

Prospectus

28 April 2025

Principal Islamic Global Technology Fund

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

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

THIS PROSPECTUS IS ISSUED TO REPLACE AND/OR SUPERSEDE THE INFORMATION MEMORANDUM ISSUE NO. 1 OF THE PRINCIPAL ISLAMIC GLOBAL TECHNOLOGY FUND DATED 14 JULY 2022 AND THE FIRST SUPPLEMENTAL INFORMATION MEMORANDUM DATED 26 FEBRUARY 2024.

This Prospectus Issue No. 1 for the Principal Islamic Global Technology Fund is dated 28 April 2025.

This Fund was constituted on 20 June 2022.

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

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 4.

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.

ABOUT THIS DOCUMENT

This is a Prospectus which introduces you to Principal Malaysia and the Fund. This Prospectus outlines in general the information you need to know to make an informed decision as to whether the Fund best suits your financial needs.

If you have any questions about the information in this Prospectus or would like to know more about investing in the Principal Malaysia family of unit trust funds, please contact our Customer Care Centre under the “Corporate Directory” section during business hour between 8:45 a.m. and 5:45 p.m. (Malaysian time) from Mondays to Fridays.

Unless otherwise indicated, any reference in this Prospectus 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notices, legislations or statutes for the time being in force, as may be amended, varied, modified, updated, superseded and/or re-enacted from time to time.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 Prospectus shall be a reference to that time, day or date in Malaysia, unless otherwise stated. Reference to “days” in this Prospectus will be taken to mean calendar days unless otherwise stated.

Please note that all references to currency amounts and NAV per unit in this Prospectus are in USD unless otherwise indicated.

PROSPECTUS DETAILS

Issue No.	1
Prospectus Date	28 April 2025

RESPONSIBILITY STATEMENTS

This Prospectus has been reviewed and approved by the directors of 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 Prospectus false or misleading.

STATEMENTS OF DISCLAIMER

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

The authorisation of the Fund, and registration of this 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 this Prospectus.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of the Manager who is responsible for the Fund and takes no responsibility for the contents in this Prospectus. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this 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 Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the 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.

DEFINITIONS

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

Application Fee	- Preliminary charge on each investment.
Bloomberg	- Bloomberg LP.
BNM	- Bank Negara Malaysia.
Business Day	- Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and/or banks in Kuala Lumpur and/or Selangor are open for business. In respect of the Target Fund, it means a day on which the stock exchange in Luxembourg is open for business. 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.
CIMB Group	- CIMB Group Sdn. Bhd.
CIS	- Collective investment schemes.
Class	- Any class of units representing similar interest in the assets of the Fund.
Class D	- The Class issued by the Fund denominated in MYR and differentiated by feature such as type of eligible investors and/or transaction methods.
Class MYR	- The Class issued by the Fund denominated in MYR.
Class MYR-Hedged	- The Class issued by the Fund denominated in MYR that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and MYR.
Class USD	- The Class issued by the Fund denominated in USD.
CMSA	- Capital Markets and Services Act 2007.
Commencement Date	- The next Business Day immediately following the end of the initial offer period of the respective Class.
Company	- Franklin Templeton Shariah Funds.
Deed	- The principal deed and all supplemental deed in respect of the Fund made between us and the Trustee, in which Unit holders agree to be bound by the provisions of the Deed.
Distributor	- Any relevant persons and bodies appointed by Principal Malaysia from time to time, who are responsible for selling units of the Fund, including Principal Distributors and IUTA.
e-Wallet App	- Mobile application of the e-wallet that allows an individual to make electronic transaction, which includes but not limited to Touch 'n Go e-wallet.
e-Wallet Provider	- Refers to e-money issuer approved by BNM, which includes but not limited to TNG Digital Sdn Bhd.
Eligible Market	- Means an exchange, government securities market or an OTC 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.
Fund or IGTF	- Principal Islamic Global Technology Fund.
GUTF	- Guidelines on Unit Trust Funds issued by the SC.
HSBC Group	- HSBC Holdings plc, its subsidiaries, related bodies corporate, associated entities and undertakings and any of their branches.
IMS	- Investment Management Standards issued by the Federation of Investment Managers Malaysia.
Islamic Deposit	- As per the definition of "Islamic deposit" in the Islamic Financial Services Act 2013.
IUTA	- Refers to Institutional Unit Trust Schemes Adviser, a corporation registered with Federation of Investment Managers Malaysia and authorised to market and distribute unit trust schemes of another party.
LPD	- Latest Practicable Date i.e. 31 March 2025, in which all information provided herein, shall remain current and relevant as at such date.
Management Fee	- A percentage of the NAV of the Class that is paid to us for managing the portfolio of the Fund.
MCR	- Multi-class ratio, being the apportionment of the NAV of each Class over the Fund's NAV based on the size of each Class. The MCR is calculated by dividing the NAV of the respective Class by the NAV of the Fund before income and expenses for the day. The apportionment is expressed as a ratio and calculated as a percentage.
Member State	- A Member State, as defined in the Luxembourg Law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time.
MYR	- Malaysian Ringgit.
NAV	- Net Asset Value.
NAV of the Class	- The NAV of the Fund attributable to a Class at the same valuation point.

NAV of the Fund	- The value of all the Fund's assets less the value of all the Fund's liabilities, at the point of valuation. For the purpose of computing the annual Management Fee (if any) and annual Trustee Fee (if any), the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day.
NAV per unit	- The NAV attributable to a Class divided by the number of units in circulation for that Class, at the valuation point.
OTC	- Over-the-counter.
PFG	- Principal Financial Group, Inc.
Principal Distributors	- Refers to the authorised unit trust scheme consultants registered with Principal Malaysia.
Principal Malaysia or the Manager	- Principal Asset Management Berhad.
Prospectus	- Refers to the document issued by us describing the details of the Fund and includes any supplemental prospectus or replacement prospectus, as the case may be.
RSP	- Regular Savings Plan.
SAC	- Shariah Advisory Council.
SC	- Securities Commission Malaysia.
Shariah	- Islamic law originating from the Qur'an (the holy book of Islam), and its practices and explanations rendered by the Prophet Muhammad (pbuh) and ijthihad of ulamak (personal effort by qualified Shariah scholars to determine the true ruling of the divine law on matters whose revelations are not explicit).
Shariah Adviser or Amanie	- Amanie Advisors Sdn Bhd.
Special Resolution	- A resolution passed by a majority of not less than 3/4 of Unit holders voting at a meeting of Unit holders. For the purpose of terminating or winding up a fund, a Special Resolution is passed by a majority in number representing at least 3/4 of the value of the units held by Unit holders voting at the meeting.
Sukuk	- Refers to certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts. Note: For local Sukuk, it must also comply with Shariah principles and concepts endorsed by the SAC of SC.
Target Fund	- The Islamic collective investment scheme that the Fund invests predominantly in. Currently, it refers to Franklin Shariah Technology Fund.
Target Fund Investment Manager	- Franklin Advisers, Inc.
Target Fund Management Company	- Franklin Templeton International Services S.à r.l.
Target Fund Prospectus	- Refers to the prospectus in respect of the Target Fund and includes any supplemental prospectus, addendum or replacement prospectus, as the case may be. The Target Fund Prospectus is available for download at www.franklintempleton.lu
Trustee	- HSBC (Malaysia) Trustee Berhad.
Trustee Fee	- A percentage of the NAV of the Fund that is paid to the Trustee for its services rendered as trustee for the Fund.
Unit holder	- The registered holder for the time being of a unit of the Fund including persons jointly so registered.
USA	- United States of America.
USD	- United States Dollar.
Withdrawal Penalty	- A penalty levied upon withdrawal under certain terms and conditions (if applicable).

Note:

Unless the context otherwise requires, words importing the singular number should include the plural number and vice versa.

CORPORATE DIRECTORY

The Manager

Principal Asset Management Berhad

Business/Registered address

Level 32, Exchange 106, Lingkaran TRX
55188 Tun Razak Exchange
Kuala Lumpur, MALAYSIA
Tel : (603) 8680 8000

Customer Care Centre

Level 31, Exchange 106, Lingkaran TRX
55188 Tun Razak Exchange
Kuala Lumpur, MALAYSIA
Tel : (603) 7723 7260
WhatsApp : (6016) 299 9792

Website

www.principal.com.my

E-mail

myservice@principal.com
mygoinvest@principal.com (for Class D only)

The Trustee

HSBC (Malaysia) Trustee Berhad

Business/Registered address

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55188 Tun Razak Exchange,
Kuala Lumpur, MALAYSIA
Tel : (603) 2075 7800
Fax : (603) 8894 2611

Website

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Email

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Shariah Adviser

Amanie Advisors Sdn Bhd

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50400 Kuala Lumpur
Tel : (03) 2161 0260
Fax : (03) 2161 0262

Registered address

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3rd Mile Square, No. 151,
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58100 Kuala Lumpur

Website

www.amanieadvisors.com

Email

contact@amanieadvisors.com

Note: You may refer to our website for an updated information on our details.

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1. FUND INFORMATION

1.1. PRINCIPAL ISLAMIC GLOBAL TECHNOLOGY FUND

- Fund Category/Type** : Feeder fund (Islamic) / Growth
- Fund Objective** : The Fund aims to provide capital appreciation through investments in one Islamic collective investment scheme (“CIS”), which invests primarily in a diversified portfolio of technology related companies.
We will require your approval if there is any material change to the Fund’s objective.
- Benchmark** : The Fund adheres to the benchmark of the Target Fund for performance comparison. The benchmark of the Target Fund is the S&P Global 1200 Shariah Information Technology Index, which may be found on Key Investor Information Document of the Target Fund and available on www.franklintempleton.lu.
Note: Any changes to the Target Fund’s benchmark will be updated in our website and/or the Fund’s Product Highlights Sheet.
- Distribution Policy** : The distribution policy of each of the Classes may differ. Please refer to the Annexure of the respective Class for more information. You may also refer to page 37 for information on the distribution payment.

Base Currency & Classes

The base currency of the Fund is USD.

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

Under the Deed, Unit holders of each Class shall have the same rights and obligations. Each Class may be different in terms of currency denomination, fees and charges, and hence, will have its respective NAV per unit, denominated in its respective currency taking into account the aforementioned features. Although the Fund has multiple Classes, Unit holders 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 and a supplemental or replacement prospectus will be issued. This information will be communicated to you via our website at www.principal.com.my. When in doubt, you should consult 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
Class USD	14 July 2022	The initial offer period does not apply to existing classes.	Prices of existing classes will be offered at the prevailing NAV per unit of the respective class which is available on our website at www.principal.com.my
Class MYR	14 July 2022		
Class MYR-Hedged	14 July 2022		
Class D	1 August 2025	1 day which is the launch date	MYR 1.0000

For more details, you may contact our Customer Care Centre under the “Corporate Directory” section or Distributors; or visit our website at www.principal.com.my.

Investment Policy and Strategy

The Fund is a feeder fund that invests into a single Islamic CIS, i.e. Franklin Templeton Shariah Funds - Franklin Shariah Technology Fund (“Target Fund”). The Fund may also invest in Islamic liquid assets for liquidity purposes.

In order to achieve its objective, the Fund will invest at least 85% of its NAV in the Target Fund; a fund established on 24 February 2022 under Franklin Templeton Shariah Funds. The Fund may also invest up to 15% of its NAV in Islamic liquid assets for liquidity purposes and Islamic derivatives for the sole purpose of hedging arrangement.

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 the GUTF, we reserve the right to deal with the OTC Islamic derivative in the best interest of the Unit holders.

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, 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 Manager 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 Management Company and/or the Target Fund Investment Manager will employ a risk management process in respect of the Target Fund that enables the Target Fund Management Company to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Target Fund.

We will employ risk management strategy at the Fund level, where we will continuously monitor the objective, performance and suitability of the Target Fund to ensure that it is in line with the objective of the Fund. If we are of the opinion that the Target Fund no longer meets the Fund's objective, we may, with your approval, replace the Target Fund with another Islamic 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 Islamic 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 objective, investment strategies and/or investment restrictions and limits. The Fund also may, with the concurrence of the Trustee, hold more than 15% of Islamic Deposits on a temporary basis to meet redemption requests and to manage expenses of the Fund.

Currently, the Fund invests in USD I Class Accumulation Shares of the Target Fund, which is denominated in USD launched on 24 February 2022. The Fund may change its entire investment into another class of the Target Fund (which must be denominated in the same currency) if we 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.

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

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

Note: Please refer to Section 2.4, 2.5, 2.6 and 2.7 below for circumstances affecting redemption of units from the Target Fund.

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.*

1.2. PERMITTED INVESTMENTS

Subject to the Deed, the investment policy for the Fund and the requirements of the SC and any other regulatory body, we have the absolute discretion as to how the assets of the Fund are to be invested. Under the Deed and provided always that there are no inconsistencies with the objective of the Fund, the Fund can invest in the following instruments:

- One Islamic CIS (local or foreign);
- Islamic liquid assets comprising of Islamic Deposits and Islamic money market instruments; and
- Islamic derivative instruments, including but not limited to Islamic options, Islamic futures contracts, Islamic forward contracts and Islamic swaps for the purpose of hedging.

The formulation of the investment policies and strategies of the Fund is based on the objective of the Fund after taking into consideration the regulatory requirements outlined in the GUTF, with such exemptions or variations (if any) as permitted by the SC.

1.3. INVESTMENT RESTRICTIONS AND LIMITS

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

Islamic CIS: The Fund must invest at least 85% of its NAV in one (1) Islamic CIS provided that the CIS complies within the categories stipulated in the GUTF.

Islamic Liquid Assets and Islamic Derivatives: The Fund may invest up to 15% of the NAV in the following permitted investments:

- **Islamic Deposits**
Placement in short-term Islamic Deposits.
- **Islamic money market instruments**
Islamic money market instruments that are dealt in or under the rules of an Eligible Market, and whose residual maturity does not exceed 12 months. The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size.
- **Islamic Derivatives (for hedging purposes)**
The Fund's exposure from Islamic derivatives positions for hedging purposes should not exceed the Fund's NAV. Further, the maximum exposure of the Fund to the counterparty, calculated based on the method prescribed in the GUTF, must not exceed 10% of the Fund's NAV. For the exposure to the underlying assets of the derivative must not exceed the investment restrictions or limitations applicable to such underlying assets and investments stipulated in the GUTF.

In respect of any breach of restrictions and limits as a result of an appreciation or depreciation in value of the Fund's investments; withdrawal of units or payment made out of the Fund; change in capital of a corporation in which the Fund has invested in; or downgrade in or cessation of a credit rating, we must rectify such breach as soon as practicable, in any event within three (3) months from the date of the breach. The three-month period may be extended if it is in the best interest of Unit holders with the Trustee's consent and the extension must be subject to at least a monthly review by the Trustee.

1.4. APPROVALS AND CONDITIONS

On 10 April 2025, we have obtained the approval from the SC for a variation to Paragraph 9.08 of the GUTF which allow us to pay a Unit holder within five (5) Business Days from the receipt of proceeds from the Target Fund where such Unit Holder has exercised a cooling-off right pursuant to section 4.8.

1.5. FINANCING

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

1.6. SECURITIES LENDING AND REPURCHASE TRANSACTIONS

Not applicable for the Fund.

1.7. SHARIAH INVESTMENT GUIDELINES

The Fund will invest in the Target Fund, Islamic liquid assets and Islamic derivatives (for hedging purposes), which are Shariah-compliant CIS and instruments that are permissible under Shariah principles. The Manager will provide the Shariah Adviser with the Target Fund Prospectus and fatwas (where applicable) of the Target Fund for the Shariah Adviser's endorsement.

At all times, the Fund shall invest in activities and instruments that are permissible under Shariah principles and shall not invest in activities and instruments that are prohibited under Shariah principles based on Shariah Adviser's established parameters as below, where applicable:

1.7.1. Screening process:

1. The Fund shall invest in domestic and foreign Islamic collective investments schemes;
2. Islamic Deposits shall be placed with financial institutions licensed under the Islamic Financial Services Act 2013 and/or Financial Services Act 2013, whichever is appropriate. For the avoidance of doubt, only Islamic account is permitted for placement of Islamic Deposit with institutions licensed under the Financial Services Act 2013. The Fund is also prohibited from investing in interest-bearing Islamic Deposits and recognising any interest income.
3. Islamic money market instruments issued in Malaysia must be approved by SAC of BNM. Islamic money market instruments that are endorsed by other Shariah adviser or committee must be approved by the Shariah Adviser upon review of the relevant documents e.g. principal terms and conditions and Shariah pronouncements or approvals.
4. Any other Shariah-compliant instruments or Shariah-compliant instruments that are not being mentioned in items 1 to 3 above, the Fund should seek approval from Shariah Adviser pre-investment being made.

1.7.2. Rules on divestment of Shariah non-compliant instruments

In the event the following investment instances occur in the Fund, the rules below shall be executed by the Manager:

1. Shariah non-compliant instruments.

If the Manager mistakenly invests in Shariah non-compliant instruments or money market or mistakenly made placement in deposit, the Manager needs to dispose of any Shariah non-compliant instruments or mentioned instruments, within a month of becoming aware of the status of the instruments. Any gain, dividend and/or return received before or after the disposal of the Shariah non-compliant instruments or mentioned instruments has to be channelled to baitulmal and/or charitable bodies, advised by the Shariah Adviser. The Fund has a right to retain only the investment cost, which may include brokerage fees and other related transaction costs. If the disposal of the Shariah non-compliant instruments or mentioned instruments causes losses to the Fund, the Manager must bear the losses by ensuring the loss portion be restored and returned to the Fund.

1.7.3. Cleansing process

Under the Shariah principles, any income or distribution received by the Fund from Shariah-compliant investments in their portfolios which relates to income from Shariah non-compliant investments as set out above are considered impure income. This impure income is subject to an income purification process as determined by the Shariah Adviser, from time to time and without limitation, where the impure income will be distributed to baitulmal and/or charitable bodies advised by the Shariah Adviser.

1.7.4. Periodic review

The Shariah Adviser will review the Fund on monthly basis to ensure the Fund's operating procedures and investments comply with the Shariah principles. Upon completion of each review, the Shariah Adviser will deliver its opinion on the Shariah compliancy.

1.8. THE FUND'S COMPLIANCE TO SHARIAH PRINCIPLES

The Shariah Adviser is of the view that, given the prevailing circumstances, the Fund and its respective investments as disclosed and presented in this Prospectus are acceptable and within the principles of Shariah, subject to proper execution of the legal documents and other transactions related to the Fund.

The investment portfolio of the Fund comprises instruments which have been classified as Shariah-compliant by the SAC of the SC and, where applicable the SAC of Bank Negara Malaysia ("BNM"). For instruments that are not classified as Shariah-compliant by the SAC of the SC and, where applicable the SAC of BNM, the status of the instruments has been determined in accordance with the rulings of the Shariah Adviser and Shariah Investment Guidelines.

1.9. RISK FACTORS

1.9.1. GENERAL RISKS OF INVESTING IN A FUND

Any Shariah-compliant investment carries with it an element of risk. Therefore, prior to making a Shariah-compliant investment, you should consider the following risk factors in addition to the other information set out in this Prospectus.

Returns and capital not guaranteed

The investment of the Fund is subject to market fluctuations and its inherent risk. There is **NO GUARANTEE** on the investment which includes your investment capital and returns, nor any assurance that the Fund's objective will be achieved. You should also note that the Fund is neither a capital guaranteed fund nor a capital protected fund. However, we reduce this risk by ensuring diligent management of the assets of the Fund based on a structured investment process.

Market risk

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

Inflation risk

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

Financing risk

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

Please note that financing is not encouraged. The Manager does not provide financing for the purchase of units of the Fund.

Manager risk

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

Liquidity risk

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

Shariah non-compliance risk

This refers to the risk of the Fund not conforming to Shariah Investment Guidelines due to investment in Shariah non-compliant instrument. In the event that the Manager is required to rectify any Shariah non-compliance by disposing the related instrument, any losses from disposal due to investment in Shariah non-compliant instrument will be borne by the Manager. In any circumstances, gain received from disposal shall be channeled to baitulmal and/or charitable bodies as advised by the Shariah Adviser.

1.9.2. SPECIFIC RISKS RELATED TO THE FUND

Currency risk

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

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

Target Fund Manager's risk

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

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 the country. Such risks include adverse changes in the country's laws and regulations and foreign investments policies. These factors may have an adverse impact on the price of the Target Fund and consequently the Fund.

1.9.3. RISKS ASSOCIATED WITH INVESTMENT IN CLASS D

Cyber security risk

This is the risk arising from cyber-attack on e-Wallet App. Should the e-Wallet App be compromised, it may result in unauthorized transactions pertaining to the Fund. Further to that, your investment-related information and personal data may be leaked. All transactions through e-Wallet App and/or the Fund may be temporarily suspended, in which you may not be able to transact through e-Wallet App or in the Fund due to cyber-attack.

Functionality risk

This is the risk that the e-Wallet App does not operate as intended due to factors including but not limited to connectivity and interface issues. If the e-Wallet App does not function as expected, your transaction through the e-Wallet App may not be correctly processed and/or completed.

Risk associated with discontinuation risk on e-Wallet Provider

As all the transactions are done through e-Wallet App developed by the e-Wallet Provider, the continuous operation of the e-Wallet Provider is crucial. The discontinuation of services provided by e-Wallet Provider may be due to but not limited to revocation of the license. Should such event happen, you will be unable to perform transactions through the e-Wallet App. However, transactions can be performed through the Manager. Please refer to section 4.6.1 below for further information on the withdrawal timeline and the circumstances affecting withdrawal from the Fund.

1.9.4. SPECIFIC RISKS RELATED TO THE TARGET FUND

The following section was excerpted from the information stated in the Target Fund Prospectus.

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:

General

The Target Fund may be exposed to risks that are outside of the Target Fund Investment Manager's control – for example legal and regulatory risks from investments in countries with unclear and changing laws or the lack of established or effective avenues for legal redress or as a result of the registration of the Target Funds in non-EU jurisdictions, the Target Fund may be subject, without any notice to the shareholders in the Target Fund concerned, to more restrictive regulatory regimes potentially preventing the Target Fund from making the fullest possible use of the investment limits. Regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future regulatory action on the Target Fund could be substantial and adverse. The Target Fund may be exposed to the risk of terrorist actions, to the risk that economic and diplomatic sanctions may be in place or imposed on certain States and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity. Investors are reminded that in certain circumstances their right to redeem shares may be suspended as further described in sections 2.4, 2.5, 2.6 and 2.7 below.

The Target Fund may be exposed to operational risks, being the risk that operational processes, including those related to the safekeeping of assets, valuation and transaction processing may fail, resulting in losses. Potential causes of failure may arise from human errors, physical and electronic system failures and other business execution risks as well as external events.

Chinese market risk

Risks associated with the Chinese Market are similar to the "Emerging Markets risk" described below. With the government having a greater control over allocation of resources, the risks that naturally prevail in this type of market is political and legal uncertainty, currency fluctuations and blockage, no government support on reform or nationalisation and expropriation of assets. Such risks can have a negative impact on the performance of the Target Fund.

The Chinese market is undergoing economic reform, these reforms of decentralisation are unprecedented or experimental and subject to modification which may not always have a positive outcome on the performance of the economy and then the value of securities in the Target Fund.

The Chinese economy is also export driven and highly reliant on trade. Adverse changes in the economic conditions of its primary trading partners such as the US, Japan and South Korea would adversely impact the Chinese economy and the Target Fund investments.

Concentration risk

The Target Fund may have an investment policy which specifically states an intention to maintain a portfolio with holdings in a relatively limited number of issuers or a concentrated allocation to a given economic sector, market segment or geographical area. By being less diversified, the Target Fund may be more volatile than broadly diversified funds, or may be exposed to greater risk since under performance of one or a few positions, sectors or geographical areas will have a greater impact on the Target Fund's assets. The Target Fund may be adversely affected as a result of such greater volatility or risk.

Counterparty risk

When Shariah-compliant OTC or other bilateral contracts are entered into (inter alia OTC Islamic derivatives) the Target Fund may find itself exposed to risks arising from the solvency of its counterparties and from their ability to respect the conditions of these contracts. The Target Fund is exposed to the risk that the counterparty will fail to respect its commitments under the term of each contract. In addition, there may be a limited number of approved counterparties available for certain Shariah-compliant financial instruments, exposing the Target Fund to the possibility that only a few or even just one counterparty is available to engage in given transactions. If the available approved counterparty (or counterparties) does not offer a competitive rate for the hedging transaction or decides not to roll a hedging transaction when it comes due, the Target Fund's ability to implement the hedging strategy could be impaired or could end. This would mean that the hedged share class would no longer closely track the performance of the share classes in base currency.

Credit risk

Credit risk, a fundamental risk relating to all Sukuk, is the chance that an issuer will fail to make principal and profit payments when due. Issuers with higher credit risk typically offer higher yields for this added risk. Conversely, issuers with lower credit risk typically offer lower yields. Generally, government securities are considered to be the safest in terms of credit risk under normal market conditions, while corporate debt, especially for companies with poorer credit ratings, have the highest credit risk. Government, or sovereign securities can also carry high risk if a country's economic, political, fiscal and monetary situation deteriorates. Changes in the financial condition of an issuer, changes in economic and political conditions in general, and/or changes in economic and political conditions specific to an issuer, are all factors that may have an adverse impact on an issuer's credit quality and security values.

Debt securities risk

The Target Fund that invests in Sukuk are subject to interest rate risk, credit risk, default risk and may be exposed to specific risks including but not limited to sovereign risk, high yield securities risk, restructuring risk and risk related to the use of credit ratings.

A Sukuk's value will generally increase in value when interest rates fall and decrease in value when interest rates rise. Sukuk with longer-term maturities tend to be more sensitive to interest rate changes than shorter-term securities.

Variable rate securities (which include floating-rate debt securities) generally are less sensitive to interest rate changes than fixed rate debt securities.

The Target Fund may invest in debt securities on which the issuer is not currently distributing profit (defaulted debt securities). The Target Fund may buy defaulted debt securities if, in the opinion of the Target Fund Investment Manager, it appears likely that the issuer may resume distribution of profit or other advantageous developments appear likely in the near future. These Sukuk may become illiquid.

Sovereign debt securities can be subject to risks in addition to those relating to debt securities and foreign securities generally, including, but not limited to, the risk that a governmental entity may be unwilling or unable to distribute profit and repay principal on its sovereign debt. There are generally no bankruptcy proceedings for sovereign debt. If a sovereign debtor defaults (or threatens to default) on its sovereign debt obligations, the obligations may be restructured. In the event of a default on sovereign obligation, the Target Fund may have limited legal recourse against the defaulting government entity.

The Target Fund may invest in sovereign debt issued by governments or government-related entities from countries referred to as emerging markets or frontier markets, which bear additional risks compared to more developed markets due to such factors as greater political and economic uncertainties, currency fluctuations, repatriation restrictions or capital controls.

The Target Fund may invest in higher-yielding securities rated lower than investment grade. High-yield debt securities and unrated securities of similar credit quality ("high-yield debt instruments" or "junk bonds") involve greater risk of loss, or delays of distribution of profit and principal payments, than higher-quality debt securities. Issuers of high-yield debt instruments are not as strong financially as those issuing securities of higher credit quality. High-yield debt instruments are generally less liquid and their prices fluctuate more than higher-quality securities.

The Target Fund may also invest in the Sukuk of companies involved in mergers, consolidations, liquidations and reorganizations (including those involving bankruptcy). Such corporate events could be disruptive to the business and management structure of the companies involved, which may expose the Target Fund to higher investment risk.

The use of credit ratings in evaluating debt securities can involve certain risks, including the risk that the credit rating may not reflect the issuer's current financial condition or events since the security was last rated by a rating agency. Credit ratings may be influenced by conflicts of interest or based on historical data that no longer apply or are accurate. Recently, legislation and regulations to reform rating agencies have been proposed and may adversely impact the Target Fund's investments or investment process.

Debt securities are subject to prepayment risk when the issuer can "call" the security, or repay principal, in whole or in part, prior to the security's maturity. When the Target Fund reinvests the prepayments of principal it receives, it may receive a rate of interest that is lower than the rate on the existing security, potentially lowering the Target Fund's income, yield and its distributions to shareholders. Securities subject to prepayment may offer less potential for gains during a declining interest rate environment and have greater price volatility. Prepayment risk is greater in periods of falling interest rates.

Derivatives risk

A derivative is a financial instrument whose value is derived from the value of another asset. In Islamic finance, derivative instruments may only be used for (i) reduction of risk, (ii) reduction of cost and/or (iii) generation of additional capital or return with a level of risk which is consistent with the risk profile of the Target Fund, not for speculation which, like gambling, is a prohibited (Haram) activity.

For the purpose of hedging, reduction of cost and generation of additional capital or return with a level of risk which is consistent with the risk profile of the Target Fund, the Target Fund Management Company may, within the context of the Target Fund's overall investment policy, and within the limits set forth in the investment restrictions and the Shariah guidelines applicable to the Target Fund, engage in certain transactions involving the use of Shariah-compliant derivative instruments, including but not limited to profit rate swaps and foreign currency forward contracts (including via proxy hedging where one currency may be closely correlated with another currency). The Target Fund Management Company may engage, within the limits established by the investment restrictions and the Shariah guidelines, in various portfolio strategies involving the use of instruments in order to protect against market and currency risks.

The use of derivative instruments and hedging transactions may or may not achieve its intended objective and involves special risks.

The global exposure of the Target Fund to financial derivative instruments shall not exceed its total net assets value and as a result the total risk exposure of such Fund shall not exceed 200% of its net assets value on a permanent basis.

Performance and value of derivative instruments depend, at least in part, on the performance or value of the underlying asset. Islamic derivative instruments involve cost, may be volatile, and may involve a small investment relative to the risk assumed

(leverage effect). Their successful use may depend on the Target Fund Investment Manager's ability to predict market movements. Risks include delivery failure, default by the other party or the inability to close out a position because the trading market becomes illiquid. Some Islamic derivative instruments are particularly sensitive to changes in interest rates. The risk of loss to the Target Fund for a swap transaction on a net basis depends on which party is obliged to pay the net amount to the other party. If the counterparty is obliged to pay the net amount to the Target Fund, the risk of loss to the Target Fund is the loss of the entire amount that the Target Fund is entitled to receive; if the Target Fund is obliged to pay the net amount, the Target Fund's risk of loss is limited to the net amount due. OTC derivative instruments involve a higher degree of risk as OTC markets are less liquid and regulated.

Emerging markets risk

Investments in the securities issued by corporations, governments, and public-law entities in different nations and denominated in different currencies involve certain risks. These risks are typically increased in developing countries and emerging markets. Such risks, which can have adverse effects on portfolio holdings, may include: (i) investment and repatriation restrictions; (ii) currency fluctuations; (iii) the potential for unusual market volatility as compared to more industrialised nations; (iv) government involvement in the private sector; (v) limited investor information and less stringent investor disclosure requirements; (vi) shallow and substantially smaller liquid securities markets than in more industrialised countries, which means the Target Fund may at times be unable to sell certain securities at desirable prices; (vii) certain local tax law considerations; (viii) limited or less effective regulation of the securities markets; (ix) international and regional political and economic developments; (x) possible imposition of exchange controls or other local governmental laws or restrictions; (xi) the increased risk of adverse effects from deflation and inflation; (xii) the possibility of limited legal recourse for the Target Fund; and (xiii) the custodial and/or the settlement systems may not be fully developed.

Investors in the Target Fund investing in emerging markets should in particular be informed that the liquidity of securities issued by corporations and public-law entities in emerging markets may be substantially smaller than with comparable securities in industrialised countries.

Europe and Eurozone risk

Mounting sovereign debt burdens worldwide may create economical and political tensions should a country be perceived to face difficulties in the servicing of its debt. This risk may be accrued in Europe and the Eurozone where the perceived default of one country may adversely affect the entire region and its currency. Such events may adversely affect interest rates and the prices of both fixed income and equity securities across Europe and potentially other markets as well. These events may increase volatility, liquidity and currency risks associated with investments in Europe.

The performance and value of the Target Fund may be adversely affected should there be any adverse credit events (e.g. downgrade of the sovereign credit rating or default or bankruptcy of any Eurozone countries).

Foreign currency risk

Since the Target Fund values the portfolio holdings in either US dollar or Euro, changes in currency exchange rates adverse to those currencies may affect the value of such holdings and the Target Fund's yield thereon.

Since the securities, including cash or cash equivalents, held by the Target Fund may be denominated in currencies different from its base currency, the Target Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between such reference currency and other currencies. Changes in currency exchange rates may influence the value of the Target Fund's shares, and also may affect the value of dividends earned by the Target Fund and gains and losses realised by the Target Fund. If the currency in which a security is denominated appreciates against the base currency, the price of the security could increase. Conversely, a decline in the exchange rate of the currency would adversely affect the price of the security.

To the extent that the Target Fund or any share class seeks to use any strategies or instruments to protect against currency exchange risk, there is no guarantee that protection will be achieved. There is no requirement that the Target Fund seeks to hedge or to protect against currency exchange risk in connection with any transaction.

Frontier markets risk

Investments in emerging market countries involve risks as set out in the section "Emerging markets risks" above. Investments in frontier markets involves risks similar to investments in emerging markets but to a greater extent since frontier markets are even smaller, less developed, and less accessible than other emerging markets. Frontier markets may also experience greater political and economic instability and may have less transparency, less ethical practices, and weaker corporate governance compared to other emerging markets and the Target Fund may be adversely impacted. Such markets are also more likely to have investment and repatriation restrictions, exchange controls and less developed custodial and settlement systems than other emerging markets. The countries that comprise frontier markets include the lesser developed countries located in Africa, Asia, the Middle East, Eastern Europe and Latin America. As a result, the Target Fund may be adversely impacted.

Legal and regulatory risk

The Target Fund must comply with various legal requirements, including requirements imposed by the securities laws and companies laws in various jurisdictions, including the Grand Duchy of Luxembourg.

The interpretation and application of legislative acts can be often contradictory and this may impact the enforceability of the various agreements and guarantees entered into by the Target Fund. Legislation could be imposed retrospectively or may be issued in the form of internal regulations not generally available to the public. The interpretation and application of laws and regulations can be often contradictory and uncertain particularly in respect of matters relating to taxation.

Courts may not adhere to the requirements of the law and the relevant contract and it cannot be guaranteed that any recourse or judgment obtained in a foreign court will be enforced in certain jurisdictions where the assets relating to securities held by the Target Fund is located.

Liquidity risk

Reduced liquidity may have an adverse impact on market price and the Target Fund's ability to sell particular securities when necessary to meet the Target Fund's liquidity needs or in response to a specific economic event such as the deterioration in the creditworthiness of an issuer.

Market risk

The market values of securities owned by the Target Fund will go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting individual issuers, securities markets generally or particular industries or sectors within the securities markets. The value of a security may go up or down due to general market conditions which are not specifically related to a particular issuer, such as real or perceived adverse economic conditions, changes in the general outlook for revenues or corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also go up or down due to factors that affect an individual issuer, a particular industry or sector, such as changes in production costs and competitive conditions within an industry or a specific country. Unexpected events such as natural or environmental disasters (earthquakes, fires, floods, hurricanes, tsunamis) and other severe weather-related phenomena generally, or widespread disease, including pandemics and epidemics, have been and can be highly disruptive to economies of individual companies, sectors, industries, nations, markets and adversely impacting currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of the Target Fund's investments. Given the interdependence among global economies and markets, conditions in one country, market, or region are likely to adversely affect markets, issuers, and/or foreign exchange rates in other countries. These disruptions could prevent the Target Fund from executing advantageous investment decisions in a timely manner and could negatively impact the Target Fund's ability to achieve its investment objective. During a general downturn in the securities markets, multiple asset classes may decline in value. When markets perform well, there can be no assurance that securities held by the Target Fund will participate in or otherwise benefit from the advance. All investments in financial markets may decrease in value.

Additionally, stock prices tend to go up and down more dramatically than those of debt securities. A slower-growth or recessionary economic environment could have an adverse effect on the prices of the various stocks held by the Target Fund.

Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. Potential causes of loss may arise from deficiencies in internal controls, Shariah screening controls, human errors, physical systems failures and other business execution risks as well as external events.

Real assets risk

The Target Fund investing in real assets securities, or securities linked to real assets, will be subject to specific risks linked to a variety of factors, including local, regional and national economic conditions, interest rates and tax considerations. Real assets markets performance may show little correlation to equity and bond markets. There is a risk that the Target Fund investing in real assets may perform poorly in an otherwise favourable economic environment.

Securities of Islamic real estate investment trusts ("**Islamic REITs**") may be affected by any changes in the value of the properties owned and other factors, and their prices tend to go up and down. An Islamic REIT's performance depends on the types and locations of the properties it owns and on how well it manages those properties. A decline in rental income may occur because of extended vacancies, increased competition from other properties, tenants' failure to pay a rent or poor management. An Islamic REIT's performance also depends on the company's ability to finance property purchases and renovations and manage its cash flows. Since Islamic REITs typically are invested in a limited number of projects or in a particular market segment, they are more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments.

Securities of infrastructure companies are securities of companies whose primary business is in infrastructure-related activities, including the design, construction, operation or maintenance of seaports, airports, railways, roadways, pipelines, energy generation facilities (coal, oil, nuclear, hydro or solar powered), electricity transmission, water treatment plants, or related activities to these businesses. Such companies may experience volatility due to challenges such as getting the necessary permits, obtaining environmental clearances, meeting regulatory standards, requirements or guidelines, or being impacted by the level of economic activity, weather, natural disasters, governmental actions, civil disturbances, or acts of terrorism. By virtue of being concentrated in this one sector, the Target Fund may experience greater volatility compared to funds that follow a more diversified investment policy.

Reclassification of Shariah status risk

Shariah-compliant securities which are reclassified as Shariah non-compliant upon review by the Shariah Supervisory Board will require the securities to be disposed of immediately should their market value exceed the original investment cost on the announcement day. However, in the event the market value does not exceed the original investment cost on the announcement day, the relevant securities deemed non-compliant by the Shariah Supervisory Board can be held up to a maximum of 90 days from day of announcement. Any capital gain arising from the disposal of the Shariah non-compliant securities made at the time of the announcement day can be kept by the Target Fund. However, any excess capital gain derived from the disposal of the Shariah non-compliant securities after the announcement day at a market price that is higher than the closing price on the announcement day must be channelled to charitable bodies.

Shariah compliance risks

The Shariah supervisory board and the Shariah screening provider have been appointed by the Target Fund to ensure the compliance of the Target Fund's investments with the Shariah guidelines.

The Target Fund Management Company will undertake the investment activities of the Target Fund in accordance to the respective Shariah guidelines. As a consequence, this may mean that the performance of the Target Fund may possibly be lower than other investment funds that do not seek to strictly adhere to the Islamic investment criteria. The Shariah guidelines may require in certain circumstances for the Target Fund to dispose of certain investments and also may prohibit the investment into well-performing securities due to non-compliance to Shariah. These requirements may place the Target Fund at a relatively less advantageous position compared to other investment funds that do not have to adhere to the Shariah principles.

In addition, the requirement to "purify" cash holdings or dividend income will likely result in payments being made to charities that have been approved by the Shariah supervisory board. To the extent such payments are made, the return to investors will be reduced by the amount of such payments, adversely affecting the Target Fund performance compared to funds with a similar investment objective that do not have to make such payments.

Currently held Shariah-compliant securities may be reclassified to be Shariah non-compliant in the periodic review of the securities by the Shariah supervisory board of the Target Fund. If this occurs, then the value of the Target Fund may be adversely affected, and the Target Fund Investment Manager will take the necessary steps to dispose of such securities in accordance with the advice from the Shariah supervisory board of the Target Fund.

Although the Target Fund fully intends to observe the Shariah guidelines at all times, no such assurance can be given, as there may be occasions when the Target Fund's investment may accidentally become non-compliant to the Shariah for factors that are outside the control of the Target Fund. The Target Fund shall report such incidents to the Shariah supervisory board within a month of the incident.

Small and mid-sized companies risk

The stock prices of small and mid-sized companies can perform differently than larger, more recognised, companies and have the potential to be more volatile. A lower degree of liquidity in their securities, a greater sensitivity to changes in economic conditions and interest rates, and uncertainty over future growth prospects may all contribute to such increased price volatility. Additionally, smaller companies may be unable to generate new funds for growth and development, may lack depth in management, and may be developing products in new and uncertain markets all of which are risks to consider when investing in such companies. These risks are typically increased for securities issued by smaller companies registered or performing a significant part of their activities in developing countries and emerging markets, especially as the liquidity of securities issued by companies in emerging markets may be substantially smaller than with comparable securities in industrialised countries.

Shanghai-Hong Kong Stock Connect risk and Shenzhen-Hong Kong Stock Connect Risk

The Target Fund may invest and have direct access to certain eligible China A-Shares via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect (together referred to as "Stock Connect"). Shanghai-Hong Kong Stock Connect is a securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), Shanghai Stock Exchange ("SSE") and China Securities Depository and Clearing Corporation Limited ("ChinaClear"). Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links programme developed by HKEx, Shenzhen Stock Exchange ("SZSE") and ChinaClear. The aim of Stock Connect is to achieve mutual stock market access between mainland China and Hong Kong.

The Stock Connect comprises two Northbound Trading Links, one between SSE and Stock Exchange of Hong Kong Limited ("SEHK"), and the other between SZSE and SEHK. Stock Connect will allow foreign investors to place orders to trade eligible China A-Shares listed on the SSE ("SSE Securities") or on the SZSE ("SZSE Securities") (the SSE Securities and SZSE Securities collectively referred to as the "Stock Connect Securities") through their Hong Kong based brokers.

The SSE Securities include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on the SEHK, except (i) those SSE-listed shares which are not traded in RMB and (ii) those SSE-listed shares which are included in the "risk alert board". The list of eligible securities may be changed subject to the review and approval by the relevant PRC regulators from time to time. The SZSE Securities include all the constituent stocks from time to time of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which has a market capitalization of at least RMB 6 billion, and all the SZSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except those SZSE-listed shares (i) which are not quoted and traded in RMB, (ii) which are included in the "risk alert board"; (iii) which have been suspended from listing by the SZSE; and (iv) which are in the pre-delisting period. The list of eligible securities may be changed subject to the review and approval by the relevant PRC regulators from time to time.

In addition to the risks associated with the Chinese market and risks related to investments in RMB, investments through the Stock Connect are subject to additional risks, namely, quota limitations, suspension risk, operational risk, restrictions on selling imposed by front-end monitoring, recalling of eligible stocks, clearing and settlement risks, nominee arrangements in holding China A-Shares and regulatory risk.

Quota limitations

The programmes are subject to a daily quota limitation which may restrict the Target Fund's ability to invest in Stock Connect Securities through the programmes on a timely basis. In particular, once the Northbound daily quota is reduced to zero or the Northbound daily quota is exceeded during the opening call session, new buy orders will be rejected (although investors will be allowed to sell their cross-boundary securities regardless of the quota balance).

Suspension risk

Each of the SEHK, SZSE and SSE reserves the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. In case of a suspension, the Target Fund's ability to access the mainland China market will be adversely affected.

Differences in trading day

Stock Connect only operates on days when both mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement day. Due to the difference in trading days between the mainland China and the Hong Kong markets, there may be occasions when it is a normal trading day for the mainland China market but not in Hong Kong and, accordingly, the Target Fund cannot carry out any Stock Connect Securities trading. The Target Fund may therefore be subject to a risk of price fluctuations in China A-Shares during the periods when Stock Connect is not operational.

Restrictions on selling imposed by front-end monitoring

Mainland China regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise both SZSE and SSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A-Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

Clearing settlement and custody risks

Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEx ("HKSCC") and ChinaClear establish the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the China Securities Regulatory Commission ("CSRC"). The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the Target Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

The China A-Shares traded through Stock Connect are issued in scripless form, so investors, such as the Target Fund, will not hold any physical China A-Shares. Hong Kong and overseas investors, such as the Target Fund, who have acquired Stock Connect Securities through Northbound trading should maintain the Stock Connect Securities with their brokers' or custodians' stock accounts with the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK. Further information on the custody set-up relating to the Stock Connect is available upon request at the registered office of the Target Fund Company.

Operational risk

The Stock Connect provides a new channel for investors from Hong Kong and overseas, such as the Target Fund, to access the China stock market directly. The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial program to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect program requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system ("China Stock Connect System") to be set up by SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The Target Fund's ability to access the China A-Share market (and hence to pursue their investment strategy) will be adversely affected.

Nominee arrangements in holding China A-Shares

HKSCC is the "nominee holder" of the Stock Connect securities acquired by overseas investors (including the Target Fund) through the Stock Connect. The CSRC Stock Connect rules expressly provide that investors such as the Target Fund enjoy the rights and benefits of the Stock Connect securities acquired through the Stock Connect in accordance with applicable laws. However, the courts in mainland China may consider that any nominee or custodian as registered holder of Stock Connect securities would have full ownership thereof, and that even if the concept of beneficial owner is recognised under mainland China law those SSE securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently, the Target Fund and the Depository cannot ensure that the Target Fund's ownership of these securities or title thereto is assured in all circumstances.

Under the rules of the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the Stock Connect securities in mainland China or elsewhere. Therefore, although the Target Fund's ownership may be ultimately recognised, the Target Fund may suffer difficulties or delays in enforcing their rights in China A-Shares.

To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depositary and the Target Fund will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Target Fund suffers losses resulting from the performance or insolvency of HKSCC.

Investor compensation

Investments of the Target Funds through Northbound trading under the Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

Since default matters in Northbound trading via the Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. On the other hand, since the Target Fund is carrying out Northbound trading through securities brokers in Hong Kong but not mainland China brokers, therefore it is not protected by the China Securities Investor Protection Fund in mainland China.

Trading costs

In addition to paying trading fees and stamp duties in connection with China A-Share trading, the Target Fund may be subject to new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which are yet to be determined by the relevant authorities.

Mainland China tax consideration

The Target Fund Management Company and/or Target Fund Investment Manager reserve the right to provide for tax on gains of the Target Fund that invests in mainland China securities thus impacting the valuation of the Target Fund. With the uncertainty of whether and how certain gains on mainland China securities are to be taxed, the possibility of the laws, regulations and practice in mainland China changing, and the possibility of taxes being applied retrospectively, any provision for taxation made by the Target Fund Management Company and/or the Target Fund Investment Manager may be excessive or inadequate to meet final mainland China tax liabilities on gains derived from the disposal of mainland China securities. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such gains will be taxed, the level of provision and when they purchased and/or sold their shares in/from the Target Fund.

On 14 November 2014, the Ministry of Finance, State of Administration of Taxation and CSRC jointly issued a notice in relation to the taxation rule on the Stock Connect under Caishui 2014 No.81 ("Notice No.81"). Under Notice No.81, Corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (such as the Target Fund) on the trading of China A-Shares through the Stock Connect with effect from 17 November 2014. However, Hong Kong and overseas investors (such as the Target Fund) are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies.

Regulatory risk

The CSRC Stock Connect rules are departmental regulations having legal effect in mainland China. However, the application of such rules is untested, and there is no assurance that mainland China courts will recognise such rules, e.g. in liquidation proceedings of mainland China companies.

The Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in mainland China and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. The Target Fund which may invest in the mainland China markets through Stock Connect may be adversely affected as a result of such changes.

Sukuk investment risk

Price changes in Sukuk are influenced predominantly by interest rate developments in the capital markets, which in turn are influenced by macro-economic factors. Sukuk could suffer when capital market interest rates rise, while they could increase in value when capital market interest rates fall. The price changes also depend on the term or residual time to maturity of the Sukuk. In general, Sukuk with shorter terms have less price risks than Sukuk with longer terms. However, they generally have lower returns and, because of the more frequent due dates of the securities portfolios, involve higher re-investment costs. Sukuk instruments may be issued by any corporate, sovereign, or supranational entity and may be backed or derive its value from any asset, tangible or otherwise, including home financings.

Sovereign Sukuk ("**Sovereign Sukuk**") are Sukuk issued or guaranteed by governments or government-related entities. Investment in Sovereign Sukuk issued or guaranteed by governments or their agencies and instrumentalities ("**governmental entities**") involves a high degree of risk. The governmental entity that controls the repayment of Sovereign Sukuk may not be able or willing to repay the principal and/or return when due in accordance with the terms of such debt due to specific factors, including, but not limited to (i) their foreign reserves, (ii) the available amount of their foreign exchange as at the date of repayment, (iii) their failure to implement political reforms, and (iv) their policy relating to the International Monetary Fund.

Sovereign Sukuk holders may also be affected by additional constraints relating to sovereign issuers which may include: (i) the unilateral rescheduling of such obligation by the issuer and (ii) the limited legal recourses available against the issuer (in case of failure of delay in repayment).

The Target Fund investing in Sovereign Sukuk issued by governments or government related entities from countries referred as emerging or frontier markets bear additional risks linked to the specifics of such countries (e.g. currency fluctuations, political and economic uncertainties, repatriation restrictions, etc.).

Sukuk issued or guaranteed by corporate or supranational entities are also subject to the risk that the obligor is unwilling or unable to make payments according to the terms of the Sukuk. Recourse to the obligor may be limited in such instances depending on the jurisdiction where the Sukuk was issued and the law governing the issuance.

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 an investment in a unit trust fund may be exposed to other risks from time to time. Please consult professional advisers for a better understanding of the risks.

2. TARGET FUND INFORMATION

2.1. ABOUT FRANKLIN SHARIAH TECHNOLOGY FUND (“TARGET FUND”)

Franklin Templeton Shariah Funds (the “**Company**”) is incorporated in Luxembourg under the laws of the Grand Duchy of Luxembourg as a *société anonyme* and qualifies as a *société d'investissement à capital variable* (“SICAV”), regulated by the Commission de Surveillance du Secteur Financier (“**CSSF**”).

The Company is registered on the official list of undertakings for collective investment in transferable securities pursuant to Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time (the “Law of 17 December 2010”). The Company qualifies as an Undertaking for Collective Investment in Transferable Securities (“UCITS”) under Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended.

The Company has appointed Franklin Templeton International Services S.à r.l., société à responsabilité limitée with its registered office at 8A, rue Albert Borschette, L-1246 Luxembourg, Grand-Duchy of Luxembourg as management company (the “**Target Fund Management Company**”) to provide investment management, administration and marketing services to the Company with the possibility to delegate part or all of such services to third-parties.

The Target Fund Management Company has delegated the investment management activities of the Target Fund to Franklin Advisers, Inc. (“**Target Fund Investment Manager**”), which act as investment manager of the Target Fund and to provide day-to-day management in respect of the investment and re-investment of the assets of the Target Fund in compliance with the Shariah guidelines as may be amended from time to time.

J.P. Morgan SE, Luxembourg Branch has been appointed as the Depositary to provide depositary, custodial, settlement and certain other associated services to the Company.

J.P. Morgan SE is a European Company (Societas Europaea) organized under the laws of Germany, with registered office at Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany and registered with the commercial register of the local court of Frankfurt. It is a credit institution subject to direct prudential supervision by the European Central Bank (ECB), the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank, the German Central Bank. J.P. Morgan SE, Luxembourg Branch is authorized by the CSSF to act as depositary and fund administrator. J.P. Morgan SE, Luxembourg Branch is registered in the Luxembourg Trade and Companies' Register (RCS) under number B255938 and is subject to the supervision of the aforementioned home State supervisory authorities as well as local supervision by the CSSF.

This Prospectus describes the features of the Target Fund in accordance with the Target Fund Prospectus and we recommend this document should be read in conjunction with the Target Fund Prospectus. We have taken the necessary measures to ensure the accuracy and consistency of information disclosed in this Prospectus in relation to the Target Fund. In the event of any inconsistency or ambiguity in relation to any word or phrase used in this Prospectus regarding the Target Fund as compared to the Target Fund Prospectus, the Target Fund Prospectus shall prevail. (**Note:** For more information about the Target Fund Prospectus, please refer to the website at www.franklintempleton.lu)

Investment Objective and Investment Policies of the Target Fund

The objective of the Target Fund is capital appreciation.

The Target Fund invests at least two thirds of its net invested assets in Shariah-compliant equity securities of US and non-US companies expected to benefit from the development, advancement, and use of technology and communication services and equipment. These may include, for example, companies in the following industries:

- communication and computing related outsourcing services;
- technology services, including computer software, data services, and Internet services;
- electronic technology, including computers, computer products, and electronic components;
- telecommunications, including networking, wireless, and wire-line services and equipment;
- media and information services, including the distribution of information and content providers;
- semiconductors and semiconductor equipment; and
- precision instruments.

The Target Fund invests in Shariah-compliant securities of US and non-US large, well-established companies, as well as small to medium-sized companies, that the Target Fund Investment Manager believes provide good emerging growth opportunities.

The Target Fund may also invest in Shariah-compliant equity or Sukuk of any type of foreign or US issuer as well as in American, European or Global Depositary Receipts and Islamic REITs.

The Target Fund may invest up to 15% of its net assets in Shariah-compliant China A-Shares (through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect) and in Shariah-compliant China B-Shares.

The Target Fund uses a growth approach that employs intensive, bottom-up, fundamental research of companies. The Target Fund Investment Manager also takes into consideration broad-based trends when considering the selection of investments. In general, the Target Fund Investment Manager looks for companies it believes display, or will display, some of the following characteristics, among others: quality management; robust growth prospects; strong market positioning; high, or rising profit margins; and good return on capital investment.

Benchmark

The benchmark of the Target Fund is the S&P Global 1200 Shariah Information Technology Index. The benchmark is used solely as a reference for investors to compare against the Target Fund's performance, and this benchmark is neither used as a constraint on how the Target Fund's portfolio is to be constructed nor set as a target for the Target Fund's performance to beat. The Target Fund is actively managed.

Dividend Policy

No distribution of dividends shall be made but the net income attributable will be reflected in the increased value of the shares of the Target Fund.

2.2. INVESTMENT RESTRICTIONS AND SHARIAH INVESTMENT GUIDELINES OF THE TARGET FUND MANAGEMENT COMPANY

The investment restrictions imposed by Luxembourg law must be complied with by the Target Fund. Those restrictions in 2.2.1. (e) below are applicable to the Company as a whole.

2.2.1. INVESTMENT IN SHARIAH-COMPLIANT TRANSFERABLE SECURITIES AND ISLAMIC LIQUID ASSETS

- a) The Company will invest in:
- (i) Shariah-compliant transferable securities and Islamic money market instruments admitted to or dealt in on a regulated market within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments; and/or
 - (ii) Shariah-compliant transferable securities and Islamic money market instruments dealt in on another market in a Member State which is regulated, operates regularly and is recognised and open to the public;
 - (iii) Shariah-compliant transferable securities and Islamic money market instruments admitted to official listing on a stock exchange in a non-Member State or dealt in on another market in a non-Member State, which is regulated, operates regularly and is recognised and open to the public;
 - (iv) recently issued Shariah-compliant transferable securities and Islamic 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, in the countries of the areas referred to under (i), (ii) and (iii) above, which operates regularly and is recognised and open to the public, and such admission is secured within one year of the issue;
 - (v) units of Islamic UCITS and/or other Islamic UCIs, whether or not established in a Member State, provided that:
 - such other Islamic UCIs have been authorised under the laws of any Member State or under laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority to be equivalent to that laid down in EU law and that cooperation between authorities is sufficiently ensured,
 - the level of protection for unitholders in such other Islamic UCIs is equivalent to that provided for unitholders in a Islamic UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Shariah-compliant transferable securities and Islamic money market instruments are equivalent to the requirements of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended,
 - the business of such other Islamic UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
 - no more than 10% of the assets of the Islamic UCITS or of the other Islamic UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other Islamic UCITS or other Islamic UCIs.

For the purpose of this restriction and the limits set forth in 2.2.1. (f) below, the following definitions shall apply:

"Islamic UCITS" shall mean an undertaking for collective investment in transferable securities authorised according to the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended;

"other Islamic UCI" shall mean an undertaking for collective investment or investment fund within the meaning of Article 1, paragraph (2), point a) and b) of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended.

- (vi) Islamic deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in EU law;
 - (vii) Shariah-compliant financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in subparagraphs (i) to (iv) above, and/or financial derivative instruments dealt in over-the-counter ("OTC Islamic derivatives"), provided that:
 - the underlying consists of instruments covered under 2.2.1. (a), financial indices, foreign exchange rates or currencies, in which the Target Fund may invest according to its investment objectives,
 - the counterparties to OTC Islamic derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority,
 - the OTC Islamic 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, and/or
 - (viii) Islamic money market instruments other than those dealt in on a regulated market and which fall under 2.2.1. (a), if the issuer 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 European Union 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 above, or
 - issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by the EU law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by EU law, or
 - issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority 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 10 million euro and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity which, within a group of companies which include one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
- b) The Company may invest up to 10% of the net assets of the Target Fund in Shariah-compliant transferable securities and Islamic money market instruments other than those referred to in (a) above;
- c) The Target Fund may hold ancillary Islamic liquid assets;
- d) (i) The Target Fund may invest no more than 10% of its net assets in Shariah-compliant transferable securities and Islamic money market instruments issued by the same body. The Target Fund may not invest more than 20% of its net assets in Islamic deposits made with the same body. The risk exposure to a counterparty of the Target Fund in an OTC Islamic derivative transaction may not exceed 10% of its assets when the counterparty is a credit institution referred to in 2.2.1. (a) (vi) above or 5 % of its net assets in other cases.
- (ii) The total value of the Shariah-compliant transferable securities and Islamic money market instruments held in the issuing bodies of which the Target Fund invests more than 5% of its net assets must not exceed 40% of the value of its assets. This limitation does not apply to Islamic deposits and OTC Islamic derivative transactions made with financial institutions subject to prudential supervision.
- Notwithstanding the individual limits laid down in 2.2.1. d) (i), the Target Fund may not combine:
- investments in Shariah-compliant transferable securities or Islamic money market instruments issued by a single body,
 - Islamic deposits made with a single body, and/or
 - exposures arising from OTC Islamic derivative transactions undertaken with a single body, in excess of 20% of its assets.
- (iii) The limit laid down under the first sentence of 2.2.1. (d) (i) above shall be of 35% where the Target Fund has invested in Shariah-compliant transferable securities or Islamic money market instruments issued or guaranteed by a Member State, by its local authorities, by a non-Member State or by public international bodies of which one or more Member States are members.

(iv) The limit laid down under the first sentence of 2.2.1. (d) (i) above shall be of 25% for Covered Bonds as defined under Article 3, point 1 of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of Covered Bonds and Covered Bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (hereafter "Directive (EU) 2019/2162"), and 2. for certain Sukuk when they are issued before 8 July 2022 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 Sukuk issued before 8 July 2022 must be invested in conformity with the law in assets which, during the whole period of validity of the Sukuk, are capable of covering claims attaching to the Sukuk and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued profit.

If the Target Fund invests more than 5% of its net assets in the Sukuk above and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of the Target Fund.

(v) The Shariah-compliant transferable securities and Islamic money market instruments referred to in 2.2.1. (d) (iii) and 2.2.1. (d) (iv) are not included in the calculation of the limit of 40% referred to in 2.2.1. (d) (ii).

The limit set out above under 2.2.1. (d) (i), (ii), (iii) and (iv) may not be combined, and thus investments in Shariah-compliant transferable securities or Islamic money market instruments issued by the same body, in Islamic deposits or Islamic derivative instruments made with this body carried out in accordance with section 2.2.1. (d) (i), (ii), (iii) and (iv) may not exceed a total of 35 % of the net assets of the Target Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained under 2.2.1. (d). The Target Fund may cumulatively invest up to 20% of its net assets in Shariah-compliant transferable securities and Islamic money market instruments within the same group.

(vi) Where the Target Fund has invested in accordance with the principle of risk spreading in Shariah-compliant transferable securities and Islamic money market instruments issued or guaranteed by any Member State, its local authorities, OECD member states, Singapore, Brazil, Russia, Indonesia and South Africa or any member state of the G20 or public international bodies of which one or more EU Member States are members or by any other State of the OECD, the Company may invest 100% of the assets of the Target Fund in such securities provided that the Target Fund must hold securities from at least six different issues and securities from one issue must not account for more than 30% of the Target Fund's assets.

- e) The Company or the Target Fund may not invest in voting shares of companies allowing it to exercise a significant influence in the management of the issuer. Further, the Target Fund may acquire no more than (i) 10% of the non-voting shares of any single issuing body, (ii) 10% of the debt securities of any single issuing body, (iii) 25% of the units of any single collective investment undertaking, (iv) 10% of the Islamic money market instruments of any single issuing body. However, the limits laid down under (ii), (iii) and (iv) may be disregarded at the time of acquisition if, at that time, the gross amount of the Sukuk or of the Islamic money market instruments or the net amount of the instruments in issue cannot be calculated.

The limits under this section e) shall not apply to (i) Shariah-compliant transferable securities or Islamic money market instruments issued or guaranteed by a Member State, its local authorities, or public international bodies of which one or more Member States of the EU are members or by any other State, nor to (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, provided that, however, the 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 17 December 2010.

- f) (i) Unless otherwise provided in the investment policy of the Target Fund, the Target Fund will not invest more than 10% of its net assets in units of Islamic UCITS and/or other Islamic UCIs.

(ii) In the case restriction f) (i) above is not applicable to the Target Fund, as provided in its investment policy, the Target Fund may acquire units of Islamic UCITS and/or other Islamic UCIs referred to in 2.2.1. (a) (v), provided that no more than 20% of the Target Fund's net assets be invested in the units of a single Islamic UCITS or other Islamic UCI.

For the purpose of the application of this investment limit, each compartment of a Islamic UCITS and/or other Islamic UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

(iii) Investments made in units of Islamic UCIs other than Islamic UCITS may not in aggregate exceed 30% of the net assets of the Target Fund.

(iv) When the Target Fund invests in the units of Islamic UCITS and/or other Islamic UCIs linked to the Company by common management or control, or by a substantial direct or indirect holding, no subscription or redemption fees

may be charged to the Company on account of its investment in the units of such other Islamic UCITS and/or Islamic UCIs.

In respect of the Target Fund's investments in units of other Islamic UCITS and other Islamic UCIs linked to the Company as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to the Target Fund and each of the Islamic UCITS or other Islamic UCIs concerned shall not exceed 2% of the value of the relevant investments. The Company will indicate in its annual report the total management fees charged both to the Target Fund and to the Islamic UCITS and other Islamic UCIs in which the Target Fund has invested during the relevant period.

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

(vi) The underlying investments held by the Islamic UCITS or other Islamic UCIs in which the Target Fund invest do not have to be considered for the purpose of the investment restrictions set forth under 2.2.1. (d) above.

(vii) The Target Fund (the "Investing Fund") may subscribe, acquire and/or hold Shariah-compliant securities to be issued or issued by one or more funds (each a "Target Fund") under the condition that:

- the Target Fund does not, in turn, invest in the Investing Fund invested in this Target Fund; and
- no more than 10% of the assets of the Target Fund whose acquisition is contemplated, may, according to its investment policy, be invested in units of other Islamic UCITS or other Islamic UCIs; and
- the Investing Fund may not invest more than 20% of its net assets in units of a single Target Fund; and
- for as long as these securities are held by the Investing Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the Law of 17 December 2010; and
- there is no duplication of management/subscription or sale fees between those at the level of the Investing Fund having invested in the Target Fund, and this Target Fund.

- g) The Company may not (i) acquire for the benefit of the Target Fund securities which are partly paid or not paid or involving liability (contingent or otherwise) unless according to the terms of issue such securities will or may at the option of the holder become free of such liabilities within one year of such acquisition and (ii) underwrite or subunderwrite securities of other issuers for the Target Fund.
- h) The Company may not purchase or otherwise acquire any investment in which the liability of the holder is unlimited.
- i) The Company may not purchase securities or debt instruments issued by the Target Fund Investment Manager or any connected person or by the Target Fund Management Company. For the purpose of this investment restriction, the term "connected person" shall refer to any affiliate and subsidiary that is directly or indirectly owned by Franklin Resources Inc, One Franklin Parkway, San Mateo, California.
- j) The Company may not purchase any securities on margin (except that the Company may, within the limits set forth in clause 2.2.2. (e) below, obtain such short-term credit as may be necessary for the clearance of purchases or sales of securities) or make uncovered sales of Shariah-compliant transferable securities, Islamic money market instruments or other financial instruments referred to above; except that the Company may make initial and maintenance margin deposits in respect of futures and forward contracts (and options thereon).

2.2.2. INVESTMENT IN OTHER ASSETS

- a) The Company may not purchase real estate, nor acquire any options, rights or interest in respect thereof, provided that the Company may invest for the account of the Target Fund in Shariah-compliant securities secured by real estate or interest therein or in Shariah-compliant securities of companies investing in real estate.
- b) The Company may not make investments in precious metals or certificates representing them.
- c) The Company may not enter into direct commodities transactions or commodity contracts, except that the Company may, in order to hedge risk, enter into financial derivative instruments giving exposure, through financial indices, to commodities within the limits laid down in the Shariah guidelines and section 2.2.3 below.
- d) The Company may not extend financing to other persons or act as a guarantor on behalf of third parties or assume, endorse or otherwise become directly or contingently liable for, or in connection with, any obligation or indebtedness or any person in respect of borrowed monies.
- e) The Company may not seek financing for the account of the Target Fund, other than amounts which do not in aggregate exceed 10% of the net assets of the Target Fund, taken at market value and then only as a temporary measure.

- f) The Company may not mortgage, pledge, hypothecate or in any manner transfer as security for indebtedness, any of the securities or other assets of the Target Fund, except as may be necessary in connection with the financings mentioned in clause e) above. The purchase or sale of securities on a when-issued or delayed-delivery basis, and collateral arrangements with respect to the writing of options or the purchase or sale of forward or futures contracts are not deemed the pledge of the assets.

2.2.3. FINANCIAL DERIVATIVE INSTRUMENTS

As specified in 2.2.1.(a) (vii) above, the Company may, in respect of the Target Fund, use Shariah-compliant financial derivative instruments for hedging purposes only.

The Company shall ensure that the global exposure of the Target Fund relating to financial derivative instruments does not exceed the total net assets of the Target Fund. The Target Fund's overall risk exposure shall consequently not exceed 200% of its total net assets. In addition, this overall risk exposure may not be increased by more than 10% by means of temporary borrowings (as referred to in 2.2.2. (e) above) so that it may not exceed 210% of the Target Fund's total net assets under any circumstances.

As the case may be, collateral received by the Target Fund in relation to OTC Islamic derivative transactions may offset net exposure by counterparty if it complies with the criteria set out in applicable laws, regulations and circulars issued by the CSSF from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability as further set out below. Collateral primarily consists of cash and highly rated sovereign fixed income securities. Collateral value is reduced by a percentage (a "haircut") which provides for short term fluctuations in the value of the collateral. Net exposures are calculated daily by counterparty and subject to the terms of the agreements, including a minimum transfer amount, collateral levels may fluctuate between the Target Fund and the counterparty depending on the market movement of the exposure. Non-cash collateral received is not sold, reinvested or pledged. Cash collateral may be reinvested in a manner consistent with the Shariah guidelines, where applicable the provisions established in the Credit Support Annex ("CSA") of the International Swaps and Derivatives Association Master Agreement ("ISDA Master Agreement") executed with the relevant counterparty and with the risk diversification requirements in (a) shares or units issued by short-term money market undertakings for collective investment as defined in the Guidelines on a Common Definition of European Money Market Funds, (b) deposits with credit institutional having its registered office in a Member State or with a credit institution situated in a non-Member State provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, (c) high quality government fixed income securities that are deemed eligible collateral according to the terms of the CSA of the ISDA Master Agreement (where applicable), and (d) reverse repurchase agreement transactions provided the transactions are with credit institutions subject to the prudential supervision and the Company may recall at any time the full amount of cash on accrued basis. The Company has policies with respect to the reinvestment of collateral (specifically, that derivatives or other instruments that may contribute to leverage may not be used) such that it would not impact the global exposure calculation.

The global exposure relating to financial derivative instruments is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions.

The Target Fund may invest in financial derivative instruments within the limits laid down in 2.2.1. (a) (vii) provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in 2.2.1. (d) (i) to (v). When the Target Fund invests in index-based financial derivative instruments, these investments do not have to be combined in respect of the limits laid down in 2.2.1. (d). When a Shariah-compliant transferable security or Islamic money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this restriction.

The Target Fund may use financial derivative instruments for hedging or investment purposes, within the limits of the Law of 17 December 2010 and of the Shariah guidelines. Under no circumstances shall the use of these instruments and techniques cause the Target Fund to diverge from its investment policy.

2.2.4. USE OF TECHNIQUES AND INSTRUMENTS RELATING TO SHARIAH-COMPLIANT TRANSFERABLE SECURITIES AND ISLAMIC MONEY MARKET INSTRUMENTS

As of the date of the Target Fund Prospectus, no funds are authorized to enter into repurchase agreements and reverse repurchase agreements nor in the other transactions covered by Regulation (EU/2015/2365) on transparency of securities financing transactions and of reuse ("SFTR"). If the Target Fund uses any such transactions in the future, the Target Fund Prospectus will be amended in accordance with SFTR.

2.2.5. ADDITIONAL LOCAL RESTRICTIONS

If and for so long as the Target Fund accepts investment by any Malaysia-domiciled feeder fund(s) managed by Franklin Templeton GSC Asset Management Sdn. Bhd. or any other Malaysian investment funds authorised by the Securities Commission Malaysia, the Target Fund's investments in a foreign market shall be limited to (i) markets where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions (IOSCO) and (ii) securities and instruments issued by supranational organisations.

2.2.6. SHARIAH GUIDELINES

The business of the Target Fund shall at any time be managed in accordance with the guidelines below that shall apply in addition to the investment restrictions specified in section 2.2.1 above. In general, Shariah-compliant investment refers to contractual arrangements and investment guidelines that are in compliance with Shariah (as such guidelines shall be determined by the Shariah supervisory board). Subject to their investment objectives and policies, the Target Fund may only invest in transferable securities of companies whose business is permissible (*Halal*) and therefore not invest in the following forbidden sectors (*Haram*):

- Manufacturing or distributing alcohol or tobacco products;
- Gaming or gambling;
- Producing or distributing content for purely entertainment purposes through any medium;
- Manufacturing or distributing weapons and defense related products;
- Producing, processing, packaging or any other business activity relating to pork or pork products and other meats and poultry not specifically defined as acceptable products by Shariah;
- Conventional banking, insurance or any other interest related financial services activity; and
- Producing or distributing pornographic materials.

Shariah-Compliance Screening

1. Securities and Islamic REITs Screening

Shariah-compliance securities and Islamic REITs screening will apply to the Target Fund.

The Shariah screening provider chosen to perform the Shariah screening is IdealRatings, Inc. The Company may elect to change its Shariah screening provider in the future as appropriate, working in consultation with its Shariah supervisory board.

IdealRatings, Inc. has agreed to supply, on a quarterly basis and on an ad hoc basis, a list of companies screened according to criteria as required by the Company's Shariah supervisory board (the "Criteria"), as set forth below and as advised by Company's Shariah supervisory board from time to time.

The Criteria specifically agreed upon for the securities and Islamic REITs screening include but are not limited to the following:

Business Activities Screening:

Investment is not allowed in companies generating income from any of the following activities or in Islamic REITs generating income through tenants operating in any of the following activities where such activities represent more than 5% of their total income (cumulatively, in all such activities). Such activities are deemed to be "prohibited activities". Income that Islamic financial institutions derive from the financial services will not be considered income from a prohibited activity. Islamic financial institutions will not be subject to the financial screening as defined further below.

Prohibited Activities:

- Alcohol: distillers, vintners and producers of alcoholic beverages, including producers of beer and malt liquors, owners and operators of bars and pubs.
- Tobacco: cigarettes and other tobacco products manufacturers and retailers.
- Gambling / Casino: owners and operators of casinos and gaming facilities, including companies providing lottery and betting services.
- Music: producers and distributors of music, owners and operators of radio broadcasting systems.
- Cinema: companies engaged in the production, distribution, and screening of movies and television shows, owners and operators of television broadcasting systems and providers of cable or satellite television services.
- Defense / Weapons: manufacturers of military aerospace and defense equipment, parts or products, including defense electronics and space equipment.
- Pork related products: companies involved in the manufacture and retailing of pork products.
- Conventional financial services: commercial banks involved in retail banking, corporate lending, investment banking; companies involved in mortgage and mortgage related services; providers of financial services, including insurance, capital markets and specialised finance; credit agencies; stock exchanges; specialty boutiques; consumer finance services, including personal credit, credit cards, lease financing, travel-related money services and pawn shops; financial institutions primarily engaged in investment management, related custody and securities fee-based services; companies operating mutual funds, closed-end funds and unit investment trusts; financial institutions primarily engaged in investment banking and brokerage services, including equity and debt underwriting, mergers and acquisitions; securities lending and advisory services institutions; and insurance and reinsurance brokerage firms, including companies providing property, casualty, life, disability, indemnity or supplemental health insurance.
- Adult Entertainment: owners and operators of adult entertainment products and activities.

The Company retains the right to adjust the Business Activities Screening criteria listed above with the advice and consent of the Company's Shariah supervisory board, as appropriate.

Financial Screening:

Shariah investment principles do not allow investment in companies deriving significant income (more than 5%) from interest. For Islamic REITs, the sum of interest-bearing income generated from conventional investments should not exceed 5% of the net

income generated by the REIT. Shariah investment principles also do not allow investment in companies or Islamic REITs that have excessive leverage. Measures of excessive leverage are defined as follows:

For companies:

- (a) Total conventional debt divided by total assets not to exceed 33.33%;
- (b) Sum of a company's cash and interest-bearing securities divided by total assets not to exceed 33.33%; and
- (c) Sum of a company's accounts receivables and cash divided by total assets not to exceed 33.33%.

For the Target Fund the following measures apply:

- (a) Total conventional debt divided by the higher of (i) total assets or (ii) average market capitalization over last 24 months, not to exceed 33%;
- (b) Sum of a company's cash and interest-bearing securities divided by the higher of (i) total assets or (ii) average market capitalization over last 24 months, not to exceed 33%.

None of the financial ratios may exceed the above stated thresholds. Securities will be considered non-compliant with respect to financial screening if any of the financial ratios exceed these thresholds.

For Islamic REITs: Total sum of conventional debt should not exceed 33% of the assets market value as valued by independent third-party valuers and reported in the Islamic REITs financial statements. If the assets market value is not available through independent provider or the market value of assets is below the book value assets book value is used in the screening. For the United States of America, Canada and Japan based Islamic REITs, enterprise value (EV) is used for the REIT asset valuation according to the following formula: $EV = \text{Average Trailing 12 months Market Value of Common Shares} + \text{Preferred Equity} + \text{Liabilities} + \text{Minority Interest} - \text{Cash}$.

No investment in fixed income preferred shares is allowed.

The Company retains the right to adjust the financial ratios above with the advice and consent of the Company's Shariah supervisory board, as appropriate.

Other Permitted Investment

- (i) Islamic money market instruments
- (ii) Units or shares of Shariah-compliant UCITS
- (iii) Islamic deposits with any credit institutions – in the event there is no Islamic deposit available, then the cash of Fund must be placed in a non-interest bearing account
- (iv) Shariah-compliant financial derivative instrument – Shariah-compliant credit linked notes

Note: The above list is not meant to be exhaustive. As the Islamic finance market is always evolving, the Target Fund Investment Manager would be allowed to invest in newly introduced investment instruments if they are deemed as Shariah-compliant by the Shariah supervisory board. Any material changes to the investment policy will be communicated to the shareholders in accordance with section 2.2.7 below.

2. Sukuk Screening

The specific standards to select Sukuk investments will follow the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Shariah standards. These standards will adhere to the Gulf Cooperation Council (GCC) and Malaysian Shariah Advisory Council of SC screens.

Additionally, the Sukuk screening provider chosen to perform the sukuk screening is IdealRatings, Inc. The Company may elect to change its Shariah screening provider or Sukuk rulebook in the future as appropriate, working in consultation with its Shariah supervisory board.

Where the Shariah supervisory board requests a change to the Shariah guidelines, it shall give the Company and the Target Fund Investment Manager a reasonable period of time to effect such change in the Target Fund Prospectus in accordance with the requirements of any applicable law and regulation.

Purification of Prohibited Income

The Shariah supervisory board will from time to time issue guidelines to quantify the annual amount of income of the Target Fund that should be donated to charity, being derived from eligible securities for investment pursuant to the investment objective, policy and restrictions set out in the Target Fund Prospectus, but that are engaged in an activity or activities of a marginal nature which are not Shariah-compliant and which are not screened out by the Shariah restrictions. Such amount will be calculated on an annual basis, based on the purification ratios, expressed as a percentage of each target company's dividend payments. The resulting amount will be donated to a charity and will be detailed in the Company's annual report. Any such amounts will be deducted only upon their actual determination and no anticipated accrual thereof shall be made. An up-to-date list of the relevant charities is available on request and free of charge at the registered office of the Company.

Zakat

This refers to the purification by way of payment of zakat by Muslims. The Target Fund do not pay zakat on behalf of Muslim investor. Each Muslim investor is responsible for the payment of its own Zakat.

2.2.7. SHAREHOLDERS NOTIFICATION

Any relevant notifications or other communications to shareholders concerning their investment in the Target Fund may be communicated to a shareholder via electronic means of communication in accordance with applicable Luxembourg rules, where the shareholder has consented and provided an e-mail address and/or relevant electronic contact details to the Target Fund Management Company for such purposes. Relevant notifications or other communications to shareholders concerning their investment in the Target Fund may also be posted on the website www.franklintempleton.lu. In addition, and where required by Luxembourg law or the Luxembourg regulator, shareholders will also be notified in writing or in such other manner as prescribed under Luxembourg law. Depending on the materiality of a change of investment policy or the Target Fund's characteristic, the Luxembourg regulator could request a one (1) month's prior notice to be sent to impacted shareholders.

2.3. SPECIFIC INVESTMENT RESTRICTIONS OF THE TARGET FUND

The general investment restrictions set out under the heading Investment Restrictions in the Target Fund Prospectus and the following investment restrictions shall apply to the Target Fund:

- 1) The credit rating for the counterparty of OTC Islamic derivatives will be at least investment grade. In the event the rating of the counterparty falls below the minimum required, or the counterparty ceases to be rated, the Target Fund manager should, within 6 months or sooner, take the necessary action to ensure that the requirements are complied with.
- 2) The Target Fund may borrow cash for the purpose of meeting repurchase requests for shares and for short-term bridging requirements only. The aggregate borrowings of the Target Fund will not exceed 10% of the Target Fund's NAV at the time the borrowing is incurred. The borrowing period will not exceed one month, and the Target Fund will only borrow from financial institutions.
- 3) The Target Fund manager should not make any further acquisition to which the relevant limit is breached, and the Target Fund manager should, within reasonable period of not more than 3 months from the date of breach, take all necessary steps and action to rectify the breach. The 3-month period may be extended if the trustee or the internal compliance of the Target Fund manager is of the view that it is in the best interests of unit holders.
- 4) The Target Fund will not undertake securities lending activities.
- 5) The Target Fund will only invest in derivatives where the global exposure of such derivatives is calculated using the commitment approach methodology.
- 6) The exposure to a counterparty of an OTC Islamic derivative must be measured based on the maximum potential loss that may be incurred by the fund if the counterparty defaults and not on the basis of the notional value of the OTC Islamic derivative.
- 7) The maximum exposure of the Target Fund to any counterparty (calculated using the commitment approach methodology) will not exceed 10% of the NAV of the Target Fund.
- 8) The Target Fund will not invest in derivatives where the underlying is a commodity.
- 9) Collateral is marked-to-market daily by using independent pricing source.
- 10) Collateral must be sufficiently liquid and tradable in order that it can be sold quickly at a robust price that is close to pre-sale valuation. Collateral should normally trade in a deep and liquid marketplace with transparent pricing. For Islamic trades, cash is the default collateral.
- 11) The value of the Target Fund's investment in units or shares of an Islamic CIS that invests in real estate (including Islamic REITs) will not exceed 15% of the fund's NAV.
- 12) The aggregate value of the Target Fund's investments in:
 - (a) Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an eligible market,
 - (b) Islamic CIS that do not comply with UCTIS rules, and
 - (c) Other Shariah-compliant securities including unlisted Shariah-compliant shares, investment notes, Islamic investment notes and Islamic digital assets,must not exceed 15% of the Target Fund's NAV, subject to a maximum limit of 10% of the Target Fund's NAV in a single issuer or single CIS, as the case may be.

2.4. REDEMPTION POLICY

Payment for shares sold will be made within five (5) dealing days (or such other timeframe as set out in the local fund related documentation or applicable dealing guide) after the instruction to sell has been received in good order and accepted by the transfer agent and will normally be made in the share class currency by electronic bank transfer of funds unless otherwise instructed. The Company and/or the Target Fund Management Company, after careful due diligence, are not responsible for any delays or charges incurred at any receiving bank or settlement system, nor are they responsible for delays in settlement which many occur due to the time required for local processing of payments within some countries or by certain banks, local correspondent banks, payment agent or other agents. Payment may also be made in any freely exchangeable currency if requested within the instruction, at the cost and risk of the Investor.

If, in exceptional circumstances as described in sections 2.5, 2.6, 2.7 and 2.8 below, the liquidity of the Target Fund does not permit payment of redemption proceeds within five (5) dealing days from the relevant valuation day (or such other timeframe as set out in the local fund related documentation or applicable dealing guide), the redemption proceeds will be paid as soon as reasonably practicable but without profit.

Note:

Payment of redemption proceeds will be made within 5 to 30 dealing days depending on the exceptional circumstances stated in section 2.7 below. However, profit will not be paid as compensation should such delays take place.

The board of directors is also authorized to extend the period for payment of redemption proceeds to such period, not exceeding thirty (30) Luxembourg business days (shorter periods may however apply in some jurisdictions), as may be required by settlement and other constraints prevailing in the financial markets of countries in which a substantial part of the assets attributable to the Target Fund shall be invested, and this exclusively with respect to the Target Fund of which the investment objective and policy provide for investments in equity securities of issuers in developing countries.

All payments are made at the investor's risk with no responsibility on the part of the distributors, the Target Fund Investment Manager, the Target Fund Management Company and/or the Company.

2.5. REDEMPTION OF SHARES

The Company reserves the right not to be bound to accept the redemption or switch on any valuation day more than 10% of the value of the shares of the Target Fund. In these circumstances the sale of the shares may be deferred for a period not exceeding ten (10) Luxembourg business days. These instructions to sell will be executed in priority to later instructions.

2.6. SWING PRICING ADJUSTMENT

The Target Fund may suffer reduction of the NAV per share due to investors purchasing, selling and/or switching in and out of the Target Fund at a price that does not reflect the dealing costs associated with the Target Fund's portfolio trades undertaken by the Target Fund Investment Manager to accommodate cash inflows or outflows.

To counter this dilution impact and to protect shareholders' interests, a swing pricing mechanism may be adopted by the Company as part of its valuation policy.

The Target Fund operates a swing pricing mechanism which is applied when the total capital activity (aggregate of inflows and outflows) at the Target Fund level exceeds a pre-determined threshold as determined as a percentage of the net assets of the Target Fund for the valuation day. The Target Fund can operate a full swing pricing mechanism where the threshold is set to zero or a partial swing pricing mechanism where the threshold is greater than zero.

Typically, such adjustment will increase the NAV per share when there are net inflows into the Target Fund and decrease the NAV per share when there are net outflows. The NAV per share of each share class in the Target Fund will be calculated separately but any adjustment will, in percentage terms, affect the NAV per share of each share class in the Target Fund identically. Swing pricing does not address the specific circumstances of each individual investor transaction.

The adjustments will seek to reflect the anticipated prices at which the Target Fund will be buying and selling assets, as well as estimated transaction costs. Investors are advised that the volatility of the Target Fund's NAV might not reflect the true portfolio performance as a consequence of the application of swing pricing.

The size of the adjustment impact is determined by factors such as the volume of transactions, the purchase or sale prices of the underlying investments and the valuation method adopted to calculate the value of such underlying investments of the Target Fund.

The swing pricing mechanism may be applied to the Target Fund. The extent of the price adjustment will be reset by the Company on a periodic basis to reflect an approximation of current dealing and other costs. Under normal market conditions, such adjustment will not exceed 2% of the original NAV per share. The board of directors can approve an increase of this limit in case of exceptional circumstances, unusually large shareholders trading activities, and if it is deemed to be in the best interest of shareholders.

The Target Fund Management Company mandates authority to the Swing Pricing Oversight Committee to implement and on a periodic basis review, the operational decisions associated with swing pricing. This committee is responsible for decisions relating to swing pricing and the ongoing approval of swing factors which form the basis of pre-determined standing instructions.

The price adjustment is available on request from the Target Fund Management Company at its registered office.

On certain share classes, the Target Fund Management Company may be entitled to a performance fee, where applicable, this will be based on the unswung NAV.

2.7. TEMPORARY SUSPENSION

1. The Company may suspend the determination of the net asset value of the shares of the Target Fund and the purchase and sale of the shares and the switch of shares from and to the Target Fund during:
 - (a) any period when any of the principal stock exchanges or markets on which any substantial portion of the investments of the Company attributable to the Target Fund from time to time are quoted is closed, or during which dealings therein are restricted or suspended;
 - (b) the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of assets owned by the Company attributable to the Target Fund would be impracticable;
 - (c) any breakdown or restriction in the means of communication normally employed in determining the price or value of any of the investments of the Target Fund or the current price or value on any stock exchange or market;
 - (d) any period when the Company is unable to repatriate funds for the purpose of making payments due on redemption of shares of the Target Fund or any period when the transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of such shares cannot, in the opinion of the Company's board of directors, be effected at normal rates of exchange;
 - (e) any period when the net asset value of shares of the Target Fund or share class may not be determined accurately; or
 - (f) during any period when in the opinion of the directors there exist unusual circumstances where it would be impractical or unfair towards its shareholders to continue dealing in the shares of the Company or of the Target Fund or any other circumstances, or circumstances where a failure to do so might result in the shareholders or the Target Fund incurring any liability to taxation or suffering other pecuniary disadvantage or other detriment which the shareholders or the Target Fund might not otherwise have suffered;
 - (g) if the Company or the Target Fund or a share class is being or may be wound-up, on or following the date on which such decision is taken by the Company's board of directors or notice is given to its shareholders of a general meeting of shareholders at which a resolution to wind-up the Company or the Target Fund or a share class is to be proposed;
 - (h) in the case of a merger, if the Company's board of directors deems this to be justified for the protection of its shareholders; or
 - (i) in the case of a suspension of the calculation of the net asset value of one or several underlying investment funds in which the Target Fund has invested a substantial portion of assets.

In accordance with the Law of 17 December 2010, the issue and redemption of shares shall be prohibited:

- (i) during the period where the Company has no depositary; and
 - (ii) where the Depositary is put into liquidation or declared bankrupt or seeks an arrangement with the creditors, a suspension of payment or a controlled management or is the subject of similar proceedings.
2. Any such suspension shall be publicized, if appropriate, by the Company and shall be notified to its shareholders requesting purchase, sale or switch of their shares by the Company at the time of the filing of the written request for such purchase, sale or switch.

2.8. TARGET FUND SOFT CLOSURE

The Target Fund, or its share class, may be closed to new investors or to all new subscriptions or switches in (but not to redemptions, switches out or transfers) if, in the opinion of the Target Fund Management Company, closing is necessary to protect the interests of existing shareholders. Without limiting the circumstances where closing may be appropriate, one such circumstance would be where the Target Fund has reached a size such that the capacity of the market and/or the capacity of the Target Fund Investment Manager has been reached, and where to permit further inflows would be detrimental to the performance of the Target Fund. The Target Fund, or its share class, may be closed to new investors or all new subscriptions or switches in without notice to its shareholders.

Notwithstanding the above, the Target Fund Management Company may allow, at its discretion, the continuation of subscriptions from regular savings schemes on the basis that these types of flows present no challenge with respect to capacity. Once closed, the Target Fund or its share class will not be re-opened until, in the opinion of the Target Fund Management Company, the circumstances which required closure no longer prevail. Shareholders and potential investors should confirm with the Company, the Target Fund Management Company or the distributor(s) or check the website for the current status of the Target Fund or its share classes.

2.9. SPECIFIC RISKS OF THE TARGET FUND

Please refer to “Specific Risks Related to the Target Fund” section at page 6 for details.

2.10. FEES CHARGED BY THE TARGET FUND (CLASS I USD ACCUMULATION)

FEES/EXPENSES	
Initial Charge	Nil
Management Fee	0.70% per annum <i>Note: The management fee charged by the Target Fund will be paid out of the Management Fee charged by us at the Fund level. Unit holders will incur a Management Fee at the Fund’s level only and there is no double charging of management fee.</i>
Redemption Fee	Nil
Performance Fee	Nil
Depositary Fee	Up to 0.0039% of the NAV (Monthly)
Administration Fee	Up to 0.20% of the NAV (Monthly)
Shariah Advisory Fee	An annual fee of USD 15,000

Note: For more information about Target Fund Prospectus and supplement, please refer to the website at www.franklintempleton.lu.

3. FEES, CHARGES AND EXPENSES

3.1. CHARGES

The following describes the charges that you may **directly** incur when you buy or withdraw units of the Classes.

3.1.1. Application Fee

When applying for units of each 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 MYR)	Class XYZ (Denominated in USD)
Investment amount	MYR 10,000	USD 10,000
NAV per unit	MYR 1.0000	USD 1.0000
Application Fee (NAV per unit)	5.00%	5.00%
Units issued to Unit holder = $\frac{\text{Investment amount}}{\text{NAV per unit}}$	= $\frac{\text{MYR } 10,000.00}{\text{MYR } 1.0000}$ = 10,000 units	= $\frac{\text{USD } 10,000.00}{\text{USD } 1.0000}$ = 10,000 units
Total Application Fee = Units issued to Unit holder x NAV per unit x Application Fee (%)	= 10,000 units x MYR 1.0000 x 5% = MYR 500.00	= 10,000 units x USD 1.0000 x 5% = USD 500.00

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

3.1.2. Withdrawal Penalty

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

3.1.3. Switching Fee

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

3.1.4. Transfer Fee

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

3.2. FEES AND EXPENSES

All 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

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 1.80% per annum and USD 150 million each for both Class ABC and Class XYZ:-

	Class ABC (Denominated in MYR) (USD)	Class XYZ (Denominated in USD) (USD)
Management Fee	1.80% per annum	1.80% per annum
NAV of the Class	USD 150 million	USD 150 million
Management Fee for the day = NAV of the Class x Management Fee rate for the Class (%) / 365 days	= USD 150 million x 1.80% / 365 = USD 7,397.26	= USD 150 million x 1.80% / 365 = USD 7,397.26

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

Please note that although at least 85% of the Fund's NAV will be invested in another Islamic CIS, no additional Management Fee will be charged to the investor.



Note: The Management Fee will only be charged once at the Fund level. The management fee charged by the Target Fund will be paid out of the Management Fee charged at the Fund level. There will not be double charging of the Management Fee. Please refer to "Fees charged by the Target Fund" section at page 25 for details on the Target Fund's management fee.

3.2.2. Trustee Fee

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

The Trustee Fee is 0.03% per annum, calculated daily based on the NAV of the Fund.

Below is an illustration on how the Trustee Fee is calculated, assuming the NAV of the Fund is USD 150 million:-

$$\begin{aligned}
 \text{Trustee Fee for the day} &= \text{NAV of the Fund} \times \text{annual Trustee Fee rate for the Fund (\%)} / 365 \text{ days} \\
 &= \text{USD 150 million} \times 0.03\% \text{ per annum} / 365 \text{ days} \\
 &= \text{USD 123.29}
 \end{aligned}$$

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

3.2.3. Other Expenses

The Deed also provides for payment of other expenses. The major expenses recoverable directly from the Fund include:

- expenses incurred in the sale, purchase, insurance/takaful, custody and any other dealings of investments including commissions/fees paid to brokers and costs involved with external specialists approved by the Trustee in investigating and evaluating any proposed investment;
- (where the foreign custodial function is delegated by the Trustee), charges/fees paid to the sub-custodians;
- expenses incurred in the printing of, the purchasing of stationery and postage for the annual and interim reports;
- remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund, unless we decide to bear the same;
- tax and other duties charged on that Fund by the government and other authorities if any and bank fees;
- tax agent's and auditor's fees and expenses in relation to the Fund;
- costs, fees and expenses incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent;
- costs incurred in modifying the Deed for your benefit;
- cost incurred for any meeting of Unit Holders other than those convened for our benefit or the Trustee's; and
- all costs, bank charges and expenses related to income distribution of the Fund; for example, postage and printing of all cheques, statements and notices to you.

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.

3.2.4. 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. All 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 a better understanding.

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

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

3.3. REBATES AND SOFT COMMISSIONS

We and the Trustee will not retain any form of rebate or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebates 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 bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;
- (b) any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund; and
- (c) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and we or the fund manager will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

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 and/or you as disclosed or illustrated in this Prospectus.

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/or transaction information from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee, communicate to you and/or seek your approval on the amendments to the fees, charges and/or transaction information.

4. TRANSACTION INFORMATION

4.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUND

We will carry out the valuation of the Fund in a fair manner in accordance with the applicable laws and guidelines. The valuation bases for the investments permitted by the Fund are as below:

- **Islamic CIS**
The value of the unlisted Islamic CIS (i.e. the Target Fund) shall be determined by reference to the last published repurchase or redemption price for the Target Fund.
- **Islamic Deposit**
The value of Islamic Deposit shall be determined each day by reference to the principal value of such Islamic Deposit and the accrued profit thereon for the relevant period.
- **Islamic money market instruments**
Investments in Islamic money market instruments such as negotiable certificate of deposits are valued each day by reference to the value of such investments and the profits accrued thereon for the relevant period. Instruments such as MYR-denominated commercial papers are valued on a daily basis using the fair value prices quoted by a BPA registered with the SC.
- **Islamic Derivative**
For unlisted Islamic derivative instruments, we shall ensure that the valuation of the investment is valued at fair value as determined in good faith by us, on methods and bases which have been verified by the auditor of the Fund and approved by the Trustee.

If the value of the Fund's assets is denominated in a currency other than USD, the assets are translated on a daily basis to USD based on the bid foreign exchange rate quoted by either Bloomberg or Refinitiv at UK time 4:00 p.m. on the same day (Malaysian time 11:00 p.m. or 12:00 a.m.), or such other time as stipulated in the IMS.

4.2. UNIT PRICING

We adopt a single pricing method for any transactions (i.e. applications, withdrawals, switches and/or transfers) based on forward prices. This means that we will process your transactions request based on the NAV per unit at the next valuation point after we receive the completed application from you.

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

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

Illustration:

For transaction request received by us by 4:00 p.m. on a Business Day

At the end of the Business Day on 7 October 2024 your units will be based on the NAV per unit on 7 October 2024 which will be calculated on 8 October 2024. The NAV per unit will be made known on our website after 5:30 p.m. on 8 October 2024.

For transaction request received by us after 4:00 p.m. on a Business Day

At the end of the Business Day on 7 October 2024, your units will be based on the NAV per unit on 8 October 2024, which will be calculated on 9 October 2024. The NAV per unit will be made known on our website after 5:30 p.m. on 9 October 2024.

For Class D

If the transactions are made by 1:00 p.m. on a Business Day, we will process the transactions using the NAV per unit on the same Business Day. For transactions made after 1:00 p.m. on a Business Day, we will process the transactions using the NAV per unit on the next Business Day.

Illustration for Class D:

For transaction request received by us by 1:00 p.m. on a Business Day

At the end of the Business Day on 7 October 2024, your units will be based on the NAV per unit on 7 October 2024, which will be calculated on 8 October 2024. The NAV per unit will be made known on our website after 5:30 p.m. on 8 October 2024.

For transaction request received by us after 1:00 p.m. on a Business Day

At the end of the Business Day on 7 October 2024, your units will be based on the NAV per unit on 8 October 2024, which will be calculated on 9 October 2024. The NAV per unit will be made known on our website after 5:30 p.m. on 9 October 2024.

The Fund must be valued at least once every Business Day. The method of determining the 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 our Unit holders, less all amounts owing or payable in respect of the Fund including any provisions that we and the Trustee consider should be made. For example, a provision may be made for possible future losses on an investment which cannot be fairly determined.

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

4.2.1. Multi-class Ratio (MCR)

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

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

	Fund (USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Fund before income and expenses	185,942,897.00	173,342,897.00	12,600,000.00
% MCR	100.00%	⁽¹⁾ 93.22%	⁽¹⁾ 6.78%
Add: Income	30,000.00	⁽²⁾ 27,967.12	⁽²⁾ 2,032.88
Less: Expenses	(10,000.00)	⁽²⁾ (9,322.37)	⁽²⁾ (677.63)
Benefits or costs of hedging (if any)	-	-	900.00
NAV of the Fund before management fee and trustee fee	185,962,897.00	173,361,541.75	12,602,255.25
Less: Management fee	(9,170.82)	1.80% p.a. (8,549.34)	1.80% p.a. (621.48)
Less: Trustee fee	(152.85)	0.03% p.a. (142.49)	(10.36)
NAV of the Fund	185,954,473.33	173,352,849.92	12,601,623.41
Units in circulation	200,000,000 units	170,000,000 units	30,000,000 units
NAV per unit		1.0197	0.4200
Currency exchange rate		N/A	(MYR/USD) 4.00
NAV per unit		USD 1.0197	MYR 1.6800

	Fund (USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Fund before creation of units for the day	185,954,473.33	173,352,849.92	12,601,623.41
⁽²⁾ Net subscription amount	1,300,000.00	1,000,000.00	300,000.00

Closing NAV	187,254,473.33	174,352,849.92	12,901,623.41
Units in circulation	201,694,966.30 units	170,980,680.59 units	30,595,238.10 units
NAV per unit		1.0197	0.4216
Currency exchange rate		N/A	(MYR/USD) 4.00
NAV per unit		USD 1.0197	MYR 1.6864

Note :

⁽¹⁾ MCR computation

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
<u>NAV of the Class x 100</u>	<u>173,342,897.00 x 100</u>	<u>12,600,000.00 x 100</u>
NAV of the Fund before income and expenses	185,942,897.00	185,942,897.00
	= 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	30,000.00	MCR x Income = Income for Class ABC = 93.22% x USD 30,000.00 = USD 27,967.12	MCR x Income = Income for Class XYZ = 6.78% x USD 30,000.00 = USD 2,032.88
Less: Expenses	(10,000.00)	MCR x Expenses = Expenses for Class ABC = 93.22% x USD 10,000.00 = USD 9,322.37	MCR x Expenses = Expenses for Class XYZ = 6.78% x USD 10,000.00 = USD 677.63

⁽³⁾ Net subscription amount

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
Net subscription amount	USD 1,000,000.00	MYR 1,000,000.00
NAV per unit	USD 1.0197	MYR 1.6800
Number of units	980,680.59 units	595,238.10 units
Currency exchange rate	N/A	(MYR/USD) 4.00
Net subscription amount*	USD 1,000,000	USD 250,000

* Subscription amount net of any withdrawal amount

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

4.2.2. Calculation of investment amount and units entitlement

The calculation below is for illustration only and does not represent the actual percentage or amount that you may incur for each Class. Please refer to the Annexure of the respective Class for the actual percentage or amount of charges.

Illustrations:

Calculation of number of units received, Application Fee and total amount payable by you

Assumptions:

NAV per unit of Class XYZ denominated in MYR	=	MYR1.0000 (truncated to 4 decimal places)
Application Fee	=	5.00%

You wish to invest MYR10,000 in the Fund.

Calculation of number of units that you will receive*

= Investment amount / NAV per unit of Class XYZ
= MYR10,000.00 / MYR1.0000
= 10,000 units

Calculation of Application Fee that you will incur (payable in addition to the investment amount)

= NAV per unit of Class XYZ x number of units received x Application Fee rate
= MYR1.0000 x 10,000 units x 5.00%
= MYR500.00

Calculation of total amount that you will have to pay

= Investment amount + Application Fee paid
= MYR10,000.00 + MYR500.00
= MYR10,500.00

* The number of units you will receive will be rounded to two (2) decimal places.

Calculation of investment value

Assuming you have 10,000 units of Class XYZ of the Fund and the NAV per unit of Class XYZ for the Business Day is MYR1.0240 (truncated to 4 decimal places).

Calculation of investment value

= Number of units x NAV per unit of Class XYZ
= 10,000.00 units x MYR1.0240
= MYR10,240.00.

Calculation of withdrawal value and amount payable to you

Assuming you request for a 10,000 units withdrawal on the fifth month* from the Commencement Date. Your withdrawal request is received by us by 4:00 p.m. or 1:00 p.m. (for Class D) on a Business Day. The NAV per unit of Class XYZ for that Business Day is MYR1.0240 (truncated to 4 decimal places).

Calculation of amount payable to you

= Number of units withdrawn x NAV per unit of Class XYZ
= 10,000 units x MYR1.0240
= MYR10,240.00

* The withdrawal penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no withdrawal penalty will be charged.

4.3. INCORRECT PRICING

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

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

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

- (i) is equal to or more than 0.50% of the NAV per unit; and
- (ii) results in a total sum of MYR10.00 (or in the case of a foreign currency Class, 10.00 denominated in the foreign currency denomination of the Class) or more to be reimbursed to a Unit holder for each sale or withdrawal transaction.

We shall have the right to amend, vary or revise the abovesaid limits or threshold from time to time, subject to any regulatory or governing body's requirements.

4.4. INVESTING

4.4.1. Who can invest?

You are eligible to invest in the Fund if you are:

- an individual who is at least eighteen (18) years of age and you are 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).
- For Class D, you must be an individual who is at least eighteen (18) years of age and have an account in the e-Wallet App and fulfil the requirements therein.

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

Further, if we are aware of a USA person (i.e. someone who has a USA address (permanent or mailing)) or USA 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 may issue a notice to that person requiring him/her to, within thirty (30) days, either withdraw the units or transfer the units to a non-USA person or non-USA entity.

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

4.4.2. How to invest?

You may invest through any of our Distributors, Principal Malaysia's office, e-Wallet App or such other method as we may advise from time to time after completing the relevant application forms and attaching a copy of your identity card, passport or any other identification document (where applicable). We may request for additional supporting document(s) or information from you. Your application should indicate clearly the amount you wish to invest in the Fund. We may introduce other mode of investment from time to time, subject to the approval of the relevant authorities.

You may make a payment:

- by crossed cheque (made payable as advised by us or our Distributors as the case may be). You will have to bear the applicable bank fees and charges, if any; or
- directly from your bank account (or foreign currency bank account, as the case may be) held with our Distributors, where applicable; or
- directly with your monies in the e-Wallet App. Kindly ensure that your e-Wallet has enough balance for your investment. Please also note that there may be a limit to your e-Wallet balances; or
- directly from your bank account through wire transfer facility offered in the e-Wallet App (subject to any limit prescribed by the wire transfer facility provider); or
- by such other mode of payment that we and/or the relevant authorities may approve from time to time. Any charges, fees and expenses incurred in facilitating such mode of payment shall be borne by you. Such mode of payment is subject to further limit(s), restriction(s) and/or terms and conditions that we and/or the relevant authorities may impose from time to time.

4.4.3. Regular Savings Plan

RSP may be made available for certain Classes. 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 us or our Distributors to invest a pre-determined amount in the Class/Fund each month. You can 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, joint account is not available for Class D. All applicants must be at least eighteen (18) years of age.

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 by the Trustee and the Manager as having ownership to such unit. The Manager or Trustee may require such necessary evidence proving the death of the Unit holder. His/her Units will be dealt with in accordance with the Deed and applicable laws and regulations.

4.4.5. Who is distributing this Fund?

The Fund may be distributed via the following channels:

- Principal Malaysia's offices;
- Principal Distributors;
- IUTAs; and
- such other channels as we may decide from time to time.

You may invest into the Funds via us, any of our Distributors or such other channels (where available). Please refer to the "Distributors of the Fund" chapter for further details. Please note that we have the discretion in determining the Distributors of the Fund, including its appointment and/or termination from time to time. You may contact our Customer Care Centre under the "Corporate Directory" section or refer to our website at www.principal.com.my for more information.

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.

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

4.5. MINIMUM INVESTMENTS

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

4.5.1. Processing an application

If we receive and accepted a complete application by 4:00 p.m. or 1:00 p.m. (for Class D) on a Business Day, we will process it using the NAV per unit for that Business Day. If we receive and accepted the application after 4:00 p.m. or 1:00 p.m. (for Class D) on a Business Day, we will process it using the NAV per unit for the next Business Day. We will only process complete applications, i.e. when we have received all the necessary and required information and/or documentations. The number of units you receive will be rounded to two (2) decimal places.

For transaction through e-Wallet App, the processing of your application request is subject to you providing all required information to us through the e-Wallet App and the transfer of monies into the Fund's account. Failure to complete the application process in the e-Wallet App by you or non-receipt of the application request by us will cause the application request to be cancelled automatically. We will pay back your monies on next Business Day on a best effort basis, subject to system availability. If you wish to re-apply, you will have to re-initiate the application process through the e-Wallet App.

4.6. MINIMUM WITHDRAWALS

The minimum withdrawal amount for each Class may differ and may be determined by us from time to time, unless you are withdrawing your entire investment. Please refer to the Annexure of the respective Class for further information. You may withdraw by completing a withdrawal application and submit to the relevant Distributor, Principal Malaysia's office, e-Wallet App or such other channel (where applicable). There is no restriction on the frequency of withdrawals. We will transfer the withdrawal proceeds to the bank account number provided by you or through e-wallet with the e-Wallet Provider (where available).

4.6.1. Processing a withdrawal

If we receive a complete withdrawal request by 4:00 p.m. or 1:00 p.m. (for Class D) 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. or 1:00 p.m. (for Class D) on a Business Day, we will process it using the NAV per unit for the next Business Day (T+1). The amount that you will receive is calculated by the withdrawal value less the Withdrawal Penalty, if any.

For Class D, withdrawals will be made through the e-Wallet App or such other channel (where available). For more information on Class D, you may refer to the frequently asked questions and terms and conditions which are available on the e-Wallet App. Alternatively, you may contact our Customer Care Centre under the "Corporate Directory" section or the e-Wallet Provider to understand the service and their terms and conditions.

Under normal circumstances, you will be paid in the currency of the Class (e.g. Class MYR will be paid in MYR) within thirteen (13) Business Days of receipt of the complete withdrawal request. This process involves the submission of the Fund's withdrawal request to the Target Fund in which the Target Fund will process within five (5) Business Days, but in any event within thirty (30) Business Days of receipt of the complete withdrawal request, should any the following events occur:

- (i) the Target Fund's NAV is suspended during any period^{Note 1}; or
- (ii) withdrawal proceeds from the Target Fund is deferred^{Note 2}.

Subsequently, payment will be made to you after receipt of the withdrawal proceeds from Target Fund. Nonetheless, we will pay the withdrawal proceeds to you within five (5) Business Days from the receipt of withdrawal proceeds from the Target Fund.

Note 1: *The right of the Target Fund's shareholders to require the redemption of the shares of the Target Fund will be suspended during any period when the calculation of the NAV per share of the relevant class is suspended by the board of directors of the Target Fund Management Company (as described in section 2.7 "Temporary Suspension"). No share of the Target Fund may be issued, redeemed or switched during a period of suspension.*

Note 2: *This refers to situations where withdrawal proceeds from the Target Fund is deferred due to the occurrence of unexpected issues including but not limited to technical issues and/or foreign market-related issues which may affect the trading of the Target Fund. The Target Fund Management Company may limit the number of shares redeemed or switched on any valuation day to 10% of the value of the shares of the Target Fund. In these circumstances the sale of the shares may be deferred for a period not exceeding ten (10) Luxembourg business days. These instructions to sell will be executed in priority to later instructions.*

Please refer to section 2.4 "Redemption Policy", section 2.5 "Redemption of Shares", section 2.7 "Temporary Suspension" and section 2.8 "Target Fund Soft Closure" 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 the Annexure of the respective Class for further information. If the balance (i.e. number of units) of an investment fall below the minimum balance stipulated, further investment will be required until the balance of the investment is restored to at least the stipulated minimum balance. Otherwise, we can withdraw the entire investment and forward the proceeds to you.

4.8. COOLING-OFF PERIOD

For first time individual investor investing with us, you have six (6) Business Days after your initial investment (i.e. the date the complete application is received and accepted by us or our Distributors) to reconsider its appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased or prevailing NAV per unit at the point of cooling-off (whichever is lower) ("Refund Amount"). Please note that the cooling-off right is only given to first time investor investing with us or any of our Distributors. However, Principal Malaysia's staff or a person registered with a body approved by the SC to deal in unit trusts are not entitled to the cooling-off right.

For transaction through e-Wallet App, cooling-off right is not applicable if you have withdrawn all or parts of your investment from Class D either to your e-Wallet or your bank account. Request for cooling-off can be made directly through Principal Malaysia and/or through the e-Wallet App (where available).

We will pay the Refund Amount including the Application Fee (if any) to you in the currency of the respective Class within thirteen (13) Business Days of receipt of the complete withdrawal request. This process involves the submission of the Fund's withdrawal request to the Target Fund in which the Target Fund will process within five (5) Business Days, but in any event within thirty (30) Business Days of receipt of the complete withdrawal request, should any the following events occur:

- (i) the Target Fund's NAV is suspended during any period^{Note 1}; or
- (ii) withdrawal proceeds from the Target Fund is deferred^{Note 2}.

Subsequently, payment will be made to you after receipt of the withdrawal proceeds from Target Fund. Nonetheless, we will pay the withdrawal proceeds to you within five (5) Business Days from the receipt of withdrawal proceeds from the Target Fund.

Note 1: *The right of the Target Fund's shareholders to require the redemption of the shares of the Target Fund will be suspended during any period when the calculation of the NAV per share of the relevant class is suspended by the board of directors of the Target Fund Management Company (as described in section 2.7 "Temporary Suspension"). No share of the Target Fund may be issued, redeemed or switched during a period of suspension.*

Note 2: *This refers to situations where withdrawal proceeds from the Target Fund is deferred due to the occurrence of unexpected issues including but not limited to technical issues and/or foreign market-related issues which may affect the trading of the Target Fund. The Target Fund Management Company may limit the number of shares redeemed or switched on any valuation day to 10% of the value of the shares of the Target Fund. In these circumstances the sale of the shares may be deferred for a period not exceeding ten (10) Luxembourg business days. These instructions to sell will be executed in priority to later instructions.*

Please refer to section 2.4 "Redemption Policy", section 2.5 "Redemption of Shares", section 2.7 "Temporary Suspension" and section 2.8 "Target Fund Soft Closure" for more information. If in doubt, please consult your professional advisers.

4.9. SWITCHING

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

To switch, simply complete a switch application and submit it to our Distributors, Principal Malaysia's office, e-Wallet App (where available), or such other channel. Currently, there is no restriction on the frequency of switches. However, we have the discretion to allow or to reject any switching into (or out of) the Fund or Class and other Principal Malaysia's funds (or its classes).

For more information on Class D, you may refer to the frequently asked questions and terms and conditions which are available on the e-Wallet App. Alternatively, you may contact our Customer Care Centre under the "Corporate Directory" section or the e-Wallet Provider to understand the service and their terms and conditions.

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

4.9.1. Processing a switch

We process a switch as a withdrawal from one fund or class and an investment into another fund or class within Principal Malaysia's fund. If we receive a complete switch request by 4:00 p.m. or 1:00 p.m. (for Class D) 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. or 1:00 p.m. (for Class D), we will process the switch-out using the NAV per unit for the next Business Day (T+1).

However, you should note that switch-in may be processed at a later Business Day, generally within one (1) to four (4) Business Days.

4.10. TRANSFER FACILITY

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

4.11. TEMPORARY SUSPENSION

Subject to the requirements in the GUTF and/or the Deed, we and the Trustee may temporarily suspend the dealing in units of the Fund or Class when there is good and sufficient reason to do so.

To avoid suspension of the Fund, the Fund will hold adequate liquid assets and if the liquid assets are insufficient to meet redemption requests, we will either liquidate the investments of the Fund or seek temporary financing, considering which is in the best interests of Unit Holders. Before carrying out any suspension of the Fund after we have taken all considerations under liquidity risk management framework, we will ensure that we have exhausted all possible avenues to avoid a suspension of the Fund, and only as a last resort, and in consultation with the Trustee and having considered the interests of the Unit Holders, suspend the sale (if applicable) and repurchase of Units where it is impractical for us to calculate the NAV of the Fund when material portion of the asset of the Fund is affected due to but not limited to the following:

- (i) Suspension of redemption of the Target Fund as set out in section 2.7 above; or
- (ii) the closure of a securities exchange or trading restrictions in the securities exchange of the markets where the Target Fund has substantial investments; or
- (iii) an emergency or other state of affairs; or
- (iv) the declaration of a moratorium in a country where that Fund has assets; or
- (v) for the purpose of conversion of any currency, a closure or restrictions on trading in the relevant foreign market exchange; or
- (vi) the realisation of the assets of the Fund not being able to be effected at prices which are fair to the Fund and/or within a reasonable period as a result of an unstable or disorderly market.

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 applications, withdrawals, switches, and/or transfers of units before the suspension is declared, please note that your request will only be processed on the next Business Day after the cessation of suspension of the Fund. You will be notified of the suspension and when the suspension is lifted. In such case, you will not be able to redeem your units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Hence, your investments will continue to be subjected to the risks inherent to the Fund (please refer to the "Risk Factors" section).

Note: Please refer to section 4.6.1 “Processing a withdrawal” in the event that the suspension of Target Fund, we may only pay you within five (5) Business Days from the receipt of withdrawal proceeds from the Target Fund.

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 Class(es) according to its distribution policy. Each unit of the Class will receive the same distribution for a distribution period regardless of when those units were purchased. The distribution amount you will receive is calculated by multiplying the total number of units held by you in the Class with the distribution amount in cent per unit. On the distribution date, the NAV per unit will adjust accordingly. For 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 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 make income distribution on an ad-hoc basis, taking into consideration the level of the Fund’s capital, 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 two (2) years as prescribed by Unclaimed Moneys Act 1965 (“UMA”), will be surrendered to the Registrar of Unclaimed Moneys by us in accordance with the requirements of the UMA. Thereafter, all claims need to be made by you with the Registrar of Unclaimed Moneys.

For income distribution payout to you by cheque, if any, which remains unclaimed for six (6) months will be reinvested into the Fund 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 provided that you still hold units of the Fund. As for income distribution payout to you by bank transfer, if any, which remained unsuccessful and unclaimed for six (6) months, it will be reinvested into the Class within thirty (30) Business Days after the six (6) months period based on the prevailing NAV per unit on the day of the reinvestment provided that you still hold units of the Class. No Application Fee is payable for the reinvestment. In the event that you no longer hold any unit in the Class, the distribution money would be subject to the same treatment mentioned in the above paragraph as prescribed by the UMA.

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

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

5. ADDITIONAL INFORMATION

5.1. FINANCIAL YEAR-END

31 May.

5.2. INFORMATION ON YOUR INVESTMENT

We will send you the following:

- Your Principal Malaysia investor account number;
- Confirmation on all your transactions and distributions (if any);
- Confirmation on any changes to your address if you have written to us to make the changes;
- Quarterly statement showing details of your transactions and distributions (if any);
- For Class D, monthly statement showing details of your transactions and distributions (if any); and
- Interim and audited annual report showing snapshots of the Fund and details of the portfolio for the respective period reported. Both the interim 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.

In the case of joint Unit holders, all correspondences and payments will be made and sent to the first registered Unit holder.

Please take note that if you have invested through an IUTA via a nominee system of ownership, you would not be deemed as a Unit holder under the Deed. As such, you may obtain the above-mentioned information from that IUTA.

You may obtain up-to-date fund information from our monthly fund fact sheet and our website, www.principal.com.my.

If you have any questions about the information in this Prospectus or would like to know more about investing in the Principal Malaysia family of unit trust funds, please contact our Customer Care Centre under the "Corporate Directory" section during our business hour between 8:45 a.m. to 5:45 p.m. (Malaysian time) from Mondays to Fridays or you may email us at myservice@principal.com.

If you wish to write-in, please address your letter to:

Principal Asset Management Berhad
Customer Care Centre
Level 31, Exchange 106, Lingkaran TRX
55188 Tun Razak Exchange
Kuala Lumpur, MALAYSIA

5.3. DEED

The Fund is governed by the Principal Master Deed dated 20 June 2022, the First Supplemental Deed dated 2 February 2024, the Second Supplemental Deed dated 14 October 2024 and the Third Supplemental Deed dated 25 November 2024 including any other supplemental deed (s) as may be issued from time to time.

5.4. 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;
- Current Prospectus and its supplementary or replacement prospectus, if any;
- Target Fund prospectus and supplement, 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) financial years or if less than three (3) years, from the date of launch of the Fund;
- Material contracts or documents disclosed in this Prospectus and, in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts;
- Any reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in this Prospectus;

- The audited financial statements of the Manager for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement;
- Writ and relevant cause papers for all current material litigation and arbitration disclosed in this Prospectus; and
- Consent given by experts disclosed in this Prospectus, if any.

5.5. CONSENT

Ernst & Young Tax Consultants Sdn. Bhd., Amanie Advisors Sdn Bhd, HSBC (Malaysia) Trustee Berhad and Franklin Advisers, Inc. have given their written consent to act in their respective capacity. They have also given their consent for the inclusion of their names and/or statements and/or reports in this Prospectus in the form and context in which it appears and have not subsequently withdrawn their consent to the inclusion of their names and/or statements and/or reports in the form and context in which it appears in this Prospectus.

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

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

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.

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.

E-Wallet Provider and Distributor may be our related party. We will ensure that any arrangement made with the e-Wallet Provider and Distributors will be at arm's length.

Trustee

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

- (1) where the Fund invests in instrument(s) offered by the related party of the Trustee (e.g. placement of monies, transferable securities etc);
- (2) where the Fund is being distributed by the related party of the Trustee;
- (3) where the assets of the Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (i.e. Trustee's delegate); and
- (4) where the Fund obtains financing as permitted under the GUTF, 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 any such contract or transaction or act in the same or similar capacity in relation to any other scheme.

5.7. INTERESTS IN THE FUND

Subject to any legal requirement, we or any of our related corporation, or any of our officers or directors, may invest in the Fund. Our directors will receive no payments from the Fund other than distributions that they may receive as a result of investment in the Fund. No fees other than the ones set out in this Prospectus 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 Personal Account Dealing Policy, which regulates our employees' securities dealings. All of our employees are required to declare their securities trading annually to ensure that there is no potential conflict of interest between the employees' securities trading and the execution of the employees' duties to us and our customers.

6. THE MANAGER

6.1. ABOUT PRINCIPAL ASSET MANAGEMENT BERHAD

Principal Malaysia was incorporated on 13 June 1994 and is a joint venture between PFG and CIMB Group. Principal Malaysia has experience operating unit trust funds since 1994.

The primary roles, duties and responsibilities of Principal Malaysia as the Manager of the Fund include:

- maintaining a register of Unit holders;
- implementing the appropriate investment strategies to achieve the Fund's objective;
- ensuring that the Fund has sufficient holdings in liquid assets;
- arranging for the sale and withdrawal of units;
- calculating the amount of income to be distributed to Unit holders, if any; and
- maintaining proper records of the Fund.

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

6.1.1. The name and designation of each of the directors can be found in our website at www.principal.com.my/en/about-us/leadership.

6.1.2. Designated person responsible for fund management function

Name:	Lee Chun Hong
Designation:	Chief Investment Officer, Equities - Malaysia
Experience:	Chun Hong has more than 19 years of experience in fund management and equity research. He joined Principal Asset Management Berhad in 2017 to manage unit trust funds and institutional mandates covering Malaysian and ASEAN markets. Prior to that, he was attached to Libra Invest Bhd managing and supervising Unit Trust and Research divisions that covered ASEAN and China-Hong Kong markets. He commenced his career in fund management industry at Public Mutual Bhd. He had research responsibilities for regional plantation and consumer sectors, as well as research country coverage of ASEAN markets. Subsequently, he moved on to portfolio management specialising on ASEAN markets. He started covering ASEAN markets since 2010. He was also previously with PricewaterhouseCoopers as an auditor. Chun Hong holds a Bachelor of Commerce (Accounting & Finance), Monash University, Clayton Campus. He is a Chartered Financial Analyst (CFA) charter holder.
Qualifications:	<ul style="list-style-type: none">• Bachelor of Commerce (Accounting & Finance) - Monash University, Clayton Campus.• A CFA Charterholder.• Ex-member of CPA Australia.

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

7. THE SHARIAH ADVISER

7.1. ABOUT AMANIE ADVISORS SDN BHD

Amanie Advisors Sdn Bhd ("Amanie") is a Shariah advisory, consultancy, training and research and development boutique for institutional and corporate clientele focusing on Islamic financial services. Amanie is a registered Shariah adviser (Corporation) with the SC. It has been established with the aim of addressing the global needs for experts' and Shariah scholars' pro-active input. This will ultimately allow the players in the industry to manage and achieve their business and financial goals in accordance with the Shariah Principles. Amanie also focuses on organizational aspect of the development of human capital in Islamic finance worldwide through providing updated quality learning embracing both local and global issues on Islamic financial products and services. The company is led by Tan Sri Dr. Mohd Daud Bakar and teamed by an active and established panel of consultants covering every aspect related to the Islamic banking and finance industry both in Malaysia and the global market. Currently the team comprises of eight (8) full-time consultants who represent dynamic and experienced professionals with a mixture of corporate finance, accounting, product development, Shariah law and education As at LPD, there are more than one hundred and eleven (111) funds which Amanie acts as Shariah adviser.

The roles and responsibilities of Amanie as the appointed Shariah Adviser for the Fund are as follows:

- Review and provide Shariah expertise and professional guidance as well as suggest relevant changes to all relevant documents relating to Shariah principles including the Deed, Prospectus and/or other relevant submission documents submitted by us for purposes of submission to any relevant authority to ascertain compliance to Shariah principles.
- Where relevant, prepare a report to be included in the Funds' interim and annual report certifying whether the Funds has been managed and administered in accordance with Shariah principles for the period concerned.
- To advise on the breach of Shariah investment guidelines and purification/cleansing of cash dividends.
- To advise on any other matter pertaining to Shariah issues in relation to the Funds.
- Ensure that the Fund is managed and administered in accordance with the Shariah principles at all times by reviewing the investment process and other operational matters.
- Review the relevant Fund's marketing and promotional documents submitted by us with the view to ascertain compliance to Shariah principles.
- To review and scrutinize the Fund's compliance report as provided by the compliance officer, and investment transaction reports provided by, or approved by the relevant responsible party to ensure that the Fund's investment are in line with Shariah principles.
- To undertake an annual compliance review of the Funds for purpose of issuance of an annual compliance report.

Amanie will meet us every quarter to review on the Fund's investment and address Shariah advisory matters pertaining to the Fund to ensure compliance with Shariah principles or any other relevant principles at all times. Our portfolio will be reviewed on monthly basis and Amanie shall issue an annual Shariah certificate for the Fund at the financial year end.

The designated person responsible for Shariah advisory matters of the Fund is Tan Sri Dr. Mohd Daud Bakar as the Executive Chairman. Currently, other consultants are:

- Suhaida Mahpot
- Ahmad Anas Fadzil
- Muhammad Hafizuddin Abd. Hamid

7.1.1. Shariah officer Responsible for Shariah Adviser function

Name:	Tan Sri Dr. Mohd Daud Bakar
Designation:	Executive Chairman, Amanie Advisors Sdn Bhd
Experience:	<p>Tan Sri Dr. Mohd Daud Bakar is the Founder and Executive Chairman of Amanie Group. One of its flagship companies namely Amanie Advisors, is operating in a few cities globally. He serves as the Chairman of Shariah Advisory Council (SAC) of the Astana International Financial Centre (AIFC), Kazakhstan, the First Abu Dhabi Bank (UAE), Madina Takaful (Oman), and Salama Insurance (UAE). He was the former Chairman of the Shariah Advisory Council (SAC) at the Central Bank of Malaysia, and former Chairman of the SAC at the Securities Commission of Malaysia for more than 2 decades. He was also the former Chairman of Federal Territory Islamic Religious Department (MAIWP).</p> <p>Tan Sri Dr Daud is also a Shariah board member of various global financial institutions, including the Amundi Asset Management (France), BNP Paribas Najma (Bahrain), Sedco Capital (Saudi and Luxembourg) and Dow Jones Islamic Market Index (New York) amongst many others.</p> <p>In the corporate world, he was a member of the PNB Investment Committee. Previously, he served as a Board Director at Sime Darby Property Berhad and Chairman to Malaysia Islamic Economic Development Foundation (YaPEIM). In addition, he is the co-founder of Experts Analytics Centre Sdn Bhd and MyFinB Sdn. Bhd. He also serves as the Chairman of Berry Pay Sdn. Bhd. (digital remittance), Data Sukan Consulting Sdn. Bhd. (Sport Data), Bio Fluid Sdn. Bhd., KAB Gold Dynamics Sdn. Bhd., Bio-Angle Vacs Sdn. Bhd. (vaccine for ruminants), Tulus Digital Sdn. Bhd. (payment gateway), and Amanie-Afra Halal Capital Co (Bangkok). He was the former 8th President of the International Islamic University of Malaysia (IIUM).</p>

	<p>In July 2023, Tan Sri Dr Mohd Daud has received the conferment of the New Islamic Year (Maal Hijrah) Special Prominent Figure award by the State Government of Kedah, Malaysia in conjunction with the state-level Maal Hijrah celebration. Tan Sri has received the “Royal Award for Islamic Finance 2022” by His Majesty, the King of Malaysia. While in 2014, he received the “Most Outstanding Individual” award by His Majesty, the King of Malaysia, in conjunction with the national-level Prophet Muhammad’s birthday. Under his leadership, Amanie Advisors received the “Islamic Economy Knowledge Infrastructure Award” at the Global Islamic Economy Summit, Dubai 2015, by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, Oct 2015. On 13 November 2021, he was conferred the Commander of the Order of Loyalty to the Crown (Panglima Setia Mahkota P.S.M.) by His Majesty the King of Malaysia which carries the title of “Tan Sri”.</p>
Qualifications:	<p>In the academic side, he was the 8th President of the International Islamic University of Malaysia (IIUM) due to his vast skill and experience serving the university. He received his first degree in Shariah from University of Kuwait in 1988 and obtained his PhD from University of St. Andrews, United Kingdom in 1993. In 2002, he completed his external Bachelor of Jurisprudence at University of Malaya.</p>

Note: For more and/or updated information, please refer to our website at www.principal.com.my and/or Shariah Adviser’s website at amanieadvisors.com.

8. THE TRUSTEE

8.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

HSBC (Malaysia) Trustee Berhad 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.

8.1.1. 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 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, the CMSA and the GUTF. 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 GUTF. 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 GUTF 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.

8.1.2. Trustee's Delegate

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

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

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

8.1.3. 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.

8.1.4. 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.

9. SALIENT TERMS OF DEED

Money invested by you in the Fund will purchase a number of units, which represents your interest in the Fund. Each unit held by you in a Class represents an equal undivided beneficial interest in the assets of that Class. However, the unit does not give you an interest in any particular part of the Class 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 Class on the Business Day your details are entered onto the register of Unit holders.

9.1. RIGHTS, LIABILITIES AND LIMITATION OF UNIT HOLDERS

9.1.1. Rights

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

- (i) inspect the register, free of charge, at any time at our registered office, and obtain such information pertaining to your units as permitted under the Deed and the GUTF;
- (ii) receive the distribution of the Fund (if any), participate in any increase in the capital value of the units and to other rights and privileges as set out in the Deed;
- (iii) call for Unit holders' meetings;
- (iv) vote for the removal of the Trustee or the Manager through a Special Resolution;
- (v) receive annual reports, interim reports or any other reports of the Fund; and
- (vi) exercise cooling-off for qualified investors.

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

9.1.2. Liabilities

- (i) Your liability is limited to the purchase price per unit and the Application Fee paid or agreed to be paid for a unit. You need not indemnify the Trustee or us if there is a deficiency in the assets of the Fund to meet the claim of any creditor of the Trustee or ours in respect of the Class. The Unit holders of one Class will not be liable for any liabilities of the other Classes.
- (ii) The recourse of the Trustee, ours and any creditor is limited to the assets of the Fund.

9.1.3. Limitations

You cannot:

- (i) interfere with any rights or powers of ours and/or Trustee's under the Deed;
- (ii) exercise a right in respect of an asset of the Fund or lodge a caveat or other notice affecting the asset of the Fund or otherwise claim any interest in the asset of the Fund; or
- (iii) require the asset of the Fund to be transferred to you.

Note: For full details of the rights of a registered Unit holder of the Fund, please refer to the Deed.

9.2. MAXIMUM FEES AND CHARGES AND EXPENSES PERMITTED BY THE DEED

This table describes the maximum charges permitted by the Deed and payable directly by you.

Charges	Descriptions
(1) Application Fee	Up to 6.50% is charged on the NAV per unit.
(2) Withdrawal Penalty	Up to 3.00% is charged on the NAV per unit.
(3) Switching Fee	Up to 6.50% is charged on the NAV per unit. An administrative fee (if any) in relation to switching may be charged as set out in the Prospectus.

This table describes the maximum fees permitted by the Deed and payable indirectly by you.

Fees	Descriptions
(1) Management Fee	Up to 3.00% per annum, calculated daily on the NAV of the Class.
(2) Trustee Fee	Up to 0.03% per annum, calculated daily on the NAV of the Fund (including local custodian fee but excluding foreign sub-custodian fees and charges).

A lower fee and/or charges than what is stated in the Deed may be charged, all current fees and/or charges will be disclosed in the Prospectus. Please refer to the "Fees, Charges and Expenses" chapter for further details.

Any increase of the fees and/or charges above that stated in the current Prospectus may be made provided that a supplemental prospectus is issued and the maximum stated in the Deeds shall not be breached.

Any increase of the fees and/or charges above the maximum stated in the Deeds shall require your approval.

9.2.1. Expenses permitted by the Deed

The Deeds also provide for payment of other expenses. The major expenses recoverable directly from the Funds include:

- commissions/fees paid to brokers/dealers in effecting dealings in the investments of the Funds, shown on the contract notes or confirmation notes or difference accounts;
- (where the custodial function is delegated by the Trustee), charges/fees paid to the sub-custodian;
- tax and other duties charged on the Funds by the government and other authorities if any and bank fees;
- the fees and other expenses properly incurred by the auditor of the Fund;
- remuneration and out of pocket expenses of the person(s) undertaking the oversight functions of the Fund or advisers (if any) of the Funds, unless we decide to bear the same;
- fees incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent;
- costs incurred for the modification of the Deeds otherwise than those our benefit or the Trustee's;
- costs incurred for any meeting of Unit holders other than those convened for our benefit or the Trustee's;
- the sale, purchase, insurance, custody and any other dealings of investments including commissions/fees paid to brokers;
- costs involved with external specialists approved by the Trustee in investigating and evaluating any proposed investment;
- the engagement of valuers, advisers and contractors of all kinds;
- preparation and audit of the taxation returns and accounts of the Funds;
- termination of the Funds 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 Funds or Class or any asset, including proceedings against us or the Trustee by the other of them for the benefit of the Funds or Class (except to the extent that legal costs incurred for the defense of either of them are not ordered by the court to be reimbursed out of the Funds);
- costs of obtaining experts opinion by us or the Trustee for the benefit of the Funds or Class; and
- all costs and/or expenses associated with the distributions declared pursuant to this Deed 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.

The Trustee and us are required to ensure that any fees or charges payable are reasonable and in accordance with the Deed.

9.3. RETIREMENT, REMOVAL OR REPLACEMENT OF THE MANAGER

We must retire as the manager when required to retire by law.

We may retire upon giving twelve (12) months' notice to the Trustee of our desire to do so, or such shorter notice as we and the Trustee may agree, in favour of another corporation.

We shall retire under the following circumstances:

- if a Special Resolution is duly passed by the Unit holders that the Manager be removed; or
- if we cease to be approved by the SC to be the management company of the Fund.

We may be removed by the Trustee under certain circumstances outlined in the Deed. These include:

- if we have gone into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or cease to carry on business or if a receiver shall be appointed in respect of the undertaking or assets of the Manager or if any encumbrances shall take possession of any of its assets; or
- if we cease to carry on business; or
- if the Trustee is of the opinion that we have, to the prejudice of the Unit holders, failed to comply with any provision or covenant under the Deed or contravened any of the provisions of the CMSA; or
- if we have failed or neglected to carry out our duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of the Unit holders for it to do so, after the Trustee has given reasonable notice to it of that opinion and the reasons for that opinion, and has considered any representations made by us in respect of that opinion, and after consultation with the SC and with the approval of the Unit holders.
- if a petition has been presented for the winding up against us (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction, we become or is declared insolvent).

In any of the above said circumstances, we shall upon receipt of such notice by the Trustee cease to be the manager and the Trustee shall by writing under its seal appoint another corporation to be the manager of the Fund subject to such corporation entering into a deed(s) with the Trustee and thereafter act as manager during the remaining period of the Fund.

We may be replaced by another corporation appointed as manager by Special Resolution of the Unit holders at a Unit holder's meeting convened in accordance with the Deed either by the Trustee or the Unit holders.

9.4. RETIREMENT, REMOVAL OR REPLACEMENT OF THE TRUSTEE

We and the Trustee may agree, and may by Deed appoint in its stead a new trustee approved by the SC.

The Trustee must retire as trustee of the Fund when required to retire by law. The Trustee may retire by giving twelve (12) months' notice to us or any shorter notice we accept.

We may remove the Trustee and the Trustee covenants that it will retire or be removed from the Fund constituted by or pursuant to the Deed if and when requested so to do by us if:

- the Trustee have gone into liquidation; or
- the Trustee are placed under receivership, ceases to exist, fails or neglects its duties; or
- the Trustee cease to be approved by the SC to be a trustee for unit trust schemes; or
- a Special Resolution is duly passed by the Unit holders that the Trustee be removed.

Additionally, we are legislatively empowered under Section 299 of the CMSA to remove the Trustee under specific circumstances set out therein.

The Trustee may be replaced by another corporation appointed as trustee by a Special Resolution of the Unit holders at a Unit holders' meeting convened in accordance with the Deed either by us or the Unit holders.

9.5. TERMINATION OF THE FUND OR CLASS(ES)

The Fund or any of the Classes may be terminated or wound-up upon the occurrence of any of the following events:

- (a) the SC's authorization is withdrawn under Section 256E of the CMSA;
- (b) a Special Resolution is passed at a Unit holders' meeting to terminate or wind-up the Funds or the relevant Class, following the occurrence of events stipulated under Section 301(1) of the Act and the court has confirmed the resolution, as required under Section 301(3) of the CMSA;
- (c) a Special Resolution is passed at a Unit holders' meeting to terminate or wind-up the Funds or the relevant Class;
- (d) the Fund(s) or the Class has reached the maturity date (if any); or
- (e) the effective date of an approved transfer scheme, as defined under the GUTF, has resulted in the Funds, which is the subject of the transfer scheme, being left with no asset/property.

A Class may be terminated 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.

Notwithstanding the above, the Fund and/or any of the Class may be terminated or wound-up, without the need to seek Unit Holders' prior approval, as proposed by the Manager with the consent of the Trustee (which consent shall not be unreasonably withheld) upon the occurrence of any of the following events, by giving a notice in writing to the Unit Holders of such period not less than that specified in the GUTF as hereinafter provided (i) if any law shall be passed which renders it illegal or (ii) if in the reasonable opinion of that Manager it is impracticable or inadvisable to continue the Fund and/or the Class, and in any case the termination of the Fund and/or Class is in the best interest of the Unit Holders.

9.6. MEETINGS OF UNIT HOLDERS

A Unit holders' meeting may be called by us, the Trustee and/or the Unit holders.

Where we or the Trustee convenes a meeting, the notice of the time and place of the meeting and terms of resolution to be proposed shall be given to the Unit holders of the Fund or of a particular Class, as the case may be by sending by post, or where allowed by any relevant law and/or authority, digitally or electronically, a notice of the proposed meeting at least fourteen (14) days before the date of the proposed meeting, to each Unit holder of the Fund or of a particular Class, as the case may be, at the Unit holder's last known address or, in the case of joint Unit holders, to the joint Unit holder whose name stands first in our records at the joint Unit holder's last known address.

We shall within twenty-one (21) days after an application is delivered to us at our registered office, being an application by not less than fifty (50), or one-tenth (1/10) in number, whichever is less, of the Unit holders of the Fund or a Class, as the case may be, to which the Deeds relate, summon a meeting of the Unit holders:

- by sending a notice by post, or where allowed by any relevant law and/or authority, digitally or electronically, of the proposed meeting at least seven (7) days before the date of the proposed meeting to each of those Unit holders of the Fund or that Class, as the case may be at his/her last known address or in the case of joint Unit holder, to the joint Unit holder of the Fund or that Class, as the case may be, whose name stands first in our records at the joint Unit holder's last known address;
- by publishing at least fourteen (14) days before the date of the proposed meeting, an advertisement giving notice of the meeting in a national language national daily newspaper and in one other newspaper as may be approved by the SC; and
- specify in the notice, the place, time and terms of the resolutions to be proposed,

for the purpose of considering the most recent financial statements of the Funds or relevant Class, or for the purpose of requiring the retirement or removal of the Manager or the Trustee, or for the purpose of giving to the Trustee such directions as the meeting thinks proper, or for the purpose of considering any other matter in relation to the Deed.

The quorum for a meeting of Unit holders of the Fund or Class is five (5) Unit holders of the Fund (irrespective of the Class) or Class present in person or by proxy, provided that for a meeting which requires a Special Resolution the quorum for that meeting shall be five (5) Unit holders, whether present in person or by proxy, holding in aggregate at least twenty-five per centum (25%) of the units in issue for the Fund (irrespective of the Class) or Class at the time of the meeting. If the Fund (irrespective of the Class) or Class has five (5) or less Unit holders, the quorum required shall be two (2) Unit holders of the Fund (irrespective of the Class) or Class, as the case may be, whether present in person or by proxy and if the meeting requires a Special Resolution the quorum for that meeting shall be two (2) Unit holders, whether present in person or by proxy, holding in aggregate at least twenty-five per centum (25%) of the units in issue for the Fund (irrespective of the Class) or Class at the time of the meeting. For the avoidance of doubt, the same quorum requirements shall apply to a meeting of Unit Holders of a particular Class. Where a Fund or Class has only one (1) remaining Unit Holder, such Unit Holder, whether present in person or by proxy, at the meeting shall constitute a quorum.

Voting is by a show of hands, unless a poll is duly demanded or the resolution proposed is required by the Deeds or by law to be decided by a percentage of all units. Each Unit holder of the Fund or of the Class present in person or by proxy has one (1) vote on a show of hands (irrespective of the Class). On a poll of a meeting of the Fund, the votes of each Unit Holder of the Fund, present in person or by proxy, shall be proportionate to the value of Unit held in the base currency as provided in the Deed. In the case of a Class meeting, on a poll, each Unit holder of that Class present in person or by proxy has one (1) vote for each whole fully paid unit held in that Class. In the case of joint Unit holders, only the person whose name appears first in the register may vote. Units held by the Manager or its nominees shall have no voting rights in any Unit holders' meeting of the Fund. In respect of the termination or winding-up of the Fund of that Class, voting shall only be carried out by poll.

Nothing herein shall preclude us from convening any Unit Holders' meeting at more than one venue using any communication facility or technology or method available as we shall determine to enable the Unit Holders to participate and to exercise their right to speak and vote at that meeting. Where such meeting is convened, any reference to a Unit Holder being "present in person" in the Deed, meetings or resolutions shall include, where permitted by us, to that Unit Holder being present either remotely or virtually and for the avoidance of doubt it is hereby agreed that the participation by a Unit Holder in such meeting using the prescribed communication facility or technology or method shall be deemed as being present at that meeting notwithstanding that the Unit Holder is not physically present at the main venue of that meeting.

10. TAXATION REPORT

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18 November 2024

The Board of Directors
Principal Asset Management Berhad
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Dear Sirs

Taxation of the unit trust fund and unit holders

This letter has been prepared for inclusion in this Prospectus in connection with the offer of units in the unit trust known as Principal Islamic Global Technology Fund (hereinafter referred to as “the Fund”).

The purpose of this letter is to provide prospective unit holders with an overview of the impact of taxation on the Fund and the unit holders.

Taxation of the Fund

The taxation of the Fund is subject to the provisions of the Malaysian Income Tax Act 1967 (MITA), particularly Sections 61 and 63B.

Subject to certain exemptions, the income of the Fund comprising profits and other investment income derived from or accruing in Malaysia after deducting tax allowable expenses, is subject to Malaysian income tax at the rate of 24% with effect from the year of assessment 2016.

Under Section 2(7) of the MITA, any reference to interest shall apply, *mutatis mutandis*, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of *Syariah*.

The effect of this is that any gains or profits received (hereinafter referred to as “profits”) and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of *Syariah*, will be accorded the same tax treatment as if they were interest.

Tax allowable expenses would comprise expenses falling under Section 33(1) and Section 63B of the MITA. Section 33(1) permits a deduction for expenses that are wholly and exclusively incurred in the production of gross income. In addition, Section 63B allows unit trusts a deduction for a portion of other expenses (referred to as “permitted expenses”) not directly related to the production of income, as explained below.

“Permitted expenses” refer to the following expenses incurred by the Fund which are not deductible under Section 33(1) of the MITA:

- the manager’s remuneration,
- maintenance of the register of unit holders,
- share registration expenses,
- secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage.

These expenses are given a partial deduction under Section 63B of the MITA, based on the following formula:

$$A \times \frac{B}{4C}$$

- where
- A is the total of the permitted expenses incurred for that basis period;
 - B is gross income consisting of dividend¹, interest and rent chargeable to tax for that basis period; and
 - C is the aggregate of the gross income consisting of dividend¹ and interest (whether such dividend or interest is exempt or not) and rent, and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period,

¹ Pursuant to Section 15 of the Finance Act 2011, with effect from the year of assessment 2011, dividend income is deemed to include income distributed by a unit trust which includes distributions from Real Estate Investment Trusts.

provided that the amount of deduction to be made shall not be less than 10% of the total permitted expenses incurred for that basis period.

Exempt income

The following income of the Fund is exempt from income tax:

- **Malaysian sourced dividends**

All Malaysian-sourced dividends should be exempt from income tax.

- **Malaysian sourced interest**

- a) interest from securities or bonds issued or guaranteed by the Government of Malaysia;
- b) interest from debentures or *sukuk*, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission;
- c) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia;
- d) interest derived from Malaysia and paid or credited by banks licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013²;
- e) interest derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002³; and
- f) interest from *sukuk* originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority (LFSA)³; and
- g) interest which is specifically exempted by way of statutory orders or any other specific exemption provided by the Minister.

- **Discount**

Tax exemption is given on discount paid or credited to any unit trust in respect of investments as specified in items (i), (ii) and (iii) above.

Foreign-sourced income (FSI)

Pursuant to the Finance Act 2021, income derived by a resident person from sources outside Malaysia and received in Malaysia from 1 January 2022 will no longer be exempt from tax.

Based on the Malaysian Inland Revenue Board's "Guidelines on Tax Treatment in Relation to Income Received from Abroad (Amendment)" updated on 20 June 2024, the term "received in Malaysia" means transferred or brought into Malaysia, either by way of cash⁴ or electronic funds transfer⁵.

FSI received in Malaysia during the transitional period from 1 January 2022 to 30 June 2022 will be taxed at 3% of gross. From 1 July 2022 onwards, FSI received in Malaysia will be taxed at the prevailing tax rate(s) of the taxpayer and based on applicable tax rules. Bilateral or unilateral tax credits may be allowed if the same income has suffered foreign tax⁶, and where relevant conditions are met.

² Effective from 1 January 2019, the income tax exemption for a unit trust fund, pursuant to Paragraph 35A, Schedule 6 of the Income Tax Act, 1967 shall not apply to a wholesale fund which is a money market fund.

³ Effective from the year of assessment 2017, the exemption shall not apply to interest paid or credited to a company in the same group or interest paid or credited to a bank licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013; or a development financial institution prescribed under the Development Financial Institutions Act 2002.

⁴ "Cash" in this context is defined as banknotes, coins and cheques.

⁵ "Electronic funds transfer" means bank transfers (e.g., credit or debit transfers), payment cards (debit card, credit card and charge card), electronic money, privately-issued digital assets (e.g., crypto-assets, stablecoins) and central bank digital currency.

⁶ "Foreign tax" includes withholding tax

The Income Tax (Unit Trust in relation to Income Received In Malaysia from Outside Malaysia) (Exemption) Order 2024 [P.U.(A) 250] has been issued to exempt a “qualifying unit trust”⁷ from the payment of income tax in respect of gross income from all sources of income under Section 4 of the MITA (including capital gains classified under Section 4(aa)), which is received in Malaysia from outside Malaysia.

This exemption applies to FSI received in Malaysia from 1 January 2024 to 31 December 2026, subject to the following conditions being complied with by the qualifying unit trust or the management company⁸ of the qualifying unit trust:

- The income received in Malaysia has been subject to tax of a similar character to income tax under the laws of territory from which the income arose; and
- The highest rate of tax of a similar character to income tax under the law of that territory at that time is not less than 15%.

OR

- The management company of the qualifying unit trust shall employ an adequate number of employees in Malaysia and incur an adequate amount of operating expenditure in Malaysia.

The exemption will not apply to a unit trust carrying on the business of banking, insurance or sea or air transport.

Gains from the realisation of investments

Pursuant to the Finance (No. 2) Act 2023 (“Finance Act”), gains from the realisation of investments by a unit trust would no longer be exempt from tax. Pursuant to Section 61(1)(b) of the MITA, gains arising from the realisation of investments shall be treated as income of a unit trust under Section 4(aa) of MITA, provided that such gains are not related to real property as defined in the Real Property Gains Tax Act 1976. Section 4(aa) provides that gains or profits from the disposal of a capital asset are to be treated as a class of income. The tax imposed on such income under the MITA is commonly referred to as “capital gains tax” (CGT).

Based on the MITA, the following will be subject to Malaysian CGT:

Capital assets situated in Malaysia

- a) Gains or profits from the disposal of shares of a company incorporated in Malaysia not listed on the stock exchange (including any rights or interests thereof) owned by a company, limited liability partnership, trust body or co-operative society
- b) Gains or profits, accruing to a company, limited liability partnership, trust body or co-operative society, on the disposal of shares in foreign incorporated controlled companies deriving value from real property in Malaysia, as determined based on the relevant provisions of the MITA.

Capital assets situated outside Malaysia

- c) Gains or profits from the disposal of movable or immovable property situated outside Malaysia including any rights or interests thereof. Such gains will only be subject to tax when the gains are received in Malaysia.

Note:

Pursuant to the Income Tax (Exemption) (No.3) Order 2024 [P.U.(A) 75], a trust body is exempted from payment of income tax in respect of gains or profits from the disposal of capital asset arising from outside Malaysia which is received in Malaysia. This exemption applies for such disposals from 1 January 2024 to 31 December 2026 subject to the following conditions being complied with by the trust body:

- employ an adequate number of employees in Malaysia with necessary qualifications to carry out the specified economic activities in Malaysia; and
- incur an adequate amount of operating expenditure for carrying out the specified economic activities in Malaysia.

Note that this exemption order applies to companies, limited liability partnerships, co-operative societies and trust bodies, whilst the (Income Tax (Unit Trust in relation to Income Received in Malaysia from Outside Malaysia) (Exemption) Order 2024 [P.U.(A) 250] (as referred above) applies specifically to qualifying unit trusts.

⁷ “Qualifying unit trust” in this context means a unit trust resident in Malaysia that is:

- (a) managed by a management company;
- (b) has income received in Malaysia from outside of Malaysia; and
- (c) does not include a unit trust which is approved by the Securities Commission as Real Estate Investment Trust or Property Trust Fund listed on Bursa Malaysia.

⁸ “Management company” means a company licensed by the Securities Commission by which or on whose behalf a unit of a qualifying unit trust –

- (a) has been or is proposed to be issued, or offered for subscription or purchase; or
 - (b) in respect of which an invitation to subscribed or purchase has been made.
- and includes any person for the time being exercising the functions of the management company.

The Finance Act provides an effective date of 1 January 2024 for the above changes to the MITA. However, pursuant to the Income Tax (Exemption) (No. 7) Order 2023 [P.U.(A) 410] and the Income Tax (Exemption) (No. 2) Order 2024 [P.U.(A) 57], taxpayers, including a trust body, are exempted from the payment of income tax in respect of any gains or profits received from the disposal of capital assets situated in Malaysia (see Item (a) and (b) above) where such disposals occur between 1 January and 29 February 2024.

In addition to the above, the Income Tax (Unit Trust) (Exemption) Order 2024 [P.U.(A) 249] exempts a qualifying unit trust⁹ resident in Malaysia from the payment of income tax in respect of any gains or profit received from the disposal of shares of a company incorporated in Malaysia which is not listed on the stock exchange and from the disposal of shares under section 15C of the MITA where such disposals occur between 1 January 2024 to 31 December 2028.

The exemption will not apply to gains or profits from the disposals of capital asset that fall under Section 4(a) of the MITA, as business income.

CGT rates

As noted above, various tax exemptions are available to a qualifying unit trust. For completeness, if exemptions did not apply, the relevant tax rates of the gains of the disposal of capital assets are as below:

	Tax rates
<p>A. Disposal of capital assets situated in Malaysia which was acquired before 1 January 2024</p> <ul style="list-style-type: none"> • On chargeable income of the disposal • On gross disposal price 	<p>10%</p> <p>2%</p>
<p>B. Disposal of capital assets situated in Malaysia which was acquired after 1 January 2024</p> <ul style="list-style-type: none"> • On chargeable income of the disposal 	<p>10%</p>
<p>C. Disposal of capital assets situated outside Malaysia</p> <ul style="list-style-type: none"> • On chargeable income of the disposal 	<p>24%</p> <p>(prevailing tax rate of a unit trust)</p>

Implementation of Sales and Service Tax (“SST”)

Sales and Service Tax (“SST”) was re-introduced effective 1 September 2018. Sales Tax of 10% (most common rate) or 5% is charged by Malaysian manufacturers of taxable goods or upon importation into Malaysia of such taxable goods, unless specifically exempted under the Sales Tax (Goods Exempted From Tax) Order 2018. Service Tax is charged on certain prescribed taxable services performed by taxable persons as stipulated under Service Tax Regulations 2018. The input tax recovery mechanism under the previous GST regime does not apply to SST. Therefore, any SST incurred is not recoverable and will form a cost element for businesses.

Based on the Service Tax Regulations 2018, a unit trust fund is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Fund incurs expenses such as management fees, the management services provided by asset and fund managers who are licensed or registered with Securities Commission Malaysia for carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007, are specifically excluded from the scope of Service Tax. As for other fees, such as trustee fees and other administrative charges, these may be subject to service tax¹⁰ provided they fall within the scope of service tax (i.e. are provided by a “taxable person”, who exceeds the required annual threshold (in most cases RM 500,000 per annum) and the services qualify as “taxable services”).

⁹ “Qualifying unit trust” in this context does not include a unit trust which is approved by the Securities Commission as a Real Estate Investment Trust or Property Trust Fund listed on Bursa Malaysia.

¹⁰ Pursuant to Service Tax (Rate of Tax) (Amendment) Order 2024 [P.U. (A) 64], the service tax rate is increased from 6% to 8% with effect from 1 March 2024 on generally all of the taxable services except for provision of food and beverage services, telecommunication services, parking space and logistics services.

Taxation of unit holders

For Malaysian income tax purposes, unit holders will be taxed on their share of the distributions received from the Fund.

The income of unit holders from their investment in the Fund broadly falls under the following categories:

1. taxable distributions; and
2. non-taxable and exempt distributions.

In addition, unit holders may also realise a gain from the sale of units.

The tax implications of each of the above categories are explained below:

1. Taxable distributions

Distributions received from the Fund will have to be grossed up to take into account the underlying tax paid by the Fund and the unit holder will be taxed on the grossed up amount. See however item 2 below on certain distributions which are not taxable to unit holders.

Such taxable distributions carry a tax credit, which will be available for set-off against any Malaysian income tax payable by the unit holder. Should the tax deducted at source exceed the tax liability of the unit holder, the excess is refundable to the unit holders.

Please refer to the paragraph below for the income tax rates applicable to the grossed up distributions.

2. Non-taxable and exempt distributions

Tax exempt distributions made out of gains from the realisation of investments and exempt income earned by the Fund will not be subject to Malaysian income tax in the hands of the unit holders.

A retail money market fund is exempted from tax on its interest income derived from Malaysia, pursuant to Paragraph 35A of Schedule 6 of the MITA. Pursuant to the Finance Act 2021, with effect from 1 January 2022, distributions by a retail money market fund from such tax exempt interest income, to a unit holder other than an individual, will no longer be exempt from tax. The distribution to unit holders other than individuals will be subject to withholding tax at 24%. This would be a final tax for non-residents. Malaysian residents are required to include the distributions in their tax returns and claim a credit in respect of the withholding tax suffered. Individuals will continue to be exempt from tax on such distributions.

As stated above, with effect from 1 January 2024 (1 March 2024 for disposals of shares of a company incorporated in Malaysia not listed on the stock exchange), gains arising from the realisation of investments shall be treated as income of the Fund under Section 4(aa), pursuant to the proviso of Section 61(1)(b) of MITA.¹² However, pursuant to Section 61(1A) of MITA, unit holders will still not be charged to tax on the gains referred to in the proviso to Section 61(1)(b).

Rates of tax

The Malaysian income tax chargeable on the unit holders would depend on their tax residence status and whether they are individuals, corporations or trust bodies. The relevant income tax rates are as follows:

Unit holders	Malaysian income tax rates
Malaysian tax resident: <ul style="list-style-type: none">• Individual and non-corporate unit holders (such as associations and societies)• Co-operatives¹¹• Trust bodies	<ul style="list-style-type: none">• Progressive tax rates ranging from 0% to 30%• Progressive tax rates ranging from 0% to 24%• 24%

¹¹ Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society—
(a) in respect of a period of five years commencing from the date of registration of such co-operative society; and
(b) thereafter where the members' funds [as defined in Paragraph 12(2)] of such co-operative society as at the first day of the basis period for the year of assessment is less than seven hundred and fifty thousand Ringgit, is exempt from tax.

Unit holders	Malaysian income tax rates
<ul style="list-style-type: none"> • Corporate unit holders <ul style="list-style-type: none"> (i) A company with paid up capital in respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment) and gross income from a source or sources consisting of a business not exceeding RM50 million for the basis period for the year of assessment^{12 13} (ii) Companies other than (i) above 	<ul style="list-style-type: none"> • First RM150,000 of chargeable income @ 15%¹⁴ • Next RM450,000 of chargeable income @17% • Chargeable income in excess of RM600,000 @ 24% • 24%
<p>Non-Malaysian tax resident (Note 1):</p> <ul style="list-style-type: none"> • Individual and non-corporate unit holders • Corporate unit holders and trust bodies 	<ul style="list-style-type: none"> • 30% • 24%

Note 1:

Non-resident unit holders may be subject to tax in their respective countries depending on the provisions of the tax legislation in the respective countries and any existing double taxation arrangements with Malaysia.

Gains from sale of units

Gains arising from the sale of units will generally not be subject to income tax in the hands of unit holders unless they are insurance companies, financial institutions or traders / dealers in securities.

Unit splits and reinvestment of distributions

Unit holders may also receive new units as a result of unit splits or may choose to reinvest their distributions. The income tax implications of these are as follows:

- Unit splits – new units issued by the Fund pursuant to a unit split will not be subject to income tax in the hands of the unit holders.
- Reinvestment of distributions – unit holders may choose to reinvest their income distribution in new units by informing the Manager. In this event, the unit holder will be deemed to have received the distribution and reinvested it with the Fund.

¹² A company would not be eligible for the concessionary tax rate on the first RM600,000 of chargeable income if:-

- (a) more than 50% of the paid-up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- (b) the company owns directly or indirectly more than 50% of the paid-up capital in respect of the ordinary shares of a related company which has paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- (c) more than 50% of the paid-up capital in respect of the ordinary shares of the company and a related company which has a paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.
- (d) Pursuant to the Finance Act 2023, effective from the year of assessment 2024, in order for a company to qualify for the concessionary tax rates not more than 20% of the paid-up capital in respect of the ordinary shares of the company at the beginning of a basis period for a year of assessment can be directly or indirectly owned by one or more companies incorporated outside Malaysia or by individuals who are not citizens of Malaysia.

¹³ The above excludes a business trust and a company which is established for the issuance of asset-backed securities in a securitization transaction approved by the Securities Commission.

¹⁴ Pursuant to the Finance Act 2023, effective from the year of assessment 2023, the concessionary tax rate is reduced from 17% to 15% for the first RM150,000 of chargeable income.

We hereby confirm that, as at the date of this letter, the statements made in this letter correctly reflect our understanding of the tax position under current Malaysian tax legislation and the related interpretation and practice thereof, all of which are subject to change, possibly on a retrospective basis. We have not been retained (unless specifically instructed hereafter), nor are we obligated to monitor or update the statements for future conditions that may affect these statements.

The statements made in this letter are not intended to be a complete analysis of the tax consequences relating to an investor in the Fund. As the particular circumstances of each investor may differ, we recommend that investors obtain independent advice on the tax issues associated with an investment in the Fund.

Yours faithfully

Ernst & Young Tax Consultants Sdn Bhd

Bernard Yap
Partner

Ernst & Young Tax Consultants Sdn Bhd has given its consent to the inclusion of the Taxation Adviser's Letter in the form and context in which it appears in this Prospectus and has not withdrawn such consent before the date of issue of this Prospectus.

11. DISTRIBUTORS OF THE FUND

11.1. OUR BRANCHES

Main Branch
Northern Branch
Southern Branch
Sarawak Branch
Sabah Branch
Melaka Branch
Kuantan Branch
Kota Bharu Branch

For information and updates on our branches, please contact our Customer Care Centre under the “Corporate Directory” section during business hour between 8:45 a.m. and 5:45 p.m. (Malaysian time) from Mondays to Fridays or refer to our website at www.principal.com.my.

11.2. PRINCIPAL DISTRIBUTORS

Nsg Wealth Advisors

No 8 Jalan BM 7/19
Seksyen 7
Bandar Bukit Mahkota
Kajang 43000 Selangor
Tel: (603) 8920 8277

Platinum

E5-03 Empire Damansara
Jalan PJU 8/8
Damansara Perdana
47820 Petaling Jaya
Tel: (603) 7843 0506

Dynamics Wealth Advisors

(formerly known as Star Pesona Advisors)
(secondly known as Professional 5 star wealth advisors)
Unit B-3A-1 Setiawangsa Business Suites
Jalan Setiawangsa 11
Taman Setiawangsa
54200 Kuala Lumpur
Tel: (603) 4256 6277

Megas

2-6A Jalan PJU 8/3A
Bandar Damansara Perdana
47820 Petaling Jaya
Selangor
Tel: (603) 7725 6320

Amg Synergy Multiresources Sdn Bhd

3rd Floor
No 45 Jalan Teluk Sisek
25000 Kuantan Pahang
Tel: (609) 5161 430

Elite Group Consultants

No 6-2 Jalan Dagang 1/1A
Taman Dagang

Charisma Legacy

B-1-22 & B-2-22 & B-2-21
Block B 10 Boulevard
Jalan Cempaka Sungai Kayu Ara
47400 Petaling Jaya
Selangor
Tel: (603) 7722 3895

AAAAA Wealth Builders

(formerly known as O-tye Group Consultants)
Lot C-615 & Lot C-616
Level 6 Block C Kelana Square
17 Jalan SS7/26
Kelana Jaya
47301 Petaling Jaya Selangor
Tel: (603) 7880 6893

My Financial Freedom Advisors

(formerly known as M&G Prominent Consultants)
No.3A, Jalan Hentian 3
Pusat Hentian Kajang
43000 Kajang
Selangor
Tel: (603) 8741 4382

Preferred Wealth Advisors

(formerly known as Titan Empire)
No 12-01 D'bayu Business Center
Jalan Serambi U8/24
Bukit Jelutong
40150 Shah Alam
Selangor
Tel: (603) 6142 8382

Otye Xcellence Consultants

Lot No 35-2 2nd Floor
Jalan Sepah Puteri 5/1B
Pusat Dagangan Seri Utama
PJU 5 Kota Damansara
47410 Selangor
Tel: (603) 6140 3046

Prestige Wealth Advisors

I-91-2 Block I
Jalan Teknologi 3/9

68000 Ampang
Selangor
Tel: (603) 4251 1129

Success Concepts Life Planners

J-06-01 Level 6 Block J
Solaris Mont' Kiara
Jalan Solaris
50480 Kuala Lumpur
Tel: (603) 6204 0113

Aces Advisors

Unit D5-6 Ritze Perdana 1
Jalan PJU 8/2
Damansara Perdana
47820 Petaling Jaya, Selangor
Tel: (6016) 2292 342

GVG Solution Agency

No. 12-01 Jalan Setia Tropika 1/29
Taman Setia Tropika
Johor Bahru
81200 Johor
Tel: (607) 2326 976

Tremendous Wealth Advisors

No 11 Level 2
Jalan Pelabur B 23/B
Section 23
40300 Shah Alam
Selangor Darul Ehsan
Tel: (603) 5480 0296

Soha Barakah Wealth Consultancy

No 55-2, 57-2, 59-2
Jalan Tu 49A Taman Tasik Utama
Ayer Keroh
75450 Melaka
Tel: (606) 2533 289

Evoque Wealth Advisors

2nd Floor No 32A-2 Jalan PJU 5/20d The Strand
Pusat Perdagangan Kota Damansara
Kota Damansara PJU 5
47810 Petaling Jaya
Selangor
Tel: (603) 6151 9512

Premierone Wealth

No 527-1 Jalan Pusat Bandar Senawang
Pusat Bandar Senawang
70450 Senawang
Negeri Sembilan
Tel: (606) 6718 253

Charisma Legacy 1

B-3-21 Block Bougainvillea
10 Boulevard Lebuhraya Sprint PJU 6A
47400 Petaling Jaya
Selangor
Tel: (603) 7733 5009

Nrich Wealth Advisory Group

ZP-02-12 Zest Point
Lebuhraya Bukit Jalil
Bandar Kinrara
47180 Puchong
Selangor
Tel: (603) 8074 8485

Kota Damansara
47810 Petaling Jaya
Selangor
Tel: (603) 6140 7275

Magnificent Champion Agency Office

47A, Tingkat 1
Jalan Badminton 13/29
Seksyen 13, Shah Alam
40100 Selangor
Tel: (603) 5523 2693

Premier Wealth Advisors

No 18-1 S2 B18
Biz Avenue Seremban 2
70300 Seremban
Negeri Sembilan
Tel: (606) 6015 749

My IFP Kemaman

PT 10725, Ground Floor
Jalan Kubang Kurus
Taman Cukai Utama Fasa 4
24000 Kemaman
Terengganu
Tel: (609) 8589 911

Wealth Resources Group Advisors

No 41B 3B Curve Business Park
Medan Pusat Bandar 2D Seksyen 9
43650 Bandar Baru Bangi
Selangor
Tel: (603) 8926 4155

GVG Pasir Gudang Solution

No 38-01 Jalan Serangkai 18
Taman Bukit Dahlia
81700 Pasir Gudang
Johor
Tel: (6012) 7076 107

KPG Management Resources

19-1 Jalan Adenium 2G/9
Adenium Business Center
Bukit Beruntung
48300 Rawang
Selangor
Tel: (603) 6021 7385

Victorious Agency

33-01 Jalan Tampoi Susur 1
81200 Johor Bahru
Johor
Tel: (6011) 1211 840

KPG Elite Billionaire

No 15-1 Jalan Adenium 2g/9
Adenium Business Centre
48300 Bukit Beruntung
Rawang Selangor
Tel: (603) 6021 7188

Charisma Legacy 3

B-3-17 Blok Bouganvilla 10 Boulevard
Lebuhraya Sprint Pju 6A Kayu Ara
Damansara Jaya
47400 Petaling Jaya
Selangor
Tel: (603) 7733 4211

Synergy Wealth Entrepreneur

98-2 Jalan Dwitasik
Dataran Dwitasik
Bandar Sri Permaisuri
Cheras
56000 Kuala Lumpur
Tel: (603) 9226 5344

KPG Capital Growth Solution

No 15-1 Jalan Adenium 2G/9
Adenium Business Centre
48300 Bukit Beruntung
Rawang Selangor
Tel: (603) 6021 7188

NZ Group

PT 650 1st & 2nd Floor
Jalan Sri Cemerlang
Seksyen 27
15300 Kota Bharu
Kelantan
Tel: (609) 7476 932

Zenith Premier Wealth Advisors

No 98 Second Floor
Jalan Legenda 1
Legenda Heights
08000 Sungai Petani
Kedah
Tel: (604) 4246 042

Millionaire Empire Group

23-1 Jalan Rejang 4
Setapak Jaya
53300 Kuala Lumpur
Tel: (603) 4141 6644

Charisma Legacy Kota Bharu

PT1671 & 1672 Tingkat 2
Jalan Raja Perempuan Zainab 2
Kubang Kerian
16150 Kota Bharu
Kelantan
Tel: (6016) 2236 343

Global Amazing Entrepreneur

C-10-2 & C-11-2
Bangi Gateway Shopping Complex
Persiaran Pekililing Seksyen 15
43650 Bandar Baru Bangi
Selangor
Tel: (603) 8920 9038

Charisma Legacy 2

B-3-25 Block Bougainvillea
10 Boulevard Lebuhraya Sprint
PJU 6A
47400 Petaling Jaya
Selangor
Tel: (603) 7733 2460

Sa@7

No. 35B-2 (2nd Floor)
Jalan Keluli Am 7/AM
Pusat Perniagaan Bukit Raja Seksyen 7
400000 Shah Alam
Selangor
Tel: (603) 3341 4978

Finaims

Suite 3a Level 4 Starling Mall
Damansara Uptown
47400 Petaling Jaya
Selangor
Tel: (6013) 3257 653

Note: We have the discretion in determining the Distributors of the Classes of the Funds, including its appointment and/or termination from time to time. For updated and more information on the Distributors of the Classes of the Funds, please contact our Customer Care Centre under the "Corporate Directory" section during business hour between 8:45 a.m. and 5:45 p.m. (Malaysian time) from Mondays to Fridays or refer to our website at www.principal.com.my.

ANNEXURE - CLASS USD

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

CLASS INFORMATION

Class USD		Page
Currency denomination	USD	
Distribution policy	Given the Fund's investment objective, the class of the Fund is not expected to pay any distribution. Distributions, if any, are at our discretion and will vary from period to period depending on the availability of realised income for distribution and performance of the Fund.	37

FEES & CHARGES

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

Charges	Class USD	Page
Application Fee	Up to 5.00% of the NAV per unit.	26
Withdrawal Penalty	Up to 1.00% of the NAV per unit. Withdrawal penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no withdrawal penalty will be charged. All withdrawal penalty will be retained by the Fund.	26
Switching Fee	Switching is treated as a withdrawal from Class USD 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 Class USD and the Application Fee of the other Class or Principal Malaysia's 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, we may impose USD35 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	26
Transfer Fee	A maximum of USD15 may be charged for each transfer.	26
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

This table describes the fees that you may **indirectly** incur when you invest in the Class.

Fees	Class USD	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	26
Trustee Fee	Up to 0.03% per annum (including local custodian fee but excluding foreign sub-custodian fee and charges).	27
Expenses directly related to Fund or Class	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class respectively. Examples of relevant expenses are audit fee and tax agent's fee.	27
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.	27

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

TRANSACTION INFORMATION

Class USD	Page
Minimum initial investment	34
Minimum additional investment	34
Minimum withdrawal	34
Minimum balance	35
Regular Savings Plan	33
Cooling-off period	35
Switching	36
Transfer	36

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

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

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

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

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

ANNEXURE - CLASS MYR

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

CLASS INFORMATION

Class MYR		Page
Currency denomination	MYR	
Distribution policy	Given the Fund's investment objective, the class of the Fund is not expected to pay any distribution. Distributions, if any, are at our discretion and will vary from period to period depending on the availability of realised income for distribution and performance of the Fund.	37

FEES & CHARGES

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

Charges	Class MYR	Page
Application Fee	Up to 5.00% of the NAV per unit.	26
Withdrawal Penalty	Up to 1.00% of the NAV per unit. Withdrawal penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no withdrawal penalty will be charged. All withdrawal penalty will be retained by the Fund .	26
Switching Fee	Switching is treated as a withdrawal from Class MYR 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 Class MYR and the Application Fee of the other Class or Principal Malaysia's 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, we may impose MYR100 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	26
Transfer Fee	A maximum of MYR50 may be charged for each transfer.	26
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

This table describes the fees that you may **indirectly** incur when you invest in the Class.

Fees	Class MYR	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	26
Trustee Fee	Up to 0.03% per annum (including local custodian fee but excluding foreign sub-custodian fee and charges).	27
Expenses directly related to Fund or Class	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class respectively. Examples of relevant expenses are audit fee and tax agent's fee.	27
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.	27

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

TRANSACTION INFORMATION

Class MYR	Page
Minimum initial investment	34
Minimum additional investment	34
Minimum withdrawal	34
Minimum balance	35
Regular Savings Plan	33
Cooling-off period	35
Switching	36
Transfer	36

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

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

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

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

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

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 Prospectus before investing and keep the Prospectus for your records. In determining which investment is right for you, we recommend you speak to professional advisers. Principal Malaysia, member companies of the PFG, CIMB Group and the Trustee do not guarantee the return of your capital.

CLASS INFORMATION

Class MYR-Hedged		Page
Currency denomination	MYR	
Distribution policy	Given the Fund's investment objective, the class of the Fund is not expected to pay any distribution. Distributions, if any, are at our discretion and will vary from period to period depending on the availability of realised income for distribution and performance of the Fund.	37

FEES & CHARGES

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

Charges	Class MYR-Hedged	Page
Application Fee	Up to 5.00% of the NAV per unit.	26
Withdrawal Penalty	Up to 1.00% of the NAV per unit. Withdrawal penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no withdrawal penalty will be charged. All withdrawal penalty will be retained by the Fund.	26
Switching Fee	Switching is treated as a withdrawal from this 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 this Class and the Application Fee of the other Class or Principal Malaysia's 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, we may impose MYR100 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	26
Transfer Fee	A maximum of MYR50 may be charged for each transfer.	26
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

This table describes the fees that you may **indirectly** incur when you invest in the Class.

Fees	Class MYR-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	26
Trustee Fee	Up to 0.03% per annum (including local custodian fee but excluding foreign sub-custodian fee and charges).	27
Expenses directly related to Fund or Class	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class respectively. Examples of relevant expenses are audit fee and tax agent's fee.	27
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.	27

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

TRANSACTION INFORMATION

	Class MYR-Hedged	Page
Minimum initial investment	MYR100 or such other amount as we may decide from time to time.	34
Minimum additional investment	MYR100 or such other amount as we may decide from time to time.	34
Minimum withdrawal	100 units or such other number of units as we may decide from time to time.	34
Minimum balance	100 units or such other number of units as we may decide from time to time.	35
Regular Savings Plan	RSP is available. The RSP allows you to make regular monthly investments of MYR100 or more, directly from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is MYR100 or such other amount as we may decide from time to time.	33
Cooling-off period	For first time individual investor investing with us, you have six (6) Business Days after your initial investment (i.e. from the date the complete application is received and accepted by us or any of our Distributors) to reconsider its appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased or prevailing NAV per unit at the point of cooling-off (whichever is lower) ("Refund Amount"). We will pay the Refund Amount including the Application Fee (if any) to you in the currency of the respective Class within thirteen (13) Business Days from the date we receive the complete documentations. This process involves the submission of the Fund's withdrawal request to the Target Fund in which the Target Fund will process within five (5) Business Days, but in any event within thirty (30) Business Days if any of the unexpected issues occur such as technical issues, foreign market related issues which may affect the trading of the Target Fund. Subsequently, payment will be made to you after receipt of the withdrawal proceeds from Target Fund. Nonetheless, we may pay the withdrawal proceeds to you within five (5) Business Days from the receipt of withdrawal proceeds from the Target Fund.	35
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal applicable to the Class; ○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and ○ the withdrawal penalty of the Class (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and ○ the switching fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	36
Transfer	We may, at our absolute discretion allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	36

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

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

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

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

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

ANNEXURE - CLASS D

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

CLASS INFORMATION

Class D		Page
Currency denomination	MYR	
Distribution policy	Given the Fund's investment objective, the class of the Fund is not expected to pay any distribution. Distributions, if any, are at our discretion and will vary from period to period depending on the availability of realised income for distribution and performance of the Fund.	37
Eligible investor	An individual who is at least eighteen (18) years of age and have an account in the e-Wallet App and fulfil the requirements therein. Notwithstanding the above, we have the right to accept or reject any application in whole or in part thereof without assigning any reason in respect thereof.	33

FEES & CHARGES

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

Charges	Class D	Page
Application Fee	Up to 5.00% of the NAV per unit.	26
Withdrawal Penalty	Nil.	26
Switching Fee	When available, switching is treated as a withdrawal from this Class D and an investment into another Class or Principal Malaysia's fund (or its classes), you may be charged a switching fee equal to the difference (if any) between the Application Fees of this Class D and the Application Fee of the other Class or Principal Malaysia's fund (or its classes). You will not be charged a switching fee, if the Class or Principal Malaysia's fund (or its classes) to be switched into has a lower Application Fee than the Application Fee of the Class. In addition to the Switching Fee, you may be charged MYR100 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee.	26
Transfer Fee	When available, a maximum of MYR50 may be charged for each transfer.	26
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

This table describes the fees that you may **indirectly** incur when you invest in the Class.

Fees	Class D	Page
Management Fee	1.80% per annum of the NAV of the Class.	26
Trustee Fee	0.03% per annum (including local custodian fee but excluding foreign sub-custodian fee and charges) of the NAV of the Fund. The foreign sub-custodian fee and charges is dependent on the country invested and is charged monthly in arrears.	27
Expenses directly related to Fund or Class	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class respectively. Examples of relevant expenses are audit fee and tax agent's fee.	27
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.	27

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

TRANSACTION INFORMATION

Class D			Page
Minimum initial investment	Non-RSP	MYR10 or such other amount as we may decide from time to time.	34
	RSP	MYR100 or such other amount as we may decide from time to time.	34
Minimum additional investment	Non-RSP	MYR10 or such other amount as we may decide from time to time.	34
	RSP	MYR100 or such other amount as we may decide from time to time.	34
Minimum withdrawal	MYR10 or such other amount as we may decide from time to time.		34
Minimum balance	10 units or such other number of units as we may decide from time to time.		35
Cooling-off period	<p>For first time individual investor investing with us, you have six (6) Business Days after your initial investment (i.e. from the date the complete application is received and accepted by us or any of our Distributors) to reconsider its appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased or prevailing NAV per unit at the point of cooling-off (whichever is lower) ("Refund Amount"). We will pay the Refund Amount including the Application Fee (if any) to you in the currency of the respective Class within thirteen (13) 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 or our Distributors. However, 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.</p> <p>For transaction through e-Wallet App, cooling-off right is not applicable if you have withdrawn all or parts of your investment from Class D either to your e-Wallet or your bank account. Request for cooling-off can be made directly through Principal Malaysia and/or through the e-Wallet App (where available).</p> <p>Note: Please consult your professional advisers before investing. You may also contact our Customer Care Centre at (03) 7723 7260 or WhatsApp at (6016) 299 9792 for further information.</p>		35
Switching	<p>Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to:</p> <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal applicable to the Class; ○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and ○ the withdrawal penalty of the Class (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and ○ the switching fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>		36
Transfer	When available, transfer of unit holdings is allowed but this is subject to conditions stipulated in the Deed. However, we may refuse to register any transfer of unit at our absolute discretion.		36

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

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

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

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

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

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