

FIRST SUPPLEMENTAL PROSPECTUS FOR PRINCIPAL ISLAMIC GLOBAL RESPONSIBLE EQUITY FUND

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

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

This First Supplemental Prospectus is dated 16 February 2024 and is to be read in conjunction with the Prospectus Issue No. 1 dated 27 March 2023 for the Principal Islamic Global Responsible Equity Fund ("Prospectus").

The Fund was constituted on 8 September 2022.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS AND THIS FIRST SUPPLEMENTAL PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THIS FUND IS A QUALIFIED SUSTAINABLE AND RESPONSIBLE INVESTMENT FUND UNDER THE GUIDELINES ON SUSTAINABLE AND RESPONSIBLE INVESTMENT FUNDS.

THIS IS A FIRST SUPPLEMENTAL PROSPECTUS WHICH HAS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS ISSUE NO. 1 DATED 27 MARCH 2023.

RESPONSIBILITY STATEMENTS

This First Supplemental Prospectus has been reviewed and approved by the directors of the Principal Malaysia and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this First Supplemental Prospectus false or misleading.

STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia has authorised the Fund and a copy of this First Supplemental Prospectus has been registered with the Securities Commission Malaysia.

The authorisation of the Fund, and registration of this First Supplemental Prospectus, should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in the Prospectus or this First Supplemental Prospectus.

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

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

ADDITIONAL STATEMENTS

You should note that you may seek recourse under the *Capital Markets and Services Act 2007* for breaches of securities laws including any statement in the First Supplemental Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the First Supplemental Prospectus or the conduct of any other person in relation to the Fund.

The Fund has been certified as being Shariah-compliant by the Shariah Adviser appointed for this Fund.

THIS IS A FIRST SUPPLEMENTAL PROSPECTUS WHICH HAS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS ISSUE NO. 1 DATED 27 MARCH 2023.

1.0. GENERAL

- 1.1. This First Supplemental Prospectus is issued to reflect the amendments made to the Prospectus Issue No. 1 as stated under paragraphs 2 and 3 below.
- 1.2. All terms used in this First Supplemental Prospectus shall have the same meanings as those defined in the Definitions Chapter of the Prospectus unless where the context otherwise requires.
- 1.3. All information provided herein is practicable as at 31 December 2023 and shall remain current and relevant as at such date.

2.0. FUND INFORMATION

- 2.1. The fourth and fifth paragraphs under the section of “**Investment policy and strategy**” at page 2 have been replaced and read as below:

As the Fund is a qualified sustainable and responsible investment fund, at least two thirds (2/3) of the Fund's NAV will be invested in investments that are subject to the ESG integration approach which involves the analysis of material factors in investment analysis and investment decisions, including ESG factors as defined in the United Nations sponsored Principles for Responsible Investment (“UNPRI”) including the selection, retention and realisation of the Fund's investments. The Target Fund Investment Manager applies sustainability criteria when selecting investments for the Target Fund. The first step in the process employed by the Target Fund Investment Manager is to identify signs of positive change in an investee company. Indicators of positive change could be determined from sources such as accelerating sales volumes, increased market share or improved financial statements. The Target Fund Investment Manager then seeks to identify the catalysts underlying the positive change through proprietary screening and determine whether they are internal catalysts (investee company driven) and/or external catalysts (industry driven). Internal catalysts could be driven by internal investee company operational initiatives that range from cost cutting to expanding distribution, better capital deployment and improved corporate governance. External catalysts could be driven by favourable product cycles, changing industry dynamics and regulatory changes. The foregoing analysis of catalysts enables the Target Fund Investment Manager to assess the likely magnitude and durability of the catalysts and whether the change is likely to be structural or cyclical in nature. The Target Fund Investment Manager will have an investment preference for investee companies whose catalysts are therefore likely to be long term and structural in nature (i.e. will create fundamental positive change). This enables the Target Fund Investment Manager to substantiate investee companies that are considered to be displaying positive fundamental change and whose valuation is therefore under-appreciated in the market relative to their potential for positive fundamental change. The Target Fund Investment Manager subsequently analyses potential investee companies identified pursuant to the foregoing process to determine whether they are consistent with the ESG considerations, that are promoted by the Target Fund. The Target Fund will adopt the Investment Policy under section 2.1. to ensure that the Target Fund's investment is in line with the sustainability criteria adopted and the overall impact of such investments of the Target Fund is not inconsistent with any other sustainability criteria. In the event that the Target Fund's investment becomes inconsistent with the sustainability criteria adopted by the Target Fund, the Target Fund Investment Manager shall rectify the breach or dispose of the investment within three (3) months from the date of breach. You may refer to section 2.1 for more information.

The Fund will be actively rebalanced from time to time to meet sales and withdrawal transactions. This is to enable a proper and efficient management of the Fund. As this is a feeder fund, it will stay invested in the Target Fund as long as the Target Fund's investment objective and strategies will enable the Fund to meet its investment objective. The Target Fund Investment Manager may take temporary defensive position when deemed necessary, provided that at least 79% of the Target Fund's NAV is maintained in investments which are aligned with environmental and/or social characteristics adopted by the Target Fund.

- 2.2. The following information has been inserted under the section of “**Specific Risk Related to the Fund**” at page 6:

Sustainability risk

The Target Fund incorporates ESG considerations into its overall investment process and is managed in line with the Target Fund Management Company's sustainability risk policy. The Target Fund Sub-Investment Manager will define the manner in which sustainability risks are integrated into their investment decisions. The Target Fund may exclude securities of certain companies, industries or sectors and may forego certain investment opportunities, or dispose of certain holdings that do not align with the sustainability criteria. As such, the Target Fund may underperform funds that do not consider sustainability criteria in their investment strategy. This risk cannot be mitigated as it is inherent to the investment strategy of the Target Fund.

THIS IS A FIRST SUPPLEMENTAL PROSPECTUS WHICH HAS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS ISSUE NO. 1 DATED 27 MARCH 2023.

The Target Fund's Sub Investment Manager may also rely on third party data to assess sustainability risk. However, the data used could be inaccurate. Hence, the Target Fund's Sub Investment Manager may not correctly assess the impact of sustainability risk, which may negatively impact the performance and consequently, the NAV of the Target Fund. The Target Fund Sub-Investment Manager will mitigate the risk by continuously assessing, including at the time of purchase, all relevant sustainability risks that have a material negative impact on the financial return of the investment. These processes aim to identify, measure, manage and monitor sustainability risks of the Target Fund, where relevant. However, consideration of sustainability risks does not necessarily imply that the Target Fund has a sustainability-aligned investment objective, but rather describes how sustainability risk information is considered as part of the overall investment process.

3.0. TRANSACTION INFORMATION

3.1. The first bullet point in the second paragraph under the section of "**How to invest?**" at page 39 has been replaced and read as below:

- by crossed cheque (made payable as advised by us or our Distributors as the case may be). You will have to bear the applicable bank fees and charges, if any;

3.2. The textbox under the section of "**Who is distributing this Fund?**" at page 39 has been replaced and read as below:

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