indices provided that such financial indices comply with the criteria laid down in Article 9 of the Grand-Ducal Regulation dated 8 February 2008 relating to certain definitions of the Law of 2010 and in the CSSF Circular 08/339 dated 19 February 2008 regarding guidelines of the Committee of European Securities Regulators (CESR) concerning eligible assets for investment by UCITS; and
(17)	The Company may not purchase any securities on margin (except that the Company may obtain such short-term credit as may be necessary for the clearance of purchases and sales of portfolio securities) or make short sales of securities or maintain a short position, except that it may make initial and maintenance margin deposits in respect of futures and forward contracts (and options thereon).
(18)	The Company must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each portfolio; it must employ a process for accurate and independent assessment of the value of OTC derivative instruments.

The Company may employ techniques and instruments relating to transferable securities, money market instruments under the conditions and within the limits described herein provided that such techniques and instruments are used for the purpose of efficient portfolio management.

Under no circumstances shall these operations cause the Company to diverge from its investment objectives as laid down in the description of the portfolio concerned as specified in the relevant portion of Section I hereof.

The Company shall ensure that its global exposure relating to derivative instruments of each portfolio does not exceed the total net value of the relevant securities portfolio. The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

The Company also may invest in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in investment restriction (4). When the Company invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in investment restriction (4).

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this investment restriction (18).

Note on Investment Restrictions
The Management Company need not comply with the investment limit percentages set forth above when exercising subscription rights attaching to transferable securities or money market instruments which form part of the assets of the Company. If, by reason of subsequent fluctuations in values of the Company's assets or as a result of the exercise of subscription rights, the investment limit percentages above are infringed, priority will be given, when sales of securities are made, to correcting the situation, having due regard to the interests of shareholders.

The Management Company may from time to time impose further investment restrictions as are compatible with or in the interest of the shareholders, in order to comply with the laws and regulations of the countries where the shares are sold.

If provided otherwise in Target Fund details, the Company may derogate from the above investment restrictions to the extent that it does not exceed any investment restriction laid down in the Directive 2009/65/EC.

Taiwan Investment Restrictions
As the Target Fund is registered with the Taiwan Securities and Futures Bureau, the following shall apply in addition to the Investment Restrictions set out in the above. The total value of the non-offset short position in derivatives shall not exceed the total market value of the relevant securities held by the Target Fund and the total value of the non-offset long position in derivatives shall not exceed 40% of the NAV of the Target Fund (determined in accordance with any applicable interpretations from the Taiwan Securities and Futures Commission).

In addition, the following restrictions shall apply to investments related to the People's Republic of China ("PRC"): a portfolio's direct investment in securities issued in the PRC's securities markets is limited to listed securities and the total amount of such investment is not permitted to exceed 10% of the NAV of the Target Fund.

Restrictions on Investments in Russia
Currently, certain markets in Russia do not qualify as regulated markets under the Company's investment restrictions, and, therefore, investments in securities dealt on such markets are subject to the 10% limit set forth in paragraph (5) above (however, exposure to Russia through other regulated markets is not subject to this restriction). As of August 2016, the Russian Trading Stock Exchange and the Moscow Interbank Currency Exchange qualify as regulated markets under the Company's investment restrictions.

Restrictions on Investments in Korea
As the Target Fund is registered with the Korean Financial Services Commission, the Target Fund may invest no more than 40% of its net assets in Korean Won-denominated assets.

Controversial Weapons Policy
The Management Company arranges for the screening of companies globally for their corporate involvement in anti-personnel mines, cluster munitions and/or munitions made with depleted uranium. Where such corporate involvement has been verified, the Management Company's policy is not to permit investment in securities issued by such companies by the Company.

2.4. DILUTION ADJUSTMENT

In order to counter the effects of dilution on the Target Fund's NAV brought about by large purchases or redemptions of the Target Fund's share, the Board of the Company has implemented a swing pricing policy. Under the swing pricing policy, if on any business day, the aggregate net investor inflows or outflows in the Target Fund exceed a pre-determined threshold, as determined from time to time by the Board of the Company, the NAV of the Target Fund may be adjusted upwards or downwards to reflect the costs attributable to such net inflows or net outflows. The threshold is set by the Board of the Company taking into account factors such as the prevailing market conditions, the estimated dilution costs and the size of a Portfolio. The level of swing pricing adjustment will be reviewed and may be adjusted on a periodic basis to reflect an approximation of dealing costs as determined by the Board of the Company.

Dilution involves a reduction in the NAV brought about by investors purchasing, selling and/or exchanging in and out of the Target Fund at a price that does not reflect the dealing costs associated with the Target Fund's trade activity undertaken to accommodate the corresponding cash inflows or outflows. Dilution occurs when the actual cost of purchasing or selling the underlying assets of a Target Fund deviates from the valuation of these assets in the Target Fund due to dealing charges, taxes and any spread between the buying and selling prices of the underlying assets. Dilution may have an adverse effect on the value of Target Fund and therefore impact the shareholders.

The application of swing pricing will be triggered automatically on a daily basis upon crossing the relevant threshold. The swing pricing adjustment will be applicable to all shares of the Target Fund (and all transactions) on that business day. The swing pricing adjustment will generally not exceed 2% of the original NAV of the Target Fund.

2.5. TEMPORARY SUSPENSION OF THE TARGET FUND

The Company may temporarily suspend the determination of the NAV of the Target Fund, and consequently the issue, redemption and exchange of shares relating to all classes in the Target Fund, in any of the following events:

a) when one or more stock exchanges or markets that provide the basis for valuing a substantial portion of the assets of a Portfolio, or when one or more foreign exchange markets in the currency in which a substantial portion of the assets of the Target Fund are denominated, is closed otherwise than for ordinary holidays or if dealings therein are restricted or suspended;
b) when, as a result of political, economic, military or monetary events or any circumstances outside the responsibility and the control of the Company, disposal of the assets of Target Fund is not reasonably or normally practicable without being seriously detrimental to the interests of its shareholders;
c) in the case of a breakdown in the normal means of communication used for the valuation of any investment of the Target Fund or if, for any reason, the value of any asset of the Target Fund may not be determined as rapidly and accurately as required; or
d) if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Target Fund are rendered impracticable or if purchases and sales of the Target Fund's assets cannot be effected at normal rates of exchange.

Suspensions of the calculation of the NAV will be published to shareholders if such suspension is likely to exceed ten days. Should any of the above events occur, the Fund may not be able to pay the redemption proceeds to you within ten (10) days. Please refer to "Minimum Withdrawals" section at page 37 for further details.

2.6. SPECIFIC RISKS OF THE TARGET FUND

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

2.7. FEES CHARGED BY THE TARGET FUND (CLASS AD)

FEES/EXPENSES	
Initial Charge	Up to 5.00%. ***Note:*** *There is no initial charge being charged to the Fund.*
Management Fee	1.60% per annum of the NAV of the Target Fund. ***Note:*** *The management fee charged by the Target Fund will be paid out of the Management Fee charged by us at the Fund level. You will incur a Management Fee at the Fund's level only and there is no double charging of managements fee.*
Redemption Fee	Nil.
Performance Fee	Nil.
Management Company, Administrator, Depositary and Transfer Agent Fees	The Management Company is paid an annual fee out of the assets of the Target Fund on the aggregate NAV attributable to the shares equal to 0.05% of average daily NAV. Each of the Administrator, Depositary and Transfer Agent is entitled to receive out of the assets of each portfolio a fee in accordance with the usual practice in Luxembourg. Such fees are a combination of asset-based fees and transaction fees as described in "Other Portfolio Information—Management Company, Administrator, Depositary and Transfer Agent Fees" in Section I with regard to each portfolio. Unless otherwise provided for, the Administrator, Depositary and Transfer Agent fees will generally be of a maximum of 1.00% per year, calculated on the basis of the NAV of the Target Fund. The Depositary fees do not comprise the costs of correspondent banks, certain other taxes, brokerage (if applicable) and interest on borrowings which will be charged separately. The Administrator, Depositary and Transfer Agent fees are eligible for the total expense ratio caps disclosed in the relevant part of Section I relating to a specific portfolio. The actual amounts of such fees are detailed in the annual report of the Company. The Management Company has voluntarily undertaken, until the Management Company on behalf of the Company notifies shareholders to the contrary, that if, in any fiscal year, the aggregate fees

FEES/EXPENSES	
	and expenses with respect to Class AD of the Target Fund including Luxembourg Taxe d'Abonnement but exclusive of certain other taxes, brokerage (if applicable) and interest on borrowings) exceed 1.95% of the Target Fund's average NAV for the fiscal year, the Company may deduct from the payment to be made to the Management Company, or the Management Company will otherwise bear, such excess fees and expenses.
Other expenses	Include but not limited to: (a) all taxes which may be due on the assets and the income of the Target Fund and any entity-level taxes; (b) the reasonable disbursements and out-of-pocket expenses (including, without limitation, telephone, telex, cable and postage expenses) incurred by the Depositary and any custody charges of banks and financial institutions to which custody of assets of the Target Fund is entrusted; (c) usual banking fees due on transactions involving securities held in the Target Fund (such fees to be included in the acquisition price and to be deducted from the selling price); (d) any remuneration and out-of-pocket expenses of the Transfer Agent which will be determined on a graduated basis as a percentage of net assets, but not less than a stated amount, and will be payable monthly; (e) legal expenses incurred by the Management Company or the Depositary while acting in the interest of the shareholders, and (f) the cost of printing certificates, the cost of preparing and/or filing the Articles and all other documents concerning the Target Fund, including registration statements, prospectuses and explanatory memoranda with all authorities (including local securities dealers' associations) having jurisdiction over the Target Fund and any other costs of qualifying or registering the shares of the Target Fund for offer or sale in any jurisdiction, the cost of preparing, in such languages as are necessary for the benefit of the shareholders, including the beneficial holders of the shares, and distributing annual and semi-annual reports and such other reports or documents as may be required under the applicable laws or regulations of the above-cited authorities; the cost of accounting, bookkeeping and calculating the daily NAV; the cost of preparing and distributing public notices to the shareholders; lawyers' and auditor's fees; the costs incurred with the admission and the maintenance of the shares on the stock exchanges on which they are listed; annual Luxembourg registration fees; and all similar administrative charges, including, unless otherwise decided by the Management Company, all other expenses directly incurred in offering or distributing the shares, including the printing costs of copies of the abovementioned documents or reports, which are utilized by the distributors or dealers of the shares in the course of their business activities.

3. FEES, CHARGES AND EXPENSES

3.1. CHARGES

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

3.1.1. Application Fee

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

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

	Class ABC (Denominated in USD)	Class XYZ (Denominated in MYR)
Investment amount	USD 10,000	MYR 10,000
NAV per unit	USD 1.0000	MYR 1.0000
Application Fee (NAV per unit)	5.50%	5.50%
Units issued to Unit holder = Investment amount / NAV per unit	= USD 10,000.00 / USD 1.0000 = 10,000 units	= MYR 10,000.00 / MYR 1.0000 = 10,000 units
Application Fee per unit = NAV per unit x Application Fee (%)	= USD 1.0000 x 5.50% = USD 0.0550	= MYR 1.0000 x 5.50% = MYR 0.0550
Total Application Fee	= 10,000 units x USD 0.0550 = **USD 550.00**	= 10,000 units x MYR 0.0550 = **MYR 550.00**

Note: *Please note that the above example is for illustration purpose only. The Application Fee imposed will be rounded to two (2) decimal places.*

3.1.2. Withdrawal Fee

Nil.

3.1.3. Switching Fee

Switching is treated as a withdrawal from a Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you will be charged a Switching Fee equal to the difference (if any) between the Application Fees of the Class to be switched out and the Application Fee of the other Class or Principal Malaysia's fund (or its class) to be switched into. Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, you may be charged an administration fee for every switch. Please refer to the Annexure of the respective Class for further information.

3.1.4. Transfer Fee

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

All fees and charges payable by you 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 above.

3.2. FEES AND EXPENSES

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

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

3.2.1. Management Fee

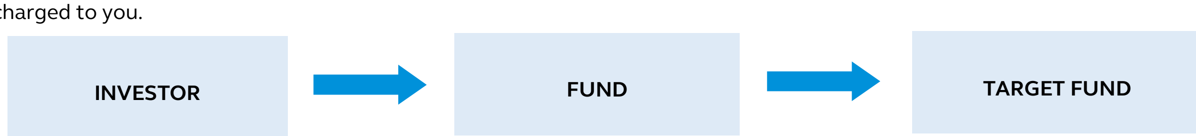
Please note that the Management Fee is charged to the respective Class at the Class level, based on the NAV of the Class. Please refer to the Annexure of the respective Class for further information. The Management Fee shall be accrued daily and paid monthly.

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

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
Annual Management Fee	1.80% per annum	1.80% per annum
NAV of the class	USD 150 million	USD 150 million
Management Fee for the day = NAV of the class x Management Fee rate for the class (%)/365 days	= USD 150 million x 1.80%/365 = USD 7,397.26	= USD 150 million x 1. 80%/365 = USD 7,397.26

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

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



Management Fee charged by us **Management fee paid to the Target Fund**

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

As this Fund will invest in units of the Target Fund, there is management fee incurred by the Target Fund which will be rebated back to the Fund to ensure that there will not be double charging of the Management Fee. Please refer to "Fees charged by the Target Fund" section at page 29 for details on the Target Fund's management fee.

3.2.2. Trustee Fee

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

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

Below is an illustration on how the Trustee Fee is calculated, assuming the NAV of the Fund is USD 300 million:-
Trustee Fee for the Fund = 0.04% per annum
Trustee Fee for the day = NAV of the Fund x annual Trustee Fee rate for the Fund (%) /365 days
= USD 300 million x 0.04% / 365
= USD 328.76

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

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

3.2.3. Other costs of investing in a feeder fund

As the Fund will invest in units of the Target Fund, there are other expenses indirectly incurred by the Target Fund which is set out in detail under "Other expenses" in the sub-section of "Fees charged by the Target Fund" at page 29.

3.2.4. Other expenses

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

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

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.

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

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

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

3.3. REBATES AND SOFT COMMISSIONS

We and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Fund unless the soft commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Fund. All dealings with brokers are executed on best available terms.

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

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.

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

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

4. TRANSACTION INFORMATION

4.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUND

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

- **CIS**
  The value of the unlisted CIS (i.e. the Target Fund) shall be determined by reference to the last published repurchase or redemption price for the Target Fund.

- **Money market instruments**
  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 SC. 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.

- **Deposits**
  The value of Deposits shall be determined each day by reference to its principal value and its accrued income for the relevant period.

- **Derivatives**
  The value of unlisted derivatives will be determined by the financial institution that issued the instrument and that value will be the fair value as determined in good faith by us on methods or basis which have been verified by the auditor of the Fund and approved by the Trustee.

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

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

4.2. UNIT PRICING

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

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

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

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

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

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

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

Multi-class Ratio (MCR)

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

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

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

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

(1) *MCR computation*

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

[(2)] *Apportionment based on MCR is as follows:*

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

[(3)] *Creation of units*

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

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

4.3. INCORRECT PRICING

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

a) in the event of over valuation and/or pricing, we shall reimburse:
   (i) the Fund for any 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 and/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.

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

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

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

4.4. INVESTING

4.4.1. Who can invest?

You are eligible to invest in the Fund if you are a Sophisticated Investor who is:

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

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

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

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

4.4.2. How to invest?

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

You may invest:
- by crossed cheque, banker's draft, money order or cashier's order (made payable as advised by us or the Distributors as the case may be). You will have to bear the applicable bank fees and charges, if any;
- directly from your bank account (or foreign currency bank account, as the case may be) held with our Distributors, where applicable; or
- 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 further to such limit(s), restriction(s) and/or terms and conditions that we and/or the relevant authorities may impose from time to time.

4.4.3. Regular Savings Plan

RSP may be made available for certain Class. Please refer to the Annexure of the respective Class for further information. Where available, the RSP allows you to make regular monthly investments, direct from your account held with a bank approved by us or our Distributors. We will process the monthly investments made via the RSP when we receive your application and/or your monthly contribution. You can also arrange a standing instruction with our Distributors to invest a pre-determined amount in the Class each month. You may cancel your RSP at any time by providing written instructions to the relevant Distributors to cancel your standing instruction.

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

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

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

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

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

4.5. MINIMUM INVESTMENTS

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

Processing an application

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

4.6. MINIMUM WITHDRAWALS

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

Processing a withdrawal

If we receive a complete withdrawal request by 4:00 p.m. on a Business day, we will process it using the NAV per unit for that Business Day. If we receive the withdrawal request after 4:00 p.m. on a Business Day, we will process it using the NAV per unit for the next Business Day (T+1). The amount that you will receive is calculated by the withdrawal value less the Withdrawal Fee, if any. Under normal circumstances, you will be paid in the currency of the Class (e.g. Class USD will be paid in USD) within ten (10) days of receipt of the complete withdrawal request. You will have to bear the applicable bank fees and charges, if any.

You should note that the time taken to pay the redemption proceeds to you (i.e. ten (10) days) may be extended/delayed if:
(i) The Target Fund is suspended [Note 1]; or
(ii) The redemption request of the Target Fund is deferred [Note 2].

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

Note 1: *During the period when the Target Fund is suspended, the Target Fund Manager will not accept any subscriptions and/or redemptions and the calculation of the Target Fund's NAV will be suspended.*
Note 2: *The Board of Directors of the Company may limit the redemption of shares of the Target Fund if the Target Fund receives as of any business day, requests to redeem more than 10% of the shares of the Target Fund. In such event, shares of the Target Fund may be redeemed on a pro rata basis and any part of a redemption request to which affect is not given by reason of this will be treated as if a request has been made in respect of the next business day and all following business days until the original request has been satisfied in full.*

Please refer to the "Temporary Suspension of the Target Fund" section at page 29 for more information. If in doubt, please consult your professional advisers.

4.7. MINIMUM BALANCE

The minimum balance that must be retained in your account for each Class may differ and may be determined by us from time to time. Please refer to Annexure of the respective Class for further information. If the balance (i.e. number of units) of an investment drops below the minimum balance units, further investment will be required until the balance of investment is restored to at least the stipulated minimum balance. Otherwise, we may withdraw your entire investment and forward the proceeds to you. If we wish to increase the minimum balance amount, we will consult with the Trustee and you will be notified of such changes. However, you should note that we may, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all 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.

4.8. SWITCHING

Switching is available between the Classes of the Fund or between a Class and other Principal Malaysia's Funds (or its classes), which should be denominated in the same currency. You may contact our **Customer Care Centre** at **(03) 7718 3000** for more information on the availability of switching. Please also refer to the Annexure of the respective Class for further information.

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

Processing a switch

We process a switch as a withdrawal from one (1) fund or class and an investment into another fund or class. If we receive a complete switch request by 4:00 p.m. on a Business Day, we will process the switch out using the NAV per unit for that Business Day. If we receive the request after 4:00 p.m. on a Business Day, the switch out will be processed using the NAV per unit for the next Business Day.

However, you should note that the switch-in may be processed at a later Business Day, generally within one (1) to four (4) Business Days.

4.9. TRANSFER FACILITY

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

4.10. COOLING-OFF PERIOD

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

4.11. TEMPORARY SUSPENSION

We and the Trustee may temporarily suspend the dealing in units of the Classes or Funds, 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.

4.12. DISTRIBUTION PAYMENT

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

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

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

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

4.13. UNCLAIMED MONEYS

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

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

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

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

5. ADDITIONAL INFORMATION

5.1. FINANCIAL YEAR-END

31 January.

5.2. INFORMATION ON YOUR INVESTMENT

We will send you the following:

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

The Fund's annual report is available upon request.

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

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

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

5.4. RIGHTS, LIABILITIES AND LIMITATIONS OF UNIT HOLDER

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

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

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

Rights

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

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

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

Liabilities

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

Limitations

You cannot:
- interfere with or question the exercise by the Trustee, or us on its behalf, of the rights of the Trustee as the registered owner of the assets of the Fund;
- claim any interest in the asset of the Fund; or
- require the asset of the Fund to be transferred to you.

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

5.5. DOCUMENTS AVAILABLE FOR INSPECTION

You may inspect the following documents or copies thereof in relation to the Fund (upon request) at our principal place of business and/or the business address of the Trustee (where applicable) without charge:
- The Deed;
- Information Memorandum and supplementary or replacement information memorandum, if any;
- The audited financial statements of the Manager for the current financial year and for the last three (3) financials years or if less than three (3) years, from the date of incorporation or commencement;
- Material contracts or documents referred to 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) financials years or if less than three (3) years, from the date of launch of the Fund; and
- The AB SICAV I Prospectus dated September 2019 and includes any supplemental prospectus or replacement prospectus, as the case may be.

5.6. POTENTIAL CONFLICTS OF INTERESTS AND RELATED-PARTY TRANSACTIONS

We (including our directors) will at all time act in your best interests and will not conduct ourselves in any manner that will result in a conflict of interest or potential conflict of interest. In the unlikely event that any conflict of interest arises, such conflict shall be resolved so that the Fund is not disadvantaged. In the unlikely event that we face conflicts in respect of our duties as the Manager to the Fund and to other 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 principal in the sale and purchase of any securities or investments to and from the Fund. We shall not make any investment for the Fund in any securities, properties or assets in which we or our officer have financial interest in or from which we or our officer derives a benefit. 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, 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

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 custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (i.e. 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 its related group of companies may deal with each other, the Fund or any Unit holder may 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.

5.7. 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.

5.8. EMPLOYEES' SECURITIES DEALINGS

We have in place a policy contained in our 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.

6. THE MANAGER

6.1 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 Malaysian 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 China, Hong Kong SAR, India, Sri Lanka, Korea, US and UK. CIMB Group is listed on Bursa Malaysia Securities Berhad 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 Malaysia as the Manager of the Fund include:
- maintaining a register of Unit holders;
- implementing the appropriate investment strategies to achieve the Fund's investment objectives;
- 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 facts likely to give rise to any proceeding, which might materially affect the business/financial position of Principal Malaysia.

6.1.1 Designated person responsible for fund management function

Name:	Patrick Chang Chian Ping
Designation:	Chief Investment Officer (CIO), Malaysia & Chief Investment Officer, Equities, ASEAN Region
Experience:	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 and is backed by numerous ASEAN awards from Malaysian pension funds in 2013 and 2015. He was previously the Head of ASEAN equities at BNP Paribas Investment Partners, Malaysia where he oversees ASEAN equities for both Malaysian and offshore clients from 2012. Prior to that, he served as Senior Vice President for 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.
Qualifications:	MSc Finance from City University Business School and BSc Accounting and Financial Analysis from University of Warwick, UK.

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

7. THE TRUSTEE

7.1 ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

HSBC (Malaysia) Trustee Berhad (193701000084 (1281-T)) is a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at 13th Floor, Bangunan HSBC, South Tower, No. 2, Leboh Ampang, 50100 Kuala Lumpur. Since 1993, the Trustee has acquired experience in the administration of trusts and has been appointed as trustee for unit trust funds, exchange traded funds, wholesale funds and funds under private retirement scheme.

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit holders of the Fund. In performing these functions, the Trustee has to exercise all due care, diligence and vigilance and is required to act in accordance with the provisions of the Deed, CMSA and the SC Guidelines. Apart from being the legal owner of the Fund's assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, CMSA and the SC Guidelines. In respect of monies paid by an investor for the application of units, the Trustee's responsibility arises when the monies are received in the relevant account of the Trustee for the Fund and in respect of redemption, the Trustee's responsibility is discharged once it has paid the redemption amount to the Manager.

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

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

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

7.1.1 Trustee's delegate

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

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

7.1.2 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 rise to any proceedings which might materially affect the business/financial position of the Trustee and any of its delegates.

7.1.3 Trustee's Statement of Responsibility

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

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

ANNEXURE – CLASS MYR

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

CLASS INFORMATION

	Class MYR	Page
Currency denomination	MYR	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion. We have the right to make provisions for reserves in respect of distribution of the Class. If the income available is too small or insignificant, any distribution may not be of benefit to you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund.	39

FEES & CHARGES

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

Charges	Class MYR	Page
Application Fee	Up to 5.50% of the NAV per unit.	31
Withdrawal Fee	Nil.	31
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose MYR100 administrative fee for every switch made out of Principal Malaysia's funds. You may negotiate to lower the Switching Fee and/or administrative fees. We also have the discretion to waive the Switching Fee and/or administrative fees.	31
Transfer Fee	A Transfer Fee of not more than MYR50 may be charged for each transfer. However, we have the discretion to waive the Transfer Fee.	31
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Charges	Class MYR	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	32
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	32
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	32
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	32

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

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

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 seeks your approval on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class MYR	Page
Minimum initial investment	MYR 10,000 or such other amount as we may decide from time to time.	37
Minimum additional investment	MYR 5,000 or such other amount as we may decide from time to time.	37
Minimum withdrawal	5,000 units or such other number of units as we may decide from time to time.	37
Minimum balance	10,000 units or such other number of units as we may decide from time to time.	38
Regular Savings Plan	RSP is available. It allows you to make regular monthly investments of RM500 or more, direct from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is RM10,000 or such other amount as we may decide from time to time.	37
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	38
Transfer facility	We may, at our absolute discretion, allow Unit holders to transfer their units to an eligible Sophisticated Investor subject to such terms and conditions as may be stipulated by us from time to time. We may refuse to register any transfer of a unit at our absolute discretion.	38
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	39

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

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

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

ANNEXURE – CLASS USD

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

CLASS INFORMATION

	Class USD	Page
Currency denomination	USD	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion. We have the right to make provisions for reserves in respect of distribution of the Class. If the income available is too small or insignificant, any distribution may not be of benefit to you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund.	39

FEES & CHARGES

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

Charges	Class USD	Page
Application Fee	Up to 5.50% of the NAV per unit.	31
Withdrawal Fee	Nil.	31
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose USD35 administrative fee for every switch made out of Principal Malaysia's funds. You may negotiate to lower the Switching Fee and/or administrative fees. We also have the discretion to waive the Switching Fee and/or administrative fees.	31
Transfer Fee	A Transfer Fee of not more than USD 15 may be charged for each transfer. However, we have the discretion to waive the Transfer Fee.	31
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Charges	Class USD	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	32
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	32
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	32
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	32

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

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

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 seeks your approval on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class USD	Page
Minimum initial investment	USD 2,000 or such other amount as we may decide from time to time.	37
Minimum additional investment	USD 1,000 or such other amount as we may decide from time to time.	37
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	37
Minimum balance	2,000 units or such other number of units as we may decide from time to time.	38
Regular Savings Plan	Currently, RSP is not available.	37
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	38
Transfer facility	We may, at our absolute discretion, allow Unit holders to transfer their units to an eligible Sophisticated Investor subject to such terms and conditions as may be stipulated by us from time to time. We may refuse to register any transfer of a unit at our absolute discretion.	38
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	39

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

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

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

ANNEXURE – CLASS AUD-HEDGED

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

CLASS INFORMATION

	Class AUD-Hedged	Page
Currency denomination	AUD	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion. We have the right to make provisions for reserves in respect of distribution of the Class. If the income available is too small or insignificant, any distribution may not be of benefit to you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund.	39

FEES & CHARGES

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

Charges	Class AUD-Hedged	Page
Application Fee	Up to 5.50% of the NAV per unit.	31
Withdrawal Fee	Nil.	31
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose AUD35 administrative fee for every switch made out of Principal Malaysia's funds. You may negotiate to lower the Switching Fee and/or administrative fees. We also have the discretion to waive the Switching Fee and/or administrative fees.	31
Transfer Fee	A Transfer Fee of not more than AUD15 may be charged for each transfer. However, we have the discretion to waive the Transfer Fee.	31
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Charges	Class AUD-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	32
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	32
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	32
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	32

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

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

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 seeks your approval on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class AUD-Hedged	Page
Minimum initial investment	AUD 2,000 or such other amount as we may decide from time to time.	37
Minimum additional investment	AUD 1,000 or such other amount as we may decide from time to time.	37
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	37
Minimum balance	2,000 units or such other number of units as we may decide from time to time.	38
Regular Savings Plan	Currently, RSP is not available.	37
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	38
Transfer facility	We may, at our absolute discretion, allow Unit holders to transfer their units to an eligible Sophisticated Investor subject to such terms and conditions as may be stipulated by us from time to time. We may refuse to register any transfer of a unit at our absolute discretion.	38
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	39

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

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

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

ANNEXURE – CLASS EUR-HEDGED

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

CLASS INFORMATION

	Class EUR-Hedged	Page
Currency denomination	EUR	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion. We have the right to make provisions for reserves in respect of distribution of the Class. If the income available is too small or insignificant, any distribution may not be of benefit to you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund.	39

FEES & CHARGES

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

Charges	Class EUR-Hedged	Page
Application Fee	Up to 5.50% of the NAV per unit.	31
Withdrawal Fee	Nil.	31
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose EUR35 administrative fee for every switch made out of Principal Malaysia's funds. You may negotiate to lower the Switching Fee and/or administrative fees. We also have the discretion to waive the Switching Fee and/or administrative fees.	31
Transfer Fee	A Transfer Fee of not more than EUR15 may be charged for each transfer. However, we have the discretion to waive the Transfer Fee.	31
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Charges	Class EUR-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	32
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	32
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	32
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	32

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

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

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 seeks your approval on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class EUR-Hedged	Page
Minimum initial investment	EUR 2,000 or such other amount as we may decide from time to time.	37
Minimum additional investment	EUR 1,000 or such other amount as we may decide from time to time.	37
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	37
Minimum balance	2,000 units or such other number of units as we may decide from time to time.	38
Regular Savings Plan	Currently, RSP is not available.	37
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class; o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	38
Transfer facility	We may, at our absolute discretion, allow Unit holders to transfer their units to an eligible Sophisticated Investor subject to such terms and conditions as may be stipulated by us from time to time. We may refuse to register any transfer of a unit at our absolute discretion.	38
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	39

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

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

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

ANNEXURE – CLASS GBP-HEDGED

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

CLASS INFORMATION

	Class GBP-Hedged	Page
Currency denomination	GBP	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion. We have the right to make provisions for reserves in respect of distribution of the Class. If the income available is too small or insignificant, any distribution may not be of benefit to you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund.	39

FEES & CHARGES

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

Charges	Class GBP-Hedged	Page
Application Fee	Up to 5.50% of the NAV per unit.	31
Withdrawal Fee	Nil.	31
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose GBP35 administrative fee for every switch made out of Principal Malaysia's funds. You may negotiate to lower the Switching Fee and/or administrative fees. We also have the discretion to waive the Switching Fee and/or administrative fees.	31
Transfer Fee	A Transfer Fee of not more than GBP15 may be charged for each transfer. However, we have the discretion to waive the Transfer Fee.	31
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Charges	Class GBP-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	32
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	32
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	32
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	32

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

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

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 seeks your approval on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class GBP-Hedged	Page
Minimum initial investment	GBP 2,000 or such other amount as we may decide from time to time.	37
Minimum additional investment	GBP 1,000 or such other amount as we may decide from time to time.	37
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	37
Minimum balance	2,000 units or such other number of units as we may decide from time to time.	38
Regular Savings Plan	Currently, RSP is not available.	37
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class; o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	38
Transfer facility	We may, at our absolute discretion, allow Unit holders to transfer their units to an eligible Sophisticated Investor subject to such terms and conditions as may be stipulated by us from time to time. We may refuse to register any transfer of a unit at our absolute discretion.	38
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	39

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

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

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

ANNEXURE – CLASS HKD-HEDGED

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

CLASS INFORMATION

	Class HKD-Hedged	Page
Currency denomination	HKD	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion. We have the right to make provisions for reserves in respect of distribution of the Class. If the income available is too small or insignificant, any distribution may not be of benefit to you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund.	39

FEES & CHARGES

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

Charges	Class HKD-Hedged	Page
Application Fee	Up to 5.50% of the NAV per unit.	31
Withdrawal Fee	Nil.	31
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose HKD100 administrative fee for every switch made out of Principal Malaysia's funds. You may negotiate to lower the Switching Fee and/or administrative fees. We also have the discretion to waive the Switching Fee and/or administrative fees.	31
Transfer Fee	A Transfer Fee of not more than HKD50 may be charged for each transfer. However, we have the discretion to waive the Transfer Fee.	31
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Charges	Class HKD-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	32
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	32
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	32
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	32

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

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

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 seeks your approval on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class GBP-Hedged	Page
Minimum initial investment	HKD 10,000 or such other amount as we may decide from time to time.	37
Minimum additional investment	HKD 5,000 or such other amount as we may decide from time to time.	37
Minimum withdrawal	5,000 units or such other number of units as we may decide from time to time.	37
Minimum balance	10,000 units or such other number of units as we may decide from time to time.	38
Regular Savings Plan	Currently, RSP is not available.	37
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class; o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	38
Transfer facility	We may, at our absolute discretion, allow Unit holders to transfer their units to an eligible Sophisticated Investor subject to such terms and conditions as may be stipulated by us from time to time. We may refuse to register any transfer of a unit at our absolute discretion.	38
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	39

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

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

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

ANNEXURE – CLASS MYR-HEDGED

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

CLASS INFORMATION

	Class MYR-Hedged	Page
Currency denomination	MYR	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion. We have the right to make provisions for reserves in respect of distribution of the Class. If the income available is too small or insignificant, any distribution may not be of benefit to you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund.	39

FEES & CHARGES

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

Charges	Class MYR-Hedged	Page
Application Fee	Up to 5.50% of the NAV per unit.	31
Withdrawal Fee	Nil.	31
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose MYR100 administrative fee for every switch made out of Principal Malaysia's funds. You may negotiate to lower the Switching Fee and/or administrative fees. We also have the discretion to waive the Switching Fee and/or administrative fees.	31
Transfer Fee	A Transfer Fee of not more than MYR50 may be charged for each transfer. However, we have the discretion to waive the Transfer Fee.	31
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Charges	Class MYR-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	32
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	32
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	32
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	32

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

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

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 seeks your approval on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class MYR-Hedged	Page
Minimum initial investment	MYR 10,000 or such other amount as we may decide from time to time.	37
Minimum additional investment	MYR 5,000 or such other amount as we may decide from time to time.	37
Minimum withdrawal	5,000 units or such other number of units as we may decide from time to time.	37
Minimum balance	10,000 units or such other number of units as we may decide from time to time.	38
Regular Savings Plan	RSP is available. It allows you to make regular monthly investments of RM500 or more, direct from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is RM10,000 or such other amount as we may decide from time to time.	37
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	38
Transfer facility	We may, at our absolute discretion, allow Unit holders to transfer their units to an eligible Sophisticated Investor subject to such terms and conditions as may be stipulated by us from time to time. We may refuse to register any transfer of a unit at our absolute discretion.	38
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	39

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

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

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

ANNEXURE – CLASS RMB-HEDGED

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

CLASS INFORMATION

	Class RMB-Hedged	Page
Currency denomination	RMB	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion. We have the right to make provisions for reserves in respect of distribution of the Class. If the income available is too small or insignificant, any distribution may not be of benefit to you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund.	39

FEES & CHARGES

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

Charges	Class RMB-Hedged	Page
Application Fee	Up to 5.50% of the NAV per unit.	31
Withdrawal Fee	Nil.	31
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose RMB100 administrative fee for every switch made out of Principal Malaysia's funds. You may negotiate to lower the Switching Fee and/or administrative fees. We also have the discretion to waive the Switching Fee and/or administrative fees.	31
Transfer Fee	A Transfer Fee of not more than RMB50 may be charged for each transfer. However, we have the discretion to waive the Transfer Fee.	31
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Charges	Class RMB-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	32
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	32
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	32
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	32

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

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

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 seeks your approval on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class RMB-Hedged	Page
Minimum initial investment	RMB 10,000 or such other amount as we may decide from time to time.	37
Minimum additional investment	RMB 5,000 or such other amount as we may decide from time to time.	37
Minimum withdrawal	5,000 units or such other number of units as we may decide from time to time.	37
Minimum balance	10,000 units or such other number of units as we may decide from time to time.	38
Regular Savings Plan	Currently, RSP is not available.	37
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class; o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	38
Transfer facility	We may, at our absolute discretion, allow Unit holders to transfer their units to an eligible Sophisticated Investor subject to such terms and conditions as may be stipulated by us from time to time. We may refuse to register any transfer of a unit at our absolute discretion.	38
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	39

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

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

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

ANNEXURE – CLASS SGD-HEDGED

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

CLASS INFORMATION

	Class SGD-Hedged	Page
Currency denomination	SGD	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion. We have the right to make provisions for reserves in respect of distribution of the Class. If the income available is too small or insignificant, any distribution may not be of benefit to you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund.	39

FEES & CHARGES

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

Charges	Class SGD-Hedged	Page
Application Fee	Up to 5.50% of the NAV per unit.	31
Withdrawal Fee	Nil.	31
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose SGD35 administrative fee for every switch made out of Principal Malaysia's funds. You may negotiate to lower the Switching Fee and/or administrative fees. We also have the discretion to waive the Switching Fee and/or administrative fees.	31
Transfer Fee	A Transfer Fee of not more than SGD15 may be charged for each transfer. However, we have the discretion to waive the Transfer Fee.	31
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Charges	Class SGD-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	32
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	32
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	32
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	32

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

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

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 seeks your approval on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class SGD-Hedged	Page
Minimum initial investment	SGD 2,000 or such other amount as we may decide from time to time.	37
Minimum additional investment	SGD 1,000 or such other amount as we may decide from time to time.	37
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	37
Minimum balance	2,000 units or such other number of units as we may decide from time to time.	38
Regular Savings Plan	Currently, RSP is not available.	37
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	38
Transfer facility	We may, at our absolute discretion, allow Unit holders to transfer their units to an eligible Sophisticated Investor subject to such terms and conditions as may be stipulated by us from time to time. We may refuse to register any transfer of a unit at our absolute discretion.	38
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	39

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

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

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

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Principal Asset Management Berhad (304078-K)
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