

FIRST SUPPLEMENTAL PROSPECTUS FOR PRINCIPAL ISLAMIC GLOBAL SELECTION SERIES

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

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

This First Supplemental Prospectus is dated 26 January 2022 and is to be read in conjunction with the Prospectus for the Principal Islamic Global Selection Series dated 12 July 2021 (“Prospectus”).

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 IS A FIRST SUPPLEMENTAL PROSPECTUS WHICH HAS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS

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 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 First Supplemental Prospectus.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of the Principal Malaysia 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 Funds have been certified as being Shariah-compliant by the Shariah Adviser appointed for the Funds.

THIS IS A FIRST SUPPLEMENTAL PROSPECTUS WHICH HAS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS

1.0. GENERAL

- 1.1 This First Supplemental Prospectus is issued to reflect the amendments made to the Prospectus as stated under paragraph 2, 3 and 4 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 30 September 2021 and shall remain current and relevant as at such date.

2.0. FUND INFORMATION

- 2.1. The information under section 1.1.1 Principal Islamic Global Selection Moderate Conservative Fund and under the sub-heading of “**Investment policy and Strategy**” at page 1 has been replaced and read as below:

The Fund will be actively managed with the aim of maximizing the Fund’s investment return relative to its Target Risk. To achieve this, the Fund will invest in a diversified mix of asset classes such as Shariah-compliant equities, Sukuk, Islamic gold ETF, Islamic money market instruments and Islamic Deposit. The allocation into each asset class is determined by selecting an optimal portfolio i.e. a portfolio of asset mix that generate the highest expected return for the prescribed Target Risk. For example, the higher the Target Risk, the higher the allocation into higher risk assets such as Shariah-compliant equities or Islamic gold ETF and hence higher potential returns. On the contrary, a low Target Risk will allocate its investment mainly in lower risk assets such as Islamic Deposit and Sukuk and hence generating a lower and more stable potential returns.

The Fund will be continuously monitored to ensure that its overall risk level remains align with its prescribed Target Risk range. This is facilitated through rebalancing and/or optimizing the Fund if the current allocation of a particular asset deviates substantially from its optimal allocation; or if there are significant changes in valuations of the assets and market circumstances.

The Fund invests in assets that comply to Shariah rules, which includes but not limited to Shariah-compliant equities, Sukuk, Islamic gold ETF, Islamic money market instruments and Islamic Deposit. The Fund may also seek investment exposure via Islamic CIS that is in line with the Fund’s objective, subject to the requirements of the GUTF.

The Fund’s investment in Sukuk will generally be restricted to Sukuk rated at least a minimum credit rating of “BBB-” by S&P or its equivalent rating by other international rating agencies and/or at least “A3” by RAM or equivalent rating by MARC or by local rating agency(ies) of the country (“Investment Grade Sukuk”). Nonetheless, up to 20% of the Fund’s NAV may be invested in non-investment grade and/or unrated Sukuk.

The asset allocation for the Fund is as follows:

- Up to 40% of the Fund’s NAV may be invested in Shariah-compliant equities;
- Up to 60% of the Fund’s NAV may be invested in Sukuk, out of which;
 - up to 60% of the Fund’s NAV may be invested in Investment Grade Sukuk; and/ or
 - up to 20% of the Fund’s NAV may be invested in non-investment grade and/or unrated Sukuk;
- Up to 60% of the Fund’s NAV may be invested in Islamic money market instruments;
- Up to 20% of the Fund’s NAV may be invested in Islamic gold ETF; and
- At least 2% of the Fund’s NAV will be invested in Islamic Deposit.

Investment universe of the Fund will be in countries globally, where the regulatory authority is an ordinary or associate member of the IOSCO. Where necessary, we will apply for licenses or permits to invest in these countries. If the licenses or permits are revoked or not renewed (as the case may be), we will seek to invest in other accessible market.

The Fund will be constructed and managed with low to moderate risk strategy whereby the risk level of the Fund will be monitored and reviewed regularly. The Fund may also take temporary defensive positions during adverse market conditions such as excessive volatility in the market or prolonged declines by gradually reducing its allocation in higher risk assets, such as Shariah-compliant equities and increase its allocation in lower risk investments such as Islamic Deposit to safeguard the Fund.

We may utilize Islamic derivative instruments for hedging purposes and in the event of a rating downgrade of a counterparty of an OTC Islamic derivative below the rating prescribed in GUTF, we reserve the right to deal with the OTC Islamic derivative in the best interest of the Unit holders.

If the Fund is an EPF-MIS approved fund, the investments made by the Fund will be subject to EPF’s requirements. Please note there may be changes to the status of the Fund and you may refer to our website at www.principal.com.my or www.kwsp.gov.my for updated information.

THIS IS A FIRST SUPPLEMENTAL PROSPECTUS WHICH HAS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS

3.0. POTENTIAL CONFLICTS OF INTERESTS AND RELATED PARTY TRANSACTIONS

3.1. The information under section of 4.6 at page 23 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 Funds are not disadvantaged. In the unlikely event that we face conflicts in respect of our duties as the Manager to the Funds and to other Principal Malaysia's fund 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 Funds. We shall not make any investment for the Funds 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 Funds.

As at LPD, none of our directors and substantial shareholders has either direct or indirect interest in other Malaysian 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
		Indirect	CIMB-Mapletree Management Sdn Bhd*
Principal Financial Services, Inc.	Shareholder#	Direct	Principal Islamic Asset Management Sdn Bhd

#Principal Financial Services, Inc. has indirect interest in the Manager.

*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 substantial shareholders of the Manager may have direct or indirect interest in other non-Malaysian corporations carrying on similar business as the Manager.

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

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

4.0. THE MANAGER

4.1. The information under section of 5.1.1 at page 25 has been replaced and read as below:

As of LPD, the Board of Directors consists of twelve (12) members including four (4) Independent members and three (3) alternate directors. The Board of Directors oversees the management and operations of the Principal Malaysia and meets at least four (4) times a year.

Effendy bin Shahul Hamid	- Non-independent director	Lai Mee Fong ²	- Non-independent director
Thomas Cheong Wee Yee	- Non-independent director	Chong Chooi Wan ³	Non-independent director
Munirah binti Khairuddin	- Non-independent director	Wong Joon Hian	Independent director
Juan Ignacio Eyzaguirre Baraona	- Non-independent director	Liew Swee Lin	- Independent director
Mohd Haniz bin Mohd Nazlan	- Non-independent director	Hisham bin Zainal Mokhtar	- Independent director
Julian Christopher Vivian Pull ¹	- Non-independent director	Dato' Jaganath Derek Steven Sabapathy	-Independent director

¹ Alternate Director to Thomas Cheong Wee Yee

² Alternate Director to Effendy bin Shahul Hamid

THIS IS A FIRST SUPPLEMENTAL PROSPECTUS WHICH HAS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS

³ *Alternate director to Mohd Haniz bin Mohd Nazlan*

4.2. The information under section of 5.1.2 at page 25 has been replaced and read as below:

As at LPD, the Investment Committee consists of five (5) members including two (2) independent members. Generally, the Investment Committee meets once a month and is responsible for ensuring that the investment management of the Fund is consistent with the objectives of the Fund, the Deed, the GUTF and relevant securities laws, our internal investment restrictions and policies, as well as acceptable and efficacious investment management practices within the unit trust industry. In this role, the powers and duties of the Investment Committee include formulating and monitoring our implementation of appropriate investment management strategies for the Fund and the measurement and evaluation of our performance.

The remainder of this page is intentionally left blank