

## **FIRST SUPPLEMENTAL INFORMATION MEMORANDUM FOR PRINCIPAL ISLAMIC MALAYSIA GOVERNMENT SUKUK FUND**

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

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

This First Supplemental Information Memorandum is dated 26 February 2024 and is to be read in conjunction with the Information Memorandum Issue No. 1 dated 21 June 2021 for the Principal Islamic Malaysia Government Sukuk Fund (“Information Memorandum”).

The Fund was constituted on 27 February 2020.

**The Securities Commission Malaysia has not authorised or recognized the Fund and a copy of this First Supplemental Information Memorandum has not been registered with the Securities Commission Malaysia.**

**The lodgement of this First Supplemental Information Memorandum 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 First Supplemental Information Memorandum.**

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

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

**INVESTORS SHOULD BE AWARE THAT THE CAPITAL OF THE FUND WILL BE ERODED WHEN THE FUND DECLARES DISTRIBUTION OUT OF CAPITAL AS THE DISTRIBUTION IS ACHIEVED BY FORGOING THE POTENTIAL FOR FUTURE CAPITAL GROWTH AND THIS CYCLE MAY CONTINUE UNTIL ALL CAPITAL IS DEPLETED.**

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

## 1.0. GENERAL

- 1.1. This First Supplemental Information Memorandum is issued to reflect the amendments made to the Information Memorandum as stated under paragraphs 1.4, 2 to 11 below.
- 1.2. All terms used in this First Supplemental Information Memorandum shall have the same meanings as those defined in the Definitions Chapter of the Information Memorandum unless where the context otherwise requires.
- 1.3. All information provided herein is practicable as at 31 January 2024 and shall remain current and relevant as at such date.
- 1.4. All references to “rounded down” in the Information Memorandum shall be amended to “rounded”.

## 2.0. ABOUT THIS DOCUMENT

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

If you have any questions about the Fund, please call our Customer Care Centre at (03) 7723 7260 or whatsapp at +6016 2999792 during business hour between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Fridays, or our Corporate & Institutional Business at (03) 2084 8888 during business hour between 8:45 am and 5:45 pm (Malaysian time) on Mondays to Fridays.

- 2.2. The following paragraphs will be inserted under the section of “**About This Document**” at page i and read as below:

**The Securities Commission Malaysia has not authorised or recognised the Fund and a copy of this Information Memorandum has not been registered with the Securities Commission Malaysia.**

**The lodgement of this Information Memorandum 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 Information Memorandum.**

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

## 3.0. DEFINITIONS

- 3.1. The below definition under the section of “**Definitions**” at pages ii to iii has been replaced and read as below:

Principal Distributors - Refers to the authorised unit trust scheme consultants registered with Principal Malaysia.

Sophisticated Investor - Refers to investors as we determine as qualified or eligible to invest in the Fund and that fulfil any laws, rules, regulations, restrictions or requirements imposed by the respective country’s regulators where the Fund is open for sale. For investors in Malaysia, this refers to any person who:

(i) is determined to be a sophisticated investor under the SC’s Guidelines on Categories of Sophisticated Investors, as amended from time to time; or

(ii) acquires any capital market products where the consideration is not less than MYR250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise,

and/or any other category(ies) of investors as may be permitted by the SC from time to time.

*Note: For more information, please refer to our website at [www.principal.com.my](http://www.principal.com.my) for the current and/or updated definition and categories of “Sophisticated Investor”.*

## 4.0. FEES, CHARGES AND EXPENSES

- 4.1. The fourth bullet points under the section of “**Other Expenses**” at page 6 has been replaced and read as below:

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

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- 4.2. The fourteenth bullet points under the section of “**Other Expenses**” at page 6 has been replaced and read as below:
- 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;

- 4.3. The fifteenth bullet points under the section of “**Other Expenses**” at page 6 has been replaced and read as below:
- expenses incurred in printing of, purchasing of stationery and postage for the annual and quarterly (if any) reports;

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

We, and the Trustee will not retain any form of rebate 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 dealings 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 will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

**5.0. TRANSACTION INFORMATION**

- 5.1. The first bullet point in the second paragraph and the textbox under the section of “**How to invest?**” at page 10 has been replaced and read as below:

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

**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.**

- 5.2. The information under the section of “**Processing a withdrawal**” at page 11 has been replaced and read as below:

If we receive a complete withdrawal request by 4:00 p.m. on a Business Day, we will process it using the NAV per unit for that Business Day. If we receive the withdrawal request after 4:00 p.m. on a Business Day, we will process it using the NAV per unit for the next Business Day (T+1). The amount that you will receive is calculated by the withdrawal value less the withdrawal penalty, if any. You will be paid in MYR within seven (7) Business Days, upon our receipt of the complete withdrawal request. You will have to bear the applicable bank fees and charges, if any.

- 5.3. The first paragraph under the section of “**Switching**” at page 11 has been replaced and read as below:

Switching is available between the Classes of the Fund or between a Class and other Principal Malaysia’s fund (or its classes), which should be denominated in the same currency. You may contact our **Customer Care Centre** at (03) 7723 7260 or whatsapp at +6016 299 9792 or **Corporate & Institutional Business** at (03) 2084 8888 for more information on the availability of switching. Please also refer to the Annexure of the respective Class for further information.

- 5.4. The information under the section of “**Cooling-Off Period**” at page 12 has been replaced and read as below:

You have six (6) Business Days after your initial investment (i.e. from the date the complete application is received and accepted by us 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 seven (7) Business Days from the date we receive the complete documentations. Please note that the cooling-off right is only given to first time investor investing with us 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.

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- 5.5. The information under the section of “**Distribution Payment**” at page 12 has been replaced and read as below:

Distribution policy may be different for each Class. Please refer to the Annexure of the respective Class for further information.

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

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 is 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, 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. Distribution payments will be made in MYR.

The Fund may distribute from realised income, realised capital gains, unrealised income, unrealised capital gains, capital or combination of any of the above. Distributions are at our discretion and are not guaranteed, and the making of any distribution does not imply that further distributions will be made and we reserve the right to vary the frequency and/or amount of distributions. Distribution out of capital is to allow the Fund the ability to distribute income according with the Fund’s defined frequency or to pursue the investment objective of the Fund. The effects of making distribution out of capital has a risk of eroding the capital of the Fund.

After taking into consideration the level of capital and performance of the Fund and subject to healthy cash flow of the Fund, any distribution out of capital we make, we will ensure that proper decisions can be made in reducing cost and to ensure stability and sustainability of distribution of income for the Fund without generating any additional risk to the Fund.

Distribution out of capital represent a return or withdrawal of part of the amount of your original investment and/or capital gains attributable to the original investment and will result in a reduction in the NAV per unit of the Classes and reduce the capital available for future investment and capital growth. Future capital growth may therefore be constrained and the value of future returns would be diminished.

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

**6.0. ADDITIONAL INFORMATION**

- 6.1. The second bullet point under the section of “**Information On Your Investment**” at page 14 has been replaced and read as below:

- Quarterly report and audited annual report showing snapshots of the Fund and details of the portfolio for the respective period reported. Both the quarterly report and the audited annual report will be sent to you within two (2) months of the end of the period reported.

- 6.2. The information under the section of “**Termination of Fund and/or Any of the Classes**” at page 14 has been replaced and read as below:

Subject to the provision set out below, 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 us with the consent of the Trustee (whose consent shall not be unreasonably withheld) upon the occurrence of any of the following events, by giving not less than one (1) month’s notice in writing to the Unit holders as hereinafter provided (i) if any law shall be passed which renders it illegal or (ii) if in our reasonable opinion it is impracticable or inadvisable to continue the Fund or Class, as the case may be. A Class may be terminated by Unit holders if a Special Resolution is passed at a Unit holders’ meeting of that

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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.

6.3. The fourth bullet point under the section of “**Documents Available For Inspection**” at page 15 has been replaced and read as below:

- The latest annual and quarterly 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; and

6.4. The information under the section of “**Potential Conflicts of Interests and Related-party Transactions**” at page 15 has been replaced and read as below:

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

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

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

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

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

**The Trustee**

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

- (1) where the Fund invests in instrument(s) offered by the related party of the Trustee (e.g. placement of monies, 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 SC’s guidelines, from the related party of the Trustee.

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

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

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**7.0. THE TRUSTEE**

- 7.1. The following disclosure under the section of “**About HSBC (Malaysia) Trustee Berhad**” at page 18 has been replaced and read as below:

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

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

**Duties and Responsibilities of the Trustee**

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

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

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

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

**Trustee’s Delegate**

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

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

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

**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.

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**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.

**8.0. ANNEXURE – CLASS A**

8.1. The information under the section of “Distribution Policy” at page 21 has been replaced and read as below:

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<b>Distribution Policy</b>	Monthly, depending on the level of income (if any) and at our discretion. We have the right to make provisions for reserves in respect of distribution of the Class. If the income available is too small or insignificant, any distribution may not be of benefit to you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income, realised capital gains and/or capital, as well as the performance of the Fund.	12
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**9.0. ANNEXURE – CLASS B**

9.1. The information under the section of “Distribution Policy” at page 24 has been replaced and read as below:

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<b>Distribution Policy</b>	Monthly, depending on the level of income (if any) and at our discretion. We have the right to make provisions for reserves in respect of distribution of the Class. If the income available is too small or insignificant, any distribution may not be of benefit to you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income, realised capital gains and/or capital, as well as the performance of the Fund.	12
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**10.0. ANNEXURE – CLASS C**

10.1. The information under the section of “Distribution Policy” at page 27 has been replaced and read as below:

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<b>Distribution Policy</b>	Monthly, depending on the level of income (if any) and at our discretion. We have the right to make provisions for reserves in respect of distribution of the Class. If the income available is too small or insignificant, any distribution may not be of benefit to you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income, realised capital gains and/or capital, as well as the performance of the Fund.	12
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**11.0. ANNEXURE – CLASS D**

11.1. The information under the section of “Distribution Policy” at page 30 has been replaced and read as below:

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<b>Distribution Policy</b>	Monthly, depending on the level of income (if any) and at our discretion. We have the right to make provisions for reserves in respect of distribution of the Class. If the income available is too small or insignificant, any distribution may not be of benefit to you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income, realised capital gains and/or capital, as well as the performance of the Fund.	12
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