Information Memorandum
31 December 2019

Principal Global Income Fund

(formerly known as CIMB-Principal Global Income Fund)

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

THIS IS A REPLACEMENT INFORMATION MEMORANDUM. THIS INFORMATION MEMORANDUM IS ISSUED TO REPLACE AND/OR SUPERSEDE THE INFORMATION MEMORANDUM OF THE CIMB-PRINCIPAL GLOBAL INCOME FUND DATED 11 OCTOBER 2017 AND THE FIRST SUPPLEMENTAL INFORMATION MEMORANDUM DATED 24 MAY 2018.

This Information Memorandum Issue No.2 for the Principal Global Income Fund is dated 31 December 2019.

The Fund was constituted on 9 October 2017.

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

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

In alliance with CIMB

ABOUT THIS DOCUMENT

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

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

If you have any questions about the Fund, please contact our Customer Care Centre at 03-7718 3000 between 8:45 a.m. and 5:45 p.m. (Malaysia time) on Mondays to Thursdays and between 8:45 a.m. and 4:45 p.m.(Malaysia time) on Fridays (except on Selangor public holidays).

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

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

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

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

DEFINITIONS

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

AUD	-	Australian Dollar.
Application Fee	-	Preliminary charge on each investment.
Business Day	-	Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and banks in Kuala Lumpur and/or Selangor are open for business. In respect of the Target Fund, it means a day on which the stock exchange in Luxembourg is open for business. ***Note:*** *We may declare certain Business Days to be a non-Business Day if the jurisdiction of the Target Fund declares a non-business day and/or if the Target Fund's manager declares a non-dealing day. This information will be communicated to you via our website at* ***http://www.principal.com.my****.*
CIMB Group	-	CIMB Group Sdn. Bhd.
CIS	-	Means collective investment schemes.
Class	-	Any Class of units representing similar interests in the assets of the Fund.
Class AUD-Hedged	-	The Class of units issued by the Fund denominated in AUD that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and AUD.
Class EUR-Hedged	-	The Class of units issued by the Fund denominated in EUR that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and EUR.
Class GBP-Hedged	-	The Class of units issued by the Fund denominated in GBP that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and GBP.
Class HKD-Hedged	-	The Class of units issued by the Fund denominated in HKD that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and HKD.
Class MYR-Hedged	-	The Class of units issued by the Fund denominated in MYR that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and MYR.
Class RMB-Hedged	-	The Class of units issued by the Fund denominated in RMB that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and RMB.
Class SGD-Hedged	-	The Class of units issued by the Fund denominated in SGD that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and SGD.
Class USD	-	The Class of units issued by the Fund denominated in USD.
CMSA	-	Capital Markets and Services Act 2007.
Company	-	AB FCP I, a mutual investment fund (*fonds commun de placement*) organized under the laws of the Grand Duchy of Luxembourg.
Deed	-	The principal deed and any supplemental deed in respect of the Fund entered into between us and the Trustee, in which Unit holders agree to be bound by the provisions of the Deed.
Deposit	-	As per the definition of "deposit" in the Financial Services Act 2013 and "Islamic deposit" in the Islamic Financial Services Act 2013. ***Note:*** *To exclude structured deposits.*
Distributors	-	Any relevant persons and bodies appointed by us from time to time, who are responsible for selling the units of the Fund, including Principal Distributors and IUTAs.
EUR	-	Euro.
FIMM	-	Federation of Investment Managers Malaysia.
Fund or GIF	-	Principal Global Income Fund *(formerly known as CIMB-Principal Global Income Fund)*.
GBP	-	Great Britain Pound.
HKD	-	Hong Kong Dollar.
Information Memorandum	-	Refers to the information memorandum in respect of the Fund and includes any supplemental information memorandum or replacement information memorandum, as the case may be.
IUTA	-	Institutional Unit Trust Scheme Adviser.
LPD	-	Latest Practicable Date, i.e. 31 October 2019, in which all information provided herein, shall remain current and relevant as at such a date.
Management Company	-	AllianceBernstein (Luxembourg) S.à r.l.
Management Fee	-	A percentage of the NAV of the Class that is paid to the Manager for managing the portfolio of the Fund.
MCR	-	Multi-class ratio, being the apportionment of the NAV of each Class over the Fund's NAV based on the size of each Class. The MCR is calculated by dividing the NAV of the respective Class by the NAV of the Fund before income and expenses for the day. The apportionment is expressed as a ratio and calculated as a percentage.
Member State	-	A member state of the European Union.
NAV	-	NAV.

NAV of the Fund	-	The NAV of the Fund is the value of all the Fund's assets less the value of all the Fund's liabilities, at the point of valuation. For the purpose of computing the annual Management Fee and annual Trustee Fee, the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day. The NAV of a Class is the NAV of the Fund attributable to a Class at the same valuation point.
NAV per unit	-	The NAV attributable to a Class of units divided by the number of units in circulation for that Class, at the valuation point.
OTC	-	Over-the-counter.
PFG	-	Principal Financial Group and its affiliates.
PIA	-	Principal International (Asia) Ltd.
Principal Distributors	-	Refers to the unit trust scheme consultants of Principal Malaysia.
Principal Malaysia or the Manager	-	Principal Asset Management Berhad *(formerly known as CIMB-Principal Asset Management Berhad)*.
Prospectus	-	Refers to the prospectus in respect of the Company and includes any supplemental prospectus, addendum or replacement prospectus, as the case may be. The Prospectus is available on AllianceBernstein's website at **https://www.abglobal.com/**.
RM or MYR	-	Malaysian Ringgit.
RMB	-	Renminbi. For the avoidance of doubt, this refers to the offshore RMB currency, the CNH.
SC	-	Securities Commission Malaysia.
SC Guidelines	-	SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.
SGD	-	Singapore Dollar.
Sophisticated Investor	-	Refers to investors as we determine as qualified or eligible to invest in the Fund and that fulfil any laws, rules, regulation, restrictions or requirements imposed by the respective country's regulators where the Fund is open for sale. For investors in Malaysia, this refers to any person who falls within any of the categories of investors set out in Part 1, Schedules 6 and 7 of the CMSA. ***Note:*** *For more information, please refer to our website at* ***http://www.principal.com.my*** *for the current excerpts of Part 1, Schedules 6 and 7 of the CMSA.*
Special Resolution	-	A resolution passed by a majority of not less than three-fourth (3/4) of the Unit holders of the Fund or a Class, as the case may be, voting at a meeting of Unit holders duly convened and held in accordance with the provisions of the Deed and representing at least three-fourth (3/4) of the value of the Units held by Unit holders of the Fund or a Class, as the case may be, voting at the meeting (whether in person or by proxy) duly convened and held in accordance with the provisions of the Deed.
Switching Fee	-	A charge that may be levied when switching is done from one (1) fund or class to another.
Target Fund	-	The CIS that the Fund invests predominantly in. Currently, it refers to AB FCP I – Global High Yield Portfolio, a portfolio of the Company.
Investment Manager	-	AllianceBernstein L.P.
Transfer Fee	-	A nominal fee levied for each transfer of units from one (1) Unit holder to another.
Trustee	-	HSBC (Malaysia) Trustee Berhad.
Trustee Fee	-	A percentage of the NAV of the Fund that is paid to the Trustee for its services rendered as trustee for the Fund.
UCITS	-	Means an open-end mutual investment fund or investment company qualifying as an undertaking for collective investment in transferable securities.
UCITS Directive	-	Means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended.
UK	-	United Kingdom.
Unit holder	-	The registered holder for the time being of a unit of any Class including persons jointly registered.
US or USA	-	United States of America.
USD	-	United States Dollar.
Wholesale Fund	-	A unit trust scheme established in Malaysia where the units are to be issued, offered for subscription or purchase, or for which invitations to subscribe for or purchase the units are to be made, exclusively to Sophisticated Investor.
Withdrawal Fee	-	A charge levied upon 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 INCOME FUND

Fund Category/Type	:	Feeder fund/ Income & Growth
Investment Objective	:	The Fund aims to provide income and moderate capital growth through investments in one collective investment scheme, which invests primarily in a diversified portfolio of high yielding debt securities. *We will require your approval if there is any material change to the Fund's investment objective.*
Benchmark	:	As the Fund feeds into the Target Fund, the Fund compares to the Target Fund for performance comparison purpose. ***Note**: Please note that the Target Fund is benchmark unconstrained, i.e. it will be managed without reference to any specific benchmark.*
Distribution Policy	:	The distribution policy of each of the Class may differ. Please refer to the Annexure of the respective Class for more information. You may also refer to page 38 for information on the distribution payment.
Base Currency	:	USD

Classes of the Fund

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

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

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

Name of Class	Launch date	Initial offer period	Initial offer price per unit
Class USD	11 October 2017	N/A	USD 1.0000
Class AUD-Hedged	11 October 2017	N/A	AUD 1.0000
Class EUR-Hedged	2 July 2018	N/A	EUR1.0000
Class GBP-Hedged	11 October 2017	N/A	GBP 1.0000
Class HKD-Hedged	2 July 2018	N/A	HKD1.0000
Class MYR-Hedged	11 October 2017	N/A	MYR 1.0000
Class RMB-Hedged	2 July 2018	N/A	RMB1.0000
Class SGD-Hedged	11 October 2017	N/A	SGD 1.0000

Investment Policy and Principal Investment Strategy

The Fund is a feeder fund and it invests in a single CIS, i.e. AB FCP I - Global High Yield Portfolio. The Fund may also invest in liquid asset for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its NAV in the Target Fund; a portfolio established on 22 September 1997 under the AB FCP I. The Fund will also maintain up to 5% of its NAV in liquid assets for liquidity purposes.

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

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

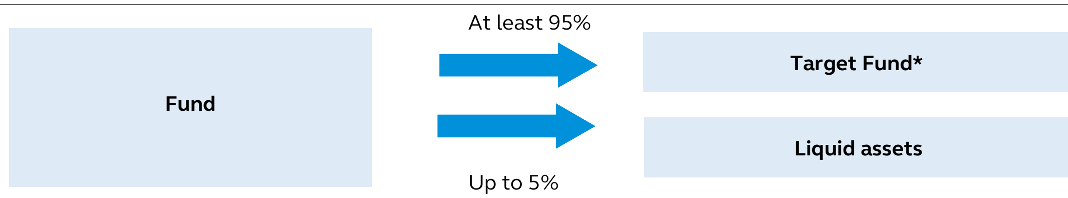
We will employ risk management strategy at the Fund level, where we will continuously monitor the investment objective, performance and suitability of the Target Fund to ensure that it is in line with the investment objective of the Fund. If we are of the opinion that the Target Fund no longer meets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

Currently, the Fund invests in Class IT shares of the Target Fund, which is a share class denominated in USD launched on 24 April 2013. The Fund may change its entire investment into another class of the Target Fund (which must be denominated in the same currency) if we and the Target Fund Manager are of the opinion that the change is in the interest of the Unit holders. If we wish to effect such change, we will seek concurrence from the Trustee and you will be notified before implementation.

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

Information on the Target Fund

Company	:	AB FCP I, a mutual investment fund (*fonds commun de placement*) organized under the laws of the Grand Duchy of Luxembourg
Management Company	:	AllianceBernstein (Luxembourg) S.à r.l.
Investment Manager	:	AllianceBernstein L.P
Regulatory authority	:	Commission de Surveillance du Secteur Financier



******Presently, the Target Fund is the AB FCP I - Global High Yield Portfolio.*

Asset Allocation

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

1.2. PERMITTED INVESTMENTS

The Fund will invest in the following investments:

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

1.3. INVESTMENT RESTRICTIONS AND LIMITS

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

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

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

1.4. APPROVALS AND CONDITIONS

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

1.5. BORROWINGS OR FINANCING

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

1.6. SECURITIES LENDING

Not applicable to the Fund.

1.7. RISK FACTORS

1.7.1. GENERAL RISKS OF INVESTING IN A CIS

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

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

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

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

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

1.7.2. SPECIFIC RISK RELATED TO THE FUND

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

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

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

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

1.7.3. SPECIFIC RISKS RELATED TO THE TARGET FUND

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

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

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

▪ Fixed-income securities	▪ Options, Rights and Warrants
▪ Residential Mortgage-Backed Securities (RMBS)*	▪ Forward Commitments
▪ Commercial Mortgage-Backed Securities (CMBS)*	▪ Repurchase Agreements/ Reverse Repurchase Agreements
▪ Other Asset-Backed Securities*	▪ Currency Transactions
▪ Structured securities and basket securities*	▪ Swaps, Caps, Floors

** Unless otherwise provided for in the specific information relating to a particular portfolio contained in part I of this Prospectus, investments in Asset and Mortgage Backed Securities and Structured Securities are limited to 20% of the net assets of any portfolio Investors should further note that the Investment Manager may vary the Target Fund's holdings due to changing market conditions, as further described below.*

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

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

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

See paragraph (5) of "Investment Restrictions" in Appendix A for a discussion of securities having a lack of liquidity in which a portfolio may invest.

Portfolios of the Company may invest in any of the following types of investments subject to the restrictions in the Portfolio's stated investment objective and policies and the limitations contained in "Investment Restrictions" in Appendix A.

In the Investment Manager's sole discretion, a portfolio may, for the purpose of efficient portfolio management and to hedge against market risks or provide exposure towards certain markets without direct purchase of the underlying assets, engage in various derivative strategies subject to the restrictions set out in the Company's "Investment Restrictions" in Appendix A. Such transactions in which such portfolio may engage include derivative instruments such as swaps, including interest rate swaps, total rate of return swaps and credit default swaps, transactions in financial futures and options. A portfolio may also engage in transactions in options on portfolio securities. A portfolio may seek to hedge its investments against currency fluctuations which are adverse to the Currency of the Portfolio by utilizing currency options, futures contracts and forward currency contracts. The use of these derivative transactions involves certain risks and there can be no assurance that the objective sought to be obtained from the use of such instruments will be achieved. See "Risk Factors" below.

Debt Securities Types

Fixed-Income Securities. The fixed-income obligations in which a portfolio will invest include fixed-income securities issued by governmental entities, supranational entities, companies and other entities.

Convertible Securities. Convertible securities include bonds, debentures, corporate notes and preferred stocks that are convertible at a stated exchange rate into common stock. Prior to conversion, convertible securities have the same general characteristics as nonconvertible debt securities, which provide a stable stream of income with generally higher yields than those of equity securities of the same or similar issuers. The price of a convertible security will normally vary with changes in the price of the underlying stock, although the higher yield tends to make the convertible security less volatile than the underlying common stock. As with debt securities, the market value of convertible securities tends to decline as interest rates increase and increase as interest rates decline. While convertible securities generally offer lower interest or dividend yields than nonconvertible debt securities of similar quality, they enable investors to benefit from increases in the market price of the underlying common stock.

"Zero Coupon" Treasury Securities. A portfolio may invest in "zero coupon" Treasury securities, which are U.S. Treasury bills issued without interest coupons, U.S. Treasury notes and bonds which have been stripped of their unmatured interest coupons, and receipts or certificates representing interests in such stripped debt obligations and coupons. A zero coupon security pays no interest to its holder during its life. Its value to an investor consists of the difference between its face value at the time of maturity and the price for which it was acquired, which is generally an amount significantly less than its face value (sometimes referred to as a "deep discount" price). Such securities usually trade at a deep discount from their face or par value and will be subject to greater fluctuations of market value in response to changing interest rates than debt obligations of comparable maturities which make current distributions of interest. On the other hand, because there are no periodic interest payments to be reinvested prior to maturity, zero coupon securities eliminate reinvestment risk and lock in a rate of return to maturity.
Currently the only U.S. Treasury security issued without coupons is the Treasury bill. Although the U.S. Treasury does not itself issue Treasury notes and bonds without coupons, under the U.S. Treasury Separate Trading of Registered Interest and Principal of Securities, or STRIPS, program interest and principal payments on certain long-term Treasury securities may be maintained separately in the Federal Reserve book entry system and may be separately traded and owned. In addition, in the last few years a number of banks and brokerage firms have separated ("stripped") the principal portions ("corpus") from the coupon portions of U.S. Treasury bonds and notes and sold them separately in the form of receipts or certificates representing interests in these instruments (which instruments are generally held by a bank in a custodial or trust account).

Variable, Floating and Inverse Floating Rate Securities. Fixed-income securities may have fixed, variable or floating rates of interest. Variable and floating rate securities pay interest at rates that are adjusted periodically, according to a specified formula. A "variable" interest rate adjusts at predetermined intervals (*e.g.*, daily, weekly or monthly), while a "floating" interest rate adjusts whenever a specified benchmark rate (such as the bank prime lending rate) changes.

A portfolio may invest in fixed-income securities that pay interest at a coupon rate equal to a base rate, plus additional interest for a certain period of time if short-term interest rates rise above a predetermined level or "cap." The amount of such an additional interest payment typically is calculated under a formula based on a short-term interest rate index multiple by a designated factor.

Leveraged inverse floating rate fixed-income securities are sometimes known as inverse floaters. The interest rate on an inverse floater resets in the opposite direction from the market rate of interest to which the inverse floater is indexed. An inverse floater may be considered to be leveraged to the extent that its interest rate varies by a magnitude that exceeds the magnitude of the change in the index rate of interest. The higher degree of leverage inherent in inverse floaters is associated with greater volatility in market value, such that, during periods of rising interest rates, the market values of inverse floaters will tend to decrease more rapidly than those of fixed rate securities.

Inflation-Protected Securities. A portfolio may invest in certain types of government-issued inflation-protected securities, including U.S. Treasury Inflation Protected Securities ("U.S. TIPS") and inflation-protected securities issued by the governments of other nations. U.S. TIPS are fixed-income securities issued by the U.S. Department of the Treasury, the principal amounts of which are adjusted daily based upon changes in the rate of inflation (currently represented by the non-seasonally adjusted Consumer Price Index for All Urban Consumers, calculated with a three-month lag). The U.S. Treasury currently issues U.S. TIPS in only ten- year maturities, although it is possible that U.S. TIPS with other maturities will be issued in the future. U.S. TIPS have previously been issued with maturities of five, ten or thirty years. U.S. TIPS pay interest on a semi-annual basis, equal to a fixed percentage of the inflation-adjusted principal amount.

The interest rate on these bonds is fixed at issuance, but over the life of the bond, this interest may be paid on an increasing or decreasing principal value that has been adjusted for inflation. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed even during a period of deflation. However, if a portfolio purchases U.S. TIPS in the secondary market whose principal values have been adjusted upward due to inflation since issuance, the portfolio may experience a loss if there is a subsequent period of deflation. In addition, the current market value of the bonds is not guaranteed, and will fluctuate. If inflation is lower than expected during the period a portfolio holds a U.S. TIPS, the portfolio may earn less on this type of security than on a conventional bond.

Inflation-protected securities of other governments may be subject to additional or different issues and risks depending on their structure and local markets.

Residential Mortgage-Backed Securities ("RMBS"). Holders of residential mortgage-backed securities ("RMBS") bear various risks, including credit, market, interest rate, structural and legal risks. RMBS represent interests in pools of residential mortgage loans secured by one to four family residential mortgage loans. Such loans may be prepaid at any time. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity, although such loans may be securitized by government agencies and the securities issued guaranteed. The rate of defaults and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those in the geographic area where the mortgaged property is located, the terms of the mortgage loan, the borrower's "equity" in the mortgaged property and the financial circumstances of the borrower.

Pass-Through Mortgage-Related Securities. The mortgage-related securities in which a portfolio may invest provide funds for mortgage loans made to U.S. residential home buyers. These include securities which represent interests in pools of mortgage loans made by lenders such as savings and loan institutions, mortgage bankers and commercial banks. Pools of mortgage loans are assembled for sale to investors (such as a portfolio) by various U.S. governmental, government-related and private organizations.

Interests in pools of mortgage-related securities differ from other forms of traditional debt securities, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or specified call dates. Instead, mortgage-related securities provide a monthly payment which consists of both interest and principal. In effect, these payments are a "pass-through" of the monthly interest and principal payments made by the individual borrowers on their residential mortgage loans, net of any fees paid to the issuer, servicer or guarantor of such securities. Additional payments result from repayments of principal resulting from the sale of the underlying residential property, refinancing or foreclosure, net of fees or costs which may be incurred. Some mortgage-related securities, such as securities issued by the Government National Mortgage Association ("GNMA"), are described as "modified pass-through." These securities entitle the holder to receive all interest and principal payments owed on the mortgage pool, net of certain fees, regardless of whether or not the mortgagors actually make mortgage payments when due.

The investment characteristics of pass-through mortgage- related securities differ from those of traditional fixed-income securities. The major differences include the payment of interest and principal on the mortgage-related securities on a more frequent schedule, as described above, and the possibility that principal may be prepaid at any time due to prepayments on the underlying mortgage loans or other assets.

The occurrence of mortgage prepayments is affected by factors including the level of interest rates, general economic conditions, the location and age of the mortgage and other social and demographic conditions. Generally, prepayments on pass-through mortgage-related securities increase during periods of falling mortgage interest rates and decrease during periods of rising mortgage interest rates. Reinvestment of prepayments may occur at higher or lower interest rates than the original investment, thus affecting the yield of the portfolios.

The principal U.S. governmental (*i.e.*, backed by the full faith and credit of the U.S. Government) guarantor of mortgage- related securities is GNMA. GNMA is a wholly-owned U.S. Government corporation within the Department of Housing and Urban Development. GNMA is authorized to guarantee, with the full faith and credit of the U.S. Government, the timely payment of principal and interest on securities issued by institutions approved by GNMA (such as savings and loan institutions, commercial banks and mortgage bankers) and backed by pools of Federal Housing Administration-insured or Veterans Administration-guaranteed mortgages.

U.S. Government-related (*i.e.*, not backed by the full faith and credit of the U.S. Government) guarantors include the Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"). FNMA is a government-sponsored corporation owned entirely by private stockholders. Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA but are not backed by the full faith and credit of the U.S. Government. FHLMC is a corporate instrumentality of the U.S. Government. Participation certificates issued by FHLMC are guaranteed as to the timely payment of interest and ultimate (or, in some cases, timely) collection of principal but are not backed by the full faith and credit of the U.S. Government.

Commercial banks, savings and loan institutions, private mortgage insurance companies, mortgage bankers and other secondary market issuers also create pass-through pools of conventional residential mortgage loans. Such issuers may also be the originators of the underlying mortgage loans as well as the guarantors of the mortgage-related securities. Pools created by such non-governmental issuers generally offer a higher rate of interest than government and government- related pools because there are no direct or indirect government guarantees of payments in the former pools.

However, timely payment of interest and principal of these pools is generally supported by various forms of insurance or guarantees, including individual loan, title, pool and hazard insurance. The insurance and guarantees are issued by government entities, private insurers and the mortgage poolers. Such insurance and guarantees and the creditworthiness of the issuers thereof will be considered in determining whether a mortgage-related security meets a portfolio's investment quality standards. There can be no assurance that the private insurers can meet their obligations under the policies. A portfolio may buy mortgage-related securities without insurance or guarantees if through an examination of the loan experience and practices of the poolers the Investment Manager determines that the securities meet the portfolio's quality standards. Although the market for such securities is becoming increasingly liquid, securities issued by certain private organizations may not be readily marketable.

Collateralized Mortgage Obligations and Multi- Class Pass-Through Securities. Mortgage-related securities in which a portfolio may invest may also include collateralized mortgage obligations ("CMOs") and multi- class pass-through securities. CMOs are debt obligations issued by special purpose entities that are secured by mortgage-backed certificates, including, in many cases, certificates issued by governmental or government-related guarantors, including GNMA, FNMA and FHLMC, together with certain funds and other collateral. Multi-class pass- through securities are equity interests in a trust composed of mortgage loans or other mortgage-related securities.

Payments of principal and interest on underlying collateral provide the funds to pay debt service on the CMO or make scheduled distributions on the multi-class pass-through security. CMOs and multi-class pass-through securities (collectively CMOs unless the context indicates otherwise) may be issued by agencies or instrumentalities of the U.S. Government or by private organizations. The issuer of a CMO may elect to be treated as a Real Estate Mortgage Investment Conduit ("REMIC").

In a CMO, a series of bonds or certificates is issued in multiple classes. Each class of CMOs, often referred to as a "tranche," is issued at a specific coupon rate and has a stated maturity or final distribution date. Principal prepayments on collateral underlying a CMO may cause it to be retired substantially earlier than the stated maturities or final distribution dates. The principal and interest on the underlying mortgages may be allocated among the several classes of a series of a CMO in many ways. In a common structure, payments of principal, including any principal prepayments, on the underlying mortgages are applied to the classes of the series of a CMO in a specified order, so that no payment of principal will be made on certain classes of a CMO until certain other classes have been paid in full.

One or more tranches of a CMO may have coupon rates which reset periodically at a specified increment over an index such as LIBOR (as defined below). These adjustable rate tranches known as "floating rate CMOs" will be considered as ARMS (as defined below) by a portfolio.

Floating rate CMOs are typically issued with lifetime caps on the coupon rate thereon. These caps, similar to the caps on adjustable rate mortgages described in "Adjustable Rate Mortgage Securities" below represent a ceiling beyond which the coupon rate on a floating rate CMO may not be increased regardless of increases in the interest rate index to which the floating rate CMO is tied.

Adjustable Rate Mortgage Securities. Adjustable rate mortgage securities ("ARMS") in which a portfolio may invest include (i) pass-through securities backed by adjustable rate mortgages and issued by GNMA, FNMA, FHLMC and by private organizations and (ii) floating rate CMOs. The coupon rates on ARMS are reset at periodic intervals to an increment over some predetermined interest rate index. There are three main categories of indices: (i) those based on U.S. Treasury securities, (ii) those derived from a calculated measure such as a cost of funds index or a moving average of mortgage rates and (iii) those based on short-term rates such as the London Interbank Offered Rate ("LIBOR"), Certificates of Deposit ("CDs") or the prime rate. Many issuers have selected as indices the yields of one-, three- and five-year U.S. Treasury notes, the discount rate of six-month U.S. Treasury bills as reported in two Federal Reserve statistical releases, the monthly G.13 (415) and the weekly H.15 (519), the CD composite, the prime rate, LIBOR and other indices. Additional indices may be developed in the future. In selecting a type of ARMS for investment, the Investment Manager will also consider the liquidity of the market for such ARMS.

The underlying adjustable rate mortgages which back ARMS in which a portfolio may invest will frequently have caps and floors which limit the maximum amount by which the loan rate to the residential borrower may change up or down (i) per reset or adjustment interval and (ii) over the life of the loan. Some residential adjustable rate mortgage loans limit periodic adjustments by limiting changes in the borrower's monthly principal and interest payments rather than limiting interest rate changes. These payment caps may result in negative amortization (*i.e.*, an increase in the balance of the mortgage loan). ARMS in which a portfolio may invest may also be backed by fixed-rate mortgages. Such ARMS, known as floating rate CMOs (as described above), generally have lifetime caps on the coupon rate thereon.

The ARMS in which a portfolio may invest include pass- through mortgage-related securities backed by adjustable rate mortgages and floating rate CMOs. As described above, adjustable rate mortgages typically have caps, which limit the maximum amount by which the coupon rate may be increased or decreased at periodic intervals or over the life of the loan. Floating rate CMOs have similar lifetime caps. To the extent that interest rates rise faster than the allowable caps on ARMS, such ARMS will behave more like securities backed by fixed- rate mortgages than by adjustable rate mortgage loans.

Consequently, interest rate increases in excess of caps can be expected to cause ARMS to behave more like traditional debt securities than adjustable rate securities and, accordingly, to decline in value to a greater extent than would be the case in the absence of such caps.

As noted above, because the coupon rates on ARMS are adjusted in response to changing interest rates, fluctuations in prices of ARMS due to changes in interest rates will be less than in the case of traditional debt securities. The adjustable rate feature of ARMS will not, however, eliminate such price fluctuations, particularly during periods of extreme fluctuations in interest rates. Also, since many adjustable rate mortgages only reset on an annual basis, it can be expected that the prices of ARMS will fluctuate to the extent that changes in prevailing interest rates are not immediately reflected in the coupon rates payable on the underlying adjustable rate mortgages.

Stripped Mortgage-Related Securities. Stripped mortgage-related securities ("SMRS") are derivative multi-class mortgage-related securities. SMRS may be issued by the U.S. Government, its agencies or instrumentalities, or by private originators of, or investors in, mortgage loans, including savings and loan associations, mortgage banks, commercial banks, investment banks and special purpose subsidiaries of the foregoing.

SMRS are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of GNMA, FNMA or FHLMC certificates, whole loans or private pass-through mortgage- related securities ("Mortgage Assets"). A common type of SMRS will have one class receiving some of the interest and most of the principal from the Mortgage Assets, while the other class will receive most of the interest and the remainder of the principal. In the most extreme case, one class will receive all of the interest (the interest-only or "IO" class), while the other class will receive all of the principal (the principal-only or "PO" class). The yield to maturity on an IO class is extremely sensitive to the rate of principal payments (including prepayments) on the related underlying Mortgage Assets, and a rapid rate of principal prepayments may have a material adverse effect on the yield to maturity of the IO class. The rate of principal prepayment will change as the general level of interest rates fluctuates. If the underlying Mortgage Assets experience greater than anticipated principal prepayments, the portfolio may fail to fully recoup its initial investment in these securities, even if the securities are rated AAA by S&P or Aaa by Moody's or the equivalent thereof by another NRSRO. Due to their structure and underlying cash flows, SMRS may be more volatile than mortgage-related securities that are not stripped.

Types of Credit Support. To lessen the effect of failures by obligors on underlying assets to make payments, non-GNMA, -FNMA or -FHLMC mortgage-related securities are likely to contain cash flow support. Such cash flow support falls into two categories: (i) liquidity protection and (ii) credit protection against losses resulting from ultimate default by an obligor on underlying assets. Liquidity protection refers to the provision of advances to cover delinquent (*e.g.*, 30-60 days late) payments, generally by the entity administering the pool of assets, to ensure that the pass-through of payments due on the underlying pool occurs in a timely fashion. Credit protection against losses resulting from ultimate default enhances the likelihood of ultimate payment of the obligations on at least a portion of the assets in the pool. These protections may be provided through guarantees, insurance policies or letters of credit obtained by the issuer or sponsor from third parties, through various means of structuring the transaction, as described below, or through a combination of these approaches.

The ratings of securities for which third-party credit enhancement provides liquidity protection or protection against losses from default are generally dependent upon the continued creditworthiness of the enhancement provider. The ratings of such securities could be subject to reduction in the event of deterioration in the creditworthiness of the enhancement provider even in cases where the delinquency and loss experience on the underlying pool of assets is better than expected.

Examples of credit support arising out of the structure of the transaction include "senior-subordinated securities" (multiple class securities with one or more classes subordinate to other classes as to the payment of principal thereof and interest thereon, with the result that defaults on the underlying assets are borne first by the holders of the subordinated class), creation of "reserve funds" (where cash or investments, sometimes funded from a portion of the payments on the underlying assets, are held in reserve against future losses) and "over collateralization" (where the scheduled payments on, or the principal amount of, the underlying assets exceed those expected to be required to make payment on the securities and pay any servicing or other fees). The degree of credit support provided for each issue is generally based on historical information with respect to the level of credit risk associated with the underlying assets. Other information which may be considered includes demographic factors, loan underwriting practices and general market and economic conditions.

Delinquency or loss in excess of that which is anticipated could adversely affect the return on an investment in such a security.

Commercial Mortgage-Backed Securities ("CMBS"). Commercial mortgage-backed securities are securities that represent an interest in, or are secured by, mortgage loans secured by multifamily or commercial properties, such as industrial and warehouse properties, office buildings, retail space and shopping malls, and cooperative apartments, hotels and motels, nursing homes, hospitals and senior living centers. Commercial mortgage-backed securities have been issued in public and private transactions by a variety of public and private issuers using a variety of structures, some of which were developed in the residential mortgage context, including multi-class structures featuring senior and subordinated classes. Commercial mortgage-backed securities may pay fixed or floating-rates of interest. The commercial mortgage loans that underlie commercial mortgage-backed securities have certain distinct risk characteristics. Commercial mortgage loans generally lack standardized terms, which may complicate their structure, tend to have shorter maturities than residential mortgage loans and may not be fully amortizing. Commercial properties themselves tend to be unique and are more difficult to value than single-family residential properties. In addition, commercial properties, particularly industrial and warehouse properties, are subject to environmental risks and the burdens and costs of compliance with environmental laws and regulations.

Commercial mortgage-backed securities, like all fixed-income securities, generally decline in value as interest rates rise. Moreover, although generally the value of fixed-income securities increases during periods of falling interest rates, this inverse relationship may not be as marked in the case of single-family residential mortgage-backed securities due to the increased likelihood of prepayments during periods of falling interest rates in the case of commercial mortgage-backed securities. The process used to rate commercial mortgage- backed securities may focus on, among other factors, the structure of the security, the quality and adequacy of collateral and insurance, and the creditworthiness of the originators, servicing companies and providers of credit support.

Other Asset-Backed Securities. A portfolio may invest in certain high quality asset-backed securities. Through the use of trusts, special purpose corporations and other vehicles, various types of assets, including automobile and credit card receivables, home equity loans and equipment leases, may be securitized in pass-through structures similar to the mortgage pass-through structures described above or in a pay-through structure similar to the CMO structure. The collateral behind asset-backed securities tends to have a controlled or limited prepayment rate. In addition, the short- term nature of asset-backed loans reduces the impact of any change in prepayment level. Due to amortization, the average life for asset-backed securities is also the conventional proxy for maturity.

Because of the possibility that prepayments (on mortgage loans, automobile loans or other collateral) will alter the cash flow on asset-backed securities, it is not possible to determine in advance the actual final maturity date or average life. Faster prepayment will shorten the average life and slower prepayments will lengthen it. However, it is possible to determine what the range of the movement could be and to calculate the effect that it will have on the price of the security.

Structured Securities and Basket Securities. A portfolio may invest in various types of structured securities and basket securities. Structured securities in which a portfolio invests may represent, for example, interests in entities organized and operated solely for the purpose of restructuring the investment characteristics of particular fixed-income obligations. This type of restructuring involves the deposit with or purchase by an entity, such as a corporation or trust, of specified instruments and the issuance by that entity of one or more classes of structured securities backed by, or representing interests in, the underlying instruments. The cash flow on the underlying instruments may be apportioned among the newly issued structured securities to create securities with different investment characteristics such as varying maturities, payment priorities and interest rate provisions, and the extent of the payments made with respect to structured securities is dependent on the extent of the cash flow on the underlying instruments. Structured securities of a given class may be either subordinated or unsubordinated to the right of payment of another class. Subordinated structured securities typically have higher yields and present greater risks than unsubordinated structured securities.

Basket securities in which a portfolio invests may consist of entities organized and operated for the purpose of holding a basket of fixed-income obligations of various issuers or a basket of other transferable securities. Baskets involving fixed-income obligations may be designed to represent the characteristics of some portion of the fixed-income securities market or the entire fixed-income securities market. Subject to the Company's Investment Restrictions set out in Appendix A, a portfolio may invest in structured securities and basket securities.

Other Investments Types

Options, Rights and Warrants. An option gives the purchaser of the option, upon payment of a premium, the right to deliver to (in the case of a put) or receive from (in the case of a call) the writer of such option a specified amount of a security (or, in the case of an option on an index, cash) on or before a fixed date at a predetermined price. A call option written by a portfolio is "covered" if the portfolio owns the underlying security, has an absolute and immediate right to acquire that security upon conversion or exchange of another security it holds, or holds a call option on the underlying security with an exercise price equal to or less than that of the call option it has written. A put option written by a portfolio is covered if the portfolio holds a put option on the underlying securities with an exercise price equal to or greater than that of the put option it has written.

A call option is for cross-hedging purposes if a portfolio does not own the underlying security but seeks to provide a hedge against a decline in value of another security that the portfolio owns or has the right to acquire. A portfolio would write a call option for cross-hedging purposes, instead of writing a covered call option, when the premium to be received from the cross-hedge transaction would exceed that which would be received from writing a covered call option, while at the same time achieving the desired hedge.

Rights and warrants entitle the holder to buy equity securities at a specific price for a specific period of time. A portfolio may invest in rights or warrants only if the underlying equity securities themselves are deemed appropriate by the Investment Manager for inclusion in the relevant portfolio.

Rights are generally issued to existing shareholders of an issuer and in some countries are referred to as "preferential subscription rights." Rights are similar to warrants except that they have a substantially shorter duration. Rights and warrants may be considered more speculative than certain other types of investments in that they do not entitle a holder to dividends or voting rights with respect to the underlying securities nor do they represent any rights in the assets of the issuing company. The value of a right or warrant does not necessarily change with the value of the underlying security, although the value of a right or warrant may decline because of a decrease in the value of the underlying security, the passage of time or a change in perception as to the potential of the underlying security, or any combination of these factors. If the market price of the underlying security is below the exercise price set out in the warrant on the expiration date, the warrant will expire worthless. Moreover, a right or warrant ceases to have value if it is not exercised prior to the expiration date.

Forward Commitments. Forward commitments for the purchase or sale of securities may include purchases on a "when-issued" basis or purchases or sales on a "delayed delivery" basis. In some cases, a forward commitment may be conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, corporate reorganization or debt restructuring (*i.e.*, a "when, as and if issued" trade).

When forward commitment transactions are negotiated, the price is fixed at the time the commitment is made, but delivery and payment for the securities take place at a later date. Normally, the settlement date occurs within two months after the transaction, but settlements beyond two months may be negotiated. Securities purchased or sold under a forward commitment are subject to market fluctuations, and no interest or dividends accrue to the purchaser prior to the settlement date.

The use of forward commitments enables a portfolio to protect against anticipated changes in interest rates and prices. For instance, in periods of rising interest rates and falling bond prices, a portfolio might sell securities held by it on a forward commitment basis to limit its exposure to falling prices. In periods of falling interest rates and rising bond prices, a portfolio might sell a security held by it and purchase the same or a similar security on a when-issued or forward commitment basis, thereby obtaining the benefit of currently higher cash yields. However, if the Investment Manager were to forecast incorrectly the direction of interest rate movements, the portfolio concerned might be required to complete such when-issued or forward transactions at a price inferior to the then current market values. When-issued securities and forward commitments may be sold prior to the settlement date, but a portfolio will enter into when-issued and forward commitments only with the intention of actually receiving securities or delivering them, as the case may be. If a portfolio chooses to dispose of the right to acquire a when-issued security prior to its acquisition or dispose of its right to deliver or receive against a forward commitment, it may incur a gain or loss. Any significant commitment of a portfolio's assets to the purchase of securities on a "when, as and if issued" basis may increase the volatility of such portfolio's NAV. In the event the other party to a forward commitment transaction were to default, the portfolio might lose the opportunity to invest money at favorable rates or to dispose of securities at favorable prices.

Efficient Portfolio Management Techniques

Subject to the conditions and within the limits laid down in the Law of 2010 as well as any circulars issued by the CSSF from time to time, and in particular the CSSF Circular 14/592 transposing the ESMA/2014/937 Guidelines for competent authorities and UCITS management companies - Guidelines on ETFs and other UCITS issues (the "ESMA Guidelines"), a portfolio may employ techniques and instruments relating to transferable securities and money market instruments, such as securities lending and repurchase agreement transactions, provided that such techniques and instruments are used for the purpose of efficient portfolio management. For further information about efficient portfolio management techniques employed by the Company, see "Appendix C: Additional Information relating to Financial Derivative Instruments, Financial Techniques and Instruments and Collateral Management" of the Prospectus.

Repurchase and Reverse Repurchase Agreements. A reverse repurchase agreement arises when the Company "buys" a security from a counterparty and simultaneously agrees to sell it back to the counterparty at an agreed-upon future date and price. In a repurchase transaction, the Company "sells" a security to a counterparty and simultaneously agrees to repurchase it back from the counterparty at an agreed-upon future date and price. The repurchase price is the sum of repurchase agreement principal plus an agreed interest rate for the period the buyer's money is invested in the security. Such agreements provide the Investment Manager with additional flexibility to pursue the portfolio's investment objective.

The use of repurchase and reverse repurchase agreements by the Company involves certain risks. If a counterparty in a reverse repurchase transaction defaults on its obligation, the portfolio concerned would suffer a loss to the extent that the proceeds from the sale of securities are insufficient to replace the amount of funds owed by the counterparty. If a counterparty in a repurchase transaction defaults on its obligation, the Company concerned could suffer a loss to the extent that cash received by the Company in the transaction is insufficient to replace the securities to be returned by the counterparty. The Investment Manager monitors the creditworthiness of the counterparty with which a portfolio enters into repurchase agreements.

Currency Transactions. Transactions in currencies may include options, forwards, futures and swaps and are subject to a number of risks, in particular, the risk posed by fluctuations in the market price of currency contracts.

Options on Currencies. As in the case of other kinds of options, the writing of an option on a currency constitutes only a partial hedge, up to the amount of the premium received, and the portfolio concerned could be required to purchase or sell currencies at disadvantageous exchange rates, thereby incurring losses. The purchase of an option on a currency may constitute an effective hedge against fluctuations in exchange rates although, in the event of rate movements adverse to the portfolio's position, it may forfeit the entire amount of the premium plus related transaction costs.

Forward Foreign Currency Exchange Contracts. A portfolio may purchase or sell forward foreign currency exchange contracts to reduce or obtain exposure to the Currency of the Portfolio, the currency of an underlying investment and/or other currencies. A forward foreign currency exchange contract is an obligation to purchase or sell a specific currency for an agreed price at a future date, and is individually negotiated and privately traded.

A portfolio may enter into a forward foreign currency exchange contract, for example, when it enters into a contract for the purchase or sale of a security denominated in a foreign currency in order to "lock in" the price, in the Currency of the Portfolio, of the security ("transaction hedge"). A portfolio may engage in transaction hedges with respect to the currency of a particular country to an amount equal to the aggregate amount of the portfolio's transactions in that currency, or such greater or lesser amount as may be required to accommodate for unrealized gains or losses in a portfolio or to adjust for subscription and redemption activity giving rise to the purchase or sale of underlying portfolio securities. Such outstanding currency positions opened for the purpose of a transaction hedge are not required to be adjusted unless any excess of the amount of such a transaction hedge over the aggregate market value from time-to-time of portfolio securities denominated or quoted in such currency exceeds 0.50% of the portfolio's net assets. When a portfolio believes that a currency in which its investments are denominated may suffer a substantial decline against the Currency of the Portfolio, it may enter into a forward sale contract to sell an amount of that other currency approximating the value of some or all of its investments denominated in such foreign currency, or when a portfolio believes that the Currency of the Portfolio may suffer a substantial decline against another currency it may enter into a forward purchase contract to buy that other currency for a fixed amount in the Currency of the Portfolio ("position hedge"). A portfolio generally may position hedge with respect to a particular currency to an amount equal to the aggregate market value (at the time of making such sale) of the securities held in its portfolio denominated or quoted in that currency, or such greater or lesser amount as may be required to accommodate for unrealized gains or losses in a portfolio or to adjust for subscription and redemption activity giving rise to the purchase or sale of underlying portfolio securities.

Such outstanding currency positions opened for the purpose of a position hedge are not required to be adjusted unless any excess of the amount of such a position hedge over the aggregate market value from time-to-time of portfolio securities denominated or quoted in such currency exceeds 0.50% of the portfolio's net assets. As an alternative to a position hedge, a portfolio may enter into a forward contract to sell a different foreign currency for a fixed amount, in the Currency of the Portfolio, where such portfolio believes that the value in the Currency of the Portfolio of the currency to be sold pursuant to the forward contract will fall whenever there is a decline in the value, in the Currency of the Portfolio, of the currency in which portfolio securities of such portfolio are denominated ("cross-hedge"). Unanticipated changes in currency prices may result in poorer overall performance for a portfolio than if had not entered into such forward foreign currency exchange contracts. Hedging against a decline in the value of a currency does not eliminate fluctuations in the prices of portfolio securities or prevent losses if the prices of such securities decline. Such transactions also preclude the opportunity for gain if the value of the hedged currency should rise. Moreover, it may not be possible for a portfolio to hedge against a devaluation that is so generally anticipated that the portfolio is not able to contract to sell the currency at a price above the devaluation level it anticipates.

Swaps, Caps, Floors. A portfolio may enter into swaps (including interest rate swaps), may purchase and sell interest rate caps, may purchase or sell floors and may buy and sell options on all the aforementioned transactions. Portfolios expect to enter into these transactions to preserve a return or spread on a particular investment or portion of a portfolio or for other hedging purposes. A portfolio may also enter into these transactions to protect against any increase in the price of securities the portfolio anticipates purchasing at a later date or to manage the duration of a portfolio. Interest rate swaps involve the exchange by a portfolio with another party of their respective commitments to pay or receive interest (*e.g.*, an exchange of floating-rate payments for fixed-rate payments). The purchase of an interest rate cap would entitle a portfolio, to the extent that a specified index exceeds a predetermined interest rate, to receive payments of interest on a contractually based notional amount from the party selling the interest rate cap. The purchase of an interest rate floor would entitle a portfolio to the extent that a specified index falls below a predetermined interest rate, to receive payments of interest on a contractually based notional amount from the party selling the interest rate floor. The sale of an interest rate cap would require that portfolio, to the extent that a specified index rises above a predetermined interest rate, to make payments of interest on a contractually based notional amount to the party purchasing the cap in exchange for receipt of a premium by the portfolio. The sale of an interest rate floor would require that a portfolio, to the extent that a specified index falls below a predetermined interest rate, to make payments of interest on a contractually based notional amount to the party purchasing the interest rate floor.

A portfolio may enter into swaps, caps and floors on either an asset-based or liability-based basis, depending on whether it is hedging its assets or its liabilities, and will usually enter into swaps on a net basis (*i.e.*, the two payment streams are netted out, with the portfolio receiving or paying, as the case may be, only the net amount of the two payments). The net amount of the excess, if any, of the relevant portfolio's obligations over its entitlements with respect to each swap will be accrued on a daily basis. If a portfolio enters into a swap on other than a net basis, the portfolio will maintain a segregated account in the full amount accrued on a daily basis of the portfolio's obligations with respect to the swap. The Investment Manager will monitor the creditworthiness of counterparties to its swap, cap and floor transactions on an ongoing basis.

The use of swaps (including caps and floors) involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the Investment Manager is incorrect in its forecasts of the market values, interest rates and other applicable factors, the investment performance of the portfolio would diminish compared with what it would have been if these investment techniques were not used. Moreover, even if the Investment Manager is correct in its forecasts, there is a risk that the swap position may correlate imperfectly with the price of the asset or liability being hedged.

Currency Swaps. Currency swaps involve the individually negotiated exchange by a portfolio with another party of a series of payments in specified currencies. A currency swap may involve the delivery at the end of the exchange period of a substantial amount of one designated currency in exchange for the other designated currency.

Therefore the entire principal of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations. The net amount of the excess, if any, of the portfolio's obligations over its entitlements with respect to each currency swap will be accrued on a daily basis. If there is a default by the other party to such a transaction, the portfolio will have contractual remedies pursuant to the agreements related to the transactions.

Credit Default Swaps. A portfolio may enter into a credit default swap, or CDS, with institutions subject to prudential supervision, and belonging to the categories approved by the CSSF referencing any of the aforementioned eligible investments for hedging purposes or speculation. When used for hedging purposes, the portfolio will be the buyer of a CDS contract. In this case, a portfolio will pay to the counterparty a periodic stream of payments over the term of the CDS, in return for a right to exchange the debt obligation or cash settlement in lieu thereof for par value (or other agreed-upon value) upon the occurrence of a "credit event" on the issuer of the specified debt obligation. If a credit event does not occur, a portfolio will have spent the stream of payments received on the CDS without having received any benefit. Conversely, when a portfolio is the seller of a CDS, it receives the stream of payments and is obligated to pay to the counterparty par value (or other agreed-upon value) of the referenced debt obligation in exchange for the debt obligation or cash settlement in lieu thereof upon the occurrence of such a credit event. As the seller, a portfolio will be subject to the credit risk of the issuer since it will have to look to the issuer in order to be made whole. A portfolio may invest in single name, index, tranche, basket or bespoke CDS transaction.

Total Return Swaps and Other Financial Derivative Instruments with Similar Characteristics. In case where a portfolio enters into a total return swap or invests in other financial derivative instruments with similar characteristics, the assets held by the portfolio must comply with the diversification limits set out in Articles 43, 44, 45, 46 and 48 of the Law of 2010. At the same time, pursuant to Article 42(3) of the Law of 2010 and Article 48(5) of CSSF Regulation 10-4, the Management Company must ensure that the underlying exposures of the total return swap or of the other financial derivative instruments with similar characteristics are taken into account to calculate the portfolio investment limits laid down in accordance with Article 43 of the Law of 2010.

In addition, where a portfolio enters into a total return swap or invests in other financial derivative instruments with similar characteristics, the underlying exposure gained directly or via a recognized index, must be in line with the relevant portfolio’s investment objective and policy set out in Section I of this prospectus. The counterparties to such type of transactions must be highly rated financial institutions specialized in this type of transaction and are selected from a list of authorized counterparties established by the Investment Manager.

Unless otherwise provided for in the relevant part of Section I relating to a specific portfolio, the counterparty has no discretion over the composition or management of the portfolio’s investments or of the underlying assets or reference index of the financial derivative instrument. If, for a specific portfolio, the counterparty has any discretion over the composition or management of the portfolio’s investments or of the underlying assets of the financial derivative instruments, the agreement between the portfolio and the counterparty should be considered as an investment management delegation arrangement and should comply with the UCITS requirements on delegation. In such case, the part of Section I relating to the relevant portfolio will describe the details of the agreement.

A portfolio that enters into a total return swap or invests in other financial derivative instruments with similar characteristics is subject to the risk of counterparty default which may affect the return of the shareholders of this portfolio. For more information on this risk and other risks applicable to such type of transactions, investors should refer to "Risk Factors" below and more specifically to the “Derivatives Risk” provisions thereof.

- **General Risks**

The Target Fund is involved in the business of investing in securities, which entails certain risks. The following general risk factors apply to the Target Fund. In this context, “portfolio” means one (1) or more portfolios of the Company as the context requires, which includes the Target Fund.

Country Risks—General. A portfolio may invest in securities of issuers located in various countries and geographic regions. The economies of individual countries may differ favorably or unfavorably from each other in such respects as growth of gross domestic product or gross national product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. Issuers in general are subject to varying degrees of regulation with respect to such matters as insider trading rules, restrictions on market manipulation, shareholder proxy requirements and timely disclosure of information. The reporting, accounting and auditing standards of issuers may differ, in some cases significantly, from country to country in important respects and less information from country to country may be available to investors in securities or other assets.

Nationalization, expropriation or confiscatory taxation, currency blockage, political changes, government regulation, political or social instability or diplomatic developments could affect adversely the economy of a country or a portfolio's investments in such country. In the event of expropriation, nationalization or other confiscation, a portfolio could lose its entire investment in the country involved. In addition, laws in countries governing business organizations, bankruptcy and insolvency may provide limited protection to security holders such as a portfolio.

Portfolios which invest essentially in securities whose issuers are domiciled in only one country will have greater exposure to market, political and economic risks of that country than portfolios that have more geographically diversified investments. Portfolios which invest in securities whose issuers are domiciled in multiple countries will have less exposure to the risks of any one country, but will be exposed to a larger number of countries.

A portfolio may trade its securities in a variety of markets with many different brokers and dealers. The failure of a broker or dealer may result in the complete loss of a portfolio's assets on deposit with such broker or dealer depending on the regulatory rules governing such broker or dealer. In addition, brokerage commissions in certain countries may be higher than in others, and securities markets in certain countries may be less liquid, more volatile and less subject to governmental supervision than in others.

The securities markets of many countries are also relatively small, with the majority of market capitalization and trading volume concentrated in a limited number of companies representing a small number of industries. Consequently, a portfolio invested in equity securities of companies in such countries may experience greater price volatility and significantly lower liquidity than a portfolio invested solely in equity securities of companies in countries with relatively larger securities markets. These smaller markets may be subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities. Securities settlements may in some instances be subject to delays and related administrative uncertainties. Certain countries require governmental approval prior to investments by foreign persons or limit investment by foreign persons to only a specified percentage of an issuer's outstanding securities or a specific class of securities that may have less advantageous terms (including price) than securities of the company available for purchase by nationals. These restrictions or controls may at times limit or preclude investment in certain securities and may increase the costs and expenses of a portfolio. In addition, the repatriation of investment income, capital, or the proceeds of sales of securities from certain countries is controlled under regulations, including in some cases the need for certain advance government notification or authority. If deterioration occurs in a country's balance of payments, the country could impose temporary restrictions on foreign capital remittances. A portfolio also could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation, as well as by the application of other restrictions on investment. Investing in local markets may require a portfolio to adopt special procedures that may involve additional costs to the portfolio. These factors may affect the liquidity of the portfolio's investments in any country and the Investment Manager will monitor the effect of any such factor or factors on the portfolio's investments.

Cybersecurity Risk. As part of the Company’s business, the Management Company and Investment Manager process, store and transmit large amounts of electronic information, including information relating to the transactions of the Company and personally identifiable information of the shareholders. Similarly, service providers of the Company may process, store and transmit such information. The Management Company and Investment Manager have procedures and systems in place that they believe are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Management Company and Investment Manager may be susceptible to compromise, leading to a breach of the Management Company’s or Investment Manager’s network. Systems, facilities or online services may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Breach of the Management Company’s or Investment Manager’s information systems may cause information relating to the transactions of the Company and personally identifiable information of the shareholders to be lost or improperly accessed, used or disclosed.

The service providers of the Management Company, Investment Manager and the Company are subject to similar electronic information security threats. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Company and personally identifiable information of the shareholders may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Company’s proprietary information may cause the Company to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Company and the shareholders’ investments therein.

Liquidity Risk. Certain securities in which the Company may invest, may become subject to legal or other restrictions on transfer and there may be no liquid market for such securities. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable and the Company may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

A portfolio may invest up to 10% of its net assets in securities for which there is no ready market, as more fully described in paragraph (5) of "Investment Restrictions" in Appendix A. In addition, a portfolio may engage in transactions in futures contracts or options thereon in limited circumstances, and such instruments may also be subject to illiquidity when market activity decreases or when a daily price fluctuation limit has been reached. Most futures exchanges limit fluctuations in futures contract prices during a single day by regulations referred to as "daily limits." During a single trading day no trades may be executed at prices beyond the daily limit. Once the price of a futures contract has increased or decreased to the limit point, positions can neither be taken nor liquidated. Futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the portfolio from promptly liquidating unfavorable positions and, therefore, result in losses to a portfolio and corresponding decreases in the NAV of the relevant shares.

Certain OTC instruments, for which there will be limited liquidity, will be valued for purposes of calculating NAV based upon an average of prices taken from at least two major primary dealers. These prices will affect the price at which shares may be redeemed or purchased. Such valuation may not be realized upon sale by a portfolio.

Currency Risk. Underlying investments of a portfolio may be denominated in one or more currencies different than that in which such portfolio is denominated. This means currency movements in such underlying investments may significantly affect the NAV in respect of such portfolio's shares. Investments by the portfolios that are denominated in a particular currency are subject to the risk that the value of such currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The portfolios are not limited in the percentage of its assets that may be denominated in currencies other than the Currency of the Portfolio.

The Investment Manager will take into account, and may hedge to reduce the risk of, such risks by investing in one or more currencies, futures contracts on multiple currencies and options thereon, forward currency exchange contracts on multiple currencies, or any combination thereof. The Investment Manager is not obligated to engage in such currency hedging transactions and may elect to do so in its sole discretion. No assurance can be made that such currency hedging strategies will be effective. In addition, a portfolio may seek active speculative investment opportunities by taking long or short positions in currencies through use of currency-related derivatives such as currency options and forward contracts, subject to certain limitations in such portfolio’s investment objective and policies. Such currency transactions involve a significant degree of risk and the markets in which currency exchange transactions are effected may be highly volatile.

In addition, because the shares of certain portfolios are offered in more than one currency, such portfolio and holders of the shares are subject to certain additional currency risks. For example, such portfolio may be subject to the risk of an unfavorable change in the Dollar/Euro rate of exchange in respect of Euro subscriptions accepted on a particular Trade Date but for which actual Euro subscription amounts are not received by the Depositary until a subsequent Trade Date.

Also, the portfolio may be subject to the risk of a decline in the value of the Dollar relative to the Euro subsequent to a Euro redemption and prior to the payment of Euro redemption amounts to the redeeming shareholder.

Additionally, when a portfolio quotes its shares' NAVs in a currency other than the Currency of the Portfolio, such values are derived from the spot foreign exchange rate of the other Offered Currency on each Valuation Point.

Accordingly, the total return ultimately realized by a shareholder upon redemption in respect of an investment in shares made in such other Offered Currency will be directly affected, either positively or negatively, by changes in the exchange rate between such other Offered Currency and the Currency of the Portfolio from the date of subscription to the date of redemption. All expenses related to converting subscription and redemption amounts into and out of the Currency of the Portfolio and other Offered Currencies are borne by the portfolio concerned and attributed to the shares of such portfolio.

The Distributor occasionally may arrange for foreign exchange facilities that allow investors to use certain currencies other than the Offered Currencies of a portfolio for subscription and redemption of shares. Such transactions are conducted outside of the Company and at the investor's own risk and expense. Investors utilizing such facilities may be subject to foreign exchange risks related to timing of settlement upon subscription and changes in exchange rates during the period of investment in the Company.

Borrowing Risk. A portfolio may borrow from a bank or other entity in a privately arranged transaction for temporary purposes, which includes for purposes of redeeming shares, in an amount not exceeding 10% of the value of the Portfolio's total assets. Borrowing creates an opportunity for a portfolio to finance the limited activities described above without the requirement that portfolio securities be liquidated at a time when it would be disadvantageous to do so. Any investment income or gains on, or savings in transaction costs made through the retention of, portfolio securities in excess of the interest paid on and the other costs of the borrowings will cause the net income or NAV per share of the shares to be greater than would otherwise be the case. On the other hand, if the income or gain, if any, on the securities retained fails to cover the interest paid on and the other costs of the borrowing, the net income or NAV per share of the shares will be less than would otherwise be the case.

Loans of Portfolio Securities. A portfolio may make secured loans of its securities. The risks in lending securities, as with other extensions of credit, consist of possible loss of rights in the collateral should the borrower fail financially. In addition, a portfolio will be exposed to the risk that the sale of any collateral realized upon the borrower's default will not yield proceeds sufficient to replace the loaned securities. In determining whether to lend securities to a particular borrower, the Investment Manager will consider all relevant facts and circumstances, including the creditworthiness of the borrower. While securities are on loan, the borrower may pay the portfolio concerned any income from the securities. The portfolio may invest any cash collateral in money market instruments, thereby earning additional income, or receive an agreed upon amount of income from a borrower who has delivered equivalent collateral. The portfolio may have the right to regain record ownership of loaned securities or equivalent securities in order to exercise ownership rights such as voting rights, subscription rights and rights to dividends, interest or distributions. A portfolio may pay reasonable finders,' administrative and other fees in connection with a loan.

Distributions out of capital risk. For Distribution Classes, including Classes paying a distribution rate determined by the Board of Managers, Classes paying a stable distribution rate per Unit, and share classes paying a distribution rate based on gross income, a Portfolio may pay distributions equal to all or in excess of the net income attributable to such Distribution Classes. As a result, distributions in such Distribution Classes may be paid out of the capital of a Portfolio. Such distributions may come from gross income (before reduction for fees and expenses), realized and unrealized gains and capital attributable to the relevant Distribution Classes. Investors should note that distributions in excess of net income (gross income less fees and expenses) may represent a return of the investor’s original investment amount and as such may result in a decrease in the NAV per Unit for the relevant share class and reduce capital accumulation. Distributions out of capital may be taxed as income in certain jurisdictions. For further information about the distribution policy of a particular share class, refer to the relevant portfolio details of a Portfolio in Part I.

There is no guarantee that distributions will be made. A high distribution yield does not necessarily imply a positive or high return.

Taxation Risk. A portfolio may be subject to taxation resulting, for example, from income or realized capital gains attributable to certain portfolio securities. In certain cases, a double-taxation treaty may exist and serve to eliminate or ameliorate the effect of such taxation. In other cases, no such double-taxation treaty may exist. For example, a portfolio may invest in equity securities of U.S. issuers. Dividends on the equity securities of U.S. corporations generally will be subject to a 30% U.S. withholding tax. Interest payments on certain debt obligations of U.S. obligors similarly may be subject to a 30% U.S. withholding tax.

Distributions on the non-U.S. securities in which the Portfolio invests, including ADRs, EDRs and GDRs, may be subject to taxes withheld by the country of residence of the issuer of the underlying securities. In general, these taxes will be neither refundable nor subject to reduction under an income tax treaty between the country of source and the country of residence of the Company. No assurance can be given that applicable tax laws and interpretations thereof will not be changed or amended in the future in a manner that will adversely affect the NAV of the shares.

FATCA and Certain Withholding Risk. The Foreign Account Tax Compliance Act ("FATCA"), a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States in 2010. It generally requires financial institutions outside the U.S. ("foreign financial institutions" or "FFIs") to pass information about "Financial Accounts" held by "Specified U.S. Persons", directly or indirectly, to the U.S. tax authorities on an annual basis, or else become subject to withholding tax on certain U.S. source income and possibly gross proceeds.

In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, the Company and/or each portfolio generally will be required to timely register with the IRS and agree to identify, and report information with respect to certain of their direct and indirect U.S. account holders (including debtholders and equityholders). Luxembourg has signed a Model 1A (reciprocal) inter-governmental agreement with the United States (the "US IGA") to give effect to the foregoing withholding and reporting rules. So long as the Company complies with the US IGA and the enabling legislation, the Investment Manager anticipates that the Company will not be subject to the related U.S. withholding tax.

A non-U.S. investor in the Company will generally be required to provide to the Company (or in certain cases, a distributor, intermediary or certain other entities through which such non-investor invests (each, an "Intermediary")) information which identifies its direct and indirect U.S. ownership. Under the US IGA, any such information provided to the Company will be shared with the Luxembourg Minister of Finance or its delegate (the "Luxembourg MOF"), unless such U.S. ownership is exempt from the reporting rules. The Luxembourg MOF will provide the information reported to it with the IRS annually on an automatic basis. A non-U.S. investor that is a "foreign financial institution" within the meaning of Section 1471(d)(4) of the IRC will also generally be required to timely register with the IRS and agree to identify, and report information with respect to certain of its own direct and indirect U.S. account holders (including debtholders and equityholders). A non-U.S. investor who fails to provide such information to the Company (or, if applicable, an Intermediary) or timely register and agree to identify and report information with respect to such account holders (as applicable), may be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Company, and the Management Company may take any action in relation to an investor's shares or redemption proceeds to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information or comply with such requirements gave rise to the withholding, subject to applicable laws and regulations and provided that the Management Company acts in good faith and on reasonable grounds. shareholders should consult their own tax advisors regarding the possible implications of these rules on their investments in the Company.

Non-U.S. shareholders may also be required to make certain certifications to the Company as to the beneficial ownership of the shares and the non-U.S. status of such beneficial owner, in order to be exempt from U.S. information reporting and backup withholding on a redemption of shares.

It is possible that further inter-governmental agreements ("future IGAs") similar to the US IGA may be entered into with other third countries by the Luxembourg Government to introduce similar regimes for reporting to such third countries' fiscal authorities ("foreign fiscal authorities").

By investing (or continuing to invest) in the Company, investors shall be deemed to acknowledge that:

1. the Company (or its agent or an Intermediary) may be required to disclose to the Luxembourg MOF certain confidential

information in relation to the investor, including, but not limited to, the investor's name, address, tax identification number (if any), social security number (if any) and certain information relating to the investor's investment;

2. the Luxembourg MOF may provide information as outlined above with the IRS, the Luxembourg Minister of Finance and other foreign fiscal authorities;
3. the Company (or its agent or an Intermediary) may disclose to the IRS, the Luxembourg Minister of Finance and other foreign fiscal authorities certain confidential information when registering with such authorities and if such authorities contact the Company (or its agent directly) with further enquiries;
4. the Company or an Intermediary may require the investor to provide additional information and/or documentation which the Company or an Intermediary may be required to disclose to the Luxembourg MOF;
5. in the event an investor does not provide the requested information and/or documentation and/or has not itself complied with the applicable requirements, the Company reserves the right to take any action and/or pursue all remedies at its disposal, including, without limitation, action to ensure that any withholding imposed in respect of such investor's shares or redemption proceeds is economically borne by such investor and compulsory redemption of the investor concerned; and
6. no investor affected by any such action or remedy shall have any claim against the Company (or its agent) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Company in order to comply with FATCA, any of the US IGA or any future IGAs, or any of the relevant underlying legislation and regulations.

- **Portfolio Risks.**

The following risk displays the principal risks of the Target Fund, but does not purport to provide a complete explanation of the risks associated with acquiring and holding shares in the Target Fund. For information on the general risks associated with the Target Fund, please see "General Risks" above. Risks not indicated for the Target Fund may, however, still apply to some extent to the Target Fund at various times, and not every risk applicable to an investment in the Target Fund may be shown. Each of these risk factors is described in detail on the following pages.

Investment Strategy Risks

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

Country Risks—Emerging Markets. A portfolio may be permitted to invest in securities of emerging market issuers. A portfolio consequently may experience greater price volatility and significantly lower liquidity than a portfolio invested solely in equity securities of issuers located in more developed markets. Investments in securities of emerging market issuers entail significant risks in addition to those customarily associated with investing in securities of issuers in more developed markets, such as (i) low or non-existent trading volume, resulting in a lack of liquidity and increased volatility in prices for such securities, as compared to securities of comparable issuers in more developed capital markets, (ii) uncertain national policies and social, political and economic instability, increasing the potential for expropriation of assets, confiscatory taxation, high rates of inflation or unfavorable diplomatic developments, (iii) possible fluctuations in exchange rates, differing legal systems and the existence or possible imposition of exchange controls, custodial restrictions or other laws or restrictions applicable to such investments, (iv) national policies which may limit a portfolio's investment opportunities such as restrictions on investment in issuers or industries deemed sensitive to national interests, and (v) the lack or relatively early development of legal structures governing private and foreign investments and private property.

Other risks relating to investments in emerging market issuers include: the availability of less public information on issuers of securities; settlement practices that differ from those in more developed markets and may result in delays or may not fully protect a portfolio against loss or theft of assets; the possibility of nationalization of a company or industry and expropriation or confiscatory taxation; and the imposition of foreign taxes. Investments in emerging markets securities will also result in generally higher expenses due to: the costs of currency exchange; higher brokerage commissions in certain emerging markets; and the expense of maintaining securities with foreign custodians.

Issuers in emerging markets may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which companies in developed markets are subject. In certain emerging market countries, reporting standards vary widely. As a result, traditional investment measurements used in developed markets, such as price/earnings ratios, may not be applicable in certain emerging markets.

In addition to the above risks generic to all emerging markets, there are specific risks linked to investing in Russia. Investors should be aware that the Russian market presents specific risks in relation to the settlement and safekeeping of securities as well as in the registration of assets, where registrars are not always subject to effective government supervision. Russian securities are not on physical deposit with the Depositary or its local agents in Russia. Therefore, neither the Depositary nor its local agents in Russia can be considered to be performing a physical safekeeping or custody function in the traditional sense. The Depositary's liability only extends to its own negligence and willful default and to negligence and willful misconduct of its local agents in Russia and does not extend to losses due to the liquidation, bankruptcy, negligence and willful default of any registrar. In the event of such losses, the Company will have to pursue its rights against the issuer and/or its appointed registrar.

Turnover Risk. A portfolio may be actively managed and, in some cases in response to market conditions, the portfolio's turnover may exceed 100%. A higher rate of portfolio turnover increases brokerage and other expenses, which must be borne by a portfolio and its shareholders. High portfolio turnover also may result in the realization of substantial net short term capital gains, which, when distributed, may be taxable to shareholders.

In addition, a portfolio may experience relatively higher turnover attributable to investors in a particular country where such portfolio is available for purchase. This activity may adversely affect such portfolio's performance and the interests of long-term investors. Volatility resulting from excessive purchases and redemptions or exchanges of shares, especially involving large dollar amounts, may disrupt efficient portfolio management. In particular, a portfolio may have difficulty implementing long-term investment strategies if it is unable to anticipate what portion of assets it should retain in cash to provide liquidity to shareholders. Also, excessive purchases and redemptions or exchanges of shares may force a portfolio to maintain a disadvantageously large cash position to accommodate short duration trading activity. Further, excessive purchases and redemptions or exchanges of a portfolio's shares may force a portfolio to sell portfolio securities at inopportune times to raise cash to accommodate short duration trading activity.

Additionally, portfolios may incur increased expenses if one or more shareholders engage in excessive purchase and redemption or exchange activity. For example, a portfolio that is forced to liquidate investments due to short duration trading activity may incur increased brokerage and tax costs without attaining any investment advantage. Similarly, a portfolio may bear increased administrative costs as a result of the asset level and investment volatility that accompanies patterns of short duration trading activity.

Financial Instruments Risks

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

While the judicious use of derivatives by experienced investment advisers such as the Investment Manager may promote portfolio management efficiencies, mitigate certain risks, and increase exposure towards certain markets without direct purchase in the underlying assets, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments.

The following is a general discussion of important risk factors and issues concerning the use of derivatives that investors should understand before investing in a portfolio.

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

Other Risks. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Many derivatives, in particular privately negotiated derivatives, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to the portfolio concerned. Derivatives do not always perfectly or even highly correlate or track the value of the assets, rates or indices they are designed to track. Consequently, a portfolio's use of derivatives may not always be an effective means of, and sometimes could be counterproductive to, furthering the portfolio's investment objective.

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

- *Absence of regulation; counterparty default.* In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies are generally traded) than of transactions entered into on organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with OTC transactions. Therefore, any portfolio entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the portfolio will sustain losses. A portfolio will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of the measures the Company may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Company will not sustain losses as a result.

- *Liquidity; requirement to perform*. From time to time, the counterparties with which the Company effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Company might be unable to enter into a desired transaction in currencies, credit default swaps or total return swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward, spot and option contracts on currencies do not provide the Investment Adviser with the possibility to offset the Company's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Company may be required, and must be able, to perform its obligations under the contracts.
- *Necessity for counterparty trading relationships*. As noted above, participants in the OTC market typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While the Company and the Investment Manager believe that the Company will be able to establish multiple counterparty business relationships to permit the Company to effect transactions in the OTC market and other counterparty markets (including credit default swaps, total return swaps and other swaps market as applicable), there can be no assurance that it will be able to do so. An inability to establish or maintain such relationships would potentially increase the Company's counterparty credit risk, limit its operations and could require the Company to cease investment operations or conduct a substantial portion of such operations in the futures markets. Moreover, the counterparties with which the Company expects to establish such relationships will not be obligated to maintain the credit lines extended to the Company, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

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

Debt Securities Risks

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

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

Fixed-Income Securities and Prepayment. Many fixed-income securities, especially those issued at high interest rates, provide that the issuer may repay them early. Issuers often exercise this right when interest rates decline. Accordingly, holders of securities that may be called or prepaid may not benefit fully from the increase in value that other fixed-income securities experience when rates decline. Furthermore, in such a scenario a portfolio may reinvest the proceeds of the payoff at then-current yields, which would be lower than those paid by the security that was paid off.

Prepayments may cause losses on securities purchased at a premium, and unscheduled prepayments, which will be made at par, will cause a portfolio to experience a loss equal to any unamortized premium.

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

Fixed-Income Securities Risk—Lower-Rated and Unrated Instruments. A portfolio's assets may be invested, in whole or in part, in high yield, high risk debt securities that are rated in the lower rating categories (*i.e.*, below Investment Grade) or which are unrated but are of comparable quality as determined by the Investment Manager. Debt securities rated below Investment Grade are commonly referred to as "junk bonds" and are considered to be subject to greater risk of loss of principal and interest than higher-rated securities and are considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal, which may in any case decline during sustained periods of deteriorating economic conditions or rising interest rates. Lower-rated securities generally are considered to be subject to greater market risk than higher-rated securities in times of deteriorating economic conditions. In addition, lower- rated securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than Investment Grade securities, although the market values of lower-rated securities tend to react less to fluctuations in interest rate levels than do those of higher-rated securities.

The market for lower-rated securities may be thinner and less active than that for higher-quality securities, which can adversely affect the prices at which these securities can be sold. To the extent that there is no regular secondary market trading for certain lower-rated securities, the Investment Manager may experience difficulty in valuing such securities and, in turn, a portfolio's assets. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may tend to decrease the market value and liquidity of such lower-rated securities. Transaction costs with respect to lower-rated securities may be higher, and in some cases information may be less available, than is the case with Investment Grade securities.

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

Unrated securities will be considered for investment by a portfolio when the Investment Manager believes that the financial condition of the issuers of such securities, or the protection afforded by the terms of the securities themselves, limits the risk to the portfolio to a degree comparable to that of rated securities which are consistent with the portfolio's objectives and policies.
In seeking to achieve a portfolio's primary objective, there will be times, such as during periods of rising interest rates, when depreciation and realization of capital losses on securities in the portfolio will be unavoidable. Moreover, medium- and lower-rated securities and unrated securities of comparable quality may be subject to wider fluctuations in yield and market values than higher-rated securities under certain market conditions. Such fluctuations after a security is acquired do not affect the cash income received from that security but are reflected in the NAV of a portfolio.

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

Credit Risk—Sovereign Debt Obligations. By investing in debt obligations of governmental entities, a portfolio will be exposed to the direct or indirect consequences of political, social and economic changes in various countries. Political changes in a particular country may affect the willingness of a particular government to make or provide for timely payments of its debt obligations. The country's economic status, as reflected, among other things, in its inflation rate, the amount of its external debt and its gross domestic product, will also affect the government's ability to honor its obligations. The ability of governments to make timely payments on their debt obligations is likely to be influenced strongly by the issuer's balance of payments, including export performance, and its access to international credits and investments. To the extent that a particular country receives payment for its exports in currencies other than the Currency of the Portfolio, such country's ability to make debt payments denominated in the Currency of the Portfolio could be adversely affected. To the extent that a particular country develops a trade deficit, such country will need to depend on continuing loans from foreign governments, supranational entities or private commercial banks, aid payments from foreign governments and on inflows of foreign investment. The access of a particular country to these forms of external funding may not be certain, and a withdrawal of external funding could adversely affect the capacity of such country to make payments on its debt obligations. In addition, the cost of servicing debt obligations can be affected by a change in global interest rates since the majority of these debt obligations carry interest rates that are adjusted periodically based upon global rates.

A portfolio may invest in debt obligations of governmental entities and supranational entities, for which a limited or no established secondary markets may exist. Reduced secondary market liquidity may have an adverse effect on the market price and a portfolio's ability to dispose of particular instruments when necessary to meet its liquidity requirements or in response to specific economic events such as deterioration in the creditworthiness of the issuer.

Reduced secondary market liquidity for such debt obligations may also make it more difficult for a portfolio to obtain accurate market quotations for the purpose of valuing its portfolio. Market quotations are generally available on many sovereign debt obligations only from a limited number of dealers and may not necessarily represent firm bids of those dealers or prices for actual sales.

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

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

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

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

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

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

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

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

2. TARGET FUND INFORMATION

2.1. ABOUT AB FCP I ("COMPANY")

The Company, i.e. AB FCP I, is structured as an "umbrella fund" comprising separate pools of assets each, a portfolio, including the Target Fund. AB FCP I is a mutual investment fund (fonds commun de placement) organised under the laws of the Grand Duchy of Luxembourg and qualifies as an undertaking for collective investment in transferable securities (a "UCITS") within the meaning of Article 1(2) of the EC Directive 2009/65 of 13 July 2009, as amended.

AllianceBernstein (Luxembourg) S.à r.l. (the "Management Company") has been appointed as the manager of the Company. The Management Company has delegated its investment management and advisory functions to AllianceBernstein L.P. (the "Investment Manager"); a Delaware limited partnership domiciled in Delaware, USA. The Investment Manager is registered with the US Securities and Exchange Commission as an investment adviser under the US Investment Advisers Act of 1940, as amended. The Management Company has also delegated the administrative functions to Brown Brothers Harriman (Luxembourg) S.C.A. pursuant to the terms of the administration agreement. In such capacity it is responsible for the general administrative functions of the Target Fund required by Luxembourg law, such as the calculation of the NAV of the shares and the maintenance of accounting records. Brown Brothers Harriman (Luxembourg) S.C.A. also acts as paying agent of the Target Fund.

Brown Brothers Harriman (Luxembourg) S.C.A. (the "Depositary") has been appointed as depositary of the Fund for (i) the safekeeping of the assets of the Fund (ii) the cash monitoring, (iii) the oversight functions and (iv) such other services as agreed from time to time and reflected in the depositary agreement. The Depositary is a credit institution established in Luxembourg, whose registered office is situated at 80, route d'Esch, L-1470 Luxembourg, and which is registered with the Luxembourg register of commerce and companies under number B29923. It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector, as amended.

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

For this section, the following definitions apply:

CSSF	:	means Commission de Surveillance du Secteur Financier; a public institution which supervises the professionals and products of the Luxembourg financial sector.
Law of 2010	:	means the law of 17 December 2010 on undertakings for collective investment, as amended.
Management Regulations	:	means the latest version of the Management Regulations of the Fund
OECD	:	means the Organization for Economic Cooperation and Development.
portfolio	:	means one (1) or more portfolios of the Company as the context requires, which includes the Target Fund.
SFT Regulation	:	means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.

2.2. ABOUT AB FCP I GLOBAL HIGH YIELD PORTFOLIO ("TARGET FUND")

Investment Objective and Investment Strategies

The investment objective of the Target Fund is to produce high current income as well as overall total return.

In seeking to achieve this objective, the Target Fund will invest primarily, and at any time at least two-thirds of its assets in, a portfolio of high yielding debt securities of issuers located throughout the world, including US issuers and issuers in emerging market countries. In selecting its investments, the Target Fund intends to allocate its assets among three main types of investments: (i) high yielding non-Investment Grade debt securities of US corporate issuers; (ii) non-Investment Grade debt securities of issuers located in emerging market countries; and (iii) sovereign debt obligations issued by emerging market countries. However, the Target Fund is not prohibited from investing in other types of debt securities as the Investment Manager deems appropriate. For example, the Target Fund may invest in debt securities having an Investment Grade rating if the Investment Manager determines that such debt securities possess desirable yield and/or total return characteristics. In addition, the Target Fund may utilize financial derivative instruments in executing its investment strategy as set forth below under Financial Derivative Instruments.

The Target Fund's investments may be denominated in various currencies. In addition to the restrictions provided in Appendix A to Section II of the Prospectus, the Target Fund will not invest more than 20% of its total assets in one country; provided, however, that such limitation will not apply to investments by the Target Fund in US issuers. Investing on an international basis involves special considerations.

The debt securities of US and non-US corporate issuers in which the Target Fund may invest include bonds, debentures, bills and notes. These debt securities may have equity features, such as conversion rights or warrants, which may provide the Target Fund with opportunities to enhance its return on its investment. See "Investment Types—Debt Securities Types—Convertible Securities" in Section II of the Prospectus. There is no minimum rating requirement with respect to the Target Fund's investments in debt securities of corporate issuers.

The Target Fund's investments in emerging market debt securities may consist of (i) debt securities or obligations issued or guaranteed by governments, governmental agencies or instrumentalities and political subdivisions located in emerging market countries, (ii) debt securities or obligations issued by government-owned, controlled or sponsored entities located in emerging market countries, (iii) obligations of issuers organized and operated for the purpose of restructuring the investment characteristics of securities issued by any of the entities described above and (iv) financial derivative instruments related to the instruments listed in (i)-(iii) above. These debt securities are expected to be rated, at the time of investment, below Investment Grade or, if not rated, determined by the Investment Manager to be of comparable quality. Emerging market debt securities in which the Target Fund may invest will be subject to higher risk, will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognized rating agency.

Emerging market countries are those not characterized as high income countries by the World Bank, based on per capita gross national income (to obtain the World Bank's list of such countries, please go to: **http://siteresources.worldbank.org/DATASTATISTICS/Resources/CLASS.XLS**). The Investment Manager's determination of which countries constitute emerging market countries may change from time to time.

However, investing in many emerging market debt securities is not feasible or may involve unacceptable political, economic and social risks. See "Risks Factors and Special Considerations—General Risks—Country Risk—Emerging Markets" in Section II of the Prospectus. As opportunities to invest in debt securities in other emerging market countries develop, the Target Fund expects to expand and diversify its portfolio investments. Emerging market debt securities may take the form of bonds, debentures, bills, notes, convertible securities, warrants, mortgage or other asset-backed securities and interests in entities organized and operated for the purpose of restructuring the investment characteristics of emerging market debt securities. The Target Fund may also use a variety of financial derivative instruments or structured products to effectively and efficiently replicate exposure to emerging market bonds. For further information regarding certain of these investments, see "Investment Types" in Section II of the Prospectus.

In evaluating obligations, the Investment Manager will utilize its internal credit analysis resources as well as financial and economic information obtained from other sources. With respect to foreign corporate issuers, the Investment Manager will consider the financial condition of the issuer and market and economic conditions relevant to its operations. In terms of foreign governmental obligations, the Investment Manager will review the financial position of the issuer and political and economic conditions in the country. Investment in securities of supranational entities is subject to the additional risk that member governments may fail to make required capital contributions and that a supranational entity may thus be unable to meet its obligations.

The Company's fully managed approach for the Target Fund enables the Target Fund to seek high current income plus overall total investment return by making investments in various currencies on the basis of the potential capital appreciation of such instruments in USD and the rates of income paid on such instruments. As a general matter, in evaluating investments, the Company will consider, among other factors, the relative levels of interest rates prevailing in various countries, the potential appreciation of such investments in their denominated currencies and, for debt instruments not denominated in USD, the potential movement in the value of such currencies compared to the Dollar. In seeking capital appreciation for the Target Fund, the Company may invest in relatively low yielding instruments in expectation of favourable currency fluctuations or interest rate movements, thereby potentially reducing the Target Fund's yield. In seeking income for the Target Fund, the Company may invest in short term instruments with relatively high yields (as compared to other debt securities) notwithstanding that the Company does not anticipate that such instruments will experience substantial capital appreciation.

The average maturity of the securities of the Target Fund will vary based upon the Investment Manager's assessment of economic and market conditions. As with all debt securities, changes in interest rates will affect the Company's asset value as the prices of portfolio securities generally increase when interest rates decline and decrease when interest rates rise. Prices of longer term securities generally fluctuate more in response to interest rate changes than do shorter term securities. The Company does not expect the average maturity of the Target Fund to exceed 15 years.

Financial Derivative Instruments/Efficient Portfolio Management Techniques.
The Investment Manager may use derivative products and strategies when implementing the Target Fund's investment strategy. Such financial derivative instruments may include, but are not limited to, swaps (including interest rate swaps ("IRS"), total rate of return swaps ("TRS") and credit default swaps ("CDS")), credit linked notes, swaptions, options, futures and currency transactions (including forward currency contracts). These financial derivative instruments (including OTC derivatives and exchange-traded financial derivative instruments) and efficient portfolio management techniques may be employed for the following purposes: (i) as an alternative to investing directly in the underlying instruments, (ii) to manage duration and volatility, and (iii) to hedge against interest rate, credit and currency fluctuations, (iv) to obtain currency exposure and (v) for efficient portfolio management purposes. With respect to CDS, the Target Fund may both "sell" protection in order to gain exposure and "buy" protection to hedge credit exposure.

In accordance with the transparency requirements of the SFT Regulation the chart below reflects, where applicable, the expected and maximum level of the portfolio's net assets that may be subject to securities financing transactions (i.e. securities lending transactions as well as repurchase agreements and reverse repurchase agreements) ("SFTs") and total return swaps and/or other financial derivative instruments with similar characteristics ("TRS"); being specified that in certain circumstances this proportion may be higher.

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

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

Leverage

The Investment Manager does not expect to utilize bank borrowing in implementing the Target Fund's investment strategy. The expected level of leverage of the Target Fund is estimated to be in the 0% to 100% range of its NAV. The expected level of leverage is calculated as the sum of the notionals of the financial derivative instruments held by the Target Fund. Pursuant to the CSSF Circular 11/512 dated 30 May 2011, this calculation methodology neither takes into account the fact that a particular financial derivative instrument increases or decreases the Target Fund's investment risks nor permits to net financial derivative instruments with reverse positions. Shareholders should be aware that (i) a higher level of expected leverage does not automatically imply a higher level of investment risk and (ii) the expected level of leverage disclosed above is mainly generated by the use of derivatives for hedging purposes or for efficient portfolio management. In addition, the actual leverage of the Target Fund may deviate from the above mentioned expected level of leverage.

Risk Measurement

The Investment Manager will utilize a Value-at-Risk ("VaR") methodology to monitor the global exposure (market risk) for the Target Fund. The global exposure of the Target Fund is measured by the absolute VaR methodology pursuant to which the VaR of the Target Fund may not exceed 20% of its NAV.

Other Investment Policies

The Target Fund anticipates that a substantial portion of its assets will be denominated in currencies other than the USD. The Target Fund is not restricted in the portion of its assets that may be invested in securities denominated in a particular currency. The portion of the Target Fund's assets invested in securities denominated in currencies other than the USD will vary depending on market conditions. The analysis of currencies is made independently of the analysis of markets. The Investment Manager analyzes current account and capital account performance and real interest rates to adjust for shorter-term currency flows. See "Risk Factors—General Risks—Currency Risk" in Section II of the Prospectus.

The Target Fund may, as a temporary defensive measure or to provide for redemptions or in anticipation of investment in foreign markets, hold cash or cash equivalents (in USD or foreign currencies) and short-term securities, including money market securities.

The Target Fund may invest up to 10% of its total net assets in securities for which there is no ready market. See paragraph (5) of "Investment Restrictions" in Appendix A. The Target Fund may therefore not be readily able to sell such securities. Moreover, there may be contractual restrictions on the resale of such securities. In addition, other types of securities are subject to this 10% restriction.

Benchmark

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

Distribution Policy

For Class IT of the Target Fund, distribution to be declared and payable monthly.

Asset Allocation

In seeking to achieve its objective, the Target Fund will invest primarily, and at any time at least two-thirds of its assets in, a portfolio of high yielding debt securities of issuers located throughout the world, including U.S. issuers and issuers in emerging market countries. In selecting its investments, the Target Fund intends to allocate its assets among three main types of investments:

Type of asset classes	
(i)	High yielding non-Investment Grade debt securities of U.S. corporate issuers
(ii)	Non-Investment Grade debt securities of issuers located in emerging market countries
(iii)	Sovereign debt obligations issued by emerging market countries

Note: *The Target Fund is not prohibited from investing in other types of debt securities as the Investment Manager deems appropriate.*

2.3. INVESTMENT AND BORROWING RESTRICTIONS OF THE TARGET FUND

<u>Appendix A: Investment Restrictions</u>

Note: *The investment restrictions (9) to (13) set forth in Appendix A will not apply to the Target Fund. The Target Fund shall employ the Value-at-Risk (VaR) approach. For further details concerning the VaR approach, please refer to "Appendix C:*

Additional Information relating to Financial Derivative Instruments, Financial Techniques and Instruments and Collateral Management" of the Prospectus.

The following restrictions apply individually to each portfolio of the Company and not in aggregate to the Company as a whole, unless specifically so stated. The Management Regulations place the following restrictions on the Management Company:

(1) The Company may not borrow money except from banks on a temporary basis, which includes for purposes of redeeming shares, and only if the aggregate of the amount borrowed would not exceed 10% of the value of the total net assets of the portfolio concerned, provided, however, that this restriction shall not prevent the Company from acquiring foreign currencies by means of a back to back loan;

(2) The Company may not mortgage, pledge, hypothecate or in any manner transfer, as security for indebtedness, any securities owned or held by the Company except as may be necessary in connection with (i) borrowings mentioned in (1)above, and then such mortgaging, pledging or hypothecating may not exceed 10% of the total net assets of the portfolio concerned, and/or (ii) margin requirements which the Company may have with respect to its transactions in forward or futures contracts or in options, and/or (iii) swap transactions;

(3) Without prejudice to other provisions contained herein, the Company may not grant loans to or act as a guarantor on behalf of third parties;

(4) (i) The Company may not invest in the transferable securities or money market instruments of any single issuer if more than 10% of the total net assets of the portfolio concerned would consist of the transferable securities or money market instruments of such issuer. The Company may not invest more than 20% of its assets in deposits made with the same body. The total value of the transferable securities and the money market instruments held by the Company in issuers in which it invests more than 5% of the total net assets of a portfolio may not exceed, at the time of any investment, 40% of the total net assets of such portfolio provided, this limitation does not apply to deposits made with financial institutions subject to prudential supervision. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph (1), the Company may not combine:

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

(ii) The above limit of 10% shall be 35% in respect of the transferable securities or the money market instruments issued or guaranteed by any Member State of the EU or any local authority thereof, or public international bodies of which one or more Member States of the EU are members or any other non Member State;

(iii) The above limit of 10% shall be 25% in respect of certain authorized bonds when these are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

When the Company may invest more than 5% of the assets of a portfolio in the bonds referred to above and issued by one issuer, the total value of these investments may not exceed 80% of the value of the assets of the portfolio concerned.

(iv) The transferable securities and the money market instruments referred to in items (ii) and (iii) shall not be included in applying the limit of 40% set out in this paragraph; and

(v) Notwithstanding the foregoing, the Company may invest up to 100% of the assets of any portfolio in different transferable securities or money market instruments issued or guaranteed by any Member State of the EU, its local authorities, or public international bodies of which one or more of such Member States are members, or by any Member State of the OECD, provided that the Company holds within such portfolio transferable securities or money market instruments from at least six different issues, and transferable securities or money market instruments from any one issue shall not account for more than 30% of the net assets of such portfolio.

The limits provided for in paragraphs (i), (ii) and (iii) may not be combined, and thus investments in transferable securities or money market instruments issued by the same body or in deposits made with this body carried out in accordance with paragraphs (i), (ii) and (iii) shall under no circumstances exceed in total 35% of the net assets of a portfolio.

Issuers which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC[1] or in accordance with recognized international accounting rules, are regarded as a single body for the purpose of calculating the limits contained therein.

[1] *Seventh Council Directive 83/349/EEC of 13 June 1983 based on the Article 54(3)(g) of the Treaty on consolidated accounts (OJ L 193, 18.7.1983, p. 1). Directive repealed by Directive 2013/34/EU.*

The Company may invest concurrently in transferable securities and money market instruments of issuers within the same group up to a limit of 20% of the net assets of the portfolio concerned.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) The limits set forth in items (i) and (ii) shall not apply to (i) transferable securities or money market instruments issued or guaranteed by any Member State of the EU or any local authority thereof, or issued by public international bodies of which one or more Member States of the EU are members or issued or guaranteed by any member state of the OECD, or (ii) shares held by the Company in the capital of a company incorporated in a State which is not a Member State of the EU investing its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State, if that company, in its investment policy, complies with the limits laid down in Articles 43 and 46 and in paragraphs (1) and (2) of Article 48 of the Law of 2010 or (iii) shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unitholders' request exclusively on its or their behalf.

(7) The Company may not underwrite or subunderwrite securities of other issuers except to the extent that, in connection with the disposition of portfolio securities, the Company may be deemed to be an underwriter under applicable securities laws;

(8) The Company may not purchase securities of other undertakings for collective investment of the open-ended type, except in compliance with the following

- it may invest in collective investment undertakings qualifying as undertakings for collective investment in transferable securities authorized according to the UCITS Directive and/or undertakings for collective investments within the meaning of the first and second indent of Article 1 (2) of the UCITS Directive whether they are situated in a EU Member State or not provided that:
- such undertakings for collective investment must be authorized under laws which provide that they are subject to supervision considered to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured,
- the level of protection for unitholders in these undertakings for collective investment must be equivalent to that

provided for unitholders in an undertaking for collective investment in transferable securities registered in a EU Member State, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive,

- the business of these undertakings for collective investment must be reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period,
- no more than 10% of the assets of such an undertaking for collective investments, whose acquisition is contemplated, may, according to their constitution documents, in aggregate be invested in units of other undertakings for collective investment, and/or

provided that it may not invest more than 10% of the net assets of a portfolio in units or shares of undertakings for collective investment as mentioned above;

When the Company invests in units of other undertakings for collective investment in transferable securities and/or other undertakings for collective investment that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, the Management Company or other company may not charge subscription or redemption fees in connection with an acquisition or disposal of the units of such other undertakings for collective investment.

(9) The Company may not trade in options on securities or money market instruments unless the following limitations are observed:

(i) individual purchases of call and put options and the writing of call options shall be limited so that upon exercise thereof none of the preceding restrictions would be infringed;

(ii) put options may be written by the Company provided adequate liquid assets are set aside until the expiry of said put options to cover the aggregate exercise price of the securities to be acquired by the Company pursuant thereto;

(iii) call options will only be written if such writing does not result in a short position; in such event the Company will maintain within the relevant portfolio the underlying securities until the expiry date of the relevant call options granted by the Company, except that the Company may dispose of said securities in declining markets under the following circumstances:

(a) the market must be sufficiently liquid to enable the Company to cover its position at any time;

(b) the aggregate of the exercise prices payable under such options written shall not exceed 25% of the net assets of each portfolio concerned; and

(c) no option will be purchased or sold unless it is quoted on a stock exchange or dealt in on a regulated market and provided, immediately after its acquisition, the aggregate of the acquisition prices of all options held by the Company (in terms of premiums paid) does not exceed 15% of the net assets of each portfolio concerned;

(10) The Company may for the purpose of hedging currency risks hold forward currency contracts or currency futures or acquire currency options for amounts not exceeding, respectively, the aggregate value of securities and other assets held within each portfolio concerned denominated in a particular currency, provided, however, that the Company may also purchase the currency concerned through a cross transaction (entered into through the same counterparty), or, within the same limits, enter into currency swaps, should the cost thereof be more advantageous to the Company. Contracts on currencies must either be quoted on a stock exchange or dealt in or on a regulated market except that the Company may enter into currency forward contracts or swap arrangements with highly rated financial institutions;

(11) The Company may not trade in index options except that

1. for the purpose of hedging the risk of the fluctuation of the value of the securities within a portfolio, the Company may, on behalf of such portfolio, sell call options on stock indices or acquire put options on stock indices. In such event the value of the underlying securities included in the relevant stock index options shall not exceed, together with outstanding commitments in financial futures contracts entered into for the same purpose, the aggregate value of the portion of the assets of the portfolio concerned to be hedged; and
2. for the purpose of the efficient management of its securities portfolio, the Company may acquire call options on stock indices mainly in order to facilitate changes in the allocation of the assets of a portfolio between markets or in anticipation of or in a significant market sector advance, provided the value of the underlying securities included in the relevant stock index options is covered within such portfolio by uncommitted cash reserves, short dated debt securities and instruments or securities to be disposed of at predetermined prices;

Such options on stock index futures must either be listed on an exchange or dealt in on a regulated market, except that the Company may purchase or sell OTC options on financial instruments, if such transactions are more advantageous to the Company or if quoted options having the required features are not available, provided such transactions are made with highly rated counterparties specializing in these types of transactions. Further, the aggregate acquisition cost (in terms of premiums paid) of all options on securities and such options on interest rate futures and other financial instruments purchased by the Company for purposes other than hedging, shall not exceed 15% of the net assets of each of the portfolios concerned;

(12) The Company may not enter into interest rate futures contracts, trade in options on interest rates or enter into interest rate swap transactions except that

1. for the purpose of hedging the risk of fluctuations of the value of the assets of a portfolio, the Company may sell interest rate futures or write call options or purchase put options on interest rates or enter into interest rate swaps. Such contracts or options must be denominated in the currencies in which the assets of such portfolio are denominated, or in currencies which are likely to fluctuate in a similar manner, and they must be listed on an exchange or dealt in on a regulated market, provided, however, that interest rate swap transactions may be entered into by private agreement with highly rated financial institutions; and
2. for the purpose of efficient portfolio management, the Company may enter into interest rate futures purchase contracts or acquire call options on interest rate futures, mainly in order to facilitate changes in the allocation of the assets of a portfolio between shorter or longer term markets, in anticipation of or in a significant market sector advance, or to give a longer term exposure to short term investments, provided, always, that sufficient uncommitted cash reserves, short dated debt securities or instruments or securities to be disposed of at predetermined value exist to match the underlying exposure of both such futures positions and the value of the underlying securities included in

call options on interest rate futures acquired for the same purpose and for the same portfolio;

Such options on interest rate futures must either be listed on an exchange or dealt in on a regulated market, except that the Company may purchase or sell OTC options on financial instruments, if such transactions are more advantageous to the Company or if quoted options having the required features are not available, provided such transactions are made with highly rated counterparties specializing in these types of transactions. Further, the aggregate acquisition costs (in terms of premiums paid) of all options on securities and such options on interest rate futures and other financial instruments purchased by the Company for purposes other than hedging, shall not exceed 15% of the net assets of each of the portfolios concerned;

(13) The Company may not trade in stock index futures except that

1. for the purpose of hedging the risk of fluctuations of the value of the assets of a portfolio, the Company may have outstanding commitments on behalf of such portfolio in respect of index futures sales contracts not exceeding the corresponding risk of fluctuation of the value of the corresponding portion of such assets; and
2. for the purpose of efficient portfolio management, the Company may enter into index futures purchase contracts, mainly in order to facilitate changes in the allocation of a portfolio's assets between markets or in anticipation of or in a significant market sector advance, provided that sufficient uncommitted cash reserves, short dated debt securities or instruments owned by the portfolio concerned or securities to be disposed of by such portfolio at a predetermined value exist to match the underlying exposure of both such futures positions and the value of the underlying securities included in call stock index options acquired for the same purpose;

provided, further, that all such index futures must either be listed on an exchange or dealt in on a regulated market;

(14) The Company may not lend portfolio investments except against receipt of adequate security either in the form of bank guarantees of highly rated financial institutions or in the form of a pledge of cash or securities issued by governments of member states of the OECD. No securities lending may be made, except through recognized clearing houses or highly rated financial institutions specializing in these types of transactions and for more than one half of the value of the securities of each portfolio and for periods exceeding 30 days;

(15) The Company may not purchase real estate, but the Company may make investments in companies which invest in or own real estate;

(16) The Company may not enter into transactions involving commodities, commodity contracts or securities representing merchandise or rights to merchandise, and for purposes hereof commodities includes precious metals, except that the Company may purchase and sell securities that are secured by commodities and securities of companies which invest or deal in commodities and may enter into derivative instruments transactions on commodity indices provided that such financial indices comply with the criteria laid down in Article 9 of the Grand-Ducal Regulation dated 8 February 2008 relating to certain definitions of the Law of 2010 and in the CSSF Circular 08/339 dated 19 February 2008 regarding guidelines of the Committee of European Securities Regulators (CESR) concerning eligible assets for investment by UCITS; and

(17) The Company may not purchase any securities on margin (except that the Company may obtain such short-term credit as may be necessary for the clearance of purchases and sales of portfolio securities) or make short sales of securities or maintain a short position, except that it may make initial and maintenance margin deposits in respect of futures and forward contracts (and options thereon).

(18) The Company must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each portfolio; it must employ a process for accurate and independent assessment of the value of OTC derivative instruments.

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

The Company shall ensure that its global exposure relating to derivative instruments of each portfolio does not exceed the total net value of the relevant securities portfolio.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

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

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

(19) The Company may invest in financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:

- the underlying consists of securities covered by Article 41(1) of the Law of 2010, financial indices, interest rates, foreign exchange rates or currencies, in which the portfolios may invest according to their investment objective;
- the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
- 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 Company's initiative.

If provided otherwise in Section I of this prospectus for any specific portfolio, the Company may invest in financial derivative instruments.

To the extent a portfolio invests in financial derivative instruments, the investment policy of the relevant portfolio will describe the financial derivative instruments which will be used.

(20) A portfolio of the Company may subscribe, acquire and/or hold shares to be issued or issued by one or more portfolios of the Company (the “Target Portfolio(s)”) under the condition that:

- the Target Portfolio(s) do(es) not, in turn, invest in the portfolio;
- no more than 10% of the assets of the Target Portfolio(s) whose acquisition is contemplated may be invested in units

of other funds;

- in any event, for as long as these shares are held by the portfolio, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the Law of 2010; and
- there is no duplication of management/subscription or redemption fees between those at the level of the portfolio and the Target Portfolio(s).

Note on Investment Restrictions. The Management Company need not comply with the investment limit percentages set forth above when exercising subscription rights attaching to transferable securities or money market instruments which form part of the assets of the Company.

If, by reason of subsequent fluctuations in values of the Company's assets or as a result of the exercise of subscription rights, the investment limit percentages above are infringed, priority will be given, when sales of securities are made, to correcting the situation, having due regard to the interests of shareholders.

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

If provided otherwise in Section I of this prospectus for any specific portfolio, the Company may derogate from the above investment restrictions to the extent that it does not exceed any investment restriction laid down in the UCITS Directive.

Taiwan Investment Restrictions. For a portfolio registered with the Taiwan Securities and Futures Bureau, the following shall apply in addition to the Investment Restrictions set out in the Prospectus. The total value of the non-offset short position in derivatives shall not exceed the total market value of the relevant securities held by the portfolio and the total value of the non-offset long position in derivatives shall not exceed 40% of the NAV of such portfolio (determined in accordance with any applicable interpretations from the Taiwan Securities and Futures Commission Bureau), unless approval for waiver of such 40% derivatives limit is obtained from the Taiwan Securities and Futures Bureau.

In addition, the following restrictions shall apply to investments related to the People's Republic of China ("PRC"): a portfolio's direct investment in securities issued in the PRC's securities markets is limited to listed securities and securities traded in the Chinese Interbank Bond Market and the total amount of such investment is not permitted to exceed 20% of the NAV of such portfolio, unless approval for extending such limit to 40% is obtained from the Taiwan Securities and Futures Bureau.

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

Restrictions on Investments in Korea. For a portfolio registered with the Korean Financial Services Commission, such portfolio may invest no more than 40% of its net assets in Korean Won-denominated assets.

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

2.4. DILUTION ADJUSTMENT/ SWING PRICING

In order to counter the effects of dilution on the Target Fund's NAV brought about by large purchases or redemptions of the Target Fund's shares, the Board of the Management Company has implemented a swing pricing policy.

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

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

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

Investors are advised that the application of swing pricing may result in increased volatility in the Target Fund's valuation and performance, and the Target Fund's NAV may deviate from the underlying investments' performance on a particular business day as a result of the application of swing pricing. Typically, such adjustment will increase the NAV per share on a given business day when there are net inflows into the Target Fund and decrease the NAV per share when there are net outflows.

2.5. SUSPENSION OF ISSUE, REDEMPTION AND EXCHANGE OF SHARES AND CALCULATION OF NAV

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

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

The decision to suspend temporarily the determination of the NAV of shares of a portfolio of the Company does not necessarily entail the same decision for the classes of shares of another portfolio of the Company, if the assets within such other portfolio are not affected to the same extent by the same circumstances. Suspensions of the calculation of the NAV will be published in the manner prescribed for notices to shareholders under the heading "Meetings and Reports to Shareholders" in Section II of the Prospectus if such suspension is likely to exceed ten (10) days.

2.6. SPECIFIC RISKS OF THE TARGET FUND

Please refer to "Specific Risks Related to the Target Fund" section at page 4 for details.

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

FEES/EXPENSES	
Initial Charge	Nil.
Management Fee	Tiered Basis: 1.15% per annum: the first USD 5,000,000,000 of the NAV of the Target Fund 0.95% per annum: the amount of the NAV of the Target Fund over USD 5,000,000,000 ***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.*
Redemption Fee	Nil.
Performance Fee	Nil.
Other expenses	**Management Company Fee**: The Management Company is paid an annual fee out of the assets of the Target Fund on the aggregate NAV attributable to the shares of the Target Fund equal to 0.10% of average daily NAV of the Target Fund. The **Administrator, Depositary and Transfer Agent Fees** will generally be of a maximum of 1.00% per year, calculated on the basis of the NAV of the Target Fund.

Note: *All information provided herein with regards to the Target Fund is based on the information stated in the prospectus or disclosure document of the Target Fund dated August 2019.*

We take all reasonable efforts to ensure the accuracy that the disclosure in this Information Memorandum in relation to the Target Fund. However, in the event of any inconsistency or ambiguity in relation to the disclosure, including any word or phrase used in this Information Memorandum regarding the Target Fund as compared to the Prospectus, the Prospectus shall prevail.

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)	3.50%	3.50%
Units issued to Unit holder = Investment amount NAV per unit	 = USD 10,000.00 USD 1.0000 = 10,000 units	 = MYR 10,000.00 MYR 1.0000 = 10,000 units
Application Fee per unit = NAV per unit x Application Fee (%)	 = USD 1.0000 x 3.50% = USD 0.0350	 = MYR 1.0000 x 3.50% = MYR 0.0350
Total Application Fee	= 10,000 units x USD 0.0350 **= USD 350.00**	= 10,000 units x MYR 0.0350 **= MYR 350.00**

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

3.1.2. Withdrawal Fee

Nil.

3.1.3. Switching Fee

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

3.1.4. Transfer Fee

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

3.2. FEES AND EXPENSES

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

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

3.2.1. Management Fee

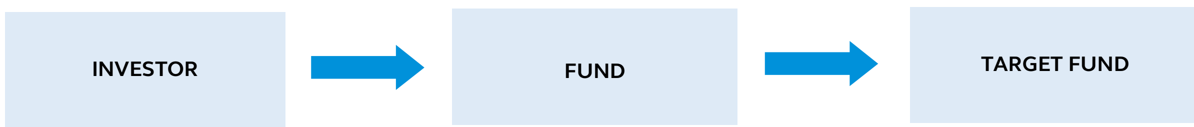
Please note that the Management Fee is charged to the respective Class at the Class level, based on the NAV of the Class. Please refer to the Annexure of the respective Class for further information. The Management Fee shall be accrued daily and paid monthly.

Below is an illustration on how the Management Fee is calculated, assuming Management Fee of 1.65% per annum and USD 150 million each for both Class ABC and Class XYZ:-

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
Annual Management Fee	1.65% per annum	1.65% per annum
NAV of the class	USD 150 million	USD 150 million
Management Fee for the day = NAV of the class x Management Fee rate for the class (%)/365 days	= USD 150 million x 1.65%/365 = USD 6,780.82	= USD 150 million x 1.65%/365 = USD 6,780.82

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

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



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

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

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

3.2.2. Trustee Fee

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

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

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

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

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 29.

3.2.4. Other expenses

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

- commissions or fees paid to brokers or dealers (if any) in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes or difference account;
- taxes (including but not limited to goods and services tax) and other duties charged on the Fund by the government and other authorities (if any) and bank fees;
- fees and other expenses properly incurred by the auditor and tax agent;
- fees for valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- costs incurred for the modification of the Deed otherwise than for our benefit or the Trustee's;
- costs incurred for any meeting of the Unit holders other than those convened for our benefit or the Trustee's;
- the sale, purchase, insurance and any other dealing of investment including commissions or fees paid to brokers;
- costs involved with external specialist approved by the Trustee in investigating or evaluating any proposed investment;
- the engagement of valuer, adviser or contractor of all kinds;
- preparation and audit of the taxation returns and accounts of the Fund;
- termination of the Fund or Class and the retirement or removal of the Trustee or the Manager and the appointment of a new trustee or manager;

- any proceedings, arbitration or other dispute concerning the Fund, Class or any asset, including proceedings against the Trustee or the Manager, or commenced by either of them for the benefit of the Fund or that Class (except to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed out of the Fund);
- remuneration and out of pocket expenses of the independent members of the investment committee and/or the members of the Shariah committee or advisers (if any) of the Fund, unless we decide otherwise to bear the same;
- expenses incurred in the printing of and postage of the annual and interim (if any) reports, including the purchase of stationery;
- (where the custodial function is delegated by the Trustee to a foreign sub-custodian), charges or fees paid to the foreign sub-custodian;
- all costs and/or expenses associated with the distributions and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or distribution warrant or telegraphic transfer; and
- cost of obtaining experts opinion by the Trustee and us for the benefit of the Fund or Class.

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

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

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

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

3.3. REBATES AND SOFT COMMISSIONS

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

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

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

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

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

4. TRANSACTION INFORMATION

4.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUND

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

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

- **Money market instruments**
  Money market instruments such as negotiable instrument of deposits and commercial papers shall be valued by reference to the quotes provided by independent and reputable pricing source(s), which is deemed fair value, includes but not limited to Bond Pricing Agency ("BPA") registered by the SC. Where the quotes are provided by financial institutions, the valuation of the money market instruments will be based on the average of bid and offer prices quoted by three (3) independent and reputable financial institutions of similar standing at the close of trading, based on the methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

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

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

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

If the value of the Fund's assets is denominated in a foreign currency, the assets are translated on a daily basis to USD based on the bid foreign exchange rate quoted by either Reuters or Bloomberg, at UK time 4:00 p.m. 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 Investment Management Standards issued by the FIMM.

4.2. UNIT PRICING

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

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

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

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

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

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

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

Multi-class Ratio (MCR)

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

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

	Fund (USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Fund before income and expenses	185,942,897	173,342,897	12,600,000
% MCR	100%	[(1)]93.22%	[(1)]6.78%
Add: Income	30,000	[(2)]27,966	[(2)]2,034
Less: Expenses	(10,000)	[(2)] (9,322)	[(2)] (678)
Benefits or costs of hedging (if any)		-	900
NAV of the Fund before Management Fee and Trustee Fee	185,963,797	173,361,541	12,602,256
	-	***1.65% p.a.***	***1.65% p.a.***
Less: Management Fee	(8,406)	(7,837)	(569)
	0.04% p.a.	-	-
Less: Trustee Fee	(204)	(190)	(14)
NAV of the Fund	185,955,187	173,353,514	12,601,673
Units in circulation	205,000,000 units	170,000,000 units	35,000,000 units
NAV per unit		**1.0197**	**0.3600**
Currency exchange rate		N/A	(MYR/USD) 4.00
NAV per unit		**USD 1.0197**	**MYR 1.4400**

	Fund (USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Fund before creation of units for the day	185,955,187	173,353,514	12,601,673
[(3)]Creation of units	1,250,000	1,000,000	250,000
Closing NAV	187,205,187	174,353,514	12,851,673
Units in circulation	206,675,125.03 units	170,980,680.59 units	35,694,444.44 units
NAV per unit		**1.0197**	**0.3600**
Currency exchange rate		N/A	(MYR/USD) 4.00
NAV per unit		**USD 1.0197**	**MYR 1.4400**

Note:

[(1)] *MCR computation*

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

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

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

[(3)] *Creation of units*

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

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

4.3. INCORRECT PRICING

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

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

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

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

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

4.4. INVESTING

4.4.1. Who can invest?

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

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

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

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

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

4.4.2. How to invest?

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

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

4.4.3. Regular Savings Plan

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

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

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

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

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

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

4.5. MINIMUM INVESTMENTS

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

4.5.1. Processing an application

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

4.6. MINIMUM WITHDRAWALS

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

4.6.1. Processing a withdrawal

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

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

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

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

Please refer to the "Suspension of issue, redemption and exchange of shares and calculation of NAV" section at page 29 for more information. If in doubt, please consult your professional advisers.

4.7. MINIMUM BALANCE

The minimum balance that must be retained in your account for each Class may differ and may be determined by us from time to time. Please refer to Annexure of the respective Class for further information. If the balance (i.e. number of units) of an investment drops below the minimum balance units, further investment will be required until the balance of the investment is restored to at least the stipulated minimum balance. Otherwise, we may withdraw your entire investment and forward the proceeds to you.

4.8. SWITCHING

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

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

4.8.1. Processing a switch

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

4.9. TRANSFER FACILITY

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

4.10. COOLING-OFF PERIOD

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

4.11. TEMPORARY SUSPENSION

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

4.12. DISTRIBUTION PAYMENT

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

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

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

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

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

4.13. UNCLAIMED MONEYS

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

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

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

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

5. ADDITIONAL INFORMATION

5.1. FINANCIAL YEAR-END

31 May.

5.2. INFORMATION ON YOUR INVESTMENT

We will send you the following:

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

The Fund's annual report is available upon request.

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

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

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

5.4. RIGHTS, LIABILITIES AND LIMITATIONS OF UNIT HOLDERS

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

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

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

Rights

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

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

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

Liabilities

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

Limitations

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

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

5.5. DOCUMENTS AVAILABLE FOR INSPECTION

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

5.6. POTENTIAL CONFLICTS OF INTERESTS AND RELATED-PARTY TRANSACTIONS

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

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

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

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

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

The Fund may maintain Deposits with CIMB Bank Berhad, CIMB Islamic Bank Berhad and CIMB Investment Bank Berhad. We may enter into transactions with other companies within the CIMB Group and the Principal Financial 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 Investment Committee to ensure compliance to the relevant regulatory requirements

Trustee

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

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

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

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

5.7. INTERESTS IN THE FUND

Subject to any legal requirement, we or any of our related 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 our Rules of Business Conduct, which regulates our employees' securities dealings. All of our employees are required to declare their securities trading annually to ensure that there is no potential conflict of interest between the employees' securities trading and the execution of the employees' duties to us and our customers.

6. THE MANAGER

6.1 ABOUT PRINCIPAL ASSET MANAGEMENT BERHAD

Principal Malaysia holds a Capital Markets Services License for fund management and dealing in securities restricted to unit trust under the CMSA and specialises in managing and operating unit trusts for Malaysian investors, both institutional and retail. Principal Malaysia's responsibilities include managing investment portfolios by providing fund management services to insurance companies, pension funds, unit trust companies, corporations and government institutions in Malaysia. In addition, Principal Malaysia is an approved private retirement scheme provider in Malaysia. It originally commenced its operations as a unit trust company in November 1995. As at LPD, Principal Malaysia has more than 23 years of experience in the unit trust industry. The shareholders of Principal Malaysia are PIA and CIMB Group.

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

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

The primary roles, duties and responsibilities of Principal Malaysia as the Manager of the Fund include:
- maintaining a register of Unit holders;
- implementing the appropriate investment strategies to achieve the Fund's investment objectives;
- ensuring that the Fund has sufficient holdings in liquid assets;
- arranging for the sale and repurchase of units;
- calculating the amount of income to be distributed to Unit holders, if any; and
- maintaining proper records of the Fund.

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

6.1.1 Designated person responsible for fund management function

Name:	Patrick Chang Chian Ping
Designation:	Chief Investment Officer (CIO), Malaysia & Chief Investment Officer, Equities, ASEAN Region
Experience:	Patrick Chang joined Principal Malaysia on 22 February 2016 and currently holds the positions of CIO, Malaysia and CIO Equities, ASEAN Region effective 1 October 2018. He comes with more than 18 years of experience in asset management and is backed by numerous ASEAN awards from Malaysian pension funds in 2013 and 2015. He was previously the Head of ASEAN equities at BNP Paribas Investment Partners, Malaysia where he oversees ASEAN equities for both Malaysian and offshore clients from 2012. Prior to that, he served as Senior Vice President for Principal Malaysia where he specialized in Malaysia, ASEAN and Asia specialist funds. He also worked as a portfolio manager at Riggs and Co International Private Banking in London specializing in managing global ETF portfolios and holds the Capital Markets Services Representative License.
Qualifications:	MSc Finance from City University Business School and BSc Accounting and Financial Analysis from University of Warwick, UK.

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

7. THE TRUSTEE

7.1 ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

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

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

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

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

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

7.1.1 Trustee's delegate

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

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

7.1.2 Trustee's Disclosure of Material Litigation

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

7.1.3 Trustee's Statement of Responsibility

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

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

ANNEXURE – CLASS USD

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

CLASS INFORMATION

	Class USD	Page
Currency denomination	USD	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	38

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 3.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	30
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 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). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose USD35 administrative fee for every switch. 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.	30
Transfer Fee	A maximum of USD15 may be charged for each transfer.	30
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.

Charges	Class USD	Page
Management Fee	Up to 1.65% per annum of the NAV of the Class.	30
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	31
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.	31
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.	31

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

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

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

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

TRANSACTION INFORMATION

	Class USD	Page
Minimum initial investment	USD 2,000 or such other amount as we may decide from time to time.	36
Minimum additional investment	USD 1,000 or such other amount as we may decide from time to time.	36
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	36
Minimum balance	2,000 units or such other number of units as we may decide from time to time.	37
Regular Savings Plan	Currently, RSP is not available.	36
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	37
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	37
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	37

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

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

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

ANNEXURE – CLASS AUD-HEDGED

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

CLASS INFORMATION

	Class AUD-Hedged	Page
Currency denomination	AUD	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	38

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 3.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	30
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 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). 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 fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	30
Transfer Fee	A maximum of AUD15 may be charged for each transfer.	30
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.

Charges	Class AUD-Hedged	Page
Management Fee	Up to 1.65% per annum of the NAV of the Class.	30
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	31
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.	31
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.	31

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

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

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

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

TRANSACTION INFORMATION

	Class AUD-Hedged	Page
Minimum initial investment	AUD 2,000 or such other amount as we may decide from time to time.	36
Minimum additional investment	AUD 1,000 or such other amount as we may decide from time to time.	36
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	36
Minimum balance	2,000 units or such other number of units as we may decide from time to time.	37
Regular Savings Plan	Currently, RSP is not available.	36
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	37
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	37
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	37

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

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

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

ANNEXURE – CLASS EUR-HEDGED

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

CLASS INFORMATION

	Class EUR-Hedged	Page
Currency denomination	EUR	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	38

FEES & CHARGES

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

Charges	Class EUR-Hedged	Page
Application Fee	Up to 3.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	30
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 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). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose EUR35 administrative fee for every switch. 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.	30
Transfer Fee	A maximum of EUR15 may be charged for each transfer.	30
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.

Charges	Class EUR-Hedged	Page
Management Fee	Up to 1.65% per annum of the NAV of the Class.	30
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	31
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.	31
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.	31

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

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

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

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

TRANSACTION INFORMATION

	Class EUR-Hedged	Page
Minimum initial investment	EUR 2,000 or such other amount as we may decide from time to time.	36
Minimum additional investment	EUR 1,000 or such other amount as we may decide from time to time.	36
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	36
Minimum balance	2,000 units or such other number of units as we may decide from time to time.	37
Regular Savings Plan	Currently, RSP is not available.	36
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	37
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	37
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	37

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

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

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

ANNEXURE – CLASS GBP-HEDGED

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

CLASS INFORMATION

	Class GBP-Hedged	Page
Currency denomination	GBP	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	38

FEES & CHARGES

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

Charges	Class GBP-Hedged	Page
Application Fee	Up to 3.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	30
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 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). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose GBP35 administrative fee for every switch. 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.	30
Transfer Fee	A maximum of GBP15 may be charged for each transfer.	30
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.

Charges	Class GBP-Hedged	Page
Management Fee	Up to 1.65% per annum of the NAV of the Class.	30
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	31
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.	31
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.	31

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

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

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

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

TRANSACTION INFORMATION

	Class GBP-Hedged	Page
Minimum initial investment	GBP 2,000 or such other amount as we may decide from time to time.	36
Minimum additional investment	GBP 1,000 or such other amount as we may decide from time to time.	36
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	36
Minimum balance	2,000 units or such other number of units as we may decide from time to time.	37
Regular Savings Plan	Currently, RSP is not available.	36
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	37
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	37
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	37

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

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

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

ANNEXURE – CLASS HKD-HEDGED

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

CLASS INFORMATION

	Class HKD-Hedged	Page
Currency denomination	HKD	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	38

FEES & CHARGES

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

Charges	Class HKD-Hedged	Page
Application Fee	Up to 3.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	30
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 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). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose HKD100 administrative fee for every switch. 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.	30
Transfer Fee	A maximum of HKD50 may be charged for each transfer.	30
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.

Charges	Class HKD-Hedged	Page
Management Fee	Up to 1.65% per annum of the NAV of the Class.	30
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	31
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.	31
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.	31

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

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

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

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

TRANSACTION INFORMATION

	Class HKD-Hedged	Page
Minimum initial investment	HKD 2,000 or such other amount as we may decide from time to time.	36
Minimum additional investment	HKD 1,000 or such other amount as we may decide from time to time.	36
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	36
Minimum balance	2,000 units or such other number of units as we may decide from time to time.	37
Regular Savings Plan	Currently, RSP is not available.	36
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	37
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	37
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	37

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

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

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

ANNEXURE – CLASS MYR-HEDGED

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

CLASS INFORMATION

	Class MYR-Hedged	Page
Currency denomination	MYR	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	38

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 3.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	30
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 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). 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 fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	30
Transfer Fee	A maximum of MYR50 may be charged for each transfer.	30
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.

Charges	Class MYR-Hedged	Page
Management Fee	Up to 1.65% per annum of the NAV of the Class.	30
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	31
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.	31
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.	31

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

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

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

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

TRANSACTION INFORMATION

	Class MYR-Hedged	Page
Minimum initial investment	MYR 10,000 or such other amount as we may decide from time to time.	36
Minimum additional investment	MYR 5,000 or such other amount as we may decide from time to time.	36
Minimum withdrawal	5,000 units or such other number of units as we may decide from time to time.	36
Minimum balance	10,000 units or such other number of units as we may decide from time to time.	37
Regular Savings Plan	RSP is available. It allows you to make regular monthly investments of RM500 or more, direct from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is RM10,000 or such other amount as we may decide from time to time.	36
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	37
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investor subject to such terms and conditions as may be stipulated by us from time to time.	37
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	37

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

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

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

ANNEXURE – CLASS RMB-HEDGED

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

CLASS INFORMATION

	Class RMB-Hedged	Page
Currency denomination	RMB	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	38

FEES & CHARGES

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

Charges	Class RMB-Hedged	Page
Application Fee	Up to 3.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	30
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 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). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose RMB100 administrative fee for every switch. 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.	30
Transfer Fee	A maximum of RMB50 may be charged for each transfer.	30
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.

Charges	Class RMB-Hedged	Page
Management Fee	Up to 1.65% per annum of the NAV of the Class.	30
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	31
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.	31
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.	31

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

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

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

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

TRANSACTION INFORMATION

	Class RMB-Hedged	Page
Minimum initial investment	RMB 2,000 or such other amount as we may decide from time to time.	36
Minimum additional investment	RMB 1,000 or such other amount as we may decide from time to time.	36
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	36
Minimum balance	2,000 units or such other number of units as we may decide from time to time.	37
Regular Savings Plan	Currently, RSP is not available.	36
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	37
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investor subject to such terms and conditions as may be stipulated by us from time to time.	37
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	37

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

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

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

ANNEXURE – CLASS SGD-HEDGED

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

CLASS INFORMATION

	Class SGD-Hedged	Page
Currency denomination	SGD	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	38

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 3.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	30
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 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). 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.	30
Transfer Fee	A maximum of SGD15 may be charged for each transfer.	30
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.

Charges	Class SGD-Hedged	Page
Management Fee	Up to 1.65% per annum of the NAV of the Class.	30
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	31
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.	31
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.	31

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

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

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

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

TRANSACTION INFORMATION

	Class SGD-Hedged	Page
Minimum initial investment	SGD 2,000 or such other amount as we may decide from time to time.	36
Minimum additional investment	SGD 1,000 or such other amount as we may decide from time to time.	36
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	36
Minimum balance	2,000 units or such other number of units as we may decide from time to time.	37
Regular Savings Plan	Currently, RSP is not available.	36
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	37
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	37
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	37

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

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

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

This page has been left blank intentionally

This page has been left blank intentionally

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

Enquiries:

Customer Care Centre **(603) 7718 3000**
Email **service@principal.com.my**
Website **www.principal.com.my**