

## **SECOND SUPPLEMENTAL INFORMATION MEMORANDUM FOR PRINCIPAL ISLAMIC BALANCED WHOLESALE FUND-OF-FUNDS**

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

**Trustee** : **HSBC (Malaysia) Trustee Berhad** (193701000084 (1281-T))

This Second Supplemental Information Memorandum is dated 5 September 2023 and is to be read in conjunction with the Information Memorandum Issue No. 2 dated 26 September 2019 as amended by the First Supplemental Information Memorandum dated 29 November 2019 for the Principal Islamic Balanced Wholesale Fund-of-Funds (“Information Memorandum”).

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

## THIS IS A SECOND SUPPLEMENTAL INFORMATION MEMORANDUM WHICH HAS TO BE READ IN CONJUNCTION WITH THE INFORMATION MEMORANDUM

### 1.0. GENERAL

- 1.1. This Second Supplemental Information Memorandum is issued to reflect the amendments made to the Information Memorandum as stated under paragraphs 1.4, 1.5, 1.6, 2, 3, 4, 5, 6, 7 and 8 below.
- 1.2. All terms used in this Second Supplemental Information Memorandum shall have the same meanings as those defined in the Definitions Chapter of the Information Memorandum unless where the context otherwise requires.
- 1.3. All information provided herein is practicable as at 31 July 2023 and shall remain current and relevant as at such date.
- 1.4. With effect from 11 October 2023, the trustee of the Fund, PB Trustee Services Berhad will be replaced by HSBC (Malaysia) Trustee Berhad. All references to PB Trustee Services Berhad and/or PB Trustee Services Berhad (7968-T) in the Information Memorandum shall be amended to HSBC (Malaysia) Trustee Berhad (193701000084 (1281-T)) with effect from 11 October 2023.
- 1.5. All references to Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) and Principal Islamic Balanced Wholesale Fund-of-Funds (*formerly known as CIMB Islamic Balanced Wholesale Fund-of-Funds*) in the Information Memorandum shall be amended to "Principal Asset Management Berhad" and "Principal Islamic Balanced Wholesale Fund-of-Funds", respectively.
- 1.6. All references to "rounded down" in the Information Memorandum shall be amended to "rounded".

### 2.0. ABOUT THIS DOCUMENT

- 2.1. The third paragraph under the section of "**About This Document**" at page i has been replaced and read as below:

If you have any questions about the Fund, please contact Corporate and Institutional Business at (603) 2084 8888 between 8:45 a.m. and 5:45 p.m. (Malaysian time) from Mondays to Fridays.

### 3.0. DEFINITIONS

- 3.1. The definition of "Eligible Markets" has been added to the section of "**Definitions**" at page ii and read as below:

Eligible Markets - An exchange, government securities market or an over-the-counter market that is regulated by a regulatory authority of that jurisdiction, that is open to the public or to a substantial number of market participants, and on which financial instruments are regularly traded.

- 3.2. The following definition will be inserted under the section of "**Definitions**" at page i with effect from 11 October 2023:

HSBC Group - HSBC Holdings plc, its subsidiaries, related bodies corporate, associated entities and undertakings and any of their branches.

- 3.3. The definition of "Sophisticated Investor" under the section of "**Definitions**" at page ii has been replaced and read as below:

Sophisticated Investor(s) - Refers to investors as we determine as qualified or eligible to invest in the Fund and that fulfil any laws, rules, regulations, restrictions or requirements imposed by the respective country's regulators where the Fund is open for sale. For investors in Malaysia, this refers to any person who:  
(i) falls within any of the categories of investors set out in Part 1, Schedules 6 and 7 of the CMSA; or  
(ii) acquires unlisted capital market products where the consideration is not less than MYR250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise.

**Note:** For more information, please refer to our website at [www.principal.com.my](http://www.principal.com.my) for the current excerpts of Part 1, Schedules 6 and 7 of the CMSA and the definition of "Sophisticated Investor" under the SC Guidelines.

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**4.0. FUND INFORMATION**

- 4.1. The information under the section of “**Investment Objective**” at page 1 has been replaced and read as below:

The Fund aims to achieve moderate capital growth by investing in a portfolio of Islamic CIS that invest in Shariah-compliant equities and/or Sukuk.

*We will require your approval if there is any material change to the Fund's objective.*

- 4.2. The third paragraph under the section of “**Investment Policy and Principal Investment Strategy**” at page 1 has been replaced and read as below:

The allocation between the Islamic CIS is done through a combination of macroeconomic data, liquidity trends and the outlook to overweight or underweight a particular Islamic CIS. The Fund may invest in Islamic CIS that focus its investment in the Asia Pacific ex Japan region, i.e. companies that are domiciled in, listed in, and/or have operations or businesses that focus in the Asia Pacific ex Japan region within the Eligible Markets.

**5.0. FEES, CHARGES AND EXPENSES**

- 5.1. The information under the section of “**Trustee Fee**” at page 5 will be replaced and read as below:

Before 11 October 2023, the Trustee is entitled to a fee of up to 0.035% per annum of the Fund's NAV. The Trustee Fee shall be accrued daily based on the NAV of the Fund and be paid monthly.

After 11 October 2023, the Trustee is entitled to a fee of up to 0.03% per annum of the Fund's NAV. The Trustee Fee shall be accrued daily and paid monthly.

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

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

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

*Trustee Fee for the day = RM 10 million x 0.03 % / 365 days  
= RM 8.22*

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

- 5.2. The second bullet point under the section of “**Other expenses**” at page 5 has been replaced and read as below:

- expenses incurred in printing of, the purchasing of stationery and postage for the annual and quarterly reports;

- 5.3. The following bullet point has been added to the section of “**Other expenses**” at page 5 and read as below:

- fees incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent;

- 5.4. The information under the section of “**Rebates and Soft Commissions**” at page 6 has been replaced and read as below:

We and the Trustee will not retain any form of rebate from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebate or shared commission will be directed to the account of the Fund.

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

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

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**6.0. TRANSACTION INFORMATION**

6.1. The second paragraph under the section of **"How to invest?"** at page 8 has been replaced and read as below:

You may invest:

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

6.2. The information under the section of **"Processing a withdrawal"** at page 9 has been replaced and read as below:

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. You will be paid in RM within seven (7) Business Days upon our receipt of the complete withdrawal request. You will have to bear the applicable bank fees and charges, if any.

6.3. The information under the section of **"Cooling-off Period"** at page 9 has been replaced and read as below:

You have six (6) Business Days after your initial investment (i.e. from the date the complete application is received and accepted by us) 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 or prevailing NAV per Unit at the point of cooling-off (whichever is lower) ("Refund Amount"). We will pay the Refund Amount including the Application Fee (if any) to you within seven (7) Business 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. However, corporations or institutions, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.

**7.0. ADDITIONAL INFORMATION**

7.1. The fourth bullet point under the section of **"Documents Available For Inspection"** at page 13 has been replaced and read as below:

- The latest annual and quarterly reports of the Fund; and

7.2. The information under the section of **"Potential Conflicts of Interests and Related-Party Transactions"** at pages 13 and 14 has been replaced and read as below:

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

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

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

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

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

### **The Trustee**

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

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

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

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

## **8.0. THE TRUSTEE**

- 8.1. The information under the section of "**The Trustee**" at page 18 will be replaced and read as below with effect from 11 October 2023:

HSBC (Malaysia) Trustee Berhad (the "Trustee") is a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at Level 19, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur.

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

### **Duties and Responsibilities of the Trustee**

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit holders. In performing these functions, the Trustee has to exercise all due care, diligence and vigilance and is required to act in accordance with the provisions of the Deed, the CMSA and the 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, the 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 (including personal data of the Unit holders, where applicable) for the purposes of performing its duties and obligations in accordance to the Deed, the CMSA, the 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.

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**Trustee's Delegate**

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

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

However, the Trustee is not liable for the acts, omissions or failure of third party depository 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.

**Trustee's Disclosure of Material Litigation**

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

**Trustee's Statement of Responsibility**

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

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