**Information Memorandum**
27 March 2024

# Principal Global Dynamic Income Fund

| | | |
|---|---|---|
| **Manager** | : | **Principal Asset Management Berhad** (199401018399 (304078-K)) |
| **Trustee** | : | **HSBC (Malaysia) Trustee Berhad** (193701000084 (1281-T)) |

This Information Memorandum Issue No. 1 for the Principal Global Dynamic Income Fund is dated 27 March 2024.

The Fund was constituted on 5 March 2024.

**The Securities Commission Malaysia has not authorised or recognised the Fund and a copy of this Information Memorandum has not been registered with the Securities Commission Malaysia.**

**The lodgement of this Information Memorandum should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Information Memorandum.**

**The Securities Commission Malaysia is not liable for any non-disclosure on the part of Principal Asset Management Berhad who is responsible for the Fund and takes no responsibility for the contents in this Information Memorandum. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Information Memorandum, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.**

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

**THE FUND IS 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 Malaysia and the 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 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 call our Customer Care Centre during business hour at (03) 7723 7260 or whatsapp at +6016 299 9792 between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Fridays.

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.**

**INVESTORS SHOULD BE AWARE THAT THE CAPITAL OF THE FUND WILL BE ERODED WHEN THE FUND DECLARES DISTRIBUTION OUT OF CAPITAL AS THE DISTRIBUTION IS ACHIEVED BY FORGOING THE POTENTIAL FOR FUTURE CAPITAL GROWTH AND THIS CYCLE MAY CONTINUE UNTIL ALL CAPITAL IS DEPLETED.**

# 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, and/or 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.<br>***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* ***www.principal.com.my***. |
| CIMB Group | - | CIMB Group Sdn. Bhd. |
| CIS | - | Collective investment scheme. |
| Class | - | Any class of units representing similar interest in the assets of the Fund. |
| Class AUD-Hedged | - | The Class issued by the Fund denominated in AUD that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and AUD. |
| Class MYR | - | The Class issued by the Fund denominated in MYR. |
| Class MYR-Hedged | - | The Class issued by the Fund denominated in MYR that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and MYR. |
| Class SGD-Hedged | - | The Class issued by the Fund denominated in SGD that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and SGD. |
| Class USD | - | The Class issued by the Fund denominated in USD. |
| CMSA | - | Capital Markets and Services Act 2007. |
| Commencement Date | - | The next Business Day immediately following the end of the initial offer period of the respective Class. |
| Deed | - | The principal and all 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. |
| Distributor | - | Any relevant persons and bodies appointed by Principal Malaysia from time to time, who are responsible for selling units of the Fund, including Principal Distributors and IUTAs. |
| Fund or GDI | - | Principal Global Dynamic Income Fund. |
| GLOLA | - | SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. |
| IMS | - | Investment Management Standards issued by the Federation of Investment Managers Malaysia. |
| Information Memorandum | - | Refers to the information memorandum in respect of the Fund and includes any supplemental information memorandum or replacement information memorandum, as the case may be. |
| IUTA | - | Refers to "Institutional Unit Trust Schemes Adviser", a corporation registered with Federation of Investment Managers Malaysia and authorised to market and distribute unit trust schemes of another party. |
| LPD | - | Latest Practicable Date, i.e. 31 December 2023, in which all information provided herein, shall remain current and relevant as at such date. |
| Management Fee | - | A percentage of the NAV of the Class that is paid to us for managing the portfolio of the Fund. |
| MCR | - | Multi-class ratio, being the apportionment of the NAV of each Class over the Fund's NAV based on the size of each Class. The MCR is calculated by dividing the NAV of the respective Class by the NAV of the Fund before income and expenses for the day. The apportionment is expressed as a ratio and calculated as a percentage. |
| MYR | - | Malaysian Ringgit. |
| NAV | - | Net Asset Value. |
| NAV of the Class | - | The NAV of a Class is the NAV of the Fund attributable to a Class at the same valuation point. |
| NAV of the Fund | - | 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. |
| NAV per unit | - | The NAV attributable to a Class divided by the number of units in circulation for that Class, at the valuation point. |

| | | |
|---|---|---|
| OTC | - | Over-the-counter. |
| PFG | - | Principal Financial Group, Inc.. |
| Principal Distributors | - | Refers to the authorised unit trust scheme consultants registered with Principal Malaysia. |
| Principal Malaysia, the Manager, we or us | - | Principal Asset Management Berhad. |
| RSP | - | Regular Savings Plan. |
| SC | - | Securities Commission Malaysia. |
| 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, regulations, 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:<br>(i) is determined to be a sophisticated investor under the SC's Guidelines on Categories of Sophisticated Investors, as amended from time to time; or<br>(ii) acquires any unlisted capital market products where the consideration is not less than MYR250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise.<br>and/or any other category(ies) of investors as may be permitted by the SC from time to time.<br>***Note****: For more information, please refer to our website at www.principal.com.my for the current and/or updated the definition and categories of "Sophisticated Investor".* |
| Special Resolution | - | A resolution passed by a majority of not less than three-fourth (3/4) of the Unit holders of the Fund or a Class, as the case may be, voting at a meeting of Unit holders duly convened and held in accordance with the provisions of the Deed. |
| Switching Fee | - | A charge that may be levied when switching is done from one fund or class to another. |
| Target Fund | - | Schroder International Selection Fund Dynamic Income. |
| Target Fund Company | - | Schroder International Selection Fund. |
| Target Fund Management Company | - | Schroder Investment Management (Europe) S.A.. |
| Target Fund Investment Manager | - | Schroder Investment Management Limited. |
| Target Fund Prospectus | - | Refers to the prospectus in respect of the Target Fund and includes any supplemental prospectus, addendum or replacement prospectus, as the case may be. The Target Fund Prospectus is available for download at **https://www.schroders.com/en-lu/lu/individual/literature/legal-documents/**. |
| Transfer Fee | - | A nominal fee levied for each transfer of units from one 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. |
| Unit holder | - | The registered holder for the time being of a unit of any Class including persons jointly registered. |
| USA | - | United States of America. |
| USD | - | United States Dollar. |
| Wholesale Fund | - | A unit trust scheme established in Malaysia where the units are to be issued, offered for subscription or purchase, or for which invitations to subscribe for or purchase the units are to be made, exclusively to Sophisticated Investor. |
| Withdrawal Penalty | - | A penalty 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.*

# TABLE OF CONTENTS

# 1. FUND INFORMATION

## 1.1. PRINCIPAL GLOBAL DYNAMIC INCOME FUND

| | | |
|---|---|---|
| **Fund Category/Type** | : | Feeder fund/ Income |
| **Fund Objective** | : | The Fund aims to provide income and capital growth through investments in one (1) CIS which invests in a diversified range of assets and markets worldwide including emerging markets.<br>*We will require your approval if there is any material change to the Fund's investment objective.* |
| **Benchmark** | : | The Fund adheres to the benchmark of the Target Fund for performance comparison. Currently, benchmark of the Target Fund is 60% MSCI AC World Index (USD) & 40% Bloomberg Global Aggregate USD. **Any changes to the Target Fund's benchmark will be updated in our website and/or the Fund's Product Highlights Sheet.* |
| **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 36 for information on the distribution payment. |

**Base Currency and Classes**

The base currency of the Fund is USD.

Please note that the Fund is established as a multi-class fund where the Deed allows for the establishment of more than one (1) Class with similar interests in the assets of the Fund. You should note that 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 shall have the same rights and obligations. Each Class may be different in terms of currency denomination, fees and charges, 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 **www.principal.com.my**. When in doubt, you should consult professional advisers for a better understanding of the multi-class structure before investing in the Fund.

**Initial Offer Period and Initial Offer Price**

| Name of Class | Launch Date* | Initial offer period | Initial offer price per unit |
|---|---|---|---|
| Class AUD-Hedged | 27 March 2024 | Up to 21 days | AUD 1.0000 |
| Class MYR | 27 March 2024 | Up to 21 days | MYR 1.0000 |
| Class MYR-Hedged | 27 March 2024 | Up to 21 days | MYR 1.0000 |
| Class SGD-Hedged | 27 March 2024 | Up to 21 days | SGD 1.0000 |
| Class USD | 27 March 2024 | Up to 21 days | USD 1.0000 |

** We have the discretion to determine the launch date, which shall be the same date as stated above or such other date as may be determined by us.*

*For more details, you may contact our Customer Care Centre or Distributors; or visit our website at **www.principal.com.my**.*

**Investment Policy and Strategy**

The Fund is a feeder fund that invests at least 85% of the Fund's NAV in the Schroder International Selection Fund Dynamic Income, a fund of the Schroder International Selection Fund, an open-ended investment company registered in Luxembourg. Information on Schoder International Selection Fund Dynamic Income is detailed below. The Fund may also invest up to 15% of its NAV in liquid assets for liquidity purposes and derivative for the sole purpose of hedging arrangement.

The asset allocation strategy for this Fund is as follows:

- at least 85% of the Fund's NAV will be invested in the Target Fund; and
- up to 15% of the Fund's NAV will be invested in liquid assets for liquidity purposes.

The Target Fund is actively managed and invests directly or indirectly through derivatives in equity and equity-related securities, fixed and floating rate securities issued by governments, government agencies, supra-nationals and companies worldwide, including emerging markets, in various currencies and Alternative Asset Classes. The risk management strategies and techniques employed will be at the Target Fund level whereby the fund manager of the Target Fund employs a risk management process which combines financial techniques and instruments to manage at any time the risk of various positions and their contribution to the overall risk of the Target Fund's portfolio.

The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:

- Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level.
- Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of unitholders. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet unitholders' withdrawal requests.
- Suspension of withdrawal requests due to exceptional circumstances (being the Target Fund). During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. The action to suspend withdrawal requests from Unit holders shall be exercised only as a last resort by the Manager.

*Note: Please refer to Section 2.4 and Section 4.11. for more information.*

In light that the Fund is a feeder fund, we do not adopt a temporary defensive position for the Fund in response to adverse market, economic and/or any other conditions as this will allow the Fund to mirror the Target Fund's performance, which best tracks the performance of the Target Fund in either bullish or bearish market conditions.

Currently, the Fund invests in USD A Class Accumulation Shares of the Target Fund, which is a share class denominated in USD launched on 15 January 2024.

If, in our opinion, the Schroder International Selection Fund Dynamic Income no longer meets the Fund's investment objective, and/or when acting in your best interests, we may replace the Schroder International Selection Fund Dynamic Income with another target fund that is consistent with the objective of this Fund, subject to your approval. The switch to another target fund may be performed on a staggered basis to facilitate a smooth transition. This is applicable should the Schroder International Selection Fund Dynamic Income impose any conditions in relation to withdrawal of units or if the manager of the newly identified target fund exercises its discretion to apply a dilution fee* in relation to applications for units. Thus, the time frame required to perform the transition will depend on such conditions, if any, imposed by the Schroder International Selection Fund Dynamic Income as well as any conditions associated with a dilution fee* that may be charged at the newly identified target fund level. Hence during the transition period, the Fund's investment may differ from the stipulated investment strategies.

* *Dilution fee refers to the dilution adjustment and/or anti-dilution levy that serves as an allowance for fiscal and other charges that is added to the net asset value per unit to reflect the costs of investing application moneys in underlying assets of the Target Fund. The dilution fee is intended to be used to ensure that all investors in the Target Fund are treated equitably by allocating transaction costs to the investors whose transactions give rise to those costs.*

## 1.2. PERMITTED INVESTMENTS

The Fund will invest in the following investments:

- One CIS (local or foreign) provided it is not a fund-of-funds or a feeder fund or any sub-fund of an umbrella fund which is a fund-of-funds or a feeder fund;
- Deposits and money market instruments;
- 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 permitted by the SC from time to time that is in line with the Fund's objectives.

## 1.3. INVESTMENT RESTRICTIONS AND LIMITS

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

**CIS:** The Fund must invest at least 85% of its NAV in one (1) CIS.

**Liquid Assets and Derivatives:** The Fund may invest up to 15% of the NAV in liquid assets and derivative (for hedging purposes). The Fund may, with the concurrence of the Trustee, hold more than 15% of Deposits 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 GLOLA for the Fund.

## 1.5. FINANCING

The Fund may not obtain cash financing or borrow other assets in connection with its activities. However, the Fund may obtain 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 FUND

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

**Returns and capital not guaranteed**
The investment of the fund is subject to market fluctuations and its inherent risk. There is **NO GUARANTEE** on the investment which includes your investment capital and returns, nor any assurance that the fund's objective will be achieved. You should also note that the fund is neither a capital guaranteed fund nor a capital protected fund. However, we reduce this risk by ensuring diligent management of the assets of the fund based on a structured investment process.

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

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

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

**Financing risk**
This risk occurs when you obtain financing to finance your investment. The inherent risk of investing with money obtained from financing includes you being unable to service the financing payments. In the event units are used as collateral and if the prices of units fall below a certain level due to market conditions, you may be required to pay additional amount on top of your existing instalment. If you fail to do so within the time prescribed, your units may be sold at an unfavourable price and the proceeds thereof will be used towards the settlement of your financing.

**Liquidity risk**
Liquidity risk refers to the ability to sell and convert the units held in the CIS into cash. This may be affected by the liquidity policy applied by the CIS (e.g. suspension of the CIS), which may negatively impact the Fund and unit holders may experience delay in the withdrawal process.

### 1.7.2 SPECIFIC RISK RELATED TO THE FUND

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

As for a hedged Class, the hedged 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.

**Target Fund manager risk**
Since the Fund invests into a CIS that is 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, may 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 the 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. Such risks include adverse changes in Luxembourg's economic fundamentals, social and

political stability, laws and regulations and foreign investments policies. These factors may have an adverse impact on the price of the Target Fund and consequently the Fund.

### 1.7.3 RISKS ASSOCIATED WITH INVESTMENTS IN 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. The risk disclosure in relation to the Target Fund was excerpted from the Target Fund Prospectus.

**Interest rate risk**
The values of bonds and other debt instruments usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the values of existing debt instruments, and rising interest rates generally reduce the value of existing debt instruments. Interest rate risk is generally greater for investments with long durations or maturities. Some investments give the issuer the option to call or redeem an investment before its maturity date. If an issuer calls or redeems an investment during a time of declining interest rates, the Target Fund might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates.

**Credit Risk**
The ability, or perceived ability, of an issuer of a debt security to make timely payments of interest and principal on the security will affect the value of the security. It is possible that the ability of the issuer to meet its obligation will decline substantially during the period when the Target Fund owns securities of that issuer, or that the issuer will default on its obligations. An actual or perceived deterioration in the ability of an issuer to meet its obligations will likely have an adverse effect on the value of the issuer's securities.

If a security has been rated by more than one nationally recognised statistical rating organisation the Target Fund's Investment Manager uses the highest rating for the purposes of determining whether the security is investment grade.
When the Target Fund invests in securities which are not rated by a nationally recognised statistical rating organisation, the Target Fund's Investment Manager will determine the credit quality by referring to the issuer rating or otherwise as it sees fit (for example using the Target Fund's Investment Manager's internal rating). The Target Fund will not necessarily dispose of a security held by it if its rating falls below investment grade, although the Target Fund's Investment Manager will consider whether the security continues to be an appropriate investment for the Target Fund. The Target Fund's Investment Manager considers whether a security is investment grade only at the time of purchase. The Target Fund will invest in securities which will not be rated by a nationally recognised statistical rating organisation, but the credit quality will be determined by the Target Fund Investment Manager.

Credit risk is generally greater for investments issued at less than their face values and required to make interest payments only at maturity rather than at intervals during the life of the investment. Credit rating agencies base their ratings largely on the issuer's historical financial condition and the rating agencies' investment analysis at the time of rating. The rating assigned to any particular investment does not necessarily reflect the issuer's current financial condition, and does not reflect an assessment of an investment's volatility and liquidity. Although investment grade investments generally have lower credit risk than investments rated below investment grade, they may share some of the risks of lower-rated investments, including the possibility that the issuers may be unable to make timely payments of interest and principal and thus default.

**Liquidity risk**
Liquidity risk exists when particular investments are difficult to purchase or sell. The Target Fund's investment in illiquid securities may reduce the returns of the Target Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Investments in foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Illiquid securities may be highly volatile and difficult to value.

**Credit Default Swap Risk**
A credit default swap allows the transfer of default risk. This allows the Target Fund to effectively buy insurance on a reference obligation it holds (hedging the investment), or buy protection on a reference obligation it does not physically own in the expectation that the credit will decline in quality. One party, the protection buyer, makes a stream of payments to the seller of the protection, and a payment is due to the buyer if there is a credit event (a decline in credit quality, which will be predefined in the agreement between the parties). If the credit event does not occur the buyer pays all the required premiums and the swap terminates on maturity with no further payments. The risk of the buyer is therefore limited to the value of the premiums paid. In addition, if there is a credit event and the Target Fund does not hold the underlying reference obligation, there may be a market risk as the Target Fund may need time to obtain the reference obligation and deliver it to the counterparty. Furthermore, if the counterparty becomes insolvent, the Target Fund may not recover the full amount due to it from the counterparty. The market for credit default swaps may sometimes be more illiquid than the bond markets. The Target Fund Company will mitigate this risk by monitoring in an appropriate manner the use of this type of transaction.

**Futures, options and forward transactions risk**
The Target Fund may use options, futures and forward contracts on currencies, securities, indices, volatility, inflation and interest rates for hedging and investment purposes. Transactions in futures may carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the Target Fund. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

Transactions in options may also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the Target Fund is fixed, the Target Fund may sustain a loss well in excess of that amount. The Target Fund will also be exposed to the risk of the purchaser exercising the option and the Target Fund will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the Target Fund holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Forward transactions and purchasing options, in particular those traded over-the-counter and not cleared through a central counterparty, have an increased counterparty risk. If a counterparty defaults, the Target Fund may not get the expected payment or delivery of assets. This may result in the loss of the unrealised profit.

**Credit linked note risk**
A credit linked note is a debt instrument which assumes both credit risk of the relevant reference entity (or entities) and the issuer of the credit linked note. There is also a risk associated with the coupon payment; if a reference entity in a basket of credit linked notes suffers a credit event, the coupon will be re-set and is paid on the reduced nominal amount. Both the residual capital and coupon are exposed to further credit events. In extreme cases, the entire capital may be lost. There is also the risk that a note issuer may default.

**Equity linked note risk**
The return component of an equity linked note is based on the performance of a single security, a basket of securities or an equity index. Investment in these instruments may cause a capital loss if the value of the underlying security decreases. In extreme cases the entire capital may be lost. These risks are also found in investing in equity investments directly. The return payable for the note is determined at a specified time on a valuation date, irrespective of the fluctuations in the underlying stock price. There is no guarantee that a return or yield on an investment will be made. There is also the risk that a note issuer may default.

The Target Fund may use equity linked notes to gain access to certain markets, for example emerging and less developed markets, where direct investment is not possible. This approach may result in the following additional risks being incurred – lack of a secondary market in such instruments, illiquidity of the underlying securities, and difficulty selling these instruments at times when the underlying markets are closed.

**Insurance Linked Securities Risk**
Insurance linked securities may incur severe or full losses as a result of insurance events such as natural, man-made or other catastrophes. Catastrophes can be caused by various events, including, but not limited to, hurricanes, earthquakes, typhoons, hailstorms, floods, tsunamis, tornados, windstorms, extreme temperatures, aviation accidents, fires, explosions and marine accidents. The incidence and severity of such catastrophes are inherently unpredictable, and the Target Fund's losses from such catastrophes could be material. Any climatic or other event which might result in an increase in the likelihood and/or severity of such events (for example, global warming leading to more frequent and violent hurricanes) could have a material adverse effect on the Target Fund. Although the Target Fund's exposure to such events will be diversified in accordance with its investment objective, a single catastrophic event could affect multiple geographic zones and lines of business or the frequency or severity of catastrophic events could exceed expectations, either of which could have a material adverse effect on the Target Fund's net asset value.

**Total return swaps risk**
The Target Fund may use total return swaps to, inter alia, replicate the exposure of an index or to swap the performance of one or more instruments into a stream of fixed or variable rate cashflows. In such cases, the counterparty to the transaction will be a counterparty approved and monitored by the Target Fund Management Company. At no time will a counterparty in a transaction have discretion over the composition or the management of the Target Fund's investment portfolio or over the underlying asset of the total return swap.

**Counterparty risk**
The Target Fund Company conducts transactions through or with brokers, clearing houses, market counterparties and other agents. The Target Fund Company will be subject to the risk of the inability of any such counterparty to perform its obligations, whether due to insolvency, bankruptcy or other causes. The Target Fund may invest in instruments such as notes, bonds or warrants the performance of which is linked to a market or investment to which the Target Fund seeks to be exposed. Such instruments are issued by a range of counterparties and through its investment the Target Fund will be subject to the counterparty risk of the issuer, in addition to the investment exposure it seeks. The Target Fund will only enter into OTC derivatives transactions, including swap agreements, with first class institutions which are subject to prudential supervision and specialising in these types of transactions. In principle, the counterparty risk for such derivatives transactions entered into with first class institutions should not exceed 10% of the relevant Target Fund's net assets when the counterparty is a credit institution or 5% of its net assets in other cases. However, if a counterparty defaults, the actual losses may exceed these limitations.

**Lower rated, higher yielding debt securities risk**
The Target Fund may invest in lower rated, higher yielding debt securities, which are subject to greater market and credit risks than higher rated securities. Generally, lower rated securities pay higher yields than more highly rated securities to compensate Investors for the higher risk. The lower ratings of such securities reflect the greater possibility that adverse changes in the financial condition of the issuer, or rising interest rates, may impair the ability of the issuer to make payments to holders of the securities. Accordingly, an investment in the Target Fund is accompanied by a higher degree of credit risk than is present with investments in higher rated, lower yielding securities.

### Mortgage related and other asset backed securities risks

Mortgage-backed securities, including collateralized mortgage obligations and certain stripped mortgage-backed securities represent a participation in, or are secured by, mortgage loans. Asset-backed securities are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicles instalment sales or instalment loan contracts, leases of various types of real and personal property and receivables from credit card agreements. Mortgage-backed and asset-backed securities are commonly used to redirect the interest and principal payments from the pool of underlying assets to investors and can be issued at a fixed or a floating rate. The securities backed by the same pool of underlying assets may be issued in a number of different tranches, or classes, with varying risk and return characteristics depending on the priority of claim on the cash flows from the pool and the terms and conditions. The higher the risk contained in the tranche, the more the security generally pays by way of income.

Traditional debt investments typically pay a fixed rate of interest until maturity, when the entire principal amount is due. By contrast, payments on mortgage-backed and many asset-backed investments typically include both interest and partial payment of principal. Principal may also be prepaid voluntarily, or as a result of refinancing or foreclosure. The Target Fund may have to invest the proceeds from prepaid investments in other investments with less attractive terms and yields. As a result, these securities may have less potential for capital appreciation during periods of declining interest rates than other securities of comparable maturities, although they may have a similar risk of decline in market value during periods of rising interest rates. As the prepayment rate generally declines as interest rates rise, an increase in interest rates will likely increase the duration, and thus the volatility, of mortgage-backed and asset-backed securities. In addition to interest rate risk (as described above), investments in mortgage-backed securities composed of sub-prime mortgages may be subject to a higher degree of credit risk, valuation risk and liquidity risk (as described above). Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of the security's price to changes in interest rates. Unlike the maturity of a fixed income security, which measures only the time until final payment is due, duration takes into account the time until all payments of interest and principal on a security are expected to be made, including how these payments are affected by prepayments and by changes in interest rates.

The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited. Some mortgage-backed and asset backed investments receive only the interest portion or the principal portion of payments on the underlying assets. The yields and values of these investments are extremely sensitive to changes in interest rates and in the rate of principal payments on the underlying assets. Interest portions tend to decrease in value if interest rates decline and rates of repayment (including prepayment) on the underlying mortgages or assets increase; it is possible that the Target Fund may lose the entire amount of its investment in an interest portion due to a decrease in interest rates. Conversely, principal portions tend to decrease in value if interest rates rise and rates of repayment decrease. Moreover, the market for interest portions and principal portions may be volatile and limited, which may make them difficult for the Target Fund to buy or sell.

The Target Fund may gain investment exposure to mortgage-backed and asset-backed investments by entering into agreements with financial institutions to buy the investments at a fixed price at a future date. The Target Fund may or may not take delivery of the investments at the termination date of such an agreement, but will nonetheless be exposed to changes in the value of the underlying investments during the term of the agreement.

**Risk associated with debt securities issued pursuant to rule 144a under the securities act of 1933**

SEC Rule 144A provides a safe harbour exemption from the registration requirements of the Securities Act of 1933 for resale of restricted securities to qualified institutional buyers, as defined in the rule. The advantage for Investors may be higher returns due to lower administration charges. However, dissemination of secondary market transactions in rule 144A securities is restricted and only available to qualified institutional buyers. This might increase the volatility of the security prices and, in extreme conditions, decrease the liquidity of a particular rule 144A security.

**Emerging and less developed markets securities risk**

Investing in emerging markets and less developed markets securities poses risks different from, and/or greater than, risks of investing in the securities of developed countries. These risks include; smaller market-capitalisation of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible repatriation of investment income and capital. In addition, foreign Investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalisation or the creation of government monopolies. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging and less developed countries.

Although many of the emerging and less developed market securities in which the Target Fund may invest are traded on securities exchanges, they may trade in limited volume and may encounter settlement systems that are less well organized than those of developed markets. Supervisory authorities may also be unable to apply standards that are comparable with those in developed markets. Thus there may be risks that settlement may be delayed and that cash or securities belonging to the Target Fund may be in jeopardy because of failures of or defects in the systems or because of defects in the administrative operations of counterparties. Such counterparties may lack the substance or financial resources of similar counterparties in a developed market. There may also be a danger that competing claims may arise in respect of securities held by or to be transferred to the Target Fund and compensation schemes may be non-existent or limited or inadequate to meet the Target Fund's claims in any of these events.

Additional risks of emerging market securities may include: greater social, economic and political uncertainty and instability; more substantial governmental involvement in the economy; less governmental supervision and regulation; unavailability of currency hedging techniques; companies that are newly organised and small; differences in auditing and financial reporting standards, which may result in unavailability of material information about issuers; and less developed legal systems. In addition taxation of interest and capital gains received by non-residents varies among emerging and less developed markets and, in some cases may be comparatively high. There may also be less well defined tax laws and procedures and such laws may permit retroactive taxation so that the Target Fund could in the future become subject to local tax liabilities that had not been anticipated in conducting investment activities or valuing assets.

**Exchange rates**

The reference currency of the Target Fund (i.e. USD) is not necessarily the investment currency of the Target Fund concerned. Investments are made in investment funds in currencies that, in the view of the investment managers, best benefit the performance of the Target Fund. Target Fund shareholders investing in the Target Fund having a reference currency that is different from their own should be aware that exchange rate fluctuations could cause the value of their investment to diminish or increase.

**Fixed income securities**
The value of fixed income securities held by the Target Fund generally will vary upon changes in interest rates and such variation may affect share prices of the Target Fund investing in fixed income securities.

**Equity securities**
Where the Target Fund invests in equity or equity-related investments, the values of equity securities may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities.

**Convertible securities risk**
Convertible securities are typically bonds or preferred stocks that may be converted into a specific number of shares of the issuing company's stock at a specified conversion price.

Convertible securities combine investment characteristics and risks of equities and bonds. Depending on the value of the underlying stock, the convertible security will behave more like a stock or like a bond.

When the price of the underlying stock exceeds the conversion price, the convertible security generally behaves more like a stock and will be more sensitive to changes in equity securities. When the price of the underlying stock is lower than the conversion price, the convertible security generally behaves more like a bond and will be more sensitive to changes in interest rates and in credit spreads.

Given the benefit provided by the potential conversion, convertible securities generally offer lower yields than nonconvertible securities of similar quality. They also can be of lower credit quality and tend to be less liquid than traditional non-convertible securities. Lower credit quality debt securities are generally subject to greater market, credit and default risk compared to more highly rated securities.

**Contingent Convertible Securities Risk**
Contingent convertible securities are typically debt instruments which may be converted into the issuer's equity or be partly or wholly written off if a predefined trigger event occurs. The terms of the bond will set out specific trigger events and conversion rates. Trigger events may be outside of the issuer's control. A common trigger event is the decrease in the issuer's capital ratio below a given threshold. Conversion may cause the value of the investment to fall significantly and irreversibly, and in some cases even to zero.

Coupon payments on certain contingent convertible securities may be entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

Contrary to typical capital hierarchy, contingent convertible securities investors may suffer a loss of capital before equity holders. Most contingent convertible securities are issued as perpetual instruments which are callable at pre-determined dates. Perpetual contingent convertible securities may not be called on the pre-defined call date and investors may not receive return of principal on the call date or at any date.

There are no widely accepted standards for valuing contingent convertible securities. The price at which bonds are sold may therefore be higher or lower than the price at which they were valued immediately before their sale.

In certain circumstances finding a ready buyer for contingent convertible securities may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.

**Risks linked to investment in catastrophe Bonds**

The Target Fund could invest in bonds which may lose part or all of their value in case trigger event occurs (i.e. natural disasters or financial or economic failures).

Catastrophes can be caused by various events, including, but not limited to, hurricanes, earthquakes, typhoons, hailstorms, floods, tsunamis, tornados, windstorms, extreme temperatures, aviation accidents, fires, explosions and marine accidents. The incidence and severity of such catastrophes are inherently unpredictable, and the Target Fund's losses from such catastrophes could be material. Any climatic or other event might result in an increase in the likelihood and/or severity of such events (for example, global warming leading to more frequent and violent hurricanes).

The loss amount is defined in the terms of the bond and may be based on losses to a company or industry, modelled losses to a notional portfolio, industry indices, readings of scientific instruments or certain other parameters associated with a catastrophe rather than actual losses. The modelling used to calculate the probability of a trigger event may not be accurate or may underestimate the likelihood of the trigger event occurring which may increase the risk of loss.

Catastrophe bonds may provide for extensions of maturity which may increase volatility and may be rated by credit ratings agencies on the basis of how likely it is that the trigger event will occur. Catastrophe bonds have typically have a below investment grade credit rating (or considered equivalent if they are unrated).

**Sovereign Risk**
There is a risk that governments or their agencies may default or not completely fulfil their obligations. In addition, there is no bankruptcy proceeding for sovereign debt securities on which money to pay the obligations of sovereign debt securities may be collected in whole or in
part. As a consequence of this, holders of sovereign debt securities may be requested to participate in the rescheduling of sovereign debt securities and to extend further loans to the issuers of sovereign debt securities.

**Hedging Risk**
The Target Fund may (directly or indirectly) employ hedging by taking long and short positions in related instruments. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of such portfolio positions or prevent losses if the values of such positions decline. Hedging transactions may limit the opportunity for gain if the value of the portfolio position should increase. In the event of an imperfect correlation between a position in a hedging instrument and the portfolio position that it is intended to protect, the desired protection may not be obtained, and the Target Fund may be exposed to risk of loss. In addition, it is not possible to hedge fully or perfectly against any risk, and hedging entails its own costs.

**Synthethic Short Selling Risk**
The Target Fund may use financial derivative instruments to implement synthetic short positions. If the price of the instrument or market which the Target Fund has taken a short position on increases, then the Target Fund will incur a loss in relation to the increase in price from the time that the short position was entered into plus any premiums and interest paid to a counterparty. Therefore, taking short positions involves the risk that losses may be exaggerated, potentially losing more money than the actual cost of the investment.

**Sustainability risks**
The Target Fund Investment Manager takes sustainability risks into account in the management of the Target Fund. A sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment and the returns of the Target Fund. An example of an environmental risk is the increased likelihood of flooding due to climate change and the associated rise in sea levels.

Flooding could affect a variety of issuers such as real estate companies and insurers, and could negatively impact the value of investments in those companies. An example of a social risk is the occurrence of improper working practices such as child labour. Companies that are found to have engaged in such practices, or that have engaged with suppliers that they know to have done so, may be in breach of applicable laws and/or may be perceived negatively by the market. An example of a governance risk is the need to ensure gender diversity. If a company's reporting shows a lack of diversity, or there is media coverage of discrimination within the business on the grounds of gender, this may negatively affect market sentiment with respect to the company and impact its share price. There is also the risk that new regulations, taxes or industry standards to protect or encourage sustainable businesses and practices may be introduced – such changes may negatively impact issuers that are poorly placed to adapt to new requirements.

The Target Fund have environmental and/or social characteristics, which they achieve by applying sustainability criteria to the selection of investments chosen by the Target Fund Investment Manager. Such criteria may vary between investment strategies. The Target Fund may have limited exposure to some companies, industries or sectors as a result and may forego certain investment opportunities, or dispose of certain holdings, that do not align with their sustainability criteria. As Investors may differ in their views of what constitutes sustainable investing, the Target Fund may invest in companies that do not reflect the beliefs and values of particular Investors; for example, with a view to engaging with that company to improve certain aspects of its environmental, social or governance practices.

The regulatory framework applying to sustainable products and sustainable investing is rapidly evolving. As such, the sustainable investing characteristics of the Target Fund and how they are described for Investors may be subject to change over time in order to comply with new requirements or applicable regulatory guidance.

**Risks relating to investments in China**

Investors may also be subject to risks specific to the China market. Any significant change in mainland China's political, social or economic policies may have a negative impact on investments in the China market. The regulatory and legal framework for capital markets in mainland China may not be as well developed as those of developed countries. Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency. Investors should also be aware that changes in mainland China's taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments in the Target Fund.

In particular, the taxation position of foreign investors holding Chinese shares has historically been uncertain. Transfers of A and B shares of People's Republic of China (PRC) resident companies by foreign corporate shareholders are subject to a 10% capital gains withholding tax, although the tax has not been collected in the past, and uncertainties remain over the timing, any retrospective impact, and the calculation method. Subsequently, the PRC tax authorities announced in November 2014 that gains on the transfer of shares and other equity investments in China by foreign investors would be subject to a 'temporary' exemption from capital gains withholding tax. There was no comment about the duration of this temporary exemption. No accruals are being made for gains realized post-17 November 2014 pending further developments. The situation is being kept under review for indications of any change in market practice or the release of further guidance from the PRC authorities, and accruals for PRC capital gains withholding tax may recommence without notice upon the release of such guidance if the directors and their advisors believe this is appropriate.

PRC corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by foreign investors (including the Target Fund) on trading of China A-Shares via the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong

Kong Stock Connect. However, foreign investors are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant in-charge PRC tax authorities by the listed companies. For investors who are tax residents of a jurisdiction which has concluded a tax treaty with the PRC, such investors may apply for a refund of the PRC withholding income tax overpaid if the relevant tax treaty provides for a lower PRC withholding income tax on dividends for a lower dividend tax rate, such investors may apply to the tax authority for a refund of the differences.

**China – risks regarding QFI status**
Under current regulations in the PRC, foreign investors (such as the Company) may invest in certain eligible onshore PRC investments, in general, only through entities that have obtained status as a Qualified Foreign Investor ("QFI") from the China Securities Regulatory Commission ("CSRC"), for example the Investment Managers. The QFI regime is governed by rules and regulations as promulgated by the mainland Chinese authorities, i.e., the CSRC, the State Administration of Foreign Exchange ("SAFE") and the People's Bank of China ("PBOC"). Such rules and regulations may be amended from time to time. Pursuant to the Provisions on the administration of funds of foreign institutional investors for domestic securities and futures investment, the previous investment quota restrictions under the Qualified Foreign Institutional Investor (QFII) regime and Renminbi Qualified Foreign Institutional Investor (RQFII) regime have been removed. Further, from 1 November 2020, the QFII and RQFII regimes have been merged, such that QFIIs and RQFIIs are now regulated as QFIs under a set of regulations which unifies the previously separate requirements governing QFIIs and RQFIIs. Foreign institutional investors that previously held a QFII and/or RQFII licence are regarded as QFIs and are not required to re-apply for QFI status.

As disclosed in the Target Fund details, the Target Fund may invest directly in the PRC via the QFII status (now known as QFI status) of the relevant Investment Managers (i.e. QFI Holders).

The following risks are relevant to the QFI regime:

Risks regarding QFI status- Investors should note that QFI status could be suspended or revoked/terminated or otherwise invalidated, which may have an adverse effect on the Target Funds' performance as the Target Fund may be required to dispose of its securities holdings and /or may be prohibited from trading of relevant securities and repatriation of the Target Funds' monies. The Target Fund may suffer substantial losses.

Investors should note that there can be no assurance that the Target Fund Investment Managers (as QFI Holders) will continue to maintain their QFI status or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations. Such restrictions may result in a rejection of subscription applications and 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 their investment objective or strategy, due to QFI investment restrictions, the illiquidity of the Chinese domestic securities market, and/or delay or disruption in the execution of trades or in the settlement of trades.

The Target Fund Investment Manager, as a QFI holder, and Target Fund, which uses the Target Fund Investment Manager's status as a QFI, are not subject to quota restrictions under the QFI regimes. There is no assurance, however, that PRC rules and regulations will not change or that quota restrictions will not be imposed in the future. Any restrictions on quota may affect the Target Fund Investment Manager's ability to effectively pursue the investment strategy of the Target Fund.

The rules and restrictions under QFI regulations, generally apply to the QFI as a whole and not simply to the investments made by the Target Fund. The CSRC, SAFE and PBOC are vested with the power to impose regulatory sanctions if the QFI or the QFI custodian violates any provision of certain QFI regulations. Any such regulatory sanctions may adversely impact the Target Fund Investment Manager's ability to effectively pursue the investment strategy of the Target Fund.

Risks regarding application of QFI rules - The QFI rules enable Renminbi and funds in foreign currency to be remitted into and repatriated out of the PRC. The QFI rules are relatively new in nature and their application may depend on the interpretation given by the relevant Chinese authorities. The Target Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change. Any changes to the relevant rules may have an adverse impact on investors' investment in the Target Fund. Such changes may have potential retrospective effect on the Target Fund and may adversely affect the Target Fund. The Target Fund may suffer substantial losses if the approval of the QFI status is being revoked/terminated or otherwise invalidated as the Target Fund may be prohibited from trading of relevant securities and repatriation of the Target Fund's monies, or if any of the key operators or parties (including China custodian/PRC brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of any funds or securities).

Risks regarding repatriation and liquidity risks – Certain restrictions imposed by the Chinese government on QFIs 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 QFI holders.
Repatriations in RMB and/or funds in foreign currency conducted by QFI holders in respect of an open-ended fund (such as the Target Fund) are currently not subject to any lock-up periods, prior approval or other repatriation restrictions, although authenticity and compliance reviews will be conducted, and monthly reports on remittances and repatriations will be submitted to SAFE by the China custodian. There is no assurance, however, that PRC rules and regulations will not change or that lock-up periods or repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Target Funds' ability to meet redemption requests. Furthermore, as the China custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the China custodian in case of non-compliance with the QFI regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming shareholders of the Target Fund 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 Target Fund Investment Managers' control.

Risk pertaining to cash deposited with China custodian - Investors should note that cash deposited in the cash accounts of the Target Fund with the China custodian will not be segregated but will be a debt owing from the China custodian to the Target Fund as a depositor. Such cash will be comingled with cash that belongs to other clients or creditors of the China custodian. In the event of bankruptcy or liquidation of the China custodian, the Target Fund will not have any proprietary rights to the cash deposited in such cash accounts, and the Target Fund will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the China custodian. The Target Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Target Fund will suffer. The Target Fund may lose the total amount deposited with the China custodian and suffer a loss. PRC Brokerage Risk - The execution and settlement of transactions or the transfer of any funds or securities may be conducted by PRC brokers and/or the China custodian. There is a risk that the Target Fund may suffer losses from the default, bankruptcy or disqualification of the PRC brokers and/or the China custodian. In such event, the Target Fund may be adversely affected in the execution or settlement of any transaction or in the transfer of any funds or securities. In selection of PRC brokers, the QFI Holders will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. If the QFI Holders consider appropriate, it is possible that a single PRC Broker will be appointed and the Target Fund may not necessarily pay the lowest commission available in the market.

**China – Repatriation and Liquidity Risks**
There are currently no restrictions on repatriation of proceeds out of China for Target Fund invested in onshore securities. There is however no assurance that repatriation will not be subject to stricter rules and restrictions due to a change in the current regulations. This may impact the liquidity of the Target Fund and its ability to meet redemption requests upon demand.

**China Interbank Bond Market Risks**
The on-shore China bond market mainly consists of the interbank bond market and the exchange listed bond market. The CIBM is an OTC market established in 1997. Currently, more than 90% of CNY bond trading activity takes place in the CIBM, and the main products traded in this market include government bonds, enterprise bonds, policy bank bonds, and medium term notes.

The CIBM is in a stage of development and internationalisation. Market volatility and potential lack of liquidity due to low trading volume may result in prices of certain debt securities traded on such market fluctuating significantly. Funds investing in such market are therefore subject to liquidity and volatility risks and may suffer losses in trading on-shore China bonds. In particular, the bid and offer spreads of the prices of on-shore China bonds may be large, and the Target Fund may therefore incur significant trading and realisation costs when selling such investments.

To the extent that the Target Fund transacts in the CIBM in on-shore China, the Target Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Target Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

The CIBM is also subject to regulatory risks.

**China Bond Connect**
The Target Fund can, in accordance with their investment policy, invest in the CIBM via the Bond Connect (as described below).

The Bond Connect is an initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS"), China Central Depositary & Clearing Co., Ltd, Shanghai Clearing House, Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Under the prevailing regulations in Mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the CIBM through the northbound trading of the Bond Connect ("Northbound Trading Link"). There will be no investment quota for the Northbound Trading Link.

Pursuant to the prevailing regulations in mainland China an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the People's Bank of China (currently recognised onshore custody agents are the China Securities Depository & Clearing Co., Ltd and Interbank Clearing Company Limited). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

Because the Central Moneymarkets Unit is only a nominee holder and not the beneficial owner of the securities, in the unlikely event that the Central Moneymarkets Unit becomes subject to winding up proceedings in Hong Kong, investors should note that securities will not be regarded as part of the general assets of the Central Moneymarkets Unit available for distribution to creditors even under the PRC law. However, the Central Moneymarkets Unit will not be obliged to take any legal action or enter into court proceedings to enforce any rights on behalf of investors in securities in the PRC. A failure or delay by the Central Moneymarkets Unit in the performance of its obligations may result in a failure of settlement, or the loss, of securities and/or monies in connection with them and the relevant Funds and its Investors may suffer losses as a result. Neither the Target Fund nor the Investment Manager or any Sub-Investment Manager shall be responsible or liable for any such losses.

For investments via the Bond Connect, the relevant filings, registration with the People's Bank of China and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the Target Fund is subject to the risks of default or errors on the part of such third parties.

Trading in securities via Bond Connect may be subject to clearing and settlement risk. If the PRC clearing house defaults on its obligation to deliver securities / make payment, the Target Fund may suffer delays in recovering its losses or may not be able to fully recover its losses. Investing in the CIBM via the Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. If the relevant mainland

Chinese authorities suspend account opening or trading on the CIBM, the Target Funds' ability to invest in the CIBM will be adversely affected. In such event, the Target Funds' ability to achieve its investment objective will be negatively affected.

**Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect**
All funds which can invest in China may invest in China A-Shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect programmes (the "Stock Connect") subject to any applicable regulatory limits. The Stock Connect is a securities trading and clearing linked programme developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), the Hong Kong Securities Clearing Company Limited ("HKSCC"), Shanghai Stock Exchange or Shenzhen Stock Exchange, and China Securities Depository and Clearing Corporation Limited ("ChinaClear") with an aim to achieve mutual stock market access between mainland China and Hong Kong. The Stock Connect allows foreign investors to trade certain Shanghai Stock Exchange or Shenzhen Stock Exchanges listed China A-Shares through their Hong Kong based brokers.

The Target Fund seeking to invest in the domestic securities markets of the PRC may use the Stock Connect, in addition to the QFI scheme and, thus, are subject to the following additional risks:

General Risk: The relevant regulations are untested and subject to change. There is no certainty as to how they will be applied which could adversely affect the Target Fund. The Stock Connect requires use of new information technology systems which may be subject to operational risk due to its cross border nature. If the relevant systems fail to function properly, trading in Hong Kong and Shanghai/Shenzhen markets through Stock Connect could be disrupted.

Clearing and Settlement Risk: The HKSCC and ChinaClear have established the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary 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.

Legal/Beneficial Ownership: Where securities are held in custody on a cross-border basis, there are specific legal/beneficial ownership risks linked to compulsory requirements of the local Central Securities Depositaries, HKSCC and ChinaClear. As in other emerging and less developed markets, the legislative framework is only beginning to develop the concept of legal/formal ownership and of beneficial ownership or interest in securities. In addition, HKSCC, as nominee holder, does not guarantee the title to Stock Connect securities held through it and is under no obligation to enforce title or other rights associated with ownership on behalf of beneficial owners. Consequently, the courts may consider that any nominee or custodian as registered holder of Stock Connect securities would have full ownership thereof, and that those Stock Connect securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently the Target Fund and the Depositary cannot ensure that the Target Fund ownership of these securities or title thereto is assured. 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 Target Fund will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Target Fund suffer losses resulting from the performance or insolvency of HKSCC. In the event ChinaClear defaults, HKSCC's liabilities under its market contracts with clearing participants will be limited to assisting clearing participants with claims. HKSCC will act in good faith to seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or the liquidation of ChinaClear. In this event, the Target Fund may not fully recover its losses or its Stock Connect securities and the process of recovery could also be delayed.

Operational Risk: The HKSCC provides clearing, settlement, nominee functions and other related services of the trades executed by Hong Kong market participants. PRC regulations which include certain restrictions on selling and buying will apply to all market participants. In the case of sale, predelivery of shares are required to the broker, increasing counterparty risk. Because of such requirements, the Target Fund may not be able to purchase and/or dispose of holdings of China A-Shares in a timely manner.

Quota Limitations: The Stock Connect is subject to quota limitations which may restrict the Target Fund ability to invest in China A-Shares through the Stock Connect on a timely basis.

Investor Compensation: The Funds will not benefit from local investor compensation schemes. Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. There may be occasions when it is a normal trading day for the PRC market but the Target Fund cannot carry out any China A-Shares trading. The Target Fund may be subject to risks of price fluctuations in China A-Shares during the time when Stock Connect is not trading as a result.

Investment Risk: securities traded via Shenzhen-Hong Kong Stock Connect may be smaller companies which are subject to Smaller Companies Risk as detailed in the Appendix II of the Target Fund Prospectus.

The Target Fund may invest in the Science, Technology and Innovation board ("STAR Board") of the Shanghai Stock Exchange ("SSE") and/ or the ChiNext market of the Shenzhen Stock Exchange ("SZSE") via the Shenzhen Hong Kong Stock Connect. Investments in the STAR Board, and/or ChiNext market may result in significant losses for the Target Fund and its investors. The following additional risks apply:

Higher fluctuation on stock prices: Listed companies on the STAR Board and/or ChiNext market are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the main board of the SZSE or SSE as relevant.

Over-valuation risk: Stocks listed on the STAR Board and/or ChiNext market may be overvalued and such exceptionally high valuation may not be sustainable. Stock prices may be more susceptible to manipulation due to fewer circulating shares.

Differences in regulations: The rules and regulations regarding companies listed on ChiNext market and/or the STAR Board market are less stringent in terms of profitability and share capital than those in the main boards.

Delisting risk: It may be more common and faster for companies listed on the STAR Board and/or ChiNext to delist. This may have an adverse impact on a Fund if the companies that it invests in are delisted.

Concentration Risk (applicable to STAR Board): The STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments by the Target Fund in the STAR Board may be concentrated in a small number of stocks and subject a Fund to higher concentration risk.

**Taxes associated with investing in mainland China**

Income and gains derived from trading China A-Shares

The Ministry of Finance of the PRC, the State of Administration of Taxation of the PRC and the CSRC jointly issued circulars in relation to the taxation rules on the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect under Circular Caishui 2014 No.81 ("Circular 81") and Circular Caishui 2016 No. 127 ("Circular 127") on 14 November 2014 and 1 December 2016 respectively. Under Circular 81 and Circular 127, corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by overseas investors on the trading of China A-Shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect with effect from 17 November 2014 and 5 December 2016 respectively. However, overseas investors are required to pay withholding income tax (WIT) on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant in-charge PRC tax authorities by the listed companies. Dividends from China A-Shares are not within the charging scope of Value-Added Tax (VAT).

Interest income from bonds / debt securities issued in mainland China

On 22 November 2018, the Ministry of Finance ("MOF") and State Taxation Administration ("STA") of the PRC jointly issued circular Caishui 2018 No. 108 ("Circular 108") to address the tax issues in relation to bond interest income received by foreign institutional investors from investments in the PRC bond market. Under Circular 108, non-PRC tax residents without a permanent establishment (PE) in the PRC (or having a PE in the PRC but the income so derived in the PRC is not effectively connected with such PE), bond interest income received from 7 November 2018 to 6 November 2021 will be temporarily exempt from WIT and VAT. This is regardless of whether the non-PRC tax residents invest in the PRC bond market through QFI and/or Bond Connect. Circular 108 did not specify the WIT and VAT treatments on income received by non-PRC tax residents from investment in other fixed income securities (such as asset-backed securities, certificates of deposits, etc.).

Gains derived from trading bonds / debt securities issued in mainland China

The PRC tax authorities have verbally indicated, on numerous occasions, that capital gains realised by non-PRC tax residents from the disposal of PRC debt securities are considered non-PRC sourced income and hence not subject to PRC WIT. There is no specific written tax regulation to confirm this but, in practice, the PRC tax authorities have not actively enforced the collection of PRC WIT on gains realized by non-PRC tax residents from the disposal of PRC debt securities.

VAT treatment of gains derived from trading securities in China

Gains realised from the trading of marketable securities in the PRC are generally subject to VAT at 6%; however, various Circulars issued by the authorities provide for exemptions from VAT for non-PRC tax residents investing via QFI, the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and/or Bond Connect.

**The Benchmark Regulation**

The London Interbank Offered Rate and other indices which are deemed "benchmarks" have been the subject of international and other regulatory guidance as well as proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any investments linked to a benchmark.

A key element of the reform of benchmarks within the EU is Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the Benchmark Regulation).
The scope of the Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices such as the London Interbank Offered Rate, could also potentially apply to many other interest rate indices, as well as other indices (including "proprietary" indices or strategies) which are referenced in financial instruments (including Investments) and/or other financial contracts entered into by the Target Fund Company, the Target Fund Management Company or its delegates.

The Benchmark Regulation could have a material impact on any investment linked to a "benchmark" index, including in any of the following circumstances:

(A) an index which is a "benchmark" could not be used as such if its administrator does not obtain authorisation or is based in a non-EU jurisdiction which (subject to any applicable transitional provisions) does not have equivalent regulation (including potentially due to a 'nodeal' exit of the UK from the EU). In such event, depending on the particular "benchmark" and the applicable terms of the investments, the investment could be de-listed, adjusted, redeemed or otherwise impacted; and

(B) the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the benchmark regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the investments, including calculation agent determination of the rate or level in its discretion.

**IBOR Reform**

The term "IBOR" refers generally to any reference rate or benchmark rate that is an "interbank offered rate" intended to reflect, measure or estimate the average cost to certain banks of borrowing or obtaining unsecured short-term funds in the interbank market in the relevant currency and maturity. IBORs have been used extensively as reference rates across the financial markets for many years. The Target Fund may invest in securities or derivatives whose value or payments are derived from an IBOR. Bond funds and multi-asset funds that invest in floating rate debt securities, interest rate swaps, total return swaps and other derivatives are most likely to be adversely impacted by IBOR Reform. However, other funds such as those that invest in contracts for difference or real estate investment trusts may also be adversely impacted.

Pursuant to recommendations of the Financial Stability Board (FSB), financial institutions and other market participants have been working to promote the development of Alternative Reference Rates (ARRs). ARRs are in response to concerns over the reliability and robustness of IBORs. In July 2017, the UK Financial Conduct Authority (FCA) announced that the FCA would no longer use its influence or powers to persuade or compel contributing banks to make IBOR submissions after the end of 2021. Following this statement, other regulators across the globe have made announcements encouraging financial institutions and other market participants to transition from the use of IBORs to the use of new ARRs by the end of 2021. While there is currently no plan to discontinue EURIBOR, Schroders is in the process of assessing the potential alternatives and will notify investors of any decision in that respect in due course.

Regulatory and industry initiatives concerning IBORs may result in changes or modifications affecting investments referencing IBORs, including a need to determine or agree a substitute ARR, and/or a need to determine or agree a spread to be added to or subtracted from, or to make other adjustments to, such ARR to approximate an IBOR equivalent rate (as further described below), not all of which can be foreseen at the time the Target Fund enters into or acquires an IBOR referencing investment.

If the composition or characteristics of an ARR differ in any material respect from those of an IBOR it may be necessary to convert the ARR into another IBOR-equivalent ARR before it is considered a suitable substitute for the relevant IBOR. Converting an ARR into one or more IBOR-equivalent rates may be possible by adding, subtracting or otherwise incorporating one or more interest rate or credit spreads, or by making other appropriate adjustments. Whether such adjustments are accurate or appropriate may depend on a variety of factors, including the impact of market conditions, liquidity, transaction volumes, the number and financial condition of contributing or reference banks and other considerations at the time of and leading up to such conversion. Even with spreads or other adjustments, IBOR equivalent ARRs may be only an approximation of the relevant IBOR and may not result in a rate that is the economic equivalent of the specific IBORs used in the Target Fund's IBOR-referencing investments. This could have a material adverse effect on the Target Fund.

The conversion from an IBOR to an ARR may also require the parties to agree that a payment is made from one party to the other to account for the change in the characteristics of the underlying reference rate. This payment may be required to be made by the Target Fund.

Until the applicable industry working group and/or market participants have agreed a standard methodology for the conversion from an IBOR to an IBOR-equivalent ARR it is difficult to determine whether and how such conversions will be made. For example, conversions and adjustments could be made by developers of ARRs or by compiling bodies, sponsors or administrators of ARRs, or by a method established by them. Conversions may instead be agreed bilaterally between the Target Fund and its counterparty or by the applicable calculation agent under such investments. This could lead to different results for similar IBOR-referencing investments which could have a material adverse effect on the performance of the Target Fund.

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

# 2. TARGET FUND INFORMATION

## 2.1. ABOUT SCHRODER INTERNATIONAL SELECTION FUND DYNAMIC INCOME

Schroder International Selection Fund (the "Target Fund Company") is an umbrella structured open-ended investment company with limited liability in Luxembourg, organized as a “société anonyme” and qualifies as a Société d’Investissement à Capital Variable (“SICAV”) under Part I of the law on undertakings for collective investment dated 17 December 2010, as amended from time to time (“Law”). The Target Fund Company operates separate funds, each of which is represented by one or more share classes. The funds are distinguished by their specific investment policy or any other specific features. The Target Fund Company constitutes a single legal entity, but the assets of each fund shall be invested for the exclusive benefit of the shareholders of the corresponding fund and the assets of a specific fund are solely accountable for the liabilities, commitments and obligations of that fund.

The Schroder International Selection Fund Dynamic Income is a fund under the Target Fund Company which was launched on 15 January 2024. The legislation governing the establishment and operation of the Target Fund is Luxembourg legislation.

The directors of the Target Fund Company have appointed Schroder Investment Management (Europe) S.A. as its management company to perform investment management, administration and marketing functions. Schroder Investment Management (Europe) S.A. is regulated by the Commission de Surveillance du Secteur Financier (“CSSF”). Schroder Investment Management (Europe) S.A. was incorporated as a "Société Anonyme" in Luxembourg on 23 August 1991 and has an issued and fully paid up share capital of EUR 14,628,830.98. Schroder Investment Management (Europe) S.A. has been authorized as a management company under Chapter 15 of the law of undertakings for collective investment dated 17 December 2010, as amended from time to time and, as such, provides collective portfolio management services to undertakings for collective investment.

Schroder Investment Management (Europe) S.A. has delegated its investment management functions to Schroder Investment Management Limited (“Target Fund Investment Manager”) as the investment manager of the Target Fund. The Target Fund Investment Manager is regulated by the Financial Conduct Authority (FCA) of United Kingdom. The Target Fund Investment Manager has been managing CIS and discretionary funds in the United Kingdom for more than 30 years. J.P. Morgan SE, Luxembourg Branch has been appointed as depositary by the Target Fund Company.

| | | |
|---|---|---|
| Jurisdiction | : | Grand Duchy of Luxembourg |
| Name of Regulator | : | Commission de Surveillance du Secteur Financier |
| Management Company | : | Schroder Investment Management (Europe) S.A. |
| Depositary | : | J.P. Morgan SE, Luxembourg Branch |

**Share Class**
The Target Fund offers different types of share classes. The Fund will be investing in A shares of the Target Fund.

| | |
|---|---|
| Inception Date: | 15 January 2024 |
| Base Currency: | USD |

For this entire section, the following definitions apply:

| | | |
|---|---|---|
| Alternative Asset Classes | - | asset classes including real estate, infrastructure, private equity, commodities, precious metals and Alternative Investment Funds as described in Appendix III, section "Fund Details", paragraph (I) of the Target Fund Prospectus |
| Bond Connect | - | a bond trading link between China and Hong Kong which allows foreign institutional investors to invest in onshore Chinese bonds and other debt instruments traded on the China Interbank Bond Market, Bond Connect provides foreign institutional investors a more streamlined access to the CIBM |
| China B-Shares | - | equity securities of Chinese companies listed and traded in HKD or USD on Chinese stock exchanges such as Shenzhen or Shanghai Stock Exchanges |
| China H-Shares | - | equity securities of Chinese companies listed and traded in Hong Kong Stock Exchange or other foreign exchanges |
| Regulated Market | - | a market within the meaning of Article 4 (1) (21) of the Directive 2014/65/EC of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments or another regulated market, which operates regularly and is recognised and open to the public in an Eligible State |
| MMFR | - | the regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds, as it may be amended or supplemented from time to time |

**Investment objective and policy of the Target Fund**

The Target Fund aims to provide income and capital growth after fees have been deducted by investing in a diversified range of assets and markets worldwide including emerging markets.

The Target Fund is actively managed and invests directly or indirectly through derivatives in equity and equity-related securities, fixed and floating rate securities issued by governments, government agencies, supra-nationals and companies worldwide, including emerging markets, in various currencies and Alternative Asset Classes.

The Target Fund may invest:
– up to 40% of its assets in sub-investment grade securities (being securities with a credit rating below investment grade as measured by Standard & Poor's or any equivalent grade of other credit rating agencies) and unrated securities.
– up to 30% of its assets in emerging markets.
– up to 20% of its assets in asset-backed securities, commercial mortgage-backed securities, and/or residential mortgage-backed securities issued worldwide with an investment grade or sub-investment grade credit rating (as measured by Standard & Poor's or any equivalent grade of other credit rating agencies). Underlying assets may include credit card receivables, personal loans, auto loans, small business loans, leases, commercial mortgages and residential mortgages.
– up to 15% of its assets in Alternative Asset Classes.

The Target Fund may invest directly in China B-Shares and China H-Shares and may invest less than 15% of its assets (on a net basis) directly or indirectly (for example via participatory notes) in China A-Shares through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and shares listed on the STAR Board and the ChiNext. The Target Fund may also invest up to 10% of its assets in mainland China through Regulated Markets (including the China Interbank Bond Market ("CIBM") via Bond Connect or CIBM Direct).

The exposure to Alternative Asset Classes is taken through eligible assets as described in Appendix III of the Target Fund Prospectus.

The Target Fund intends to use derivatives (including total return swaps), long and short, with the aim of achieving investment gains, reducing risk or managing the Target Fund more efficiently. Where the Target Fund uses total return swaps and contracts for difference, the underlying consists of instruments in which the Target Fund may invest according to its Investment Objective and Investment Policy. In particular, the aim is to use total return swaps and contracts for difference on a temporary basis in market conditions including but not limited to during periods of expanding global economic growth and rising inflation or elevated geopolitical risk, or when credit spreads are expected to widen such during periods of falling economic growth, rising interest rates or elevated geopolitical risk. Contracts for difference and total return swaps are intended to be used to gain long and short exposure on equity and equity related securities, fixed and floating rate securities and commodity indices. The gross exposure of total return swaps and contracts for difference will not exceed 30% and is expected to remain within the range of 0% to 20% of the net asset value. In certain circumstances this proportion may be higher.

The Target Fund may invest in money market investments and hold cash. The Target Fund may invest up to 10% of its assets in open ended investment funds.

The Target Fund maintains a higher overall sustainability score than a bespoke asset-weighted blend* of MSCI World Index (USD), MSCI Emerging Market Index (USD), Bloomberg Global Aggregate Corporate Bond Index (USD), Bloomberg Global High Yield excl CMBS & EMD 2% Index (USD), ICE BofA US Treasury Index (USD), JPM GBI Emerging Market Index - EM Local (USD), JPM EMBI Index EM Hard Currency (USD), Thomson Reuters Global Convertible Bonds Index (USD), based on the Target Fund Investment Manager's rating criteria. More details on the investment process used to achieve this can be found in the Fund Characteristics section of the Target Fund Prospectus.

*The blend will evolve over time in line with the actual asset allocation of the Target Fund.

The Target Fund does not directly invest in certain activities, industries or groups of issuers above the limits listed under "Sustainability-Related Disclosure" on the Target Fund's webpage https://www.schroders.com/en-lu/lu/individual/fund-centre

**Benchmark**
The Target Fund does not have a target benchmark. The Target Fund's income and volatility should be compared against 60% MSCI AC World Index (USD), 40% Bloomberg Global Aggregate USD. The comparator benchmark is only included for income and volatility comparison purposes and does not determine how the Target Fund Investment Manager invests the Target Fund's assets.

**Base Currency**
USD

**Distribution Policy**
The Target Fund invests in A Accumulation share Class, this share class does not distribute dividends

## 2.2. INVESTMENT RESTRICTIONS AND GUIDELINES

The investment restrictions below are applicable to the Target Fund Company as a whole and must be complied with by the Target Fund.

### 2.2.1. INVESTMENT RESTRICTIONS

The investment restrictions imposed by Luxembourg law must be complied with by the Target Fund. Those restrictions in paragraph 1(D) below are applicable to the Target Fund Company as a whole. If you need more information, kindly visit their website at **www.schroders.lu.**

**1. Investment in transferable securities and liquid assets**

(A) The Target Fund Company will invest in:

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

(2) recently issued transferable securities and money market instruments, provided that
   (I) 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, is recognized and open to the public and,
   (II) such admission is secured within one year of the issue; and/or

(3) units of UCITS and/or of other UCI, whether situated in an European Union member state or not, provided that:
   (I) such other UCIs have been authorized under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in European Union UCI Law, and that cooperation between authorities is sufficiently ensured,
   (II) the level of protection for shareholders in such other UCIs is equivalent to that provided for shareholders in a UCITS, 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 UCITS Directive,
   (III) the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
   (IV) no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs; and/or

(4) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is an European Union member state or, if the registered office of the credit institution is situated in a non-European Union member state, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in European Union UCI Law; and/or

(5) derivatives, including equivalent cash-settled instruments, dealt on a regulated market, and/or derivatives dealt OTC, provided that:
   (I) the underlying consists of securities covered by this section 1(A), financial indices, interest rates, foreign exchange rates or currencies, in which the Target Fund may invest according to their investment objective;
   (II) the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
   (III) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Target Fund Company's initiative,

   and/or

(6) money market instruments other than those dealt in on a regulated market, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such investments are:
   (I) issued or guaranteed by a central, regional or local authority or by a central bank or an European Union member state, the European central bank, the European Union or the European investment bank, a non-European Union 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 European Union member states belong, or
   (II) issued by an undertaking any securities of which are dealt in on regulated markets, or
   (III) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined in European Union UCI Law, or
   (IV) issued by other bodies belonging to 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 EUR10,000,000 and which presents and publishes its annual accounts in accordance with the directive 2013/34/European Union, 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 securitisation vehicles which benefit from a banking liquidity line.

   In addition, the Target Fund Company may invest a maximum of 10% of the NAV of the Target Fund in transferable securities or money market instruments other than those referred to under A(1), A(2) and A(6) above.

(7) Under the conditions and within the limits laid down by the Law, the Target Fund Company may, to the widest extent permitted by the Luxembourg laws and regulations (i) create the Target Fund qualifying either as a feeder UCITS or as a master UCITS, (ii) convert the Target Fund into a feeder UCITS, or (iii) change the master UCITS of any of its feeder UCITS.

   A feeder UCITS shall invest at least 85% of its assets in the units of another master UCITS. A feeder UCITS may hold up to 15% of its assets in one or more of the following:
   - ancillary liquid assets in accordance to paragraph B below;
   - derivatives, which may be used only for hedging purposes.

   For the purposes of compliance with section 3 below, the feeder UCITS shall calculate its global exposure related to derivatives by combining its own direct exposure under the above paragraph, (b) with either:
   - the master UCITS actual exposure to derivatives in proportion to the feeder UCITS investment into the master UCITS; or

- the master UCITS potential maximum global exposure to derivatives provided for in the master UCITS management regulations or instruments of incorporation in proportion to the feeder UCITS investment into the master UCITS.

(B) The Target Fund may hold ancillary liquid assets. Liquid assets used to back-up derivatives exposure are not considered as ancillary liquid assets. The Target Fund will not invest more than 20% of its net assets in cash and deposits at sight (such as cash held in current accounts) for ancillary liquidity purposes in normal market conditions. Under exceptional unfavourable market conditions (such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008) and on a temporary basis, this limit may be breached, if justified in the interest of the Investors.

(C)

(1) The Target Fund may invest no more than 10% of its NAV in transferable securities or money market instruments issued by the same issuing body (and in the case of structured financial instruments embedding derivatives instruments, both the issuer of the structured financial instruments and the issuer of the underlying securities). The Target Fund may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure to a counterparty of the Target Fund in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in paragraph 1(A)(4) above or 5% of its net assets in other cases.

(2) Furthermore, where the Target Fund holds investments in transferable securities and money market instruments of any issuing body which individually exceed 5% of the NAV of the Target Fund, the total value of such investments must not account for more than 40% of the NAV of the Target Fund.

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 (C) (1), the Target Fund may not combine:

- investments in transferable securities or money market instruments issued by,
- deposits made with, and/or
- exposures arising from OTC derivative transactions undertaken with a single body in excess of 20% of its net assets.

(3) The limit of 10% laid down in paragraph (C)(1) above shall be 35% in respect of transferable securities or money market instruments which are issued or guaranteed by an European Union member state, its local authorities or by an eligible state or by public international bodies of which one or more European Union member states are members.

(4) The limit of 10% laid down in paragraph (C)(1) above shall be 25% in respect of covered bonds as defined under article 3, point 1 of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU, and debt securities which are issued before 8 July 2022 by highly rated credit institutions having their registered office in an European Union member state and which are subject to law to a special public supervision for the purpose of protecting the holders of such debt securities, provided that the amount resulting from the issue of such debt securities issued before 8 July 2022 are invested, pursuant to applicable provisions of the law, in assets which are sufficient to cover the liabilities arising from such debt securities during the whole period of validity thereof and which are assigned to the preferential repayment of capital and accrued interest in the case of a default by such issuer.

(5) If the Target Fund invests more than 5% of its assets in the debt securities referred to in the sub-paragraph above and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of the Target Fund.

(6) The transferable securities and money market instruments referred to in paragraphs (C)(3) and (C)(4) are not included in the calculation of the limit of 40% referred to in paragraph (C)(2).

The limits set out in paragraphs (C)(1), (C)(2), (C)(3) and (C)(4) above may not be aggregated and, accordingly, the value of investments in transferable securities and money market instruments issued by the same body, in deposits or derivatives made with this body, effected in accordance with paragraphs (C)(1), (C)(2), (C)(3) and (C)(4) may not, in any event, exceed a total of 35% of the Target Fund's NAV.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with directive 2013/34/European Union or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph (C).

The Target Fund may cumulatively invest up to 20% of its net assets in transferable securities and money market instruments within the same group.

(7) Without prejudice to the limits laid down in paragraph (D), the limits laid down in this paragraph (C) shall be 20% for investments in shares and/or bonds issued by the same body when the aim of the Target Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the CSSF, provided

- 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.

The limit laid down in the sub-paragraph above is raised to 35% where it proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant or in the case of one commodity where the commodity is a dominant component of a diversified commodity index, provided that in each case that investment up to 35% is only permitted for a single issuer.

(8) Where the Target Fund has invested in accordance with the principle of risk spreading in transferable securities or money market instruments issued or guaranteed by an European Union member state, by its local authorities or by an eligible state or by public international bodies of which one or more European Union member states are members, the Target Fund Company may invest 100% of the NAV of the Target Fund in such securities provided that the Target Fund must hold securities from at least six different issues and the value of securities from any one issue must not account for more than 30% of the NAV of the Target Fund.

Subject to having due regard to the principle of risk spreading, the Target Fund need not comply with the limits set out in this paragraph (C) for a period of 6 months following the date of its launch.

(D)

(1) The Target Fund Company may not normally acquire shares carrying voting rights which would enable the Target Fund Company to exercise significant influence over the management of the issuing body.

(2) The Target Fund may acquire no more than (a) 10% of the non-voting shares of any single issuing body, (b) 10% of the value of debt securities of any single issuing body, (c) 10% of the money market instruments of the same issuing body. However, the limits laid down in (b) and (c) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments or the net amount of securities in issue cannot be calculated.

The limits set out in paragraph (D)(1) and (2) above shall not apply to:

(1) transferable securities and money market instruments issued or guaranteed by an European Union member state or its local authorities;

(2) transferable securities and money market instruments issued or guaranteed by any other eligible state;

(3) transferable securities and money market instruments issued by public international bodies of which one or more European Union member states are members; or

(4) shares held in the capital of a company incorporated in a non-European Union member state which invests its assets mainly in the securities of issuing bodies having their registered office in that state where, under the legislation of that state, such holding represents the only way in which the Target Fund's assets may invest in the securities of the issuing bodies of that state, provided, however, that such company in its investment policy complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the Law.

(E) The Target Fund may not invest more than 10% of its net assets in units of UCITS or UCIs unless otherwise specified in Appendix III of the Target Fund Prospectus, and funds identified as feeder UCITS as provided for in the investment objective and policy in Appendix III of the Target Fund Prospectus. In addition, the following limits shall apply:

(1) If the Target Fund is allowed to invest more than 10% of its net assets in units of UCITS and/or UCIs, the Target Fund may not invest more than 20% of its net assets in units of a single UCITS or other UCI. Investments made in units of UCIs other than UCITS may not, in aggregate, exceed 30% of the net assets of the Target Fund.

(2) When the Target Fund invests in the units of other UCITS and/or other UCIs linked to the Target Fund Company by common management or control, or by a direct or indirect holding of more than 10% of the capital or the voting rights, or managed by a management company linked to the investment manager, no subscription or redemption fees may be charged to the Target Fund Company on account of its investment in the units of such other UCITS and/or UCIs. In respect of the Target Fund's investments in UCITS and other UCIs linked to the Target Fund Company as described in the preceding paragraph, there shall be no annual management charge charged to that portion of the assets of the relevant fund. The Target Fund Company will indicate in its annual report the total annual management charges charged both to the relevant fund and to the UCITS and other UCIs in which the Target Fund has invested during the relevant period.

(3) The Target Fund may acquire no more than 25% of the units or shares of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units or shares in issue cannot be calculated. In case of a UCITS or other UCI with multiple sub-funds, this restriction is applicable by reference to all units or shares issued by the UCITS/UCI concerned, all sub-funds combined.

(4) The underlying investments held by the UCITS or other UCIs in which the Target Fund invests do not have to be considered for the purpose of the investment restrictions set forth under section 1(C) above.

(F) The Target Fund (the investing fund) may subscribe, acquire and/or hold securities to be issued or issued by one or more funds (each a target fund) without the Target Fund Company being subject to the requirements of the Law of 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding company by a company of its own shares, under the condition however that:

(1) the target fund(s) do(es) not, in turn, invest in the investing fund invested in this(these) target fund(s); and

(2) no more than 10% of the assets that the target fund(s) whose acquisition is contemplated may be invested in units of other target funds; and

(3) voting rights, if any, attaching to the shares of the target fund(s) are suspended for as long they are held by the investing fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and

(4) in any event, for as long as these securities are held by the investing fund, their value will not be taken into consideration for the calculation of the net assets of the Target Fund Company for the purposes of verifying the minimum threshold of the net assets imposed by the Law; and

### 2.2.2. Investment in other assets

(A) The Target Fund Company will neither make investments in precious metals, commodities or certificates representing these. In addition, the Target Fund Company will not enter into derivatives on precious metals or commodities. This does not prevent the Target Fund Company from gaining exposure to precious metals or commodities by investing into financial instruments backed by precious metals or commodities or financial instruments whose performance is linked to precious metals or commodities.

(B) The Target Fund Company will not purchase or sell real estate or any option, right or interest therein, provided the Target Fund Company may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

(C) The Target Fund Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in sections 1(A)(3), (5) and (6).

(D) The Target Fund Company may not borrow for the account of the Target Fund, other than amounts which do not in aggregate exceed 10% of the NAV of the Target Fund, and then only as a temporary measure. For the purpose of this restriction back to back loans are not considered to be borrowings.

(E) The Target Fund Company will not mortgage, pledge, hypothecate or otherwise encumber as security for indebtedness any securities held for the account of the Target Fund, except as may be necessary in connection with the borrowings mentioned in paragraph (D) above, and then such mortgaging, pledging, or hypothecating may not exceed 10% of the NAV of the Target Fund. In connection with swap transactions, option and forward exchange or futures transactions the deposit of securities or other assets in a separate account shall not be considered a mortgage, pledge or hypothecation for this purpose.

(F) The Target Fund Company may acquire securities in which it is permitted to invest in pursuit of its investment objective and policy through underwriting or sub-underwriting.

(G) The Target Fund Company will on a fund by fund basis comply with such further restrictions as may be required by the regulatory authorities in any country in which the shares are marketed.

### 2.2.3. Derivatives

As specified in section 1(A)(5) above, the Target Fund Company may in respect of the Target Fund invest in derivatives.

The Target Fund Company shall ensure that the global exposure of the Target Fund relating to derivatives does not exceed the total net assets of the Target Fund. The Target Fund's overall risk exposure shall consequently not exceed 200% of its total net assets. In addition, this overall risk exposure may not be increased by more than 10% by means of temporary borrowings (as referred to in section 2(D) above) so that it may not exceed 210% of the Target Fund's total net assets under any circumstances.

The global exposure relating to derivatives is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following sub-paragraphs.

The Target Fund may invest, as a part of its investment policy and within the limits laid down in section 1(A)(7) and section 1(C)(5), in derivatives provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in sections 1(C)(1) to (7).

When the Target Fund invests in index-based derivatives compliant with the provisions of sections 1(C)(1) to (7), these investments do not have to be combined with the limits laid down in section 1(C). The frequency of the review and rebalancing of the composition of the underlying index of such derivatives varies per index and could be daily, weekly, monthly, quarterly or annually. The rebalancing frequency will have no impact in terms of costs in the context of the performance of the investment objective of the Target Fund.

When a transferable security or money market instrument embeds a derivatives, the latter must be taken into account when complying with the requirements of these restrictions. Transferable securities or money market instruments backed by other assets are not deemed to embed a derivative.

The Target Fund may use derivatives for investment purposes and for hedging purposes, within the limits of the regulations. Under no circumstances shall the use of these instruments and techniques cause the Target Fund to diverge from its investment policy or objective. The risks against which the Target Fund could be hedged may be, for instance, market risk, foreign exchange risk, interest rates risk, credit risk, volatility or inflation risks.

The Target Fund may invest in financial derivative instruments that are traded OTC including, without limitation, total return swaps, contracts for difference or other financial derivative instruments with similar characteristics, in accordance with the conditions set out in Appendix I and the investment objective and policy of the Target Fund in the Target Fund Prospectus. Such OTC derivatives shall, to the extent capable of being held in custody, be safekept by the Target Fund Depositary. Further information on the safekeeping of the collateral received is included in section "Depositary" above. A total return swap is an agreement in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses.

Total return swaps entered into by the Target Fund may be in the form of funded and/or unfunded swaps. An unfunded swap means a swap where no upfront payment is made by the total return receiver at inception. A funded swap means a swap where the total return receiver pays an upfront amount in return for the total return of the reference asset and can therefore be costlier due to the upfront payment requirement.

All revenue arising from total return swaps, net of direct and indirect operational costs and fees, will be returned to the Target Fund and are not subject to return sharing agreements. The costs attributed to total return swaps held are included in the spread.

**Agreements on OTC derivatives**
The Target Fund may enter into agreements on OTC derivatives. The counterparties to any OTC derivative transactions, such as total return swaps, contracts for difference, repurchase and reverse repurchase transactions or other derivatives, entered into by the Target Fund, are selected from a list of counterparties approved by the Target Fund Management Company. The Target Fund Management Company will aim to select the best available counterparties for any given markets in accordance with its group internal policy. The counterparties will be institutions which are either credit institutions or investment firms in each case with a registered office in an EU Member State, a G10 country or another country whose prudential rules are considered equivalent by the CSSF for this purpose, which are authorized under the MiFID directive or a similar set of rules and which are subject to prudential supervision. Such firms will, at trade inception either be rated BBB/Baa2 or above or have been approved by Schroders' Group Agency Credit Risk Committee. The Target Fund Management Company monitors the ongoing creditworthiness of all counterparties and the list may be amended. The counterparties will have no discretion over the composition or management of the Target Fund's portfolio or over the underlying of the financial derivative instruments. The identity of the counterparties will be disclosed in the annual report of the Target Fund Company.

Since the counterparties with which the Target Fund enter into total return swaps do not assume any discretion over the Target Fund's investments (including the reference assets, if any), no approval of the counterparties is required for any transactions relating to the investments of the Target Fund.

The global exposure relating to derivatives will be calculated using a commitment approach.

**Commitment Approach**
Under the commitment approach, derivatives positions of the Target Fund are converted into equivalent positions in the underlying asset, using market price or future price or notional value when more conservative.

### 2.2.4. Use of techniques and instruments relating to transferable securities and money market instruments

Techniques and instruments (including, but not limited to, securities lending or repurchase or reverse repurchase agreements) relating to transferable securities and money market instruments may be used by the Target Fund for the purpose of efficient portfolio management and where this is in the best interest of the Target Fund and in line with its investment objective and investor profile.

To the extent permitted by and within the limits prescribed by the regulations and in particular (i) the CSSF Circular 08/356 relating to the use of financial techniques and instruments (as may be amended, supplemented or replaced from time to time) and (ii) the CSSF circular 14/592 relating to European Securities and Markets Authority ("ESMA") Guidelines on ETFs and other UCITS issues, the Target Fund may for the purpose of generating additional capital or income or for reducing its costs or risks, enter as purchaser or seller into optional or non-optional repurchase or reverse repurchase transactions and engage in securities lending transactions.

The Target Fund Company will, for the time being, not engage in securities lending transactions, repurchase or reverse repurchase transactions. Should the Target Fund Company decide to use such techniques in the future, the Target Fund Company will update the Target Fund's Prospectus accordingly and will comply with the regulations and in particular CSSF Circular 14/592 relating to ESMA guidelines on ETFs and other UCITS issues and Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse.

**Securities lending**

Should the Target Fund Company engage in securities lending, the Target Fund will only engage in securities lending transactions with first class institutions specialising in these types of transactions and which are subject to prudential supervision considered by the CSSF to be equivalent to that laid down in European Union law.

The Target Fund must ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.

In respect of securities loans, the Target Fund will ensure that its counterparty delivers and each day maintains collateral of at least the market value of the securities lent. Such collateral must be in the form of cash or securities that satisfy the requirements of the regulations. Such collateral shall comply with the requirements set out in section 2.2.5. "Management of Collateral" below.

**Reverse repurchase and repurchase agreements**

Repurchase agreements consist of transactions governed by an agreement whereby a party sells securities or instruments to a counterparty, subject to a commitment to repurchase them, or substituted securities or instruments of the same description, from the counterparty at a specified price on a future date specified, or to be specified, by the transferor. Such transactions are commonly referred to as repurchase agreements for the party selling the securities or instruments, and reverse repurchase agreements for the counterparty buying them.

Should the Target Fund engage in reverse repurchase and repurchase agreements, the Target Fund will only enter into reverse repurchase and repurchase agreements with counterparties which are subject to prudential supervision rules considered by the CSSF as equivalent to that laid down in European Union law.

If the Target Fund enters into a reverse repurchase agreement, the Target Fund shall ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement.

If the Target Fund enters into a repurchase agreement, the Target Fund shall ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.

Fixed-term repurchase and reverse repurchase agreement that do not exceed seven days shall be considered as arrangements on terms that allow the assets to be recalled at any time by the Target Fund.

The Target Fund shall ensure that the level of its exposure to repurchase and reverse repurchase agreements is such that it is able to comply at all times with its redemption obligations.

The collateral received shall comply with the requirements set out in section 2.2.5. "Management of Collateral" below.

**2.2.5. Management of collateral**

The risk exposures to a counterparty arising from OTC derivatives transactions and efficient portfolio management techniques shall be combined when calculating the counterparty risk limits provided for in section 1(C) above.

Collateral received for the benefit of the Target Fund may be used to reduce its counterparty risk exposure if it complies with the conditions set out in applicable laws and regulations. Where the Target Fund enters into OTC derivatives transactions and efficient portfolio management techniques, all collateral used to reduce counterparty risk exposure shall comply with the following criteria at all times:

(A) Any collateral received other than cash shall be high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received shall also comply with the provisions in section 1(D) above.

(B) Collateral received shall be valued on at least a daily basis. Assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place.

(C) Collateral received shall be of high quality.

(D) The collateral received shall be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.

(E) Collateral shall be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Target Fund receives from a counterparty of efficient portfolio management and over-the-counter derivatives transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its Net Asset Value. When the Target Fund is exposed to different counterparties, the different baskets of collateral shall be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation, the Target Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State of the European Union, one or more of its local authorities, Eligible State or a public international body to which one or more of its local Member States belong. In that case the Target Fund must receive securities from at least six different issues, but securities from any single issue shall not account for more than 30% of the Net Asset Value of the Target Fund.

(F) Where there is a title transfer, the collateral received shall be held by the depository or one of its correspondents to which the Target Fund Depositary has delegated the custody of such collateral. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

(G) Collateral received shall be capable of being fully enforced by the Target Fund at any time without reference to or approval from the counterparty, and where applicable, collateral received should also comply with the control limits set out in this section.

(H) Subject to the above conditions, permitted forms of collateral include:
(1) cash and cash equivalents, including short-term bank certificates and money market investments;
(2) government bonds with any maturity issued by countries including but not limited to the UK, the USA, France and Germany with no minimum rating. Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate haircuts which will be determined for each asset class based on the haircut policy adopted by the Target Fund Management Company.

Non-cash collateral received shall not be sold, re-invested or pledged.

(I) Cash collateral that isn't received on behalf of currency hedged share classes shall only be:
(1) placed on deposit with entities as prescribed in section 1(A)(6) above;
(2) invested in high-quality government bonds;
(3) used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Target Fund is able to recall at any time the full amount of cash on accrued basis;
(4) invested in short-term money market funds as defined in the "ESMA Guidelines on a Common Definition of European Money Market Funds" issued by ESMA (CESR/10-049) as amended from time to time or in money market funds as defined in MMFR, once applicable.

Re-invested cash collateral shall be diversified in accordance with the diversification requirements applicable to non-cash collateral as set out above. Re-investment of cash collateral involves certain risks for the Target Fund, as described in AppendixII.20. in the Target Fund Prospectus.

**Collateral policy**

Collateral received by the Target Fund shall predominantly be limited to cash and government bonds.

**Haircut policy**

The following haircuts for collateral in OTC transactions are applied by the Target Fund Management Company (the Target Fund Management Company reserves the right to vary this policy at any time in which case the prospectus of Target Fund will be updated accordingly):

| Eligible collateral | Remaining maturity | Valuation percentage |
|---|---|---|
| Cash | N/A | 100% |
| Government bonds | One year or under | 98% |
| | More than one year up to and including five years | 96% - 97% |
| | More than five years up to and including ten years | 93% - 95% |
| | More than ten years up to and including thirty years | 93% |
| | More than thirty years up to and including forty years | 90% |
| | More than forty years up to and including fifty years | 87% |

### 2.2.6. Risk management process

The Target Fund Company will employ a risk management process which enables it with the Target Fund Investment Manager to monitor and measure at any time the risk of the positions, the use of efficient portfolio management techniques, the management of collateral and their contribution to the overall risk profile of the Target Fund. The Target Fund Company or the Target Fund Investment Manager will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivatives.

Upon request of an investor, the Target Fund Management Company will provide supplementary information relating to the quantitative limits that apply in the risk management of the Target Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments.

The risk management framework is available upon request from the Target Fund Company's registered office.

### 2.2.7. Sustainability risk management

The investment decision making process for the Target Fund includes the consideration of sustainability risks alongside other factors. A sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment and the returns of the Target Fund. Sustainability risks could arise within a particular business or externally, impacting multiple business. Sustainability risks that could negatively affect the value of a particular investment might include the following:

- Environmental: extreme weather events such as flooding and high winds; pollution incidents; damage to biodiversity or marine habitats.
- Social: labour strikes; health and safety incidents such as injuries or fatalities; product safety issues.
- Governance: tax fraud; discrimination within a workforce; inappropriate remuneration practices; failure to protect
- personal data.
- Regulatory: new regulations, taxes or industry standards to protect or encourage sustainable businesses and practices may be introduced.

Different asset classes, investment strategies and investment universes may require different approaches to the integration of such risks in investment decision-making. The Target Fund Investment Manager will typically analyse potential investments by assessing (alongside other relevant considerations), for example, the overall costs and benefits to society and the environment that an issuer may generate or how the market value of an issuer may be influenced by individual sustainability risks such as a rise in carbon tax. The Target Fund Investment Manager will also typically consider the relevant issuer's relationships with its key stakeholders – customers, employees, suppliers and regulators - including an assessment of whether those relationships are managed in a sustainable manner and, therefore, whether there are any material risks to the market value of the issuer.

The impact of some sustainability risks may have a value or cost that can be estimated through research or the use of proprietary or external tools. In such cases, it will be possible to incorporate this into more traditional financial analysis. An example of this might be the direct implications of an increase in carbon taxes that are applicable to an issuer, which can be incorporated into a financial model as an increased cost and/or as reduced sales. In other cases, such risks may be more difficult to quantify, and so the Target Fund Investment Manager may seek to incorporate their potential impact in other ways whether explicitly, for example by reducing the expected future value of an issuer or implicitly, for example by adjusting the weighting of an issuer's securities in the Target Fund's portfolio depending on how strongly it believes a sustainability risk may affect that issuer.

A range of proprietary tools may be used to perform these assessments, along with supplementary metrics from external data providers and the Target Fund Investment Manager's own due diligence, as appropriate. This analysis informs the Target Fund Investment Manager's view of the potential impact of sustainability risks on the Target Fund's overall investment portfolio and, alongside other risk considerations, the likely financial returns of the Target Fund.

The Target Fund Management Company's Risk function provides independent oversight of portfolio exposures from sustainability perspective. The oversight includes ensuring there is an independent assessment of sustainability risks within investment portfolios and adequate transparency and reporting on sustainability risk exposures.

More details on the management of sustainability risks and the Target Fund Investment Manager's approach to sustainability are available on the webpage https://www.schroders.com/en-lu/lu/individual/what-we-do/sustainable-nvesting/oursustainable-investment-policies-disclosures-voting-reports/disclosures-and-statements/. Please also refer to the risk factor entitled "Sustainability Risks" in Appendix II of the Target Fund Prospectus.

**2.2.8. Liquidity risk management framework**

The Target Fund Management Company has established, implemented and consistently applies a liquidity risk management framework which sets out the governance standards and requirements for the oversight of liquidity risk in relation to investment funds. The framework outlines the responsibilities for assessing, monitoring, and providing independent oversight of liquidity risks of the Target Fund. It also enables the Target Fund Management Company to monitor the liquidity risks of the Target Fund and to ensure compliance with the internal liquidity parameters so that the Target Fund can normally meet their obligation from share redemptions at the request of shareholders.

Qualitative and quantitative assessments of liquidity risks at a portfolio and security level are performed to ensure that investment portfolios are appropriately liquid and that the portfolios of the Target Fund are sufficiently liquid to honour shareholders' of the Target Fund redemption requests. In addition, shareholder concentrations are regularly reviewed to assess their potential impact on anticipated financial obligations of the Target Fund.

The Target Fund are reviewed individually with respect to liquidity risks.

The Target Fund Management Company's assessment of liquidity risks within the Target Fund includes (but is not limited to) consideration of the investment strategy, the dealing frequency, the underlying assets' liquidity (and their valuation) and shareholder base.

A detailed description of the liquidity risks are further described in Appendix II of the Target Fund Prospectus.

The Target Fund Board of Directors, or the Target Fund Management Company, as appropriate, may also make use, among others, of the following to manage liquidity risk:

(A) As further described in section "Suspensions or Deferrals" of the Target Fund Prospectus, the directors may declare that the redemption of part or all shares in excess of 10% for which a redemption or switch has been requested will be deferred until the next dealing day and will be valued at the net asset value per share prevailing on that dealing day.

(B) The Target Fund Company may suspend the calculation of the net asset value per share of any share class in any fund and the issue and redemption of any shares in such fund, as well as the right to switch shares in any fund into Shares of a different share class of the same fund or into any share class of any other fund as further described in section "Suspensions or Deferrals" of the Target Fund Prospectus.

#### 2.2.9. Miscellaneous

(A) The Target Fund Company may not make loans to other persons or act as a guarantor on behalf of third parties provided that for the purpose of this restriction the making of bank deposits and the acquisition of such securities referred to in paragraphs 1(A)(1), (2), (3) and (4) or of ancillary liquid assets shall not be deemed to be the making of a loan and that the Target Fund Company shall not be prevented from acquiring such securities above which are not fully paid. The Target Fund Company need not comply with the investment limit percentages when exercising subscription rights attached to securities which form part of its assets. The management company, the investment managers, the distributors, depository and any authorised agents or their associates may have dealings in the assets of the Target Fund Company provided that any such transactions are effected on normal commercial terms negotiated at arm's length and provided that each such transaction complies with any of the following:

- (1) a certified valuation of such transaction is provided by a person approved by the directors as independent and competent;
- (2) the transaction has been executed on best terms, on and under the rules of an organised investment exchange; or
- (3) where neither (1) or (2) is practical;
- (4) where the directors are satisfied that the transaction has been executed on normal commercial terms negotiated at arm's length.

## 2.3. REDEMPTION PROCEEDS

Redemption proceeds are normally paid by bank transfer or electronic transfer, within three business days from the relevant dealing day unless otherwise specified in Appendix III of the Target Fund Prospectus and will be instructed to be made at no cost to the shareholder of the Target Fund, provided the Target Fund Company is in receipt of all documents required. Any non-dealing days for the Target Fund falling within the settlement period are excluded from the calculation of the settlement date. If, on the settlement date, banks are not open for business in the country of the currency of settlement, then settlement will be on the next business day on which those banks are open. The Target Fund Company, Target Fund Management Company or Target Fund transfer agent are not responsible for any delays or charges incurred at any receiving bank or settlement system, nor are they responsible for delays in settlement which may occur due to the timeline for local processing of payments within some countries or by certain banks. Redemption proceeds will normally be paid in the currency of the Target Fund share class. However, at the request of the shareholder, a currency exchange service for redemptions is provided to the shareholder by the Target Fund transfer agent acting on behalf of the Target Fund Management Company. Details of the charge applied to foreign exchange transactions, which is retained by the Target Fund Management Company, are available upon request from the Target Fund Management Company acting on behalf of the Target Fund Company. The cost of currency conversion and other related expenses will be borne by the relevant investor. This currency exchange service will not be available for certain funds, as indicated in Appendix III of the Target Fund Prospectus. For such funds, redemption proceeds shall be paid in the currency of the relevant share class. If, in exceptional circumstances and for whatever reason, redemption proceeds cannot be paid within three business days (or otherwise specified in Appendix III of the Target Fund) from the relevant dealing day, for example when the liquidity of the Target Fund does not permit, then payment will be made as soon as reasonably practicable thereafter (not exceeding, however, thirty calendar days) at the net asset value per share calculated on the relevant dealing day.

## 2.4. SUSPENSION OR DEFERRALS

(a) If the aggregate value of switch or redemption instructions on any one dealing day is more than 10% of the total value of shares in issue of the Target Fund the directors may declare that the redemption of part or all shares in excess of 10% for which a redemption or switch has been requested will be deferred until the next dealing day. Such deferred instructions will be valued at the net asset value per share prevailing on that dealing day. On such dealing day, deferred requests will be dealt with in priority to later requests and in the order that requests were initially received by the Target Fund transfer agent.

(b) The Target Fund Company reserves the right to extend the period of payment of redemption proceeds to such period, not exceeding thirty calendar days, as shall be necessary to repatriate proceeds of the sale of investments in the event of impediments due to exchange control regulations or similar constraints in the markets in which a substantial part of the assets of the Target Fund are invested or in exceptional circumstances where the liquidity of the Target Fund is not sufficient to meet the redemption requests.

(c) The Target Fund Company may suspend or defer the calculation of the Net Asset Value per Share of any Share Class in the Target Fund and the issue and redemption of any Shares in the Target Fund, as well as the right to switch Shares of any Share Class in the Target Fund into Shares of the same Share Class of the Target Fund or any other fund:

- (1) during any period when any of the principal stock exchanges or any other Regulated Market on which any substantial portion of the Target Fund Company's investments of the relevant Share Class for the time being are quoted, is closed, or during which dealings are restricted or suspended; or
- (2) during any period when the determination of the net asset value per share of and/or the redemptions in the underlying investment funds representing a material part of the assets of the Target Fund is suspended; or
- (3) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of investments of the Target Fund by the Target Fund Company is impracticable; or
- (4) during any breakdown in the means of communication normally employed in determining the price or value of any of the Target Fund Company's investments or the current prices or values on any market or stock exchange; or

(5) during any period when the Target Fund Company is unable to repatriate funds for the purpose of making payments on the redemption of such Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of such Shares cannot in the opinion of the directors be effected at normal rates of exchange; or

(6) if the Target Fund Company or the Target Fund is being or may be woundup on or following the date on which notice is given of the meeting of shareholders at which a resolution to wind up the Target Fund Company or the Target Fund is proposed; or

(7) if the directors have determined that there has been a material change in the valuations of a substantial proportion of the investments of the Target Fund Company attributable to a particular Share Class in the preparation or use of a valuation or the carrying out of a later or subsequent valuation; or

(8) during any other circumstance or circumstances where a failure to do so might result in the Target Fund Company or its shareholders incurring any liability to taxation or suffering other pecuniary disadvantages or other detriment, which the Target Fund Company or its shareholders might so otherwise have suffered; or

(9) during any period where circumstances exist that would justify the suspension for the protection of shareholders in accordance with the law.

(d) The suspension of the calculation of the Net Asset Value per Share of the Target Fund or Share Class shall not affect the valuation of other funds or Share Classes, unless these funds or Share Classes are also affected.

(e) During a period of suspension or deferral, a shareholder may withdraw his request in respect of any Shares not redeemed or switched, by notice in writing received by the Target Fund transfer agent before the end of such period.

## 2.5. DILUTION

The Target Fund are single priced and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of their underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or switches in and out of the Target Fund. This is known as “dilution”. In order to counter this and to protect the Target Fund shareholders' interests, the management company will apply “swing pricing” as part of its daily valuation policy to the extent allowed by applicable law. This will mean that in certain circumstances the management company will make adjustments in the calculations of the net asset value per share, to counter the impact of dealing and other costs to be incurred by the Target Fund in liquidating or purchasing investments on occasions when these are deemed to be significant. The calculation of such adjustments may take into account any provision for the impact of estimated market spreads (bid/offer spread of underlying securities), duties (for example transaction taxes) and charges (for example settlement costs or dealing commission) and other dealing costs related to the acquisition or disposal of investments.

## 2.6. DILUTION ADJUSTMENT

In the usual course of business the application of a dilution adjustment will be triggered mechanically and on a consistent basis. Schroders’ Group Pricing Committee provides recommendations to the Target Fund Management Company on the appropriate level of dilution adjustment and level of threshold that should trigger the application of swing pricing in the Target Fund. The Target Fund Management Company remains ultimately responsible for such pricing arrangements.

The need to make a dilution adjustment will depend upon the net value of subscriptions, switches and redemptions received by the Target Fund for each dealing day. The Target Fund Management Company therefore reserves the right to make a dilution adjustment where the Target Fund experiences a net cash movement which exceeds a certain threshold.

The Target Fund Management Company may also make a discretionary dilution adjustment if, in its opinion, it is in the interest of shareholders of the Target Fund to do so.

The dilution adjustment is applied to all subscriptions, redemptions and/or switches in and out of the Target Fund on any given dealing day once the total level of such dealing in the Target Fund on that dealing day has exceeded the applicable threshold referred to above.

Where a dilution adjustment is made, it will increase the net asset value per share when there are net inflows into the Target Fund and decrease the net asset value per share when there are net outflows. The net asset value per share of each share class in the Target Fund will be calculated separately but any dilution adjustment will, in percentage terms, affect the net asset value per share of each share class identically.

As dilution is related to the inflows and outflows of money from the Target Fund it is not possible to accurately predict whether dilution will occur at any future point in time. It is also not possible to accurately predict how frequently the Target Fund Management Company will need to make such dilution adjustments.

Swing pricing may vary from fund to fund and in normal market conditions is not expected to exceed 2% of the unadjusted net asset value per share of the Target Fund on any dealing day. However, under unusual or exceptional market conditions (such as significant market volatility, market disruption or significant economic contraction, a terrorist attack or war (or other hostilities), a pandemic or other health crisis, or a natural disaster), the Target Fund Management Company may decide, on a temporary basis, to adjust the net asset value of the Target Fund by more than 2% when such a decision is justified as being in the best interests of the shareholders of the Target Fund. Any such decision to adjust the net asset value by more than 2% will be published on the following webpage: https://www. schroders.lu.

The Target Fund Company currently applies dilution to all of its funds.

## 2.7. FEES CHARGED BY THE TARGET FUND (A Share (acc) - USD)

| FEES/EXPENSES | |
|---|---|
| Initial charge | Up to 4.00% (as a % of total subscription amount). |
| Redemption charge | Nil. |
| Distribution charge | Nil. |
| Shareholder servicing fee | Nil. |
| Custody fee | Up to a maximum of 0.3% per annum and USD75 per transaction |
| Administration fee | Up to 0.25% per annum |
| Accounting and valuation fee | Up to 0.0083% per annum |
| Management fee | 1.25% of its net asset value.<br>***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 management fee.* |

# 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 for units of a Class, you may be charged an Application Fee based on the NAV per unit of the respective Class. Please refer to the Annexure 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) | 5.00% | 5.00% |
| Units issued to Unit holder<br>= Investment amount / NAV per unit | = USD 10,000.00 / USD 1.0000<br>= 10,000 units | = MYR 10,000.00 / MYR 1.0000<br>= 10,000 units |
| Application Fee per unit<br>= NAV per unit x Application Fee (%) | = USD 1.0000 x 5.00%<br>= USD 0.0500 | = MYR 1.0000 x 5.00%<br>= MYR 0.0500 |
| Total Application Fee | = 10,000 units x USD 0.0500<br>**= USD 500.00** | = 10,000 units x MYR 0.0500<br>**= MYR 500.00** |

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

### 3.1.2. Withdrawal Penalty

Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund. Please refer to the Annexure of the respective Class for further information.

### 3.1.3. Dilution Fee

Nil.

### 3.1.4. Switching Fee

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

### 3.1.5. Transfer Fee

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

## 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 and/or benefits from currency hedging of the respective Class(es) and the cost of Unit holders' meeting held in relation to the respective Class. If in doubt, you should consult professional advisers for a 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 the below Management Fee of 1.80% per annum and USD 150 million each for both Class ABC and Class XYZ:-*

| | Class ABC<br>(Denominated in USD)<br>(USD) | Class XYZ<br>(Denominated in MYR)<br>(USD) |
|---|---|---|
| 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<br>= NAV of the class x<br>Management Fee rate for the class (%)/365 days | <br>= USD 150 million x 1.80%/365<br>= USD 7,397.26 | <br>= USD 150 million x 1.80%/365<br>= 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 85% of the Fund's NAV will be invested in another CIS, no additional management fee will be charged to the investor.

**INVESTOR** → **FUND** → **TARGET FUND**

**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. There will not be double charging of the Management Fee. Please refer to "Fees charged by the Target Fund" section at page 27 for details on the Target Fund's management fee.*

### 3.2.2. Trustee Fee

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

The Trustee Fee is up to 0.03% 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* | *= 0.03% 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 0.03% / 365* |
| | *= USD 246.57* |

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

### 3.2.3. Other costs of investing in a feeder fund

As the Fund will invest in units of the Target Fund, there are other fees and expenses incurred by the Target Fund which is set out in detail under "Fees charged by the Target Fund" section at page 27.

### 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 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 of the Fund;
- fees incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent;
- costs incurred for the modification of the Deed otherwise than for our benefit or the Trustee's;
- costs incurred for any meeting of the Unit holders other than those convened for our benefit or the Trustee's;
- the sale, purchase, insurance and any other dealing of investment including commissions or fees paid to brokers;
- costs involved with external specialist approved by the Trustee in investigating or evaluating any proposed investment;
- the engagement of valuer, adviser or contractor of all kinds;
- preparation and audit of the taxation returns and accounts of the Fund;
- termination of the Fund or Class and the retirement or removal of the Trustee or the Manager and the appointment of a new trustee or manager;

- any proceedings, arbitration or other dispute concerning the Fund, Class or any asset, including proceedings against the Trustee or the Manager, or commenced by either of them for the benefit of the Fund or that Class (except to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed out of the Fund);
- remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund, unless we decide to bear the same;
- expenses incurred in the printing of and postage of the annual and quarterly (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 distribution warrant or telegraphic transfer;
- cost of obtaining experts opinion by the Trustee and us for the benefit of the Fund or Class; and
- costs of printing and dispatching to Unit holders the accounts of the Fund, tax certificates, distribution warrants, notices of meeting of Unit holders, newspaper advertisement and such other similar costs as may be approved by the Trustee.

Expenses not authorised by the Deed must be borne by us or the Trustee, if incurred for our own benefit.

**3.2.5.** 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. 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 and/or benefits from currency hedging of the respective Classes and the costs of Unit holders meeting held in relation to the respective Class. If in doubt, you should consult professional advisers for a better understanding.

Subject always to the provisions of the Deed and GLOLA, we reserve our sole and absolute discretion without providing any reason whatsoever and at any time to amend, vary, waive and/or reduce the fees and charges (except for the Trustee Fee), whether payable by the Fund or Class, payable by you to the Fund or Class or payable by any other investors to the Fund.

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 from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebate or shared commission will be directed to the account of the Fund.

We may retain goods and services (soft commission) provided by any broker or dealer if the following conditions are met:

(a) the soft commission brings direct benefit or advantage to the management of the Fund and may include research and advisory related services;
(b) any dealings with the broker or dealer is executed on terms which are the most favourable for the Fund; and
(c) the availability of soft commission is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and we will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commission.

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

**All fees and charges payable by you and/or the Fund are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in this 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, expenses and/or transaction information from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee, communicate to you and/or seek your approval on the amendments to the fees, charges and/or transaction information.**

# 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.

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

- **Money market instruments**
  Investment in money market instruments such as negotiable instrument of deposits and commercial papers are valued each day by reference to the value of such investments and the profits accrued thereon for the relevant period. Instruments such as MYR-denominated commercial papers are valued on a daily basis using the fair value prices quoted by a Bond Pricing Agency registered with the SC.

- **Derivative**
  For unlisted derivative instruments, we shall ensure that the valuation of the investment is valued daily at fair value as determined in good faith by us, based on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

If the value of the Fund's assets is denominated in a currency other than USD, 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. on the same day (Malaysian time 11:00 p.m. or 12:00 a.m.), or such other time as we may determine or as per the IMS.

## 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 at the next valuation point after we receive the completed relevant application from you.

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

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

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

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

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

The valuation of the Fund is in the base currency i.e. USD. As such, all the assets and liabilities of each Class will be translated into USD for valuation purposes. The foreign exchange rate used for this purpose shall be the bid exchange rate quoted by Bloomberg or Refinitiv at UK time 4:00 p.m. (Malaysian time 11:00 p.m. or 12:00 a.m.), or such other time as stipulated in the IMS. 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.

**4.2.1. 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 | 185,942,897.00 | 173,342,897.00 | 12,600,000.00 |
| % MCR | 100% | (1) 93.22% | (1) 6.78% |
| Add: Income | 30,000.00 | (2) 27,967.12 | (2) 2,032.88 |
| Less: Expenses | (10,000.00) | (2) (9,322.37) | (2) (677.63) |
| Benefits or costs of hedging (if any) | 900.00 | - | 900.00 |
| NAV of the Fund before Management Fee and Trustee Fee | 185,963,797.00 | 173,361,541.75 | 12,602,255.25 |
| | | 1.80% p.a. | 1.80% p.a. |
| Less: Management Fee | (9,170.82) | (8,549.34) | (621.48) |
| | 0.03% p.a. | | |
| Less: Trustee fee | (152.85) | (142.49) | (10.36) |
| NAV of the Fund | 185,954,473.33 | 173,352,849.92 | 12,601,623.41 |
| Units in circulation | 200,000,000.00 units | 170,000,000.00 units | 30,000,000.00 units |
| **NAV per unit** | | **1.0197** | **0.4200** |
| Currency exchange rate | | N/A | (USD/MYR) 0.3000 |
| NAV per unit | | **USD 1.0197** | **MYR 1.4000** |

| | 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 | 185,954,473.33 | 173,352,849.92 | 12,601,623.41 |
| (3) *Net subscription amount* | 1,300,000.00 | 1,000,000.00 | 300,000.00 |
| Closing NAV | 187,254,473.33 | 174,352,849.92 | 12,901,623.41 |
| Units in circulation | 201,694,966.30 units | 170,980,680.59 units | 30,714,285.71units |
| NAV per unit | | **1.0197** | **0.4200** |
| Currency exchange rate | | N/A | (USD/MYR) 0.3000 |
| NAV per unit | | **USD 1.0197** | **MYR 1.4000** |

***Note :***

(1) MCR computation

| | Class ABC (Denominated in USD) (USD) | Class XYZ (Denominated in MYR) (USD) |
|---|---|---|
| NAV of the Class x 100 / NAV of the Fund before income and expenses | 173,342,897 x 100 / 185,942,897.00 = 93.22% | 12,600,000 x 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 | 30,000.00 | MCR x Income | MCR x Income |
| | | = Income for Class ABC | = Income for Class XYZ |

| | | | |
|---|---|---|---|
| | | = 93.22% x USD 30,000.00<br>= USD 27,967.12 | = 6.78% x USD 30,000.00<br>= USD 2,032.88 |
| Less: Expenses | (10,000.00) | MCR x Expenses<br>= Expenses for Class ABC<br>= 93.22% x USD 10,000.00<br>= USD 9,322.37 | MCR x Expenses<br>= Expenses for Class XYZ<br>=6.78% x USD 10,000.00<br>= USD 677.63 |

[(3)] *Net subscription amount*

| | Class ABC (Denominated in USD) (USD) | Class XYZ (Denominated in MYR) (USD) |
|---|---|---|
| Net subscription amount | USD 1,000,000.00 | MYR 1,000,000.00 |
| NAV per unit | USD 1.0197 | MYR 1.4000 |
| Number of units | 980,680.59 units | 714,285.71 units |
| Currency exchange rate | N/A | (USD/MYR) 0.3000 |
| Net subscription amount* | USD 1,000,000 | USD 300,000 |

**Subscription amount net of any withdrawal amount.*
***Note:** Please note that 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 Class. 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 Class for any withdrawal of units; and/or
   (ii) you, if you have purchased units of the Class at a higher price; or
b) in the event of under valuation and/or pricing, we shall reimburse:
   (i) the Class for any subscription of units; and/or
   (ii) you, if you have withdrawn units of the Class 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 to or more than 0.50% of the NAV per unit; and
b) results in a sum total of MYR10.00 (or in the case of a foreign currency Class, 10.00 denominated in the foreign currency denomination of the Class) 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, subject to any regulatory or governing body's requirements.

## 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).

Notwithstanding the above, we have the right to accept or reject an application in whole or in part thereof without assigning any reason in respect thereof.

Further, if we become aware of a USA person (i.e. someone who has a USA address (permanent or mailing) or contact number) or USA entity (i.e. a corporation, trust, partnership or other entity created or organised in or under the laws of the USA 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-USA person or non-USA 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 Principal Malaysia's offices after completing the relevant application and attaching a copy of your identity card, passport or any other identification document (where applicable). We may request for additional supporting document(s) or information from you. Your application should 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 make a payment:

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

#### 4.4.3. Regular Savings Plan ("RSP")

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, directly 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 us or 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 us or our 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 should not make any payment directly or indirectly to any individual agent or employee of the Manager or issue a cheque in the name of an individual agent or employee of the Manager when purchasing this 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, you 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.

#### 4.5.1. Processing an application

If we receive and accepted a complete application by 4:00 p.m. on a Business Day, we will process it using the NAV per unit for that Business Day. If we receive and accepted 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 complete applications, i.e. when we have received all the necessary and required information and/or documentations. The number of units you receive will be rounded 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 application and submit it to the relevant Distributor or Principal Malaysia's offices. 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) provided by you.

#### 4.6.1. Processing a withdrawal

If we receive a complete withdrawal request by 4:00 p.m. on a Business Day, we will process it using the NAV per unit for that Business Day. If we receive the withdrawal request after 4:00 p.m. on a Business Day, we will process it using the NAV per unit for the next Business Day. The amount that you will receive is calculated by the withdrawal value less the Withdrawal Penalty, if any. You will have to bear the applicable bank fees and charges, if any.

Under normal circumstances, you will be paid in the currency of the Class (e.g. Class USD Unit holders will be paid in USD) within seven (7) Business Days upon our receipt of the complete withdrawal request. You will have to bear the applicable bank fees and charges, if any.

(i) There is temporary suspension of dealings at the Target Fund [Note 1];
(ii) There is deferral of redemption payment by the Target Fund [Note 2];
(iii) The dealings of the Fund are temporarily suspended by us [Note 3];or
(iv) There are any unforeseen circumstances that caused a delay in us receiving redemption proceeds from the Target Fund Investment Manager, subject to concurrence from Trustee.

Should any of the above events occur, we may not be able to pay the withdrawal proceeds to you within seven (7) Business Days. However, we will pay the withdrawal proceeds to you within five (5) Business Days subsequent to the receipt of redemption proceeds from the Target Fund Investment Manager.

***Note 1:*** *The dealings of the Target Fund may be suspended under the circumstances as described under "Suspension or deferrals" section on page 25.*

***Note 2:*** *The Target Fund Investment Manager may limit the number of units redeemed on a dealing day to 10% of the NAV of the Target Fund as described under "Suspension or deferrals" section on page 25.*

***Note 3:*** *We may temporarily suspend the dealing in units of the Classes or Fund, subject to the GLOLA and/or the Deed as described under "Temporary Suspension" section on page 36.*

Please refer to the respective sections for more information. Please consult your professional advisers for better understanding.

## 4.7. MINIMUM BALANCE

The minimum balance that must be maintained in your account 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. If the balance (i.e. number of units) of an investment drops below the minimum balance units, further investment will be required until the balance of the investment is restored to at least the stipulated minimum balance. Otherwise, we can withdraw your entire investment and forward the proceeds to you.

## 4.8. COOLING-OFF PERIOD

Individual Sophisticated Investors have six (6) Business Days after your initial investment (i.e. the date the complete application is received and accepted by us or our Distributors) to reconsider its appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased or prevailing NAV per unit at the point of cooling-off (whichever is lower) ("Refund amount"). We will pay the Refund amount to you in the currency of the respective Class within seven (7) Business Days from the date we receive the completed documentations. If there are unforeseen circumstances that caused a delay in receiving the cooling-off proceeds from the Target Fund, we will pay to you the Refund amount within five (5) Business days of the receipt of the Refund amount from the Target Fund. 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 or a person registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.

## 4.9. SWITCHING

We process a switch between the Classes of the Fund or between a Class and other Principal Malaysia's fund (or its classes), which should be denominated in the same currency. You may contact our Customer Care Centre for more information on the availability of switching. For information on the availability of switching, please refer to the Annexure of the respective Class.

To switch, simply complete a switch application and send to our Distributors or Principal Malaysia's offices. 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 and other Principal Malaysia's funds (or its classes).

#### 4.9.1. Processing a switch

We process a switch as a withdrawal from one fund or class and an investment into another fund or class within Principal Malaysia's funds. 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 switch-in may be processed at a later Business Day, generally within one (1) Business Day to four (4) Business Days.

## 4.10. TRANSFER FACILITY

You may transfer your units to another investor subject to terms and conditions as may be stipulated in the Deed. However, we may refuse to register any transfer of unit at our absolute discretion. You may be charged a Transfer Fee for each transfer. Please refer to the Annexure of the respective Class for further information.

## 4.11. TEMPORARY SUSPENSION

We may temporarily suspend the dealing in units of the Classes or Fund, subject to the GLOLA 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 calculated by multiplying the total number of units held by you in the Class with the distribution amount in cent per unit. On the distribution date, the NAV per unit will adjust accordingly. For 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 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 valid and active bank account in the currency denomination of that Class, that all distribution payment shall be paid into (the cost and expense will be borne by you). No Application Fee is payable for the reinvestment.

If units are issued as a result of the reinvestment of a distribution or other circumstance after you have withdrawn your investment from the Class, those additional units will then be withdrawn and the proceeds will be paid to you. You should note that distribution payments, if any, will be made in the respective currency for the Class(es). As such, the distribution amount may be different for each Class as a result of exchange rate movement between the base currency of the Fund and the denominated currency of the Class(es). The distribution will be paid into your bank account (which shall be in the respective currency of the Class(es)) in our records (at your cost and expense).

The Fund may distribute from realised income, realised capital gains, unrealised income, unrealised capital gains, capital or a combination of any of the above. Distributions are at our discretion and are not guaranteed, and the making of any distribution does not imply that further distributions will be made and we reserve the right to vary the frequency and/or amount of distributions. Distribution out of capital is to allow the Fund the ability to distribute income according with the Fund's defined frequency or to pursue the investment objective of the Fund. The effects of making distribution out of capital has a risk of eroding the capital of the Fund.

After taking into consideration the level of capital and performance of the Fund and subject to healthy cash flow of the Fund, any distribution out of capital we make, we will ensure that proper decisions can be made in reducing cost and to ensure stability and sustainability of distribution of income for the Fund without generating any additional risk to the Fund.

Distribution out of capital represent a return or withdrawal of part of the amount of your original investment and/or capital gains attributable to the original investment and will result in a reduction in the NAV per unit of the Classes and reduce the capital available for future investment and capital growth. Future capital growth may therefore be constrained and the value of future returns would be diminished.

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

## 4.13. UNCLAIMED MONEYS

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

For income distribution payout to you by bank transfer, if any which 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 provided that 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 same 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

30 September.

## 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 printed annual report is available upon request.** |

You may obtain up-to-date fund information and NAV per unit from our monthly fund fact sheets and our website at **www.principal.com.my**.

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 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 Classes may be terminated or wound-up without the need to seek Unit holders' prior approval as proposed by us with the consent of the Trustee (whose consent shall not be unreasonably withheld) upon the occurrence of any of the following events, by giving not less than one (1) months' notice in writing to the Unit holders as hereinafter provided (i) if any law shall be passed which renders it illegal or (ii) if in our reasonable opinion it is impracticable or inadvisable to continue the Fund and/or Class. A Class may be terminated by Unit holders if a Special Resolution is passed at a Unit holders' meeting of that Class to terminate or wind-up that Class provided always that such termination or winding-up of that Class does not materially prejudice the interest of any other Class in that Fund.

## 5.4. RIGHTS, LIABILITIES AND LIMITATIONS OF UNIT HOLDERS

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

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

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

**Rights**

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

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

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

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

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

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

## 5.5. DOCUMENTS AVAILABLE FOR INSPECTION

You may inspect the following documents or copies thereof in relation to the Fund (upon request) at our principal place of business and/or the business address of the Trustee (where applicable) without charge:
- The Deed, if any;
- Information Memorandum and supplementary or replacement information memorandum, if any;
- The latest annual and quarterly reports of the Fund, which includes the audited financial statements of the Fund (where available) for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of launch of the Fund; and
- Material contracts or documents disclosed in this Information Memorandum;

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

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

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

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 PFG and CIMB Group 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 person(s) or members of a committee undertaking the oversight function of the Fund to ensure compliance to the relevant regulatory requirements.

Distributors may be our related party. We will ensure that any arrangement made with the Distributors will be at arm's length.

**The Trustee**

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

(1) where the Fund invests in instrument(s) offered by the related party of the Trustee (e.g. placement of monies, transferable securities, etc);
(2) where the Fund is being distributed by the related party of the Trustee as IUTA;

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

## 5.7. INTERESTS IN THE FUND

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

## 5.8. EMPLOYEES' SECURITIES DEALINGS

We have in place a policy contained in its Personal Account Dealing Policy, 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 was incorporated on 13 June 1994 and is a joint venture between PFG and CIMB Group. Principal Malaysia has experience operating unit trust funds since 1994.

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 withdrawal 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 proceedings which might materially affect the business/financial position of Principal Malaysia.

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

| | |
|---|---|
| **Name:** | Lee Chun Hong |
| **Designation:** | Chief Investment Officer, Equities – Malaysia |
| **Experience:** | Chun Hong has more than 19 years of experience in fund management and equity research. He joined Principal Malaysia in 2017 to manage unit trust funds and institutional mandates covering Malaysian and ASEAN markets. Prior to that, he was attached to Libra Invest Bhd managing and supervising Unit Trust and Research divisions that covered ASEAN and China-Hong Kong markets. He commenced his career in fund management industry at Public Mutual Bhd. He had research responsibilities for regional plantation and consumer sectors, as well as research country coverage of ASEAN markets. Subsequently, he moved on to portfolio management specialising on ASEAN markets. He started covering ASEAN markets since 2010. He was also previously with PricewaterhouseCoopers as an auditor. Chun Hong holds a Bachelor of Commerce (Accounting & Finance), Monash University, Clayton Campus. He is a Chartered Financial Analyst (CFA) charterholder. |
| **Qualifications:** | ▪ Bachelor of Commerce (Accounting & Finance) - Monash University, Clayton Campus.<br>▪ A CFA Charterholder.<br>▪ Ex-member of CPA Australia. |

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

# 7. THE TRUSTEE

## 7.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

HSBC (Malaysia) Trustee Berhad (the "Trustee") 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 Level 19, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur.

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

**Duties and Responsibilities of the Trustee**

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. 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, the CMSA and the GLOLA. 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, the CMSA and the GLOLA. 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 (including personal data of the Unit holders, where applicable) for the purposes of performing its duties and obligations in accordance to the Deed, the CMSA, the GLOLA 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.

**Trustee's Delegate**

The Trustee has appointed The Hongkong and Shanghai Banking Corporation Ltd as 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 HSBC Bank Malaysia Berhad and/or HSBC Nominees (Tempatan) Sdn Bhd. The Hongkong and Shanghai Banking Corporation Ltd is a wholly owned subsidiary of HSBC Holdings Plc, the holding company of the HSBC Group. The custodian's comprehensive custody and clearing services cover traditional settlement processing and safekeeping as well as corporate related services including cash and security reporting, income collection and corporate events processing. All investments are registered in the name of the Trustee or to the order of the Trustee. The custodian acts only in accordance with instructions from the Trustee.

The Trustee shall be responsible for the acts and omissions of its delegate as though they were its own acts and omissions.

However, the Trustee is not liable for the acts, omissions or failure of third party depository including central securities depositories or clearing and/or settlement systems in any circumstances.

**Trustee's Disclosure of Material Litigation**

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.

**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 the Deed. 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.

# 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 PFG, CIMB Group and the Trustee do not guarantee the repayment of your capital.**

## CLASS INFORMATION

| | Class AUD-Hedged | Page |
|---|---|---|
| **Currency denomination** | AUD | |
| **Distribution policy** | Distributions, if any, will be at the discretion of the Manager and will vary from period to period depending on market conditions and performance of the Fund.<br>***Note**: The Fund may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.* | 36 |

## 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 5.00% of the NAV per unit. | 28 |
| **Withdrawal Penalty** | Up to 1.00% of the NAV per unit.<br>Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund. | 28 |
| **Switching Fee** | Switching is treated as a withdrawal from the 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 Fee of the 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. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee. | 28 |
| **Transfer Fee** | A maximum of AUD15 may be charged for each transfer. | 28 |
| **Other charges payable directly by you when purchasing or withdrawing 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 fees that you may **indirectly** incur when you invest in the Class.

| Fees | Class AUD-Hedged | Page |
|---|---|---|
| **Management Fee** | Up to 1.80% per annum of the NAV of the Class. | 29 |
| **Trustee Fee** | Up to 0.03% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges). | 29 |
| **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. | 29 |
| **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. | 29 |

***Note:*** *Subject always to the provisions of the Deed and GLOLA, we reserve our sole and absolute discretion without providing any reason whatsoever and at any time to amend, vary, waive and/or reduce the fees and charges (except for the Trustee Fee), whether payable by the Fund or Class, payable by you to the Fund or payable by any other investors to the Fund.*

## TRANSACTION INFORMATION

| | Class AUD-Hedged | Page |
|---|---|---|
| **Minimum initial investment** | AUD100 or such other amount as we may decide from time to time. | 34 |
| **Minimum additional investment** | AUD100 or such other amount as we may decide from time to time. | 34 |
| **Minimum withdrawal** | 100 units or such other number of units as we may decide from time to time. | 34 |
| **Minimum balance** | 100 units or such other number of units as we may decide from time to time. | 35 |
| **Regular Savings Plan** | Currently, RSP is not available for this Class. | 34 |
| **Switching** | Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to:<br>▪ for switching out of the Class:<br>o the minimum withdrawal applicable to the Class;<br>o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and<br>o the Withdrawal Penalty of the Class (if any);<br>▪ for switching into the Class:<br>o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and<br>o the Switching Fee applicable for the proposed switch (if any).<br>You may negotiate to lower the amount for your switch with us or our Distributors. | 35 |
| **Transfer facility** | We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed. | 36 |

***Note:*** *We reserve our sole and absolute discretion without providing any reason whatsoever and at any time to accept, reject, amend, vary, waive and/or reduce (as the case maybe): (i) Your request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units; and/or (ii) the minimum balance. For increase in the number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.*

*We may for any reason and at any time, waive or reduce: (a) any fees (except for the Trustee Fee); (b) other charges payable by you to the Fund; and/or (c) transactional values including but not limited to the units or amount, for any Unit holder and/or investments made via any distribution channels or platform.*

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

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

# 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 PFG, CIMB Group and the Trustee do not guarantee the repayment of your capital.**

## CLASS INFORMATION

| | Class MYR | Page |
|---|---|---|
| **Currency denomination** | MYR | |
| **Distribution policy** | Distributions, if any, will be at the discretion of the Manager and will vary from period to period depending on market conditions and performance of the Fund.<br>***Note****: The Fund may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.* | 36 |

## 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 5.00% of the NAV per unit. | 28 |
| **Withdrawal Penalty** | Up to 1.00% of the NAV per unit.<br>Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund. | 28 |
| **Switching Fee** | Switching is treated as a withdrawal from the 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 Fee of the 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. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee. | 28 |
| **Transfer Fee** | A maximum of MYR50 may be charged for each transfer. | 28 |
| **Other charges payable directly by you when purchasing or withdrawing 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 fees that you may **indirectly** incur when you invest in the Class.

| Fees | Class MYR | Page |
|---|---|---|
| **Management Fee** | Up to 1.80% per annum of the NAV of the Class. | 29 |
| **Trustee Fee** | Up to 0.03% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges). | 29 |
| **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. | 29 |
| **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. | 29 |

***Note:*** *Subject always to the provisions of the Deed and GLOLA, we reserve our sole and absolute discretion without providing any reason whatsoever and at any time to amend, vary, waive and/or reduce the fees and charges (except for the Trustee Fee), whether payable by the Fund or Class, payable by you to the Fund or payable by any other investors to the Fund.*

## TRANSACTION INFORMATION

| | Class MYR | Page |
|---|---|---|
| **Minimum initial investment** | MYR100 or such other amount as we may decide from time to time. | 34 |
| **Minimum additional investment** | MYR100 or such other amount as we may decide from time to time. | 34 |
| **Minimum withdrawal** | 100 units or such other number of units as we may decide from time to time. | 34 |
| **Minimum balance** | 100 units or such other number of units as we may decide from time to time. | 35 |
| **Regular Savings Plan** | RSP is available. The RSP allows you to make regular monthly investments of MYR100 or more, direct from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is MYR100 or such other amount as we may decide from time to time. | 34 |
| **Switching** | Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to:<br>▪ for switching out of the Class:<br>o the minimum withdrawal applicable to the Class;<br>o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and<br>o the Withdrawal Penalty of the Class (if any);<br>▪ for switching into the Class:<br>o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and<br>o the Switching Fee applicable for the proposed switch (if any).<br>You may negotiate to lower the amount for your switch with us or our Distributors. | 35 |
| **Transfer facility** | We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed. | 36 |

***Note:*** *We reserve our sole and absolute discretion without providing any reason whatsoever and at any time to accept, reject, amend, vary, waive and/or reduce (as the case maybe): (i) Your request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units; and/or (ii) the minimum balance. For increase in the number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.*

*We may for any reason and at any time, waive or reduce: (a) any fees (except for the Trustee Fee); (b) other charges payable by you to the Fund; and/or (c) transactional values including but not limited to the units or amount, for any Unit holder and/or investments made via any distribution channels or platform.*

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

**All fees and charges payable by you and/or the Fund are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by you and/or the Fund 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/or transaction information 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, charges and/or 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 PFG, CIMB Group and the Trustee do not guarantee the repayment of your capital.**

## CLASS INFORMATION

| | Class MYR-Hedged | Page |
|---|---|---|
| **Currency denomination** | MYR | |
| **Distribution policy** | Distributions, if any, will be at the discretion of the Manager and will vary from period to period depending on market conditions and performance of the Fund.<br>***Note**: The Fund may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.* | 36 |

## 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 5.00% of the NAV per unit. | 28 |
| **Withdrawal Penalty** | Up to 1.00% of the NAV per unit.<br>Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund. | 28 |
| **Switching Fee** | Switching is treated as a withdrawal from the 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 Fee of the 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. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee. | 28 |
| **Transfer Fee** | A maximum of MYR50 may be charged for each transfer. | 28 |
| **Other charges payable directly by you when purchasing or withdrawing 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 fees that you may **indirectly** incur when you invest in the Class.

| Fees | Class MYR-Hedged | Page |
|---|---|---|
| **Management Fee** | Up to 1.80% per annum of the NAV of the Class. | 29 |
| **Trustee Fee** | Up to 0.03% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges). | 29 |
| **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. | 29 |
| **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. | 29 |

***Note:*** *Subject always to the provisions of the Deed and GLOLA, we reserve our sole and absolute discretion without providing any reason whatsoever and at any time to amend, vary, waive and/or reduce the fees and charges (except for the Trustee Fee), whether payable by the Fund or Class, payable by you to the Fund or payable by any other investors to the Fund.*

| | Class MYR-Hedged | Page |
|---|---|---|
| **Minimum initial investment** | MYR100 or such other amount as we may decide from time to time. | 34 |
| **Minimum additional investment** | MYR100 or such other amount as we may decide from time to time. | 34 |
| **Minimum withdrawal** | 100 units or such other number of units as we may decide from time to time. | 34 |
| **Minimum balance** | 100 units or such other number of units as we may decide from time to time. | 35 |
| **Regular Savings Plan** | RSP is available. The RSP allows you to make regular monthly investments of MYR100 or more, direct from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is MYR100 or such other amount as we may decide from time to time. | 34 |
| **Switching** | Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to:<br>▪ for switching out of the Class:<br>o the minimum withdrawal applicable to the Class;<br>o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and<br>o the Withdrawal Penalty of the Class (if any);<br>▪ for switching into the Class:<br>o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and<br>o the Switching Fee applicable for the proposed switch (if any).<br>You may negotiate to lower the amount for your switch with us or our Distributors. | 35 |
| **Transfer facility** | We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed. | 36 |

***Note:*** *We reserve our sole and absolute discretion without providing any reason whatsoever and at any time to accept, reject, amend, vary, waive and/or reduce (as the case maybe): (i) Your request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units; and/or (ii) the minimum balance. For increase in the number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.*

*We may for any reason and at any time, waive or reduce: (a) any fees (except for the Trustee Fee); (b) other charges payable by you to the Fund; and/or (c) transactional values including but not limited to the units or amount, for any Unit holder and/or investments made via any distribution channels or platform.*

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

**All fees and charges payable by you and/or the Fund are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by you and/or the Fund 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/or transaction information 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, charges and/or 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 PFG, CIMB Group and the Trustee do not guarantee the repayment of your capital.**

## CLASS INFORMATION

| | Class SGD-Hedged | Page |
|---|---|---|
| **Currency denomination** | SGD | |
| **Distribution policy** | Distributions, if any, will be at the discretion of the Manager and will vary from period to period depending on market conditions and performance of the Fund.<br>***Note****: The Fund may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.* | 36 |

## 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 5.00% of the NAV per unit. | 28 |
| **Withdrawal Penalty** | Up to 1.00% of the NAV per unit.<br>Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund. | 28 |
| **Switching Fee** | Switching is treated as a withdrawal from the 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 Fee of the 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. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees. | 28 |
| **Transfer Fee** | A maximum of SGD15 may be charged for each transfer. | 28 |
| **Other charges payable directly by you when purchasing or withdrawing 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 fees that you may **indirectly** incur when you invest in the Class.

| Fees | Class SGD-Hedged | Page |
|---|---|---|
| **Management Fee** | Up to 1.80% per annum of the NAV of the Class. | 29 |
| **Trustee Fee** | Up to 0.03% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges). | 29 |
| **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. | 29 |
| **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. | 29 |

***Note:*** *Subject always to the provisions of the Deed and GLOLA, we reserve our sole and absolute discretion without providing any reason whatsoever and at any time to amend, vary, waive and/or reduce the fees and charges (except for the Trustee Fee), whether payable by the Fund or Class, payable by you to the Fund or payable by any other investors to the Fund.*

## TRANSACTION INFORMATION

| | Class SGD-Hedged | Page |
|---|---|---|
| **Minimum initial investment** | SGD100 or such other amount as we may decide from time to time. | 34 |
| **Minimum additional investment** | SGD100 or such other amount as we may decide from time to time. | 34 |
| **Minimum withdrawal** | 100 units or such other number of units as we may decide from time to time. | 34 |
| **Minimum balance** | 100 units or such other number of units as we may decide from time to time. | 35 |
| **Regular Savings Plan** | Currently, RSP is not available for this Class. | 34 |
| **Switching** | Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to:<br>▪ for switching out of the Class:<br>o the minimum withdrawal applicable to the Class;<br>o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and<br>o the Withdrawal Penalty of the Class (if any);<br>▪ for switching into the Class:<br>o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and<br>o the Switching Fee applicable for the proposed switch (if any).<br>You may negotiate to lower the amount for your switch with us or our Distributors. | 35 |
| **Transfer facility** | We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed. | 36 |

***Note:** We reserve our sole and absolute discretion without providing any reason whatsoever and at any time to accept, reject, amend, vary, waive and/or reduce (as the case maybe): (i) Your request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units; and/or (ii) the minimum balance. For increase in the number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.*

*We may for any reason and at any time, waive or reduce: (a) any fees (except for the Trustee Fee); (b) other charges payable by you to the Fund; and/or (c) transactional values including but not limited to the units or amount, for any Unit holder and/or investments made via any distribution channels or platform.*

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

**All fees and charges payable by you and/or the Fund are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by you and/or the Fund 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/or transaction information 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, charges and/or 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 PFG, CIMB Group and the Trustee do not guarantee the repayment of your capital.**

## CLASS INFORMATION

| | Class USD | Page |
|---|---|---|
| **Currency denomination** | USD | |
| **Distribution policy** | Distributions, if any, will be at the discretion of the Manager and will vary from period to period depending on market conditions and performance of the Fund.<br>***Note****: The Fund may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.* | 36 |

## 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 5.00% of the NAV per unit. | 28 |
| **Withdrawal Penalty** | Up to 1.00% of the NAV per unit.<br>Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund. | 28 |
| **Switching Fee** | Switching is treated as a withdrawal from the 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 Fee of the 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 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee. | 28 |
| **Transfer Fee** | A maximum of USD15 may be charged for each transfer. | 28 |
| **Other charges payable directly by you when purchasing or withdrawing 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 fees that you may **indirectly** incur when you invest in the Class.

| Fees | Class USD | Page |
|---|---|---|
| **Management Fee** | Up to 1.80% per annum of the NAV of the Class. | 29 |
| **Trustee Fee** | Up to 0.03% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges). | 29 |
| **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. | 29 |
| **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. | 29 |

***Note:*** *Subject always to the provisions of the Deed and GLOLA, we reserve our sole and absolute discretion without providing any reason whatsoever and at any time to amend, vary, waive and/or reduce the fees and charges (except for the Trustee Fee), whether payable by the Fund or Class, payable by you to the Fund or payable by any other investors to the Fund.*

# TRANSACTION INFORMATION

| | Class USD | Page |
|---|---|---|
| **Minimum initial investment** | USD100 or such other amount as we may decide from time to time. | 34 |
| **Minimum additional investment** | USD100 or such other amount as we may decide from time to time. | 34 |
| **Minimum withdrawal** | 100 units or such other number of units as we may decide from time to time. | 34 |
| **Minimum balance** | 100 units or such other number of units as we may decide from time to time. | 35 |
| **Regular Savings Plan** | Currently, RSP is not available for this Class. | 34 |
| **Switching** | Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to:<br>▪ for switching out of the Class:<br>o the minimum withdrawal applicable to the Class;<br>o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and<br>o the Withdrawal Penalty of the Class (if any);<br>▪ for switching into the Class:<br>o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and<br>o the Switching Fee applicable for the proposed switch (if any).<br>You may negotiate to lower the amount for your switch with us or our Distributors. | 35 |
| **Transfer facility** | We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed. | 36 |

***Note:*** *We reserve our sole and absolute discretion without providing any reason whatsoever and at any time to accept, reject, amend, vary, waive and/or reduce (as the case maybe): (i) Your request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units; and/or (ii) the minimum balance. For increase in the number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.*

*We may for any reason and at any time, waive or reduce: (a) any fees (except for the Trustee Fee); (b) other charges payable by you to the Fund; and/or (c) transactional values including but not limited to the units or amount, for any Unit holder and/or investments made via any distribution channels or platform.*

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

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

**Principal Asset Management Berhad** (199401018399 (304078-K))

Enquiries:

Customer Care Centre **+603 7723 7260**
Email **service@principal.com.my**
Website **www.principal.com.my**