Principal®

Information Memorandum
16 January 2021

Principal Next-G Connectivity Fund

Manager	:	**Principal Asset Management Berhad** (199401018399 (304078-K))
Trustee	:	**HSBC (Malaysia) Trustee Berhad** (193701000084 (1281-T))

This Information Memorandum is dated 16 January 2021 for the Principal Next-G Connectivity Fund.

The Fund was constituted on 28 December 2020.

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

THE FUND IS MULTI-CLASS FUND AND IS ALLOWED TO ESTABLISH NEW CLASS(ES) FROM TIME TO TIME AS MAY BE DETERMINED BY THE MANAGER.

In alliance with CIMB

ABOUT THIS DOCUMENT

This is an information memorandum which introduces you to Principal Asset Management Berhad ("Principal Malaysia") and the Principal Next-G Connectivity Fund. This Information Memorandum outlines in general the information you need to know about the Fund and is intended for the exclusive use by prospective Sophisticated Investors (as defined herein) who should ensure that all information contained herein remains confidential. The Fund is established with multi-class structure and has more than one (1) class.

This Information Memorandum is strictly private and confidential and solely for your own use. It is not to be circulated to any third party. No offer or invitation to purchase the units of the Fund, the subject of this Information Memorandum, may be made to anyone who is not a Sophisticated Investor.

If you have any questions about the information in this Information Memorandum or would like to know more about investing in the Principal Malaysia family of unit trust funds, please contact our Customer Care Centre at (603) 7718 3000 between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. and 4:45 p.m. (Malaysian time) on Fridays (except on Selangor and/or Kuala Lumpur public holidays).

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notices, legislations or statutes for the time being in force, as may be amended, varied, modified, updated, superseded and/or re-enacted from time to time.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

As the base currency of the Fund is USD, please note that all references to currency amounts and NAV per unit in the Information Memorandum are in USD unless otherwise indicated.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE IN DOUBT, PLEASE CONSULT YOUR PROFESSIONAL ADVISERS IMMEDIATELY.

DEFINITIONS

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

Application Fee	-	Preliminary charge on each investment.
AUD	-	Australian Dollar.
Business Day	-	Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading and excludes Saturdays, Sundays and gazetted public holidays in the Federal Territory of Kuala Lumpur. In respect of the Target Fund, it means a day on which the stock exchange in Ireland 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 Manager declares a non-dealing day. This information will be communicated to you via our website at* ***www.principal.com.my***.
CIMB Group	-	CIMB Group Sdn. Bhd.
CIS	-	Collective investment scheme.
Class	-	Any class of units representing similar interests in the assets of the Fund.
Class AUD-Hedged	-	The Class of units issued by the Fund denominated in AUD that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and AUD.
Class GBP-Hedged	-	The Class of units issued by the Fund denominated in GBP that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and GBP.
Class MYR-Hedged	-	The Class of units 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 SGD-Hedged	-	The Class of units issued by the Fund denominated in SGD that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and SGD.
Class USD	-	The Class of units 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.
Deed	-	The principal 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.
Deposit	-	As per the definition of "deposit" in the Financial Services Act 2013 and "Islamic deposit" in the Islamic Financial Services Act 2013.
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 IUTAs.
FDI	-	Financial derivative instruments.
Fund or NGC	-	Principal Next-G Connectivity Fund.
GBP	-	Great Britain Pound.
GLOLA	-	SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.
Information Memorandum	-	Refers to the information memorandum in respect of the Fund and includes any supplemental information memorandum or replacement information memorandum, as the case may be.
IUTA	-	Institutional Unit Trust Schemes Adviser.
LPD	-	Latest Practicable Date, i.e. 30 November 2020, in which all information provided herein, shall remain current and relevant as at such a 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.
MYR	-	Malaysian Ringgit.
NAV	-	Net Asset Value.
NAV of the Class	-	The NAV of a Class is the NAV of the Fund attributable to a Class at the same valuation point.
NAV of the Fund	-	The NAV of the Fund is 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 and annual Trustee Fee, 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 of units divided by the number of units in circulation for that Class, at the valuation point.
NBIF	-	Neuberger Berman Investment Funds plc; an investment company with variable capital and segregated liability between sub-funds incorporated in Ireland.
OTC	-	Over-the-counter.

PFG	-	Principal Financial Group and its affiliates.
PIA	-	Principal International (Asia) Ltd.
Principal Malaysia, the Manager, we or us	-	Principal Asset Management Berhad.
RSP	-	Regular Savings Plan.
SC	-	Securities Commission Malaysia.
SGD	-	Singapore Dollar.
Sophisticated Investor	-	Refers to investors as we determine as qualified or eligible to invest in the Fund and that fulfil any laws, rules, regulation, 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 falls within any of the categories of investors set out in Part 1, Schedules 6 and 7 of the CMSA. ***Note**: For more information, please refer to our website at **www.principal.com.my** for the current excerpts of Part 1, Schedules 6 and 7 of the CMSA.*
Special Resolution	-	A resolution passed by a majority of not less than three-fourth (3/4) of the Unit holders of the Fund or a Class, as the case may be, voting at a meeting of Unit holders duly convened and held in accordance with the provisions of the Deed.
Switching Fee	-	A charge that may be levied when switching is done from one fund or class to another.
Target Fund	-	Neuberger Berman 5G Connectivity Fund.
Target Fund Investment Manager	-	Neuberger Berman Europe Limited.
Target Fund Sub-Investment Manager	-	Refers to Neuberger Berman Investment Advisers LLC, Neuberger Berman Asia Limited or such other company as may be appointed by the Target Fund Investment Manager from time to time in respect of the Target Fund, with the prior approval of NBIF and the Central Bank of Ireland.
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.nb.com**.
Transfer Fee	-	A nominal fee levied for each transfer of units from one Unit holder to another.
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.
UCITS	-	An undertaking for collective investment in transferable securities within the meaning of the UCITS Regulations.
UCITS Regulations	-	The European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. 352 of 2011) (as amended) and all applicable Central Bank of Ireland regulations or notices made or conditions imposed or derogations granted thereunder by the Central Bank of Ireland.
UK	-	United Kingdom.
Unit holder	-	The registered holder for the time being of a unit of any Class including persons jointly registered.
USA	-	United States of America.
USD	-	United States Dollar.
Wholesale Fund	-	A unit trust scheme established in Malaysia where the units are to be issued, offered for subscription or purchase, or for which invitations to subscribe for or purchase the units are to be made, exclusively to Sophisticated Investor.
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.*

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1. FUND INFORMATION

1.1. PRINCIPAL NEXT-G CONNECTIVITY FUND

Fund Category/Type	:	Feeder fund/ Growth
Fund Objective	:	The Fund aims to achieve capital appreciation through investments in one (1) collective investment scheme, which invests in mobile internet and connectivity related securities. *We will require your approval if there is any material change to the Fund's investment objective.*
Benchmark	:	The Fund adheres to the benchmark of the Target Fund for performance comparison. Currently, benchmark of the Target Fund is MSCI All-Country World Index (ACWI) (Total Return, net of tax, USD).
Distribution Policy	:	The distribution policy of each of the Class may differ. Please refer to the Annexure of the respective Class for more information. You may also refer to page 53 for information on the distribution payment.

Base Currency and Classes

The base currency of the Fund is USD.

Please note that the Fund is established with a multi-class structure 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 have materially 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. This information will be communicated to you via our website at **www.principal.com.my**. You should consult your professional advisers for better understanding of the multi-class structure before investing in the Fund.

Initial Offer Period and Initial Offer Price

Name of Class	Launch Date*	Initial offer period	Initial offer price per unit
Class AUD-Hedged	16 January 2021	Up to 21 days	AUD 1.0000
Class GBP-Hedged	16 January 2021	Up to 21 days	GBP 1.0000
Class MYR-Hedged	16 January 2021	Up to 21 days	MYR 1.0000
Class SGD-Hedged	16 January 2021	Up to 21 days	SGD 1.0000
Class USD	16 January 2021	Up to 21 days	USD 1.0000

** We have the discretion to determine the launch date, which shall be the same date as stated above or such other as may be determined by us.*

*For more details, you may contact our Customer Care Centre or Distributors; or visit our website at **www.principal.com.my**.*

Investment Policy and Strategy

The Fund is a feeder fund and it invests in a single CIS, i.e. Neuberger Berman 5G Connectivity Fund ("Target Fund"). The Fund may also invest in liquid assets for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its NAV in the Target Fund and may also invest up to 5% of its NAV in liquid assets for liquidity purpose. The Target Fund was established on 8 April 2020 under the Neuberger Berman Investment Funds Plc; an investment company with variable capital and segregated liability between sub-funds incorporated in Ireland.

The Fund will be actively rebalanced from time to time to meet sales and withdrawals transactions. This is to enable a proper and efficient management of the Fund. As this is a feeder fund that invests predominantly in the Target 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 Investment Manager will employ a risk management process in respect of the Target Fund that enables the Target Fund Investment Manager to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Target Fund.

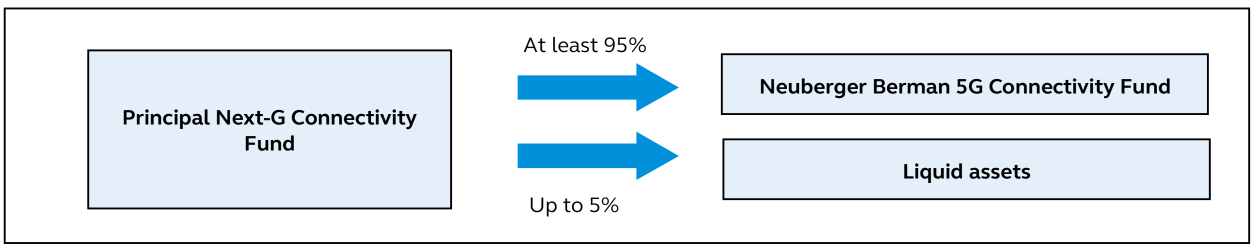
We will employ risk management strategy at the Fund level, where we will continuously monitor the investment objective, performance and suitability of the Target Fund to ensure that it is in line with the investment objective of the Fund. If we are of the opinion that the Target Fund no longer meets the Fund's investment objective, we may, with your approval, replace the Target Fund with another CIS that is in line with the Fund's objective. In such circumstances, we will withdraw our investment in the Target Fund and invest in another CIS on a staggered basis for a smooth transition, if the Target Fund imposes any conditions in relation to withdrawal 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 investment objective, investment strategies and/or investment restrictions and limits. The Fund also may, with the concurrence of the Trustee, hold more than 5% of liquid assets on a temporary basis to meet withdrawal requests and to manage expenses of the Fund.

Currently, the Fund invests in Class I3 of the Target Fund, which is denominated in USD. 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. Please refer to page 28 under the "About Neuberger Berman 5G Connectivity Fund" for more information.

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.*

Information on the Target Fund

Target Fund	:	Neuberger Berman 5G Connectivity Fund
Share class	:	Class I3
Currency Denomination	:	USD
Target Fund Investment Manager	:	Neuberger Berman Europe Limited
Target Fund Sub-Investment Manager	:	Neuberger Berman Investment Advisers LLC, Neuberger Berman Asia Limited
Regulatory authority	:	Central Bank of Ireland



Asset Allocation
- At least 95% of the Fund's NAV will be invested in the Target Fund; and
- Up to 5% of the Fund's NAV will be invested in liquid assets for liquidity purposes.

1.2. PERMITTED INVESTMENTS

The Fund will invest in the following investments:
- One (1) CIS;
- Deposits and money market instruments;
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps for the purpose of hedging; and
- Any other form of investments as may be determined by us from time to time that is in line with the Fund's objective.

1.3. INVESTMENT RESTRICTIONS AND LIMITS

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

CIS: The Fund must invest at least 95% of its NAV in one (1) CIS.

Liquid assets: The Fund may invest up to 5% of its NAV in liquid assets. The Fund may, with the concurrence of the Trustee, hold more than 5% of liquid assets on a temporary basis to meet withdrawal requests and to manage expenses of the Fund.

1.4. APPROVALS AND CONDITIONS

There is no exemption and/or variation to the GLOLA for the Fund.

1.5. BORROWINGS OR FINANCING

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

1.6. SECURITIES LENDING

Not applicable to the Fund.

1.7. RISK FACTORS

1.7.1 GENERAL RISKS OF INVESTING IN A FUND

Before investing, you should consider the following risk factors in addition to the other information set out in this Information Memorandum.

Returns 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 investment objective will be achieved.

Market risk
Market 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 take financing to finance your investment. The inherent risk of investing with financed money includes you being unable to service the finance repayments. In the event units are used as collateral, you may be required to top-up your existing instalment if the prices of units fall below a certain level due to market conditions. Failing which, the units may be sold at a lower NAV per unit as compared to the NAV per unit at the point of purchase towards settling the finance.

1.7.2 SPECIFIC RISK RELATED TO THE FUND

Currency risk
You should be aware that currency risk is applicable to Class(es) (e.g. Class MYR-Hedged) which is in a different currency than the base currency of the Fund (i.e. USD). 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 Class(es).

As for a hedged Class, the 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 favourable 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.

Manager risk
Since the Fund invests into 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, would be affected negatively. Although the probability of such occurrence is minute, should the situation arise, we reserve the right to seek for alternative CIS that is consistent with the objective of the Fund, subject to your approval.

Country risk
As the Fund invests in the Target Fund which is domiciled in Ireland, the Fund's investments in the Target Fund may be affected by risks specific to Ireland. Such risks include adverse changes in Ireland's economic fundamentals, social and political stability, laws and regulations and foreign investments policies. These factors may be an adverse impact on the prices of the Target Fund's investments, which will depress the Target Fund's NAV growth, and consequently depress the Fund's NAV growth.

1.7.3 RISKS ASSOCIATED WITH INVESTMENTS IN THE TARGET FUND

The following section was excerpted from the information stated in the Target Fund Prospectus and its supplement dated 16 September 2020.

For this section, the following definitions apply:

Commitment Approach	:	represents a methodology to measure risk or "Global Exposure" based on the calculation of the portfolio leverage which includes the netting and hedging of FDI that a Portfolio may have in place according to the UCITS Regulations. A Portfolio, which is using the Commitment Approach to measure its Global Exposure, is limited to 100% commitment leverage.
Dealing Day	:	each business day (a day on which the relevant financial markets are open for business in the countries specified in respect of the Target Fund) or such other day or days as the directors of NBIF may determine and notify to the Administrator and to shareholders in advance, provided there shall be at least two (2) Dealing Days per month in the Target Fund.
Emerging Market Country	:	any country other than one which the World Bank defines as a High Income OECD member country, being, at the date of the Target Fund Prospectus: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, The Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, UK and the United States of America.
Global Exposure	:	refers to the measure of a Portfolio risk exposure that factors in the market risk exposure of underlying investments, inclusive of the implied leverage associated with financial derivative instruments held in the portfolio. Under the UCITS Regulations, a Portfolio is required to use either a "Commitment Approach" or a "Value-at-Risk (VaR) Approach" to measure their Global Exposure.
Portfolio	:	a portfolio of assets established by the directors of NBIF (with the prior approval of the Depositary and the Central Bank of Ireland) and constituting a separate fund represented by a separate series of shares and invested in accordance with the investment objective and policies applicable to such portfolio as specified in the relevant supplement Target Fund Prospectus.
Recognized Market	:	any recognised exchange or market listed or referred to in Annex I of the Target Fund Prospectus and in such other markets as directors of NBIF may from time to time determine in accordance with the UCITS Regulations and specify in Annex I of the Target Fund Prospectus.
Recognized Rating Agency	:	Standard & Poor's Ratings Group ("S&P"), Moody's Investors Services ("Moody's"), Fitch IBCA or an equivalent rating agency as the directors of NBIF may from time to time determine.
Relevant Jurisdictions	:	one or more of Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK.
Shareholder	:	a person registered in the share register of the NBIF as a holder of shares of the Target Fund; which includes NGC.
UCITS Regulations	:	the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. 352 of 2011) (as amended) and all applicable Central Bank of Ireland regulations or notices made or conditions imposed or derogations granted thereunder by the Central Bank of Ireland.

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:

RISK RELATED TO FUND STRUCTURE

Umbrella structure of the Company (NBIF)
Pursuant to Irish law the NBIF will not be liable as a whole to third parties and there will be no potential for cross contamination of liabilities between different portfolios. However, there can be no categorical assurance that, should an action be brought against the NBIF in the courts of another jurisdiction, the segregated nature of the portfolios will necessarily be upheld. Accordingly, it is not free from doubt that the assets of any portfolio of the NBIF may not be exposed to the liabilities of other portfolios of the NBIF. As at the date of the Target Fund Prospectus dated 16 September 2020, the directors of NBIF are not aware of any existing or contingent liability of any portfolio of the NBIF.

Share Class Risk
There is no legal segregation of liability between classes in a given portfolio. As such, there are certain limited circumstances including, for example, in situations when one or more hedged classes suffers material losses, in which the liabilities of a particular class will affect the NAV of other classes.

Depositary risk
The assets of the NBIF and its portfolios shall be held in custody by the Depositary and its sub-custodian(s) and/or any other custodians, prime broker and/or broker-dealers appointed by the NBIF. Investors are hereby informed that cash and fiduciary deposits may not be treated as segregated assets and might therefore not be segregated from the relevant depositary, sub-custodian(s), other custodian/third party bank, prime broker and/or broker dealer's own assets in the event of the insolvency or

the opening of bankruptcy, moratorium, liquidation or reorganisation proceedings of the depositary, sub-custodian(s), other custodian/third party bank, prime broker or the broker dealer as the case may be. Subject to specific depositor's preferential rights in bankruptcy proceedings set forth by regulation in the jurisdiction of the relevant depositary, sub-custodian(s), other custodian/third party bank, prime broker or the broker dealer, the Target Fund's claim might not be privileged and may only rank pari passu with all other unsecured creditors' claims. The Target Fund might not be able to recover all of their assets in full.

Custodial risk
As the NBIF may invest in markets where custodial and/or settlement systems are not fully developed, including in Emerging Market Countries, the assets of the NBIF which are traded in such markets which have been entrusted to sub-custodians in circumstances where the use of such sub-custodian is necessary, may be exposed to risk in certain limited circumstances (such as, in the case of a loss of assets where such loss is the result of an external event beyond its reasonable control) where the Depositary will have no liability. Currently, with the exception of securities depositaries such as Clearstream, Euroclear or Depository Trust Company (DTC) where the Depositary serves as a direct participant, all assets of the Target Fund are custodied within the Depositary's global network of sub-custodians whereby the appointment of an agent or sub-custodian in such a market shall not relieve the Depositary from its liability as principal for the acts or omissions of the agent.

A clearing broker with which margin assets are deposited in respect of futures and options or other hedging contracts shall not be a sub-custodian or agent of the Depositary for such purpose and the Depositary shall not be liable for the acts or omissions or any loss directly or indirectly caused by any margin assets transferred to or placed with such clearing brokers, provided the Depositary has acted in accordance with proper instructions as provided for in the Depositary agreement in relation to such transfers. For this purpose, the phrase "margin assets" shall include cash or other assets of the Target Fund transferred to such clearing brokers by means of title transfer, for payment of margin due at the time of transfer or for amounts which may be placed with such clearing brokers and utilised for the portfolio's trading in such futures and options. As these assets are passed to the broker by means of title transfer, once passed by the NBIF, they are no longer considered to be assets of the portfolio and the portfolio's assets in this respect will instead be the futures and options contracts that the margin assets support and the contractual right to the return of the margin assets by the broker on the termination of the relationship between the broker and the NBIF.

Reliance on the Investment Manager
The NBIF will rely on the Target Fund Investment Manager in implementing its investment strategies. The bankruptcy or liquidation of the Target Fund Investment Manager may have an adverse impact on the NAV. Investors must rely on the judgement of the Target Fund Investment Manager in making investment decisions. The Target Fund Investment Manager and its principals and affiliates will however devote a substantial degree of their business time to the NBIF's business.
In addition,

(a) The Target Fund may be prevented from dealing for legal, regulatory or policy reasons;
(b) The Target Fund Investment Manager or its affiliates may have managed or co-managed a public offering of securities in respect of the Target Fund's holding of securities within the last three years from the date of the Target Fund Prospectus dated 16 September 2020 or may from time to time perform business for any company whose securities are contained in the Target Fund; and
(c) The Target Fund Investment Manager, its affiliates, shareholders, directors, members, officers and/or employees may have long or short positions in any securities contained in the Target Fund's holdings or options, futures and other FDI based on these holdings.

Settlement risks
The equity markets in different countries will have different clearance and settlement procedures and in certain markets there have been times when settlements have been unable to keep pace with the volume of transactions, thereby making it difficult to conduct such transactions. Delays in settlement could result in temporary periods when assets of the Target Fund are uninvested and no return is earned thereon. The inability of the Target Fund to make intended purchases due to settlement problems could cause it to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to the Target Fund due to subsequent declines in value of the portfolio security or, if it has entered into a contract to sell the security it could result in a possible liability of it to the purchaser.

Indemnification obligations
The NBIF has agreed to indemnify the directors of NBIF, the Target Fund Investment Manager, the Administrator and the Depositary as provided for in the relevant agreements.

Portfolio transaction charges
Sales, redemption or transaction charges may be payable in respect of the Target Fund if specified in the "Fees and Expenses" section. In the short-term, these charges will have the effect of reducing the value of an investment. Accordingly, an investor should view its investment in the Target Fund as medium- to long-term.

No investment guarantee equivalent to deposit protection
An investment in the NBIF is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. The value of shares may go down as well as up and investors may not get back any of the amount invested.

Provisional allotments
As the NBIF may provisionally allot shares to proposed investors prior to receipt of the requisite subscription monies for those shares the NBIF may suffer losses as a result of the non-payment of such subscription monies, including, for example, the administrative costs involved in updating the records of the NBIF to reflect shares allotted provisionally which are not subsequently issued.

The NBIF will attempt to mitigate this risk by obtaining an indemnity from investors, however, there is no guarantee that the NBIF will be able to recover any relevant losses pursuant to such indemnity.

Benchmark outperformance risk
The Target Fund may have an investment objective or policy to outperform a specified benchmark, in the base currency of the Target Fund. Any such outperformance target will be a specific amount expressed in percentage terms relative to the benchmark and, unless otherwise stated in the relevant supplement Target Fund Prospectus, will be assessed after the deduction of any performance or sub-advisory fees but before the deduction of management, custody, administration and distribution (if any) fees and other Target Fund expenses. As such, the return of any investment in the Target Fund and consequently, the ability of a Shareholder in the Target Fund to realise a return in line with any outperformance targets set for the Target Fund against a stated benchmark, will be directly impacted by the level of such fees payable by the Target Fund.

In addition, certain portfolios may set outperformance targets that are less than the maximum level of management, custody, administration and distribution fees and other portfolio expenses applicable to certain classes within such portfolios. This may in some circumstances, result in shareholders not receiving a positive return on their investment relative to the benchmark, notwithstanding that the sub-fund has achieved its stated outperformance target. Where the maximum level of management, custody, administration and distribution fees and other portfolio expenses applicable to a class is less than an outperformance target set for the relevant portfolio, such fees and expenses will reduce the outperformance which the class receives relative to the benchmark. In addition, shareholders in a hedged class should note that, the costs of hedging may impact the ability of a shareholder in that portfolio to realise a return in line with any outperformance targets set for the portfolio against a stated benchmark. Additionally, shareholders in a class which is denominated in a currency other than the base currency should note that, it may be more meaningful to compare the performance of such a class against a version of this index which is denominated in the relevant class currency (if available). Investors should also note that there is no guarantee that the Target Fund will achieve any stated outperformance target.

Common reporting standard
The Council of the EU has adopted Directive 2014/107/EU, which amends Directive 2011/16/EU on administrative cooperation in the field of taxation. This 2014 Directive provides for the adoption of the regime known as the “Common Reporting Standard” proposed by the Organisation for Economic Co-operation and Development and has generalised the automatic exchange of information within the European Union with effect from 1 January 2016. Under these measures, the NBIF may be required to report information relating to Shareholders, including the identity and residence of Shareholders and income, sale or redemption proceeds received by Shareholders in respect of the shares to the Irish Revenue. This information may then be shared with tax authorities in other EU Member States and other jurisdictions which have implemented the OECD Common Reporting Standard.

Umbrella cash collection accounts
Subscription monies received in respect of the Target Fund in advance of the issue of shares will be held in an umbrella level cash collection account (an “Umbrella Cash Collection Account”) in the name of the NBIF. Investors will be unsecured creditors of the Target Fund with respect to the amount subscribed until such shares are issued and will not benefit from any appreciation in the NAV of the Target Fund or any other shareholder rights (including dividend entitlement) until such time as shares are issued. In the event of an insolvency of the Target Fund or the NBIF, there is no guarantee that the Target Fund or NBIF will have sufficient funds to pay unsecured creditors in full.

Payment by the Target Fund of redemption proceeds and dividends is subject to receipt by the Administrator of completed subscription documents and compliance with all anti-money laundering procedures. Notwithstanding this, redeeming Shareholders will cease to be Shareholders, with regard to the redeemed shares, from the relevant Dealing Day. Redeeming Shareholders and Shareholders entitled to distributions will, from the redemption or distribution date, as appropriate, be unsecured creditors of the Target Fund, and will not benefit from any appreciation in the NAV of the Target Fund or any other Shareholder rights (including further dividend entitlement), with respect to the redemption or distribution amount. In the event of an insolvency of the Target Fund or the NBIF during this period, there is no guarantee that the Target Fund or NBIF will have sufficient funds to pay unsecured creditors in full. Redeeming Shareholders and Shareholders entitled to distributions should therefore ensure that any outstanding documentation and information is provided to the Administrator promptly. Failure to do so is at such Shareholder’s own risk.

In the event of the insolvency of portfolio, recovery of any amounts to which any other portfolio is entitled but which may have transferred to such insolvent portfolio as a result of the operation of the Umbrella Cash Collection Account, will be subject to the principles of Irish trust law and the terms of the operational procedures for the Umbrella Cash Collection Account. There may be delays in effecting and / or disputes as to the recovery of such amounts and the insolvent portfolio may have insufficient funds to repay amounts due to the relevant portfolio. Accordingly, there is no guarantee that such portfolio or the NBIF will recover such amounts. Furthermore, there is no guarantee that in such circumstances such portfolio or the NBIF would have sufficient funds to repay any unsecured creditors.

OPERATIONAL RISKS

Business and regulatory risk
Legal, tax, and regulatory changes are likely to occur during the term of the NBIF and some of these changes may adversely affect the NBIF, perhaps materially. The financial services industry generally, and the activities of CIS and their managers, in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the NBIF’s exposure to potential liabilities and to legal, compliance, and other related costs. Increased regulatory oversight may also impose additional administrative burdens on the Target Fund Investment Manager, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may direct the Target Fund Investment Manager’s time, attention, and resources from portfolio management activities. In addition, certain regulatory changes, including restrictions imposed,

may be imposed by reference to the overall assets managed by the Target Fund Investment Manager rather than solely in respect of the assets of the NBIF. In such circumstances, compliance by the Target Fund Investment Manager with such restrictions may give rise to a conflict of interest.

In addition, securities and futures markets are subject to comprehensive statutes, regulations, and margin requirements. The Central Bank of Ireland, the Financial Conduct Authority, the Central Bank of the United Kingdom ("FCA"), other regulators, self-regulatory organisations, and exchanges are authorised to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions.

More generally, it is impossible to predict what, if any, changes in regulation applicable to the NBIF, the Target Fund Investment Manager, the markets in which they trade and invest, or the counterparties with which they do business may be instituted in the future. The effect of any future regulatory change on the NBIF could be substantial and adverse.

Investors should understand that the NBIF's business is dynamic and is expected to change over time. Therefore, the NBIF may be subject to new or additional regulatory constraints in the future. The Target Fund Prospectus cannot address or anticipate every possible current or future regulation that may affect the Target Fund Investment Manager, the NBIF, or their businesses. Such regulations may have a significant impact on the Shareholders or the operations of the NBIF, including, without limitation, restricting the types of investments the NBIF may make, preventing the NBIF from exercising its voting rights with regard to certain financial instruments, requiring the NBIF to disclose the identity of its investors, or otherwise. The directors of NBIF may cause the Target Fund to be subject to such regulations if they believe that an investment or business activity is in the Target Fund's interests, even if such regulations may have a detrimental effect on one or more Shareholders. Prospective Shareholders are encouraged to consult their own advisers regarding an investment in the NBIF.

Operational risks

The Target Fund Investment Manager's operational risk management framework is based on the Basel II definition of operational risk which is 'the risk of loss resulting from inadequate or failed internal, processes, people and systems or from external events'. The Target Fund Investment Manager's management of operational risk is therefore aimed at identifying risks in existing processes and improving existing controls to reduce their likelihood of failure and the impact of losses.

The NBIF relies on the Target Fund Investment Manager and its affiliates to ensure there are appropriate systems and procedures to identify, assess and manage operational risk. These systems and procedures may not account for every actual or potential disruption of the NBIF's operations but only for those where an appetite of risk has been set. Given the nature of investment management activities, operational risks are intrinsic to the NBIF's operations, especially given the volume, diversity and complexity of transactions that the NBIF is expected to enter into daily.

The NBIF's control environment is highly dependent on the ability of the Target Fund Investment Manager and its affiliates to process, on a daily basis, transactions across numerous and diverse markets. Consequently, the NBIF relies heavily on the Target Fund Investment Manager's control environment which includes financial, accounting and other data processing systems. The ability of such systems to be scalable and adjust to the complexity of transactions could also constrain the ability of the NBIF to properly manage its portfolio.

Systemic failures in the systems employed by the Target Fund Investment Manager, the Depositary, the Administrator and/or counterparties, exchanges and similar clearance and settlement facilities and other parties could result in errors made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. These and other similar disruptions in operations may cause the Target Fund to suffer, among other impacts, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention or reputational damage. In such cases the investment managers operational risk framework allows for the appropriate investigation and compensation if required by the party at the root cause of the control failure.

Counterparty risk

The NBIF will be exposed to counterparty risk, which is the risk that a counterparty will fail to comply with the terms of an agreement, potentially resulting in losses to the NBIF. Counterparty risk may arise from a dispute over the terms of the contract (whether or not bona fide) or because of a liquidity or solvency problem. If there is a default by the counterparty to a transaction, the NBIF will under most normal circumstances have contractual or regulatory remedies and in some cases collateral pursuant to the agreements related to the transaction. However, exercising such rights may involve delays or costs which could result in the NAV of the Target Fund being less than if the Target Fund had not entered into the transaction. Insolvency or bankruptcy of a counterparty could reduce or eliminate the amount recoverable by exercising legal rights. The insolvency, bankruptcy or default of a counterparty could result in substantial losses to the NBIF. Counterparty risk may be increased where the NBIF has concentrated certain types of transactions with a single or small group of counterparties.

FDI traded by the NBIF involve counterparty risk. Certain protections are afforded the NBIF for derivatives traded on an organised exchange and/or through a clearing organisation, such as a performance guarantee of an exchange clearing house. However, trading of such derivatives may expose the NBIF to the possibility that the futures commission merchant or clearing organisation will default in the performance of its obligations. OTC derivatives are contracts that are traded (and privately negotiated) directly between two parties which allow for tailored terms and generally are thought to pose greater counterparty risk. When the NBIF uses derivatives generally, it may be required to provide margin or collateral to satisfy contractual undertakings and regulatory requirements. These practices may not prevent the NBIF from incurring losses on derivatives transactions.

The participants in "OTC" or "interdealer" markets are typically not subject to the regulatory oversight to which members of "exchange-based" markets are subject. The lack of oversight of such markets may expose the NBIF to greater risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the NBIF to suffer a loss. Such counterparty risk is accentuated for contracts with longer maturities or forward settlements where events may intervene to prevent settlement.

If one or more of the NBIF's prime brokers, custodians or banks were to become insolvent or the subject of liquidation proceedings, there exists the risk that the recovery of the NBIF's securities and other assets from such counterparty will be delayed or be of a value less than the value of the securities or assets originally entrusted to such counterparty.

In addition, the NBIF may use counterparties which are subject to the laws and regulations of various local jurisdictions, the practical effect of which may subject the NBIF's assets to substantial limitations and uncertainties. Because of the large number of counterparties and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is not possible to generalise about the effect of an insolvency on the NBIF and its assets.

Regardless of any measures implemented to reduce counterparty risk there can be no assurance that a counterparty will not default or that the NBIF will not sustain losses as a result.

Information technology security
The Target Fund Investment Manager and Administrator maintain global information technology systems, consisting of infrastructure, applications and communications networks to support the NBIF's, as well as their own, business activities. These systems could be subject to security breaches such as 'cyber-crime' resulting in theft, a disruption in the ability to close out positions and the disclosure or corruption of sensitive and confidential information. Security breaches may also result in misappropriation of assets and could create significant financial and/or legal exposure for the NBIF. The Target Fund Investment Manager and the Administrator seek to mitigate attacks on their own systems but will not be able to control directly the risks to third-party systems to which it may connect. Any breach in security of the Target Fund Investment Manager's or Administrator's systems could have a material adverse effect on the Target Fund Investment Manager or the Administrator and may cause the NBIF to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. The Target Fund Investment Manager has a business continuity process in place in case of an event which impacts system availability.

Limited operating history
Newly formed portfolios have little or no operating history upon which investors can evaluate the anticipated performance. Past investment performance should not be construed as an indication of the future results of an investment in a portfolio. The investment programme of a portfolio should be evaluated on the basis that there can be no assurance that the Target Fund Investment Manager's assessments of the short-term or long-term prospects of investments, will prove accurate or that the Target Fund will achieve its investment objective.

Reliance on third party service providers
The NBIF has no employees and the directors of NBIF have been appointed on a non-executive basis. The NBIF is therefore reliant upon the performance of third party service providers for their executive functions. In particular the Target Fund Investment Manager and the Administrator will be performing services which are integral to the operation of the NBIF. Failure by any service provider to carry out its obligations to the NBIF in accordance with the terms of its appointment, including in circumstances where the service provider has breached the terms of its contract, could have a materially detrimental impact upon the operations of the NBIF.

The success of the NBIF is largely dependent upon the Target Fund Investment Manager's skill as an investment manager and there can be no assurance that the Target Fund Investment Manager or the individuals employed by the Target Fund Investment Manager will remain willing or able to provide advice to, and trade on behalf of, the NBIF or that its trading will be profitable in the future.

Delays to settlement caused by adverse weather
Investors should note that adverse weather events such as tropical cyclone warning signals (number 8 or higher), black rainstorm warning signals in Hong Kong or other similar events may result in closures of markets and banks and consequent delays to the settlement of cash payments in respect of subscriptions into or redemptions from the Target Fund. In such circumstances, (i) subscription funds may not be available for investment by the Target Fund Investment Manager / Target Fund Sub-Investment Manager, which may have an adverse effect on the performance of the Target Fund; and (ii) settlements in respect of redemption payments may not be received by redeeming investors within the four (4) business day target. In addition, delays to settlement in such circumstances may lead to additional transactional costs and interest charges which may be borne by either the Target Fund or the relevant investor.

MARKET RISKS

Market risk
The investments of the Target Fund are subject to normal market fluctuations and the risks inherent in investment in international securities markets and there can be no assurances that appreciation will occur. Stock markets can be volatile and stock prices can change substantially. Debt securities are interest rate sensitive and may be subject to price volatility due to various factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the issuer and general market liquidity. The magnitude of these price fluctuations will be greater when the maturity of the outstanding securities is longer. Since investment in securities may involve currencies other than the base currency of the Target Fund, the value of the Target Fund's assets may also be affected by changes in currency rates and exchange control regulations, including currency blockage. The performance of the Target Fund will therefore depend in part on the ability of the Target Fund

Investment Manager to anticipate and respond to such fluctuations in stock prices, market interest rates and currency rates and to utilise appropriate strategies to maximise returns, while attempting to reduce the associated risks to investment capital.

Temporary departure from investment objective

Where the ability to do so in respect of the Target Fund is disclosed in the relevant supplement Target Fund Prospectus, when the Target Fund Investment Manager or the Target Fund Sub-Investment Manager anticipates adverse market, economic, political or other conditions, it may temporarily depart from the Target Fund's investment objective and invest substantially in high-quality, short-term investments. This could help the Target Fund avoid losses but may also mean lost opportunities.

Currency risk

The NAV per share of the Target Fund will be computed in the base currency of the Target Fund, whereas the investments held for the account of the Target Fund may be acquired in other currencies. The base currency value of the investments of the Target Fund designated in another currency may rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. The Target Fund may attempt to fully or partially hedge into its base currency to mitigate the risk. In addition, currency hedging transactions, while potentially reducing the currency risks to which the Target Fund would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty.

Where the Target Fund engages in foreign exchange transactions which alter the currency exposure characteristics of its investments the performance of the Target Fund may be strongly influenced by movements in exchange rates as currency positions held by the Target Fund may not correspond with the securities positions held.

Where the Target Fund enters into "cross hedging" transactions (e.g., utilising currency different than the currency in which the security being hedged is denominated), the Target Fund will be exposed to the risk that changes in the value of the currency used to hedge may not correlate with changes in the value of the currency in which the securities are denominated, which could result in loss on both the hedging transaction and the Target Fund securities.

Political and/or regulatory risks

The value of the assets of the Target Fund may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in applicable laws and regulations.

Epidemics, pandemics, outbreaks of disease and public health issues

The activities of the NBIF, the Target Fund Investment Manager and the Target Fund Sub-Investment Managers, their respective operations and the NBIF's investments could be adversely affected by outbreaks of disease, epidemics and public health issues either regionally or globally, despite effective business continuity plans being in place. An example of this is coronavirus, or COVID-19, which is spreading rapidly around the world since its initial emergence in December 2019 and has negatively affected (and may continue to negatively affect or materially impact) the global economy, global markets and supply chains. Although the long-term effects of epidemics and pandemics can be very difficult to predict and it may sometimes even not be possible to predict them, previous occurrences of other epidemics and pandemics had material adverse effects on the economies, equity markets, and operations of those countries and jurisdictions in which they were most prevalent. Any major public health issue could affect individual issuers or related groups of issuers, which would be reasonably likely to adversely affect the business, financial condition and operations of the NBIF, the Target Fund Investment Manager and the Target Fund Sub-Investment Managers.

Additionally, any outbreak of disease epidemics may result in the closure of the Target Fund Investment Manager's and the Target Fund Sub-Investment Managers' offices or other businesses, and while the NBIF, the Target Fund Investment Manager and the Target Fund Sub-Investment Managers' have robust remote working and business continuity procedures in place, it could impact the ability of the Target Fund Investment Manager and the Target Fund Sub-Investment Managers and their service providers to operate and implement the Portfolios' investment strategies and objectives which can ultimately have an adverse impact on the NBIF's value. In addition, the Target Fund Investment Manager's and the Target Fund Sub-Investment Managers' personnel may be directly impacted by the spread, both through direct exposure and exposure to family members. Even though the Target Fund Investment Manager's and the Target Fund Sub-Investment Manager's business continuity procedures include measures to address the possibility of personnel contracting infectious disease that aim at mitigating the need for the NBIF to suspend its activities, the spread of a disease among the Target Fund Investment Manager's and the Target Fund Sub-Investment Managers' personnel could significantly affect their ability to properly manage the affairs of the NBIF, resulting in the possibility of the directors of the Target Fund deciding to implement a temporary or permanent suspension of the NBIF's investment activities or operation, in accordance with the terms of the Target Fund Prospectus.

Furthermore, the risks related to epidemics, pandemics and outbreaks of disease are heightened due to potential uncertainty as to whether such an event would qualify as a force majeure event for commercial agreements to which the NBIF is a party. The applicability, or lack thereof, of force majeure provisions could also come into question in connection with contracts that the NBIF and its investments have entered into, which could ultimately work to their detriment. If a force majeure event is determined to have occurred, a counterparty to the NBIF or a portfolio investment may be relieved of its obligations under certain contracts to which it is a party, or, if it has not, the NBIF and its investments may be required to meet their contractual obligations, despite potential constraints on their operations and/or financial stability. Either outcome could adversely impact investments and the NBIF's performance.

Euro, Eurozone and European Union stability risks

In light of ongoing concerns on the sovereign debt risk of certain EU Member States within the Eurozone, the NBIF's investments in the Euro region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of EU Member States from the Eurozone, may have a negative impact on the value of the Target Fund within the NBIF.

On 23 June 2016, the UK held a referendum and voted to leave the EU. It is currently not known whether, when or on what terms the UK will terminate its membership of the European Union. During this period of uncertainty, there may be a significant increase in volatility and disruption in the global financial markets, including the currency markets. Such events may, in turn, contribute to worsening economic conditions and reduced liquidity in some segments of the market, not only in the UK and Europe but also in the rest of the world. Leaving the EU may also result in significant changes to law and regulation in the UK. It is not currently possible to assess the effect of these changes on the NBIF or the position of the Shareholders (although such changes may result in the management arrangements for the NBIF having to be re-structured). Investors should be aware that these and other similar consequences following from the referendum result may adversely affect the value of the Shares and the NBIF's performance.

Other unforeseen investment or operational risks may exist related to the possibility of one or more members exiting the Eurozone or EU, or the Eurozone or EU otherwise not remaining intact.

Investment selection and due diligence process

Before making investments, the Target Fund Investment Manager will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. The Target Fund Investment Manager may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. The Target Fund Investment Manager may select investments on the basis of information and data filed by the issuers of such securities with various regulatory bodies or made directly available to the Target Fund Investment Manager by the issuers of the securities and other instruments or through sources other than the issuers. Outside consultants, legal advisers, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Although the Target Fund Investment Manager evaluates all such information and data and seeks independent corroboration when it considers it appropriate and when it is reasonably available, the Target Fund Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data. The due diligence investigation that the Target Fund Investment Manager will carry out with respect to any investment opportunity may not reveal or highlight certain facts that could adversely affect the value of the investment.

Equity securities

Equity securities represent ownership interests in a company or corporation, and include common stock, preferred stock and warrants and other rights to acquire such instruments. Investment in equity securities in general are subject to market risks that may cause their prices to fluctuate over time. The value of convertible equity securities is also affected by prevailing interest rates, the credit quality of the issuer and any call provisions. Fluctuations in the value of equity securities in which the Portfolio invests would cause the NAV of the Target Fund to fluctuate.

Warrants

When the Target Fund invests in warrants, the NAV per share of the Target Fund may fluctuate more than if the Target Fund was invested in the underlying securities because of the greater volatility of the warrant price.

Depositary receipts

The Target Fund may purchase sponsored or unsponsored American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts (collectively "Depositary Receipts") typically issued by a bank or trust company which evidence ownership of underlying securities issued by a corporation. Generally, Depositary Receipts in registered form are designed for use in the US securities market and Depositary Receipts in bearer form are designed for use in securities markets outside the US. Depositary Receipts may not necessarily be denominated in the same currency as the underlying securities into which they may be converted. Depositary Receipts may be issued pursuant to sponsored or unsponsored programs. In sponsored programs, an issuer has made arrangements to have its securities trade in the form of Depositary Receipts. In unsponsored programs, the issuer may not be directly involved in the creation of the program. Although regulatory requirements with respect to sponsored and unsponsored programs are generally similar, in some cases it may be easier to obtain financial information from an issuer that has participated in the creation of a sponsored program. Accordingly, there may be less information available regarding issuers of securities underlying unsponsored programs and there may not be a correlation between such information and the market value of the Depositary Receipts.

REITS

In respect of the Target Fund which may invest in Real Estate Investment Trust Securities ("REITs"), which are pooled investment vehicles that invest primarily in either real estate or real estate related loans, there are particular risks associated with the direct ownership of real estate by REITs. For example, real estate values may fluctuate as a result of general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, changes in zoning laws, casualty or condemnation losses, regulatory limitations on rents, changes in neighbourhood values, changes in how appealing properties are to tenants and increases in interest rates. As well as changes in the value of their underlying properties, the value of REITs may also be affected by defaults by borrowers or tenants.

Furthermore, REITs are dependent on specialised management skills. Some REITs may have limited diversification and may be subject to risks inherent in financing a limited number of properties. REITs depend generally on their ability to generate cash flows to make distributions to shareholders or unitholders, and may be subject to defaults by borrowers and to self-liquidations. In addition, the performance of a REIT may be adversely affected if it fails to qualify for tax-free pass-through of income under US tax law or if it fails to maintain exemption from registration under the 1940 Act.

The ability to trade REITS in the secondary market can be more limited than other stocks. The liquidity of REITS on the major US stock exchanges is on average less than the typical stock included in, for example, the S&P 500 Index.

Small cap risk
In respect of portfolios which may invest in small capitalisation companies, such investments involve greater risk than is customarily associated with larger, more established companies due to the greater business risks of small size, limited markets and financial resources, narrow product lines and a frequent lack of depth of management. The securities of small or medium-sized companies are often traded OTC, and may not be traded in volumes typical of securities traded on a national securities exchange. Consequently, the securities of smaller companies may have limited market stability and may be subject to more abrupt or erratic market movements than securities of larger, more established companies or the market averages in general. In a declining market these stocks can also be hard to sell at a price that is beneficial to the Target Fund.

Investment techniques
There are certain investment risks which apply in relation to techniques and instruments which the Target Fund Investment Manager may employ for efficient portfolio management purposes including, but not limited to, the techniques listed below. To the extent that the Target Fund Investment Manager's expectations in employing such techniques and instruments are incorrect, the Target Fund may suffer a substantial loss having an adverse effect on the NAV of the shares.

Concentration risk
Subject to the provisions of the UCITS Regulations, the Target Fund may at certain times hold large positions in a relatively limited number of issuers, investments, industries, markets or countries including, without limitation, as a result of price shifts of its investments, changes in the composition of the Target Fund's overall portfolio and other factors. The Target Fund could be subject to significant losses if it holds a relatively large position in a single issuer or a particular type of investment that declines in value and the losses could increase even further if the investments cannot be liquidated without adverse market reaction or are otherwise adversely affected by changes in market conditions or circumstances. Additionally, where the Target Fund's investments are concentrated in a particular country, the Target Fund will have greater exposure to market, political, legal, economic and social risks of that country than a fund which diversifies country risk across a number of countries. As a result, the value of the Target Fund may be more volatile than a fund which diversifies across a larger number of countries or investments.

Valuation risk
Valuation of the Target Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the Target Fund.

MARKET RISKS – RISKS RELATING TO DEBT SECURITIES

Securities lending risk
Where the Target Fund may engage in securities lending, there is a risk that borrowers of securities from the Target Fund may become insolvent or otherwise become unable to meet, or refuse to honour, their obligations to return equivalent securities to the loaned securities. In this event, the Target Fund could experience delays in recovering the securities and may incur a capital loss. There is also the risk that, as a result of portfolio securities being lent, they may not be available to the Target Fund on a timely basis and the Target Fund may, therefore, lose an opportunity to sell the securities at a desirable price. In addition, the NBIF's right to exercise voting rights in relation to certain investments on behalf of the Target Fund may be impacted as result of such transactions.

If a counterparty to the securities lending transactions defaults and fails to return equivalent securities to those loaned the Target Fund may suffer a loss equal to the shortfall between the value of the realised collateral and the market value of the replacement securities. To the extent that any securities lending is not fully collateralised (for example, due to timing lags associated with the posting of collateral), the Target Fund will have a credit risk exposure to the counterparty of a securities lending contract. The Target Fund could also lose money if the value of collateral falls. These events could trigger adverse tax consequences for the Target Fund.

The use of securities lending may also adversely affect the liquidity of the Target Fund and will be considered by the Target Fund Investment Manager and Target Fund Sub-Investment Manager in managing the Target Fund's liquidity risk.

The NBIF employs an appropriate liquidity risk management process, which takes the securities lending activity that the Target Fund may engage in into account, in order to ensure that the Target Fund is able to comply with its stated redemption obligations. However, it is possible that in the type of circumstances described above, the Target Fund may not be able to realise sufficient assets to meet all redemption requests that it receives or the NBIF may determine that the circumstances are such that meeting some or all of such requests is not in the best interests of the Shareholders as a whole. In such circumstances, the NBIF may take the decision to apply the redemption gate provisions described under "*Information Specific to Redemptions*" in the "*Subscriptions & Redemptions*" section of the Target Fund Prospectus or suspend dealings in the Target Fund as described in the "*Temporary Suspension of Dealings*" section of the Target Fund Prospectus.

Repurchase/ Reverse repurchase risk
The value of the collateral of Repo Contracts will be maintained to at least equal to the value of the assets transferred by the Target Fund, in the event of a sudden market movement there is a risk that the value of such collateral may fall below the value of the securities transferred.

In relation to repurchase transactions, investors must notably be aware that (a) in the event of the failure of the counterparty with which cash of the Target Fund has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (b) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the Target Fund to meet redemption requests, security purchases or, more generally, reinvestment; and that (c) Repurchase

Transactions will, as the case may be, further expose the Target Fund to risks similar to those associated with option or forward FDI, which risks are further described in other sections of the Target Fund Prospectus.

MARKET RISKS – RISKS RELATING TO EMERGING MARKETS

Emerging market economies

All securities investing and trading activities risk the loss of capital. While the Target Fund Investment Manager attempts to moderate these risks, there can be no assurance that the NBIF's investment and trading activities will be successful or that investors will not suffer significant losses. Investing in emerging markets may involve heightened risks (some of which could be significant) and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include, but are not limited to: (a) greater social, economic and political uncertainty including war; (b) higher dependence on exports and the corresponding importance of international trade; (c) greater risk of inflation; (d) increased likelihood of governmental involvement in and control over the economies; (e) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; and (f) certain considerations regarding the maintenance of NBIF's securities and cash with non-US brokers and securities depositories. Separately, bid and offer spreads of the price of securities may be significant and accordingly, the NBIF may incur significant trading costs. The following discussion sets forth additional risks associated with investing in the securities of emerging markets:

- ***General Economic and Market Conditions***

The success of the Target Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls and national and international political circumstances. These factors may affect the level and volatility of securities' prices and the liquidity of the Target Fund's investments. Volatility or illiquidity could impair the Target Fund's profitability or result in losses.

The economies of individual emerging markets may differ favourably or unfavourably from developed economies in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, the economies of emerging markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of certain of these countries may be based, predominantly, on only a few industries and may have higher levels of debt or inflation.

With respect to certain countries, there is the possibility of nationalisation, expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Target Fund, political changes, government regulation, social instability or diplomatic developments (including war), any of which could affect adversely the economies of such countries or the value of the Target Fund's investments in those countries.

Where the Target Fund's assets are invested in narrowly-defined markets or sectors of a given economy, risk is increased by the inability to broadly diversify investments and thereby subjecting the Target Fund to greater exposure to potentially adverse developments within those markets or sectors.

- ***Volatility***

Emerging markets are more likely than developed markets to experience periods of extreme volatility. For example, many emerging equity markets fell by 80% or more in 1998, after having risen by more than 100% in the previous year. Such volatility could result in substantial losses for the Target Fund.

- ***Securities Markets***

Securities markets in emerging market countries may have substantially less volume of trading and are generally more volatile than securities markets of developed countries. In certain periods, there may be little liquidity in such markets. There is often less government regulation of stock exchanges, brokers and listed companies in emerging market countries than in developed market countries. Commissions for trading on emerging markets stock exchanges are generally higher than commissions for trading on developed market exchanges. In addition, settlement of trades in some non-US markets is much slower and more subject to failure than in US markets. Furthermore, some of the Target Fund's investments may not be listed on any stock market.

- ***Exchange Rate Fluctuations; Currency Considerations***

The assets of the Target Fund which invest in emerging markets will generally be invested in non-US Dollar denominated securities and any income or capital received by such Portfolio from these Investments will be denominated in the local currency of Investment, whereas shares in the Target Fund will typically be denominated in a range of more developed country currencies. Accordingly, changes in currency exchange rates (to the extent only partially or fully unhedged) between the currency of the relevant emerging market and the currency in which a class is denominated may affect the value of the shares. As the currency exchange rates of emerging market countries tend to be more volatile than those of more developed economies, the effect of changes in exchange rates on the value of shares in a portfolio which invests in emerging markets may be more pronounced than it would be for portfolio which invest in more developed markets.

Furthermore, the Target Fund will accept subscriptions and pay distributions and redemption proceeds, in such typically more developed country currencies, as applicable, while it invests in local currency and will therefore incur costs in connection with conversions between various currencies. Currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the NBIF at one rate, while offering a lesser rate of exchange should the NBIF desire immediately to resell that currency to the dealer. Due to the relatively small size of the markets for currencies of emerging market countries, the spread between a dealer's sell and offer prices for such currencies may be greater than that for the currencies of more developed economies which may result in relatively higher currency exchange costs for portfolios which invest in emerging market economies. The NBIF will conduct its currency exchange transactions either on a spot (i.e. cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell non US currencies. It is anticipated that most of the Target Fund's currency exchange transactions will occur at the time securities are purchased and will be executed through the local broker or custodian acting for the Target Fund.

- ***Risk of Errors and Omissions in Information***

Companies in emerging markets are generally subject to less stringent and less uniform accounting, auditing and financial reporting standards, practices and disclosure requirements than those applicable to companies in developed countries. Consequently, there is usually less publicly available information about an emerging markets' company than about a company in a developed country. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not be of the same standard as in more developed economies.

- ***Investment and Repatriation Restrictions***

Some emerging markets have laws and regulations that currently preclude direct foreign investment in the securities of their companies. However, indirect foreign investment in the securities of companies listed and traded on the stock exchanges in these countries is permitted by certain emerging markets through investment funds that have been specifically authorised. The NBIF may invest in these investment funds. If the Target Fund invests in such investment funds, the investors will bear not only the expenses of the Target Fund, but also will indirectly bear similar expenses of the underlying investment funds.

In addition to the foregoing investment restrictions, prior governmental approval for foreign investments may be required under certain circumstances in some emerging markets, and the extent of foreign investment in domestic companies may be subject to limitation in other emerging markets. Foreign ownership limitations also may be imposed by the charters of individual companies in emerging markets. For this and other reasons, some attractive securities may not be available to the NBIF.

Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging markets. The NBIF could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on securities held by the NBIF or gains from the disposition of such securities.

- ***Legal Risk***

Many of the laws that govern private and foreign investment, securities transactions and other contractual relationships in emerging markets are new and largely untested. As a result, the NBIF may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the emerging markets in which assets of the NBIF are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the NBIF and its operations. In addition, the income and gains of the NBIF may be subject to withholding taxes imposed by foreign governments for which shareholders may not receive a full foreign tax credit.

Regulatory controls and corporate governance of companies in emerging markets usually confer little protection on minority shareholders. Anti-fraud and anti-insider trading legislation is often rudimentary. The concept of fiduciary duty to shareholders by officers and directors is also limited when compared to such concepts in developed markets. In certain instances management may take significant actions without the consent of shareholders and anti-dilution protection also may be limited.

- ***Custodial Risk***

The Target Fund invests in emerging market economies and will have certain custodial risks that are described under *"Custodial Risk"*.

Investing in the PRC and Greater China region

The Target Fund may make investments that are tied economically to issuers from the People's Republic of China ("PRC"), or other issuers associated with the greater China region, such as Hong Kong, Macau or Taiwan. The Target Fund may also invest in issuers which may be listed or traded on recognised or OTC markets located both inside and outside of the greater China region, such as the UK, Singapore, Japan or the US.

Investments in PRC-related securities involve certain risks and special considerations not typically associated with Anglo-sphere markets (i.e. Australia, Canada, New Zealand, the UK and the US), such as greater government control over the economy, political and legal uncertainty, controls imposed by the PRC authorities on foreign exchange and movements in exchanges rates (which may impact on the operations and financial results of PRC companies), confiscatory taxation, the risk that the PRC government may decide not to continue to support economic reform programs, the risk of nationalisation or expropriation of assets, lack of uniform auditing and accounting standards, less publicly available financial and other information, potential difficulties in enforcing contractual obligations and limitations on the ability to distribute dividends due to currency exchange issues, which may result in risk of loss of favourable tax treatment. Accordingly, the Target Fund's investment in PRC-related securities may be subject to greater price volatility than Anglo-sphere markets, as a result of greater interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. Furthermore, these risk factors, particularly regarding the PRC government's decision making processes and ability to nationalise or expropriate assets, reduce the Target Fund Investment Manager and Target Fund Sub-Investment Manager's ability to anticipate interest rate movements, which may affect the value of the Target Fund.

The SSE and the SZSE may have lower trading volumes when compared to exchanges in developed markets and the market capitalizations of many listed companies are small compared to those on exchanges in developed markets. The listed equity securities of many companies in the PRC, such as China A Shares and China B Shares, are accordingly less liquid and may experience greater volatility than in more developed, OECD countries. China A Shares are shares of companies incorporated in the PRC and listed on the SSE and SZSE that may be subscribed for and traded in Chinese Yuan Renminbi by PRC investors and non-PRC investors with Qualified Foreign Institutional Investors status ("QFII"), or Renminbi Qualified Foreign Institutional Investor ("RQFII") status or via the Stock Connects described below (also known as "Chinese Yuan common stock"). China B Shares are shares of companies incorporated in the PRC and listed on the SSE and the SZSE that may be subscribed for and traded in foreign currencies by non-PRC investors (also known as "Chinese Yuan special shares").

Government supervision and regulation of the PRC securities market and of quoted companies is also less developed than in many OECD countries. The PRC stock market has in the past experienced substantial price volatility and no assurance can be given that such volatility will not occur in the future. The above factors could negatively affect the capital growth and performance of such investments and the NAV of the relevant Portfolio, the ability to redeem Shares in the relevant Portfolio and the price at which such Shares may be redeemed. The evidence of title of exchange-traded securities in the PRC consists only of electronic book entries in the depository and/or registry associated with the exchange. These arrangements of the depositories and registries are new and not fully tested in regard to their efficiency, accuracy and security.

These risks may be more pronounced for the China A Share market than for PRC securities markets generally because the China A Share market is subject to greater governmental restrictions and control. Moreover, information available about PRC companies may not be as complete, accurate or timely as information about listed Anglo-sphere companies. Under the current PRC regulations, foreign investors can only invest directly in the China A Share market through institutions that have obtained QFII or RQFII status or the Stock Connects. While the Target Fund Investment Manager currently holds QFII status (but for the avoidance of doubt does not hold RQFII status), it is anticipated that the Target Fund would gain any exposure that they take to the China A Share market through investments in equity linked products issued by financial institutions which are QFIIs or RQFIIs or through the Stock Connects and would not invest in this market through either a QFII or a RQFII license.

Portfolios may elect to gain exposure to certain issuers in the greater China region by utilising existing or future "access" products or programs. For example, the Target Fund may participate in the Stock Connects, programs approved by the China Securities Regulatory Commission ("CSRC") and the Securities and Futures Commission of Hong Kong, which is intended to provide mutual stock market access between the PRC and Hong Kong. The Stock Connects are securities trading and clearing linked programs developed by the SEHK, the SSE, the SZSE and ChinaClear.

To the extent that the Target Fund participates in the Stock Connects or any similar access program that is novel, new or under development, the Portfolio may be subject to new, uncertain or untested rules and regulations promulgated by the relevant regulatory authorities. Moreover, current regulations governing the Target Fund's investment in PRC companies may be subject to change. There can be no assurance that the Stock Connects or any other investment program will not be abolished and the Target Fund may be adversely affected as a result of such changes.

Risks associated with the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connects
A Portfolio may invest through Shanghai Stock Connect in certain eligible stocks listed on the SSE ("SSE Securities") and through the Shenzhen Stock Connect in certain eligible stocks listed on the SZSE ("SZSE Securities", collectively with the SSE Securities, "Eligible Securities"), which subjects the Portfolio to other risks including, but not limited to the following:

- ***Quota limitations***
  The Stock Connects are subject to quota limitations. Trading under the Stock Connects will be subject to a daily quota ("Daily Quota"). Northbound trading and Southbound trading are respectively subject to a separate set of Daily Quota. The Northbound Daily Quota limits the maximum net buy value of cross-boundary trades under the Stock Connects on each trading day. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during continuous trading or the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance) for the remainder of the day. The relevant PRC government authority has the power to change the Daily Quota or impose other quota from time to time. Therefore, quota limitations may restrict the Target Fund's ability to invest in China A Shares through the Stock Connects on a timely basis and the Portfolio may not be able to effectively pursue its investment strategies.
- ***Suspension Risks***
  It is contemplated that the SEHK, the SSE and the SZSE would reserve the right to suspend Northbound and/or Southbound trading of the respective Stock Connects if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. The relevant PRC government authority may also impose "circuit breakers" and other measures to halt or suspend Northbound trading. Where a suspension in the Northbound trading through the Stock Connects is effected, the Portfolios' ability to access the PRC market will be adversely affected.
- ***Differences in Trading Day***
  The Stock Connects will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore it is possible that there will be occasions when it is a normal trading day for the PRC market but Hong Kong and other overseas investors (such as the Target Fund) cannot carry out any China A Shares trading. Portfolios may be subject to a risk of price fluctuations in China A Shares during the time when the Stock Connects are not trading as a result.
- ***Operational Risk***
  The Stock Connects provide a channel for investors from Hong Kong and overseas to access the PRC stock markets directly.
  The Stock Connects are 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 exchanges and/or clearing house. It should be appreciated that the securities regimes and legal systems of the Hong Kong and PRC 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 Connects requires routing of orders across the border. This required the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system to be set up by the 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 Stock Connects could be disrupted. Portfolios' ability to access the China A Share market (and hence to pursue its investment strategy) will be adversely affected where systems fail to function properly as outlined above.

- ***Restrictions on selling imposed by front-end monitoring***

  PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the relevant PRC exchanges will reject the sell order concerned. The 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.

  If the Target Fund desires to sell certain China A Shares it holds, the SEHK requires that the broker involved in the sale of the China A Shares confirms the Portfolio holds sufficient amount of those China A Shares before the market opens on the day of selling ("trading day"). If the broker cannot confirm this prior to the market opens, it will not be able to execute the sale of those China A Shares on behalf of the Portfolio on that trading day. Because of this requirement, the Portfolios need to facilitate this broker confirmation in order to dispose of holdings of China A Shares in a timely manner.

  Some local custodians are offering solutions to assist investors in meeting this requirement without the need to pre-deliver the shares to the broker prior to the trading date. For example, certain local custodians are offering an "integrated brokerage/custodian model" where the local custodian will be appointed to act as the sub-custodian to the relevant Portfolio. Subsequently, the brokerage arm of the local custodian will be provided with sufficient evidence that sufficient shares are held by the Portfolio to allow the broker to execute the sale of the relevant China A Shares. This model allows the Portfolio to ensure that all shares remain in custody at all times. Separately, the SEHK has implemented an enhanced pre-trade checking model which investors will no longer need to pre-deliver shares to brokers. Custodians will need to open a "special segregated account" with CCASS (the Central Clearing and Settlement System operated by the HKSCC for the clearing securities listed or traded on SEHK) for investors which will generate a unique investor ID. CCASS will snapshot the securities holdings in that account to facilitate pre-trade checking requirements. Brokers when executing sell orders for investors who opt to use the enhanced model will need to provide the investor ID as an identifier. The aim of the enhanced model is to allow greater flexibility to investors to use multiple brokers. The SEHK will also be implementing a further enhancement by introducing an additional Renminbi interbank bulk settlement run at night time. This further enhancement will allow Renminbi cash settlement to be fully confirmed on the same day, achieving a true delivery-versus-payment arrangement.

  The NBIF has currently adopted the integrated custody/brokerage model in respect of the Target Fund but is investigating the above enhancements. The NBIF intends to adopt the enhanced pre-trade checking model and utilise the enhanced Renminbi interbank bulk settlement in respect of the Target Fund once all the related operational and implementation issues, have been resolved. However, please note that there is no guarantee that any such proposal will be, or will continue to be, implemented and will not be revoked, how effective and it will be in helping to address the requirement or what the costs associated with using it will be.

- ***Short swing profit rule***

  According to the PRC securities law, a shareholder of 5% or more of the total issued shares of a PRC listed company ("major shareholder") has to return to such listed company any profits obtained from the purchase and sale of shares of such PRC listed company if both transactions occur within a six-month period. In the event that the NBIF or the Target Fund becomes a major shareholder of a PRC listed company by investing in China A Shares via the Stock Connects or market access products, the profits that Portfolios may derive from such investments may be limited, and thus the performance of the Target Fund may be adversely affected.

- ***Restriction on Turnaround (day) Trading***

  Turnaround (day) trading is not permitted on the China A Share market. Investors cannot purchase and sell the same securities via the Stock Connects on the same trading day. This may restrict the Target Fund's ability to invest in China A Shares through the Stock Connects and to enter into or exit trades on a timely basis.

- ***Recalling of eligible stocks***

  When a stock is recalled from the scope of eligible stocks for trading via the Stock Connects, the stock can only be sold and is restricted from being bought. This may affect the investment portfolio or strategies of the Target Fund, for example, when the Target Fund Investment Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

- ***Clearing and settlement risk***

  The HKSCC, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited, and ChinaClear have established the clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will, on the one hand clear, and settle with its own clearing participants and, on the other hand, undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

  Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. 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 their losses from ChinaClear.

- ***Participation in corporate actions and shareholders' meetings***

  HKSCC will keep CCASS participants informed of corporate actions of Eligible Securities. Hong Kong and overseas investors (including the Target Fund) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of Eligible

Securities may be as short as one business day only. Therefore, the Target Fund may not be able to participate in some corporate actions in a timely manner.

Hong Kong and overseas investors (including the Target Fund) hold Eligible Securities traded via the Stock Connects through their brokers or custodians. Multiple proxies are currently not available in the PRC market. Therefore the Target Fund will not be able to attend meetings as proxy in person in respect of the Eligible Securities.

- ***No Protection by Investor Compensation Fund***

  Investment through the Stock Connects is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations.

  Portfolio investments through Northbound trading under the Stock Connects are not covered by Hong Kong's Investor Compensation Fund or China's Securities Investor Protection Fund. Therefore the Target Fund is exposed to the risks of default of the broker(s) it engages in its trading in China A Shares through the Stock Connects.

- ***Government Intervention***

  Chinese stock markets may be more volatile and unstable due to governmental intervention. The Chinese government has been known to intervene in China's securities markets in a manner that may significantly affect market price and liquidity. Government interventions, such as imposing limits on the sale of shares and trading of index futures, devaluation of the RMB and channelling capital into equities, may increase stock market fluctuations and create uncertainties in the stock markets, which may materially affect the Target Fund's investments.

- ***Currency Risk***

  Further devaluation of the RMB can materially affect the Target Fund's investments. There is no assurance that the RMB will not be subject to devaluation. Shareholders should also note the downside risk associated with RMB. Any devaluation of the RMB could adversely affect the Target Fund's investment, especially if the Target Fund seeks to focus on equities of Greater China companies and companies with significant exposure to China.

- ***Regulatory risk***

  The Stock Connects are novel in nature and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC 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 Connects.

  It should be noted that the regulations are untested 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 Connects will not be abolished. Portfolios which invest in the PRC markets through the Stock Connects may be adversely affected as a result of such changes.

- ***Taxation risk***

  PRC tax authorities announced temporary tax exemptions on capital gains realised by non-PRC investors on trading of China A Shares under the Stock Connects. However, there is no guarantee that such temporary tax exemptions will be granted or will continue to apply, will not be repealed or re-imposed retrospectively, or that no new tax regulations and practice relating to the Stock Connects will be promulgated in future. The Target Fund may be subject to uncertainties in its PRC tax liabilities where it invests through the Stock Connects.

- ***Risks associated with the Small and Medium Enterprise board and/or the ChiNext market***

  The Target Fund may invest in the Small and Medium Enterprise ("SME") board and/or the ChiNext market of the SZSE via the Shenzhen Stock Connect. Investments in the SME board and/or the ChiNext market may result in significant losses for the Target Fund and its investors. The following additional risks apply:

  Higher fluctuation on stock prices: Companies listed on the SME board and/or the ChiNext market are usually of an emerging nature, with a smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the main board of the SZSE.

  Over-valuation risk: Stocks listed on the SME board and/or the ChiNext market may be overvalued and such exceptionally high valuation may not be sustainable. Stock prices may be more susceptible to manipulation, due to the relatively smaller number of shares in such companies in circulation.

  Differences in regulations: The rules and regulations regarding companies listed on the ChiNext market are less stringent in terms of profitability and share capital than those regarding the main board and the SME board.

  Delisting risk: It may be more common and faster for companies listed on the SME board and/or the ChiNext to delist. If companies that the Target Fund has invested in delist, it may have an adverse impact on the Target Fund.

Taxation in the PRC – Investment in PRC equities

The Target Fund's direct investment in China A Shares (through the Stock Connects) and China B shares is subject to PRC tax regulations. The Target Fund's investment in equity linked products may also be indirectly affected by any taxation levied against the relevant QFIIs or RQFIIs, issuers or sponsors. The PRC taxation regime that will apply to the Stock Connects, QFIIs and RQFIIs and investments linked to QFII and RQFII quotas has some uncertainties. It should be noted that the position with regard to PRC taxation of the Target Fund and its gains and profits in respect of such investments remains unclear in some aspects.

Tax regulations in the PRC are subject to change, possibly with retroactive effect. Changes in PRC tax regulations could have a significant adverse effect on the Target Fund and its Investments, including reducing returns, reducing the value of the Target Fund's Investments and possibly impairing capital invested by the Target Fund.

- ***Corporate Income Tax ("CIT") Law***

  If the NBIF or the Target Fund is considered a tax resident enterprise of the PRC, it will be subject to PRC CIT at 25% on its worldwide taxable income. If the NBIF or the Target Fund is considered a non-tax resident enterprise with a permanent establishment or place or establishment of business ("PE") in the PRC, the profits attributable to that PE would be subject to CIT at 25%.

  Under the PRC CIT Law effective from 1 January 2008, a non-PRC tax resident enterprise without a PE in the PRC will generally be subject to withholding income tax ("WIT") of 10% on its PRC sourced income, including but not limited to passive income (e.g. dividends, interest, gains arising from transfer of assets, etc.).

The relevant portfolio manager intends to manage and operate the NBIF or the Target Fund in such a manner that the NBIF or the Target Fund should not be treated as a tax resident enterprise of the PRC or a non-PRC tax resident enterprise with a PE in the PRC for CIT purposes, although due to uncertainty in tax laws and practices in the PRC, this result cannot be guaranteed.

Although the CIT regulations aim to clarify the application of certain rules under the CIT Law, significant uncertainties remain. Such uncertainties may prevent the Target Fund from achieving certain tax results sought when structuring its investments in the PRC.

(i) Dividend

Under the current PRC CIT Law, non-PRC tax resident enterprises without a PE are subject to WIT on cash dividends and bonus distributions from PRC tax resident enterprises. The general WIT rate applicable is 10%, subject to reduction under an applicable double tax agreement / arrangement by the PRC tax authorities.

(ii) Capital gain

Based on the CIT Law and its Implementation Rules, "income from the transfer of property" sourced from the PRC by non-PRC tax resident enterprises without a PE should be subject to 10% WIT unless exempt or reduced under an applicable tax treaty agreement / arrangement by the PRC tax authorities.

<u>Trading of PRC equity investments including China A shares through QFIIs, RQFIIs and the Stock Connects</u>

Under Circular Caishui [2014] no. 79 jointly issued by the PRC Ministry of Finance ("MOF"), the State Administration of Tax ("SAT") and the CSRC on 14 November 2014 ("Circular 79"), effective from 17 November 2014, QFIIs and RQFIIs shall be temporarily exempted from the WIT on capital gains derived from trading China A Shares and other PRC equity investments; however, QFIIs and RQFIIs shall be subject to WIT on capital gains obtained before 17 November 2014 pursuant to the laws.

According to Circular Caishui [2014] No. 81 ("Circular 81") and Circular Caishui [2016] No. 127 ("Circular 127"), both jointly issued by MOF, SAT and CSRC, capital gains derived by overseas investors from the trading of China A Shares via Shanghai Stock Connect and Shenzhen Stock Connect are temporarily exempt from WIT.

It is uncertain how long these temporary exemptions will last, whether any of them will be repealed and whether any tax will be re-imposed retrospectively.

<u>Trading of China B Shares</u>

Under the current PRC CIT regulations, there are no specific rules or regulations governing the taxation of the disposal of B Shares. Hence, the tax treatment for investment in such securities is governed by the general tax provisions of the CIT Law. Under such general tax provisions, the Target Fund could be technically subject to a 10% WIT on the PRC sourced capital gains (except through the QFIIs/ RQFIIs quota), unless exempt or reduced under laws and regulations or the relevant double tax treaties.

However, in practice, the PRC tax authorities have not actively enforced WIT on gains realized by non-resident enterprises from the disposal of China B Shares of PRC enterprises whereby both the purchase and sale of such shares are conducted on public stock exchanges.

In light of the above circulars as well as the current practice, (i) the Target Fund has ceased withholding 10% of realised and unrealised gains on its investments linked to China A Shares and other PRC equity interest investment traded via QFII / RQFII quota as a tax provision from 17 November 2014, on the basis that any gains realised from 17 November 2014 onwards will be temporarily exempted from WIT; (ii) the amount of tax provision for unrealised gains on the Target Fund's investments linked to China A Shares and other PRC equity interest investments withheld by the Target Fund as a tax provision up to 17 November 2014 has been released to the Target Fund; and (iii) the amount withheld up to 17 November 2014 as a tax provision with respect to realised gains on its investments linked to China A Shares and other PRC equity interest investments has been applied to pay for the relevant PRC tax liabilities and any remaining balance has been released back to the Target Fund as other income. The Target Fund will continue to make a provision for WIT of 10% on all dividend income received from PRC investee companies in case such WIT is not withheld at source. With respect to the Stock Connects, as a result of Circular 81 and Circular 127, the Target Fund will not make any PRC WIT provision for realised and unrealised gains derived from trading China A Shares under the Stock Connects until and unless a tax provision is required by any further guidance issued by the PRC tax authorities, which may have a substantial negative impact on the NAV of the Target Fund. In the event that any relevant exemption is not granted or is revoked or repealed, the Target Fund Investment Manager may, in its discretion, make additional tax provision on the relevant gains or income and withhold tax for the account of the Target Fund.

- ***Value-added Tax ("VAT") and Other Surcharges***

According to Circular Caishui [2016] No.36 ("Circular 36"), the pilot program of the collection of value-added tax ("VAT") in lieu of business tax has been launched nationwide in the PRC in a comprehensive manner as of 1 May 2016 and all taxpayers of business tax are included in the scope of the pilot program with regard to VAT liabilities instead of business tax liabilities.

Gains derived from trading of marketable securities are generally subject to VAT at 6% on net gains (i.e. gains offset against losses). However, Circular 36, Circular Caishui [2016] No.70 and Circular 127 specifically provide that gains derived by (a) QFIIs and RQFIIs which appoint domestic companies to conduct marketable securities trading in the PRC, or (b) overseas investors (including entities and individuals) from trading of China A Shares through the Stock Connects are exempted from VAT.

In addition, deposit interest income is not subject to VAT. Dividend income or profit distributions on equity investment derived from Mainland China are also not included in the taxable scope of VAT.

Under the current VAT regulations, there are no specific rules or regulations governing the taxation for the gains derived from trading of B Shares. Hence, the tax treatment for investment in such securities is governed by the general VAT regulations. Under such general VAT provisions, the Target Fund could be technically subject to a 6% VAT on the PRC

sourced capital gains (except through the QFIIs/ RQFIIs quota). However, the PRC tax authorities have not actively collected VAT from non-PRC tax resident enterprises on gains realized from B Shares in practice.
Urban maintenance and construction tax (currently at the rate ranging from 1% to 7%), educational surcharge (currently at the rate of 3%) and local educational surcharge (currently at the rate of 2%) are imposed based on the VAT liabilities.

- ***Stamp Duty ("SD")***
  SD under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on SD. SD is generally imposed on the seller for the sale of shares of Chinese companies listed on the PRC stock exchanges at a rate of 0.1% of the sales consideration.

- ***Change in Tax Policy or Regulation***
  There is no guarantee that the temporary tax exemption with respect to QFII, RQFII and Stock Connects described above will continue to apply, will not be repealed and re-imposed retrospective, or that no new tax regulations and practice in PRC specifically relating to the QFII, RQFII and Stock Connects will not be promulgated in the future. Such uncertainties may operate to the advantage or disadvantage of Shareholders and may result in an increase or decrease in NAV of the Target Fund.

  In the event that any relevant exemption is not granted or is revoked or repealed, the Target Fund manager may, in its discretion, make additional tax provision on the relevant gains or income and withhold tax for the account of the Target Fund.

  Investors should inform themselves of, and where appropriate consult their professional advisors on, the possible tax consequences of subscribing for, buying, holding, converting, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, or domicile or incorporation.

Russian investment risk
Investors should note that there are significant risks inherent where the Target Fund invests in Russia. These risks include: delays in settling transactions and the risk of loss arising out of Russia's system of securities registration and custody; the lack of corporate governance provisions, under-developed or non-existent rules regarding management's duties to shareholders, and the lack of general rules or regulations relating to investor protection or investments; pervasiveness of corruption, insider trading and crime in the Russian economic system; difficulties associated in obtaining accurate market valuations of many Russian securities, based partly on the limited amount of publicly available information; the risk of imposition of arbitrary or onerous taxes due to tax regulations that are ambiguous and unclear; the general financial condition of Russian companies, which may involve particularly large amounts of inter-company debt; banks and other financial systems are not well developed or regulated and as a result tend to be untested and have low credit ratings; the lack of local laws and regulations that prohibit or restrict a company's management from materially changing the company's structure without shareholder consent; difficulties involved with seeking redress in a court of law of breach of local laws, regulations or contracts, arbitrary and inconsistent application of laws and regulations by courts; the risk of further economic and political sanctions being imposed against Russia, Russian issuers of securities or individuals in Russia may compromise the ability of the Target Fund to pursue its investment objectives or may adversely affect the value of Russian investments which the Target Fund holds; and the risk that the government of Russia or other executive or legislative bodies may decide not to continue to support the economic reform programs implemented since the dissolution of the Soviet Union.

Securities in Russia are issued only in book entry form and ownership records are maintained by registrars who are under contract with the issuers. The registrars are neither agents of, nor responsible to, the Depositary or its local agents in Russia. Transferees of securities have no proprietary rights in respect of securities until their name appears in the register of holders of the securities of the issuer. The law and practice relating to registration of holders of securities are not well developed in Russia and registration delays and failures to register securities can occur. Although Russian sub-custodians will maintain copies of the registrar's records ("Extracts") on its premises, such Extracts may not, however, be legally sufficient to establish ownership of securities. Furthermore, a quantity of forged or otherwise fraudulent securities, Extracts or other documents are in circulation in the Russian markets and there is therefore a risk that the Target Fund's purchases may be settled with such forged or fraudulent securities. In common with other emerging markets, Russia has no central source for the issuance or publication of corporate actions information. The Depositary therefore cannot guarantee the completeness or timeliness of the distribution of corporate actions notifications.

Investments in securities listed or traded in Russia will only be made in securities that are listed or traded on the Moscow Exchange.

LIQUIDITY RISKS

Liquidity risk
Under certain market conditions, such as decreased trading volume, increased price volatility, concentrated trading positions, limitations on the ability to transfer or liquidate positions and changes in industry or changes in government regulations, or when trading in a financial market is otherwise impaired, the liquidity of the Target Fund 's investments (and thereby the liquidity of the Target Fund itself) may be reduced. In addition, the Target Fund may invest in fixed income securities, the markets for which may experience periods of lower liquidity in circumstances outlined under this heading and under "*Fixed Income Securities*" above, which may further limit the liquidity of the Target Fund.

Under the aforementioned market conditions, the Target Fund may be unable to dispose of certain of its investments, including longer-term or lower credit quality investments, which may adversely affect its ability to meet redemption requests or further negatively impact the overall liquidity of the Target Fund, if more liquid assets are sold to meet redemptions. In addition, such circumstances may force the Target Fund to dispose of its investments at reduced prices, thereby adversely affecting the Target Fund's performance.

This situation could be worsened where other market participants are seeking to dispose of similar investments at the same time and the Target Fund may ultimately be unable to sell such investments readily at a favourable time or price or at prices approximating those at which the Target Fund values them at that time, potentially incurring substantial losses.

Furthermore, certain segments of global fixed income markets may experience periods of lower liquidity caused by market events or large sales and raise the risk that securities or other fixed-income instruments cannot be sold during those periods or can only be sold at reduced prices. Those events may challenge the Target Fund to meet significant volumes of redemption requests and may also influence the value of the Target Fund, as the lower liquidity may be reflected in a reduction in the value of the Target Fund's assets.

Investments suffering from a lack of market liquidity may be subject to wide fluctuations in market value and it may be difficult for the Target Fund to value such investments accurately. Illiquid investments may also entail transaction costs that are higher than those for more liquid investments.

The NBIF is an investment company with variable capital due to its ability to issue and redeem shares on demand. The share capital of the NBIF is divided into different series of shares with each series of shares representing a separate investment portfolio of assets. The Target Fund manage capital in accordance with the UCITS Regulations and the investment objectives and policies applicable to the Target Fund as specified in the Target Fund Prospectus and the relevant supplement. The Target Fund is not subject to externally imposed capital requirements. While the Target Fund invest in transferable securities and other liquid financial assets, the Target Fund Investment Manager also employs an appropriate liquidity risk oversight process, which takes into account efficient portfolio management transactions employed by the Target Fund, in order that the Target Fund is able to comply with its stated redemption terms and conditions.

In order to mitigate potential liquidity risks, the firm tailors its controls to different investment strategies, liquidity terms and historic client behaviour. As part of its risk oversight, the firm may employ various liquidity tests, the results of which may lead to a variety of possible solutions, including adjusting asset composition, drawing on applicable overdraft or credit facilities or taking other appropriate actions that would maintain an acceptable level of liquidity. The Target Fund specific arrangements will be reviewed by the Target Fund Investment Manager's risk function, portfolio managers of the Target Fund, Chief Investment Officer of the NBIF as well as the directors of NBIF. The Risk team stress-tests the Target Fund on a regular basis in the context of portfolio composition and current / potential market conditions. Stress scenarios are run at different hypothetical redemption levels and the ability of the Target Fund to meet redemption requests in an orderly fashion at these levels are evaluated. Should analysis reveal that any of the Target Fund have low liquidity coverage ratios, conversation and steps are taken by the Risk and the portfolio team to evaluate these risks and the best way to mitigate them. In addition, daily liquidity buffer reports are monitored to gauge the liquidity risk of the Target Fund. Furthermore, market liquidity factors are monitored in order to capture potential anomalies in market liquidity.

The Target Fund Investment Manager, the Target Fund Sub-Investment Managers and the NBIF seek to ensure that adequate liquidity exists in the Target Fund to provide for Shareholder redemptions in normal market conditions and normal levels of redemptions. However, it is possible that in the type of circumstances described above, the Target Fund may not be able to realise sufficient assets to meet all redemption requests that it receives or the NBIF may determine that the circumstances are such that meeting some or all of such requests is not in the best interests of the Shareholders in the Target Fund as a whole. In such circumstances, the NBIF may take the decision to apply the redemption gate provisions described under "Information Specific to Redemptions" in the "Subscription and Redemptions" section of the Target Fund Prospectus or suspend dealings in the Target Fund as described in the "Temporary Suspension of Dealings" section of the Target Fund Prospectus.

Substantial subscriptions and redemptions

In the event that the Target Fund receives a substantial subscription in respect of a Dealing Day, the Target Fund Investment Manager may not be able to make arrangements to invest all of the net subscription proceeds on or before the relevant Dealing Day. To the extent that the Target Fund's assets are not invested on the relevant Dealing Day, this could have a negative impact on the performance of the Target Fund, as the Target Fund's exposure to its relevant targeted investments will be reduced in respect of the portion of its assets held in cash or other liquid assets.

Similarly, in the event that the Target Fund receives substantial redemption requests in respect of a Dealing Day, the Target Fund Investment Manager may not be able to make arrangements to realise sufficient assets of the Target Fund to meet such redemption requests on or before the relevant Dealing Day or may not be able to do so in such a manner as to protect the best interests of all of the Shareholders of the Target Fund. In seeking to meet such requests, the Target Fund Investment Manager will have to balance the competing interests of the redeeming investor to receive their redemption proceeds in accordance with the NBIF's redemption policy (as described in the "Subscriptions and Redemptions" section) and those of the remaining investors in the Target Fund to minimise the impact and potential for current and future losses to the Target Fund through selling a large proportion of the Target Fund's assets in a short space of time. In this respect, investors should note that the directors of NBIF have certain abilities to calculate the NAV of shares in the Target Fund using "swing pricing" and/or apply Duties and Charges to the NAV which redeeming investors receive in order to prevent the dilution of the Target Fund's assets. In certain circumstances, in accordance with the Articles and as disclosed in the "Subscriptions and Redemptions" and "Temporary Suspension of Dealings" sections, the directors of NBIF may also apply a redemption gate or suspend dealings in the Target Fund.

Swing pricing

As described in the "Determination of Net Asset Value" section of the Target Fund Prospectus, the directors of NBIF may, where they so determine, "swing" the NAV of the Target Fund to attempt to mitigate the potentially dilutive effects of dealing on the NAV on any Dealing Day on which there are net subscriptions or redemptions in the Target Fund above a certain predefined threshold of the Target Fund. In such cases, investors should be aware that swing pricing may not always prevent the dilution of the NAV through dealing costs and the adjustments made to the NAV may also benefit certain investors relative to the Shareholders in the Target Fund as a whole. For example a subscriber into the Target Fund on a day on which the NAV is swung downwards as a result of net redemptions from the Target Fund may benefit from paying a lower NAV per share in respect of his subscription than he would otherwise have been charged. In addition, the Target Fund's NAV and short-term performance may experience greater volatility as a result of this valuation methodology. The application of Swing Pricing may also increase the variability of the Target Fund's returns.

Credit facilities
In order to assist in facilitating the prompt payment of redemption proceeds, the NBIF has entered into an agreement (and may enter into additional agreements) whereby a syndicate of lenders agrees to provide a credit facility to the NBIF. Any such credit facility will provide for a standing fee which will be payable by the NBIF in return for the lenders making the facility available to the NBIF and will also provide for the payment of interest and other charges in the event that the NBIF or the Target Fund accesses the facility. The costs of accessing the facility will be borne by the Target Fund or portfolios but the standing fee will be borne pro rata by the NBIF as a whole, notwithstanding that individual portfolios may never access the facility. When accessing the facility, the directors of NBIF shall inform and, where appropriate, consult with the Depositary.

Any credit facility provided to the NBIF may be secured by all or any portion of the NBIF's assets and a secured creditor to the NBIF may take commercial steps in its own interest, such as requiring repayment of all or part of a loan at a time that may not be desirable for the NBIF. Any such actions may also have a material adverse effect on the NBIF or the Target Fund. In addition, actions taken by the NBIF which result in adverse performance or diminution in value of the NBIF's or the Target Fund's assets could cause the NBIF or Target Fund to be in default, or to take certain actions to avoid being in default, in connection with a credit facility. This could have a material adverse effect on the NBIF and the Target Fund. In the event of the winding up of the NBIF, secured amounts owed to third party credit facility providers will be paid out in priority over the payment of proceeds to Shareholders.

General suspension risk
Securities of issuers traded on exchanges may be suspended, either by the issuers themselves, by an exchange or by government authorities. The likelihood of such suspensions may be higher for securities of issuers in emerging or less-developed market countries than in countries with more developed markets. Trading suspensions may be applied from time to time to the securities of individual issuers for reasons specific to that issuer, or may be applied broadly by exchanges or governmental authorities in response to market events. Suspensions may last for significant periods of time, during which trading in the securities and instruments that reference the securities, such as participatory notes (or "P-notes") or other FDI, may be halted. In the event that the Target Fund holds material positions in such suspended securities or instruments, the Target Fund's ability to liquidate its positions or provide liquidity to investors may be compromised and the Target Fund could incur significant losses.

FINANCE RELATED RISKS

Fees and expenses
Whether or not the Target Fund is profitable, it is required to pay fees and expenses including organisation and offering expenses, brokerage commissions, management, administrative and operating expenses and custodian fees. A portion of these expenses may be offset by interest income.

Seed investment
As part of its launch, the Target Fund may receive a subscription from an affiliate as a seed investment, which may be substantial. Investors wishing any further information in respect of any such subscription should contact the Target Fund Investment Manager. Investors should be aware that the affiliate may i) hedge any of its investments in whole or part (i.e., reducing the affiliate's exposure to the performance of the Portfolio) and ii) redeem its investment in the Portfolio at any time, without notice to Shareholders and that the affiliate is not under any obligation to take the interests of other Shareholders into account when making its investment decisions. As any large redemption from the Portfolio will have the indirect effect of increasing the proportion of the Portfolio's costs that the remaining Shareholders will have to bear, Shareholders should note that any redemption of its seed money by the affiliate may have a negative effect on the value of their investment.

Incentives arrangements
The incentive arrangement involves the payment of performance fees and could create an incentive for the Target Fund Investment Manager to select riskier or more speculative trades than would be the case in the absence of such an arrangement. The payment of the performance fee will be based on performance which may include investment income and net realised and net unrealised gains and losses as at the end of each Calculation Period. As a result, payments of performance fees may be made in respect of unrealised gains which may subsequently never be realised.

Performance fee methodology
The methodology used by the NBIF in calculating the performance fees in respect of certain Portfolios may result in inequalities as between Shareholders in relation to the payment of performance fees (with some investors paying disproportionately higher performance fees in certain circumstances) and may also result in certain Shareholders having more of their capital at risk at any time than others.

Foreign taxes
The NBIF may be liable to taxes (including withholding taxes) in countries other than Ireland on income earned and capital gains arising on its investments. The NBIF may not be able to benefit from a reduction in the rate of such foreign tax by virtue of the double taxation treaties between Ireland and other countries. The NBIF may not, therefore, be able to reclaim any foreign withholding tax suffered by it in particular countries. If this position changes and the NBIF obtains a repayment of foreign tax, the NAV of the NBIF will not be restated and the benefit will be allocated to the then-existing Shareholders rateably at the time of repayment.

FATCA

The NBIF will require Shareholders to certify information relating to their status for FATCA purposes and to provide other forms, documentation and information in relation to their FATCA status. The NBIF may be unable to comply with its FATCA obligations if Shareholders do not provide the required certifications or information. In such circumstances, the NBIF could become subject to US FATCA withholding tax in respect of its US source income if the US Internal Revenue Service specifically identified the NBIF as being a 'non-participating financial institution' for FATCA purposes. Any such US FATCA withholding tax would negatively impact the financial performance of the NBIF and all Shareholders may be adversely affected in such circumstances.

Future developments potentially impacting taxation of shareholders

There are a number of national and international tax initiatives currently in progress which could, if enacted, impact the NBIF, the Target Fund and / or Shareholders in the future. At this time it cannot be predicted whether these tax initiatives will be enacted, and, if enacted, what their form will be and how they will impact the NBIF, the Target Fund or Shareholders. As a result, Shareholders should consult their own tax advisors regarding the possible implications of any such future developments on their investments in the Target Fund.

RISKS RELATED TO FINANCIAL DERIVATIVE INSTRUMENTS ("FDI")

General

There are certain investment risks that apply in relation to the use of FDI. The Target Fund may use FDI as a cheaper or more liquid alternative to other investments, to attempt to hedge or reduce the overall risk of its investments, or as part of the investment policies and strategies used in the pursuit of its investment objectives. The Target Fund's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations. Investments in FDI are subject to normal market fluctuations and other risks inherent in investment in securities. In addition, the use of FDI involves special risks, and risks different from, and, in certain cases, greater than, the risks presented by more traditional investments, including:

- dependence on the Target Fund Investment Manager's and Target Fund Sub-Investment Manager's ability to accurately predict movements in the price of the underlying security and the fact that the skills needed to use these strategies are different from those needed to select portfolio securities;
- imperfect correlation between the movements in securities or currency on which an FDI contract is based and movements in the securities or currencies in the Target Fund;
- the absence of a liquid market for any particular instrument at any particular time which may inhibit the ability of the Target Fund to liquidate an FDI at an advantageous price; and
- possible impediments to efficient portfolio management or the ability to meet repurchase requests or other short term obligations because a percentage of the Target Fund's assets may be segregated to cover its obligations.

Should the Target Fund Investment Manager's and Target Fund Sub-Investment Manager's expectations in employing such techniques and instruments be incorrect or ineffective, the Target Fund may suffer a substantial loss, having an adverse effect on the NAV. Such strategies might also be unsuccessful and incur losses for the Target Fund, due to market conditions.

The use of FDI also means that the NAV of the Target Fund may at times be volatile. The Target Fund Investment Manager employs a risk management process which enables it to accurately measure, monitor and manage the various risks associated with FDI.

Particular risks of FDI

- ***General***

  The Target Fund Investment Manager may make use of FDI in the Target Fund's investment program. Certain swaps, options and other FDI may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, swaps and other derivatives can involve significant economic leverage and may, in some cases, involve high risk of significant loss. The Global Exposure of the Target Fund which uses the Commitment Approach to manage the risks associated with their use of FDI will not exceed the Target Fund's NAV at any time. Portfolios which use the value at risk approach to manage the risks associated with their use of FDI may have a net leveraged exposure of over 100% of their NAV as a result of their use of FDI, which may result in a significant or a total loss to the Portfolio.
- ***Liquidity; Requirement to Perform***

  From time to time, the counterparties with which the Target Fund effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Target Fund might be unable to enter into a desired transaction or to enter into any offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward or spot contracts do not provide a trader with the right to offset its obligations through an equal and opposite transaction. For this reason, entering into forward or spot contracts, the NBIF may be required to and must be able to, perform its obligations under the contract.
- ***Necessity for Counterparty Trading Relationships***

  Participants in the OTC markets typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides super collateral, letters of credit or other credit enhancements. While the Target Fund Investment Manager believes that the NBIF will be able to establish the necessary counterparty business relationships to enable it to effect transactions in the OTC markets, including the swaps markets, there can be no assurance that it will be able to do so. An inability to establish such relationships would limit its activities and could require it to conduct a more substantial portion of such activities in the futures markets. Moreover, the counterparties with which it expects to establish such relationships will not be obligated to maintain the credit lines extended to it, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

- ***Correlation Risk***

  Although the Target Fund Investment Manager believes that taking exposure to underlying assets through the use of FDI will benefit Shareholders in certain circumstances, due to reduced operational costs and other efficiencies which investment through FDI can bring, there is a risk that the performance of the Target Fund will be imperfectly correlated with the performance which would be generated by investing directly in the underlying assets.

- ***Futures***

  Positions in futures contracts may be closed out only on an exchange which provides a secondary market for such futures. However, there can be no assurance that a liquid secondary market will exist for any particular futures contract at any specific time. Thus, it may not be possible to close a futures position. In the event of adverse price movements, the Target Fund would continue to be required to make daily cash payments to maintain its required margin. In such situations, if the Target Fund has insufficient cash, it may have to sell portfolio securities to meet daily margin requirements at a time when it may be disadvantageous to do so. In addition, the Target Fund may be required to make delivery of the instruments underlying futures contracts it holds.

  The inability to close options and futures positions also could have an adverse impact on the ability to effectively hedge the Target Fund.

  The risk of loss in trading futures contracts in some strategies can be substantial, due both to the low margin deposits required, and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a futures contract may result in immediate and substantial loss (as well as gain) to the investor. For example, if at the time of purchase, 10% of the value of the futures contract is deposited as margin, a subsequent 10% decrease in the value of the futures contract would result in a total loss of the margin deposit, before any deduction for the transaction costs, if the account were then closed out. A 15% decrease would result in a loss equal to 150% of the original margin deposit if the contract were closed out. Thus, a purchase or sale of a futures contract may result in losses in excess of the amount of investment in the contract. The Target Fund also assumes the risk that the Target Fund Investment Manager will incorrectly predict future stock market trends.

  It is also possible that the Target Fund could both lose money on futures contracts and also experience a decline in value of its portfolio securities. There is also a risk of loss by the Target Fund of margin deposits in the event of bankruptcy of a broker with whom the Target Fund has an open position in a futures contract or related option.

  Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day, no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. This constraint could prevent the Target Fund Investment Manager from promptly liquidating unfavourable positions and subject the Target Fund to substantial losses. This could also impair the Target Fund's ability to withdraw its investments in order to make distributions to a redeeming Shareholder in a timely manner. Therefore, although the NBIF is open to all classes of investors and it is not expected that its investments will impact on its ability to meet redemption requests, it may be more suitable for sophisticated investors that will not be materially impacted by postponements of the Target Fund's normal redemption dates.

Forward currency contracts

Forward contracts are not traded on exchanges, are not standardised and each transaction tends to be negotiated on an individual basis. Forward trading is substantially unregulated.

There is no requirement that the principals who deal in the forward markets are required to continue to make markets in the currencies they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Disruptions can occur in any market traded by the Target Fund due to unusually high trading volume, political intervention or other factors. In respect of such trading, the Target Fund is subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the Target Fund.

Commodity pool operator – "De minimis exemption"

While the Target Fund may trade commodity interests (which for CFTC purposes include, but are not limited to, commodity futures contracts, commodity options contracts and/or swaps), including security futures products, the Target Fund Investment Manager is exempt from registration with the CFTC as a CPO with respect to Target Fund pursuant to CFTC Rule 4.13(a)(3). Therefore, unlike a registered CPO, the Target Fund Investment Manager is not required to deliver a CFTC disclosure document to prospective investors, nor is it required to provide investors with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs.

Reliance upon CFTC Rule 4.13(a)(3), the so-called "de minimis exemption", requires limiting each such portfolio's exposure to the commodity markets. CFTC Rule 4.13(a)(3) requires that a pool for which such exemption is filed must meet one or the other of the following tests with respect to its commodity interest positions, including positions in security futures products, whether entered into for bona fide hedging purposes or otherwise: (a) the aggregate initial margin, premiums, and required minimum security deposit for retail forex transactions, will not exceed 5 per cent. of the liquidation value of the pool's portfolio, after taking into account unrealised profits and unrealised losses on any such positions it has entered into; or (b) the aggregate net notional value of such positions does not exceed 100 per cent. of the liquidation value of the pool's portfolio, after taking into account unrealised profits and unrealised losses on any such positions it has entered into. Additional conditions for reliance upon this exemption are detailed in Annex IV of the Target Fund Prospectus.

Past performance of the Target Fund is not an indication of its future performance.

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 investments in the Fund may be exposed to other risks from time to time. Please consult your professional advisers for a better understanding of the risks.

2. TARGET FUND INFORMATION

2.1. ABOUT NEUBERGER BERMAN INVESTMENT FUNDS PLC

Neuberger Berman Investment Funds plc (the "NBIF"), an investment company with variable capital incorporated in Ireland as a public limited company. The NBIF is constituted as an umbrella fund with segregated liability between sub-funds., which includes the Target Fund. The NBIF is authorised by the Central Bank of Ireland as an UCITS under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 1989.

The directors of NBIF are responsible for managing the business affairs of the NBIF. The directors of NBIF have delegated certain of their duties and powers, namely (a) the administration of NBIF's affairs, including responsibility for the preparation and maintenance of NBIF's records and accounts and related fund accounting matters (including the calculation of the NAV per share) and shareholder registration and transfer agency services to the Administrator; (b) the investment, management and disposal of the assets of each portfolio and the risk management of each portfolio to the investment manager; and (c) the marketing, distribution and sale of shares to the investment manager with the power to sub-delegate these responsibilities to such companies or persons as it may from time to time determine in accordance with the requirements of the Central Bank of Ireland. The directors of NBIF have delegated the safekeeping of NBIF's assets to the depositary.

Pursuant to an investment management agreement dated 30 June 2009, as amended, between NBIF and Neuberger Berman Europe Limited, Neuberger Berman Europe Limited was appointed by NBIF to provide investment management and advisory services to NBIF in respect of all sub-funds of NBIF, which includes the Target Fund. Neuberger Berman Europe Limited is authorised and regulated by the FCA in the UK to conduct designated investment business and is registered as an Investment Adviser with the Securities and Exchange Commission in the United States. Neuberger Berman Europe Limited was incorporated in the UK on 25 May 2005 as a private limited liability company. Neuberger Berman Europe Limited is a subsidiary of Neuberger Berman Group LLC, a management controlled company.

The Target Fund Investment Manager has appointed Neuberger Berman Investment Advisers LLC and Neuberger Berman Asia Limited as sub-investment manager in respect of the Target Fund ("Target Fund Sub-Investment Manager"). Neuberger Berman Investment Advisers LLC and Neuberger Berman Asia Limited are registered as investment advisers with the Securities and Exchange Commission in the United States and are wholly-owned indirect subsidiaries of Neuberger Berman Group LLC. Neuberger Berman Asia Limited is regulated by the Securities and Futures Commission of Hong Kong.

NBIF has appointed Brown Brothers Harriman Fund Administration Services (Ireland) Limited to act as administrator of NBIF ("Administrator") responsible for performing the day to day administration of NBIF and for providing fund accounting for NBIF, including the calculation of the NAV of NBIF and the shares, and for providing registrar, transfer agency and related support services to NBIF. The Administrator was incorporated with limited liability in Ireland on 29 March 1995 under registration number 231236.

NBIF has appointed Brown Brothers Harriman Trustee Services (Ireland) Limited to act as depositary ("Depositary") for the safekeeping of all the investments, cash and other assets of NBIF and to ensure that the issue and repurchase of shares by NBIF and the calculation of the NAV and NAV per share is carried out and that all income received and investments made are in accordance with the articles of association of NBIF and the UCITS Regulations. In addition, the Depositary is obliged to enquire into the conduct of NBIF in each financial year and report thereon to shareholders. The Depositary is a private limited company incorporated under the laws of Ireland to provide custody and trustee services to Irish domiciled CIS and to international and Irish institutions.

This Information Memorandum describes the features of the Target Fund in accordance with the Target Fund Prospectus and we recommend that you should read the Information Memorandum together with the Target Fund Prospectus and the relevant key investor information document. We take all reasonable efforts to ensure the accuracy that the disclosure in this Information Memorandum in relation to the Target Fund, including obtaining the confirmation from the Target Fund Investment Manager. However, in the event of any inconsistency or ambiguity in relation to the disclosure, including any word or phrase used in this Information Memorandum regarding the Target Fund as compared to the Target Fund Prospectus, the Target Fund Prospectus shall prevail.

2.2. ABOUT NEUBERGER BERMAN 5G CONNECTIVITY FUND

Investment Objective

The Target Fund aims to achieve a target average return of 3-5% over the benchmark (as specified in the "Benchmark" section below) before fees over a market cycle (typically 3 years) from investing primarily in a portfolio of global equity holdings, focusing on companies that are involved or derive benefit from Next Generation Connectivity (as defined below).

Investors should note that the target return is not guaranteed over a market cycle, a 12- month or any period and the Target Fund's capital is at risk. Investors should also note that, over the course of a market cycle, there may be significant periods of time during which the performance of the Target Fund will deviate from the targeted return and the Target Fund may experience periods of negative return. There can be no guarantee that the Target Fund will ultimately achieve its investment objective.

Investment Approach
The Target Fund will seek to achieve its objective by primarily investing in equity securities that are listed or traded on Recognised Markets globally (which may include Emerging Market Countries) and issued by companies across all market capitalisations and economic sectors. The Target Fund may invest in companies of any market capitalisation but shall typically invest in companies that have market capitalisation greater than USD 500 million at time of purchase.

In seeking to achieve the Target Fund's investment objective, the Target Fund Sub-Investment Managers pursue the following investment process (which is described in further detail below) to identify a universe of companies that offer exposure to the development and enhancement of mobile internet and 5G connectivity ("Next Generation Connectivity"):
- Qualitative business analysis: to identify companies which are key enablers of Next Generation Connectivity, as well as companies that are well-positioned to benefit from the new business models related to Next Generation Connectivity (for example, autonomous vehicles or smart home technology);
- Quantitative screening: to identify stocks that it believes may be too illiquid or have too small a market capitalisation;
- Strategic valuation and analysis: in-depth research and analysis of companies, including of company/business models, quality of management, competitive strength and record of success which is determined by reference to existing financial data (e.g., market share data); and
- Security selection and portfolio construction: Selects companies with the ability to provide solutions to drive Next Generation Connectivity that it believes have 50% -100% capital appreciation potential over three to five years and determine entry and exit price targets based on current market prices for the securities and the preceding analysis, that guide buy and sell decisions.

Using this universe, the Target Fund Sub-Investment Managers further evaluate those companies, seeking to identify the best in class companies, with sustainable advantages around the world, such as market leading technology, existing products or market access. The Target Fund Sub-Investment Managers believe sustainable advantages are demonstrated through best in class product, technology, processes and market access. The Target Fund Sub-Investment Managers will review the financial position and results of the companies. In-person management meetings, where possible, are then conducted with members of senior management of the relevant companies to assess financial and operating metrics (e.g. sales growth and product offering) and the quality of the company's management team.

The fundamental research seeks to identify companies with the following characteristics:
- Stock prices which are undervalued relative to long-term cash flow growth potential;
- Industry leadership companies with high market share, pricing power, or better technology/business models relative to peers, or new entrants gaining market share;
- Potential for significant improvement in the company's business (e.g. top line growth greater than market/peers, margin expansion, and/or increased cash flow generation);
- Strong financial characteristics, including growth, margins, and/or capital returns and historic valuations on metrics such as price to cash flow, price to earnings or price to book value; and
- Proven management track record.

The Target Fund seeks to reduce risk by diversifying across countries and economic sectors. Although, it has the flexibility to invest a significant portion of its assets in one country or region, it generally intends to remain diversified across countries and geographical regions.

The Target Fund may invest directly in China A Shares through the Stock Connects, as described below.

The Target Fund may also invest in debt instruments and money market instruments on an ancillary basis.

The Target Fund is actively managed and does not intend to track the benchmark and is not constrained by it. The benchmark is included here for performance comparison purposes only. It is not expected that the majority of the Target Fund's assets will be components of the benchmark. While the Target Fund may acquire securities which are components of the benchmark, it will not do so because of their inclusion in the benchmark.

Environmental, Social and Governance ("ESG")
The Target Fund invests in securities that meet the Target Fund Investment Manager's and the Target Fund Sub-Investment Manager's criteria set out in the Sustainable Exclusion Policy and exclude securities prohibited by the Enhanced Sustainable Exclusion Policy, as detailed in the "Sustainable Investment Criteria" section of the Target Fund Prospectus. You may also refer to "Sustainable Investment Criteria" under Section 2.3 Permitted Investment and Investment Restrictions of the Target Fund for further information.

Benchmark
The MSCI All-Country World Index (ACWI) (Total Return, net of tax, USD) is a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of developed and emerging markets.

Base Currency
USD

Distribution Policy
The directors of NBIF have determined to accumulate all net investment income and net realised capital gains attributable to the accumulating classes (including Class I3) and therefore do not intend to declare dividends.

Instruments/ Asset Classes
The Target Fund can invest in or be exposed to the following types of assets, which will be listed or traded on Recognised Markets or, if unlisted, will comply with the Central Bank of Ireland's requirements.

- ***Equity and Equity-linked Securities***. These securities may include, without limitation, common stock, preferred stock, convertible bonds, convertible preferred stock and American, European and Global Depository Receipts, which are securities issued by a financial institution which evidence ownership interests in a security or a pool of securities deposited with the financial institution.

- ***Equity Real Estate Investment Trusts ("REITs")***. REITs are companies or trusts that pool investor money and invest mainly in income producing real estate, although it should be noted that the Target Fund will not acquire any real estate directly. REITs may invest in a diverse range of real estate properties or may specialise in a particular type of property (eg, data centres). The REITs which the Target Fund will invest in may be based globally and will give exposure to underlying properties located globally. They will invest the majority of their assets directly in real property and derive their income from rents and capital gains from appreciation realised through property sales. Exposure to REITs may arise when the Target Fund Sub-Investment Managers identify opportunities in such securities which are linked / support the evolution of Next Generation Connectivity (such as data centre REITs).

- ***Participatory Notes ("P-Notes")*** which are securities issued by banks or broker-dealers that are designed to replicate the performance of issuers and markets (in which the Target Fund can invest directly) by giving exposure to the performance of specific stocks that the Target Fund may not be able to invest in directly because of local holding restrictions affecting such stocks in the jurisdiction of their issue. The Target Fund shall only invest in listed P-Notes for India.

- ***FDI*** will be used for investment, hedging and/or efficient portfolio management and subject to the conditions and limits imposed by the Central Bank of Ireland as set out in the Target Fund Prospectus and its supplement:
  - Warrants. Warrants may be used to take exposure to equity securities of the type described above.
  - Options. Single stock options may be used to take exposure to equity securities of the type described above and index options may be used to hedge or efficiently manage some portions or all of the Target Fund.
  - Convertible Bonds and Convertible Preferred Stock. Convertible bonds enable the holder to convert their investment in the bonds into the issuer's common stock at a pre-agreed price and convertible preferred stock enable the holder to convert their investment in the preferred stock into the issuer's common stock at a pre-agreed rate.
  - Forward foreign currency contracts may be used to hedge currency risk.

  As the Target Fund may purchase FDI generally using only a fraction of the assets that would be needed to purchase the relevant securities directly, the remainder of the assets allocated to the Target Fund may be invested in the other types of securities listed above. The Target Fund Investment Manager and/or the Target Fund Sub-Investment Managers may therefore seek to achieve greater returns by purchasing derivative instruments and investing the remaining assets in such other securities as listed above to achieve a rate of return greater than the market. The indices utilised for hedging or efficient portfolio management purposes will be broad-based, UCITS-eligible indices which provide exposure to the performance of equities and details of such indices pertaining to the instruments utilised by the Target Fund will be contained in the annual report of NBIF.

- ***CISs***. The Target Fund may invest in CIS (including ETFs which are structured as CIS) which are themselves exposed to investments that are similar to the Target Fund's other investments, provided that the Target Fund may not invest more than 10% of its NAV in other CISs which themselves invest in other CISs. Such CISs may or may not be managed by the Target Fund Investment Manager and the Target Fund Sub-Investment Managers or their affiliates and will comply with the requirements of the UCITS Regulations in respect of such investments.

  The other CISs in which the Target Fund may invest will be eligible CISs in accordance with the Central Bank of Ireland's rules, which may be domiciled in Relevant Jurisdictions or the United States of America, will qualify as UCITS or AIF schemes and will be regulated as such by their home state regulator.

  CISs in which the Target Fund invests may be leveraged but such CISs will not generally be leveraged: (i) in excess of 200% of their NAV; (ii) so that their 1 day absolute value-at-risk exceeds 4.47% of their NAV over a 250 day horizon with a 99% confidence level; or (iii) so that their 1 month relative value-at-risk exceeds twice the value-at-risk of a comparable benchmark portfolio over a 250 day horizon with a 99% confidence level, depending on how such collective investment funds measure their Global Exposure.

- ***ETFs***. ETFs are investment funds whose shares are bought and sold on a securities exchange. ETFs invest in a portfolio of securities designed to track a particular market segment or index. The ETFs will be located in Relevant Jurisdictions and will be authorised under the UCITS Directive or will be alternative investment funds which are eligible for investment by the Target Fund in accordance with the requirements of the Central Bank of Ireland. The ETFs will represent investments that are similar to the Target Fund's other investments. The ETFs will operate on the principle of risk spreading and will not be leveraged.

- ***Fixed Income Securities (Debt Securities).*** The Target Fund may invest in debt instruments, such as bonds and notes, issued by corporate or government issuers, which may be rated or unrated (although not more than 10% of NAV will be invested in debt instruments which are rated below investment grade) and may have fixed or floating interest rates and will not embed derivatives.

- ***Money Market Instruments.*** The Target Fund may invest in money market instruments, which may include bank deposits, fixed or floating rate instruments (including commercial paper), floating or variable rate notes, bankers acceptances, certificates of deposit, debentures and short-dated government or corporate bonds, cash and cash equivalents (including treasury bills), or money market funds which meet the criteria set out under "CIS" above, in each case that are rated as investment grade or below by Recognised Rating Agencies or are unrated.

Investment grade securities are highly rated securities, generally those rated Baa3, BBB- or above by one or more Recognised Rating Agencies, while high yield securities are medium or lower rated securities, generally those rated below investment grade and sometimes referred to as "junk bonds".

- ***Repo Contracts and Securities Lending Agreements.*** The Target Fund may use Repo Contracts and Securities Lending Agreements subject to the conditions and limits set out in the Target Fund Prospectus.

Stock Connects

The China Securities Regulatory Commission and the Securities and Futures Commission of Hong Kong have approved programs which establish mutual stock markets access between the PRC and Hong Kong, namely the Stock Connects. The Target Fund Sub-Investment Managers may pursue the Target Fund's investment objective by investing up to 30% of the Target Fund's NAV directly in certain eligible China A Shares via the Stock Connects.

The Shanghai Stock Connect is a securities trading and clearing linked program developed by the SEHK, the SSE and ChinaClear, with the aim of achieving mutual stock market access between the SEHK and the SSE. The Shenzhen Stock Connect is a securities trading and clearing linked program developed by the SEHK, the SZSE and ChinaClear, with the aim of achieving mutual stock market access between the SEHK and the SZSE.

Each of the Shanghai Stock Connect and Shenzhen Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Under the Northbound Trading Link, Hong Kong and overseas investors (including the Target Fund), through their Hong Kong brokers and a securities trading service company established by the SEHK, may trade eligible shares listed on the SSE and the SZSE by routing orders to the SSE and the SZSE respectively.

<u>Eligible securities</u>

Hong Kong and overseas investors will be able to trade certain SSE Securities. Eligible securities under the Northbound Trading Link of the Shanghai Stock Connect 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 the following:

- SSE-listed shares which are not traded in CNY; and
- SSE-listed shares which are included in the "risk alert board".

Eligible securities under the Northbound Trading Link of the Shenzhen Stock Connect include any constituent stock of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which has a market capitalisation of CNY6 billion or above and all SZSE-listed shares of companies which have issued both China A Shares and China H Shares. At the initial stage of the Northbound Trading Link of Shenzhen Stock Connect, trading shares that are listed on the ChiNext Board of SZSE under the Northbound Trading Link will be limited to institutional professional investors, as defined in the relevant Hong Kong rules and regulations.

It is expected that the list of eligible securities will be subject to review and may change from time to time.

If an eligible security ceases to be classified as such, Hong Kong and overseas investors (including the Target Fund) will only be allowed to sell holdings of such Security but will be restricted from buying any more of such Eligible Security.

<u>Trading day</u>

Investors (including the Target Fund) are only allowed to trade through the Stock Connects on days on which both markets (i.e. both the SEHK and the SSE for trading through Shanghai Stock Connect) are open for trading, and banking services are available in both markets on the corresponding settlement days.

<u>Trading quota</u>

Trading under the Stock Connects is subject to the Daily Quota. Northbound trading through each Stock Connect is subject to a separate set of Daily Quotas. The Daily Quota limits the maximum net buy value of cross-boundary trades under each of the Stock Connect per day. The Northbound Daily Quota for each Stock Connect is currently set at CNY52 billion.

The SEHK will monitor the quota and publish the remaining balance of the Northbound Daily Quota at scheduled times on the SEHK's website. The Daily Quota may change from time to time without prior notice and investors should refer to the SEHK's website and other information published by the SEHK for up-to-date information.

<u>Settlement and Custody</u>

The HKSCC will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The China A Shares traded through the Stock Connects are issued in scripless form, so investors do not hold any physical China A Shares. Hong Kong and overseas investors who have acquired Eligible Securities through Northbound trading should maintain the Eligible Securities with their brokers' or custodians' stock accounts with CCASS.

Corporate actions and shareholders' meetings
Notwithstanding the fact that the HKSCC does not claim proprietary interests in the Eligible Securities held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SSE and SZSE-listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such Eligible Securities.

HKSCC monitors the corporate actions affecting Eligible Securities and keeps the relevant brokers or custodians participating in CCASS ("CCASS participants") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

SSE and SZSE-listed companies usually announce their annual general meeting/extraordinary general meeting information about one month before the meeting date. A poll is called on all resolutions for all votes. HKSCC will advise CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Foreign shareholding restrictions
The CSRC stipulates that, when holding China A Shares through the Stock Connects, Hong Kong and overseas investors are subject to the following shareholding restrictions:
- Single foreign investors' shareholding by any Hong Kong or overseas investor in a China A Share must not exceed 10% of the total issued shares; and
- Aggregate foreign investors' shareholding by all Hong Kong and overseas investors in a China A Share must not exceed 30% of the total issue shares.

Should the shareholding of a single investor in a China A Share listed company exceed the above restriction, the investor would be required to unwind his position on the excessive shareholding according to a last-in-first-out basis within a specific period. The SSE, the SZSE and the SEHK will issue warnings or restrict the buy orders for the related China A Shares if the percentage of total shareholding is approaching the upper limit.

Currency
Hong Kong and overseas investors will trade and settle Eligible Securities in CNY only. Hence, the Target Fund will need to use CNY to trade and settle Eligible Securities.

Further information about the Stock Connects is available online at the website:
http://www.hkex.com.hk/Mutual-Market/Stock-Connect

2.3. PERMITTED INVESTMENTS & INVESTMENT RESTRICTIONS OF THE TARGET FUND

Investment Restrictions of the Target Fund

i) The Portfolio may expose up to 10% of its Net Asset Value in aggregate to the performance of other collective investment schemes which will comply with both the "Investment Restrictions" section of the Target Fund Prospectus and the UCITS Regulations.
ii) The Portfolio may invest up to 10% of its Net Asset Value in fixed income securities.
iii) The Portfolio may invest up to 30% of its Net Asset Value in China A Shares.
iv) It is the intention of the Sub-Investment Managers to invest a maximum of 50% of the Portfolio's Net Asset Value in Emerging Market Countries.
v) The Portfolio may invest up to 10% of its Net Asset Value in REITs.
vi) The Portfolio may not invest greater than 5% of its Net Asset Value in securities traded on Russian markets. Investment will only be made in securities that are listed/traded on the Moscow exchange.
vii) The Portfolio will not utilise total return swaps or margin lending.

1 Permitted Investments

Investments of a UCITS are confined to:

1.1 Transferable securities and money market instruments, which are either admitted to official listing on a stock exchange in a EU Member State or non-EU Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a EU Member State or non-EU Member State.
1.2 Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
1.3 Money market instruments, other than those dealt on a regulated market.
1.4 Units of UCITS.
1.5 Units of non-UCITS as set out in the Central Bank of Ireland's Guidance Note 2/03.
1.6 Deposits with credit institutions.
1.7 Financial derivative instruments.

2 General Investment Restrictions

2.1 A UCITS may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
2.2 A UCITS may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by the UCITS in certain US securities known as Rule 144A securities provided that:

- the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and
- the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, at which they are valued by the UCITS.

2.3 A UCITS may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.

2.4 The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a EU Member State or its local authorities or by a non-EU Member State or public international body of which one or more EU Member States are members.

2.5 The transferable securities and money market instruments referred to in 2.4. and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.

2.6 Cash booked in accounts and held as ancillary liquidity shall not exceed 20% of the net assets of a portfolio.

2.7 The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5% of net assets.

This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.

2.8 Notwithstanding paragraphs 2.3, 2.6 and 2.7 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:

- investments in transferable securities or money market instruments;
- deposits, and/or
- counterparty risk exposures arising from OTC derivatives transactions.

2.9 The limits referred to in 2.3, 2.4, 2.5, 2.7 and 2.8 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.

2.10 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7 and 2.8. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.

2.11 A UCITS may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any EU Member State, its local authorities, non-EU Member States or public international body of which one or more EU Member States are members.

The individual issuers must be listed in the prospectus and may be drawn from the following list:

OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter-American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC.

The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.

3 Investment in CIS

3.1 A UCITS may not invest more than 20% of net assets in any one CIS.

3.2 Investment in non-UCITS may not, in aggregate, exceed 30% of net assets.

3.3 The CIS are prohibited from investing more than 10 per cent of net assets in other open-ended CIS.

3.4 When a UCITS invests in the units of other CIS that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the UCITS investment in the units of such other CIS.

3.5 Where a commission (including a rebated commission) is received by the UCITS manager/investment manager/investment adviser by virtue of an investment in the units of another CIS, this commission must be paid into the property of the UCITS.

4 Index Tracking UCITS

4.1 A UCITS may invest up to 20% of net assets in shares and/or debt securities issued by the same body where the investment policy of the UCITS is to replicate an index which satisfies the criteria set out in the UCITS Regulations and is recognised by the Central Bank of Ireland.

4.2 The limit in 4.1 may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.

5 General Provisions

5.1 An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

5.2 A UCITS 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 CIS;
- (iv) 10% of the money market instruments of any single issuing body.

NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

5.3 5.1 and 5.2 shall not be applicable to:
- (i) transferable securities and money market instruments issued or guaranteed by a EU Member State or its local authorities;
- (ii) transferable securities and money market instruments issued or guaranteed by a non-EU Member State;
- (iii) transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
- (iv) shares held by a UCITS in the capital of a company incorporated in a non-EU Member State which invests 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 UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-EU Member State complies with the limits laid down in 2.3 to 2.10, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed;
- (v) Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.

5.4 UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.

5.5 The Central Bank of Ireland may allow recently authorised UCITS to derogate from the provisions of 2.3 to 2.11, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.

5.6 If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.

5.7 Neither an investment company, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:
- transferable securities;
- money market instruments;
- units of CIS; or
- financial derivative instruments.

5.8 A UCITS may hold ancillary liquid assets.

5.9 - A UCITS may not acquire either precious metals or certificates representing them. A UCITS may invest in transferable securities or money market instruments issued by a corporation whose main business is concerned with precious metals.

6 Financial Derivative Instruments ('FDIs')

6.1 The UCITS Global Exposure relating to FDI must not exceed its total NAV.

6.2 Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations/Guidance. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank UCITS Regulations.)

6.3 UCITS may invest in FDIs dealt in OTC provided that the counterparties to OTC transactions are institutions subject to prudential supervision and belonging to categories approved by the Central Bank of Ireland.

6.4 Investment in FDIs are subject to the conditions and limits laid down by the Central Bank of Ireland.

VAG REQUIREMENTS

The German Insurance Supervisory Act (Versicherungsaufsichtsgesetz - "VAG") in conjunction with the Ordinance on the Investment of Restricted Assets of Pension Pools, Funeral Expenses Funds and Small Insurance Companies (Verordnung über die Anlage des Sicherungsvermögens von Pensionskassen, Sterbekassen und kleinen Versicherungsunternehmen - Anlageverordnung) as further interpreted by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin") provide that, in order to be eligible for investment by certain German insurance companies and other regulated investors, a Portfolio must meet certain minimum requirements with respect to the creditworthiness of its investments. As a result, where the relevant supplement Target Fund Prospectus notes that a Portfolio complies with the "VAG Requirements", the relevant Portfolio's investment policy shall comply with the following minimum requirements. For the avoidance of doubt, it is not intended that complying with the VAG Requirements will amend the investment objectives or policies or otherwise impact the management of such Portfolios, as the VAG requirements are either less restrictive than or equivalent to those already contained in the Portfolio's investment policy.

Under the VAG Requirements, a Portfolio may only purchase

a) debt securities which have:
   (i) a rating from a Recognised Rating Agency or another rating agency that has been examined and registered in accordance with Regulation (EC) No. 1060/2009 (an "External Rating") of at least speculative grade (currently B- by Standard & Poor's and Fitch or B3 by Moody's or an equivalent rating by such other rating agency); or
   (ii) been subject to the investment manager's or the sub-investment manager's own credit risk assessment (an "Internal Rating") with an equivalent result.
b) asset backed securities (ABS), credit linked notes and similar assets (i.e. investments whose yield or repayment is linked to credit risks or that are used to transfer the credit risk of a third party) which have:
   (i) an External Rating of at least investment grade (currently long-term BBB- ratings by Standard & Poor's and Fitch or Baa3 by Moody's or short-term A-3 ratings by Standard & Poor's, F 3 by Fitch or Prime 3 by Moody's or an equivalent rating by such other rating agency); or
   (ii) an equivalent Internal Rating.

In each case, the investment manager or the sub-investment manager shall make and document its own credit risk assessment and shall not rely on credit ratings solely or mechanistically for assessing the creditworthiness of an entity or financial instrument.

Without prejudice to the Central Bank of Ireland's requirements in respect of remedying advertent and inadvertent breaches of investment policies, which shall continue to apply to all Portfolios at all times, in the event that the External Ratings or Internal Ratings of securities held by a Portfolio are downgraded to a rating/credit assessment that is lower than the above-mentioned minimum ratings/credit assessments:

- where the affected securities represent more than 3% of the Portfolio's NAV, the investment manager or the sub-investment manager will, at a minimum, use its best efforts to sell affected securities within six months of the rating-downgrade so that the amount of affected securities will be below 3% of the Portfolio's NAV;
- where the affected securities represent less than 3% of the Portfolio's NAV, the investment manager or the sub-investment manager will assess, in their own reasonable discretion, if, to which extent and in which timeframe affected securities should be sold.

Where an internal credit risk assessment results in an Internal Rating for a security which is higher than an External Rating for that security, the Internal Rating may be used in preference to the External Rating as follows:

- where only one External Rating is available in respect of a security, the Internal Rating may be used in preference to that External Rating where an appropriate additional quantitative credit risk assessment has been performed by the investment manager or the sub-investment manager;
- where two External Ratings are available in respect of a security and the Internal Rating is better than the lower of the two External Ratings, the Internal Rating may be used where an appropriate additional quantitative credit risk assessment has been performed by the investment manager or the sub-investment manager; and
- where three or more External Ratings are available in respect of a security and the Internal Rating is better than the second best of the three or more External Ratings, the Internal Rating may be used where an appropriate additional quantitative credit risk assessment has been performed by the investment manager or the sub-investment manager.

Such additional quantitative credit risk assessments must be properly documented.

External Ratings and/or Internal Ratings will be verified at least (i) annually for investment-grade or equivalent securities, (ii) quarterly for speculative-grade or equivalent securities and (iii) in either case more frequently if other negative circumstances indicate that this is necessary. Such verification process must be properly documented.

Where a Portfolio is allowed to invest into other investment funds, such investment funds must have investment policies and restrictions which comply with the rating requirements in this section.

SUSTAINABLE INVESTMENT CRITERIA

The Target Fund Investment Manager and the Target Fund Sub-Investment Manager have regard to the terms of the Controversial Weapons Policy when determining what investments to make for the Target Fund.

In addition, the Target Fund Investment Manager and/or the Target Fund Sub-Investment Manager may have regard to the terms of the Sustainable Exclusion Policy and Enhanced Sustainable Exclusion Policy (collectively referred to as "Sustainable Criteria") when determining what investments to make for the Target Fund.

Controversial Weapon Policy

The Target Fund Investment Manager and the Target Fund Sub-Investment Manager are committed to supporting and upholding conventions that seek to ban the production of controversial weapons and have adopted a controversial weapons policy (the "Controversial Weapons Policy") which seeks to prohibit a number of investments by the Target Fund Investment Manager and/or the Target Fund Sub-Investment Manager. As a result, none of the portfolios shall invest in securities that have been identified by the Target Fund Investment Manager and/or the Target Fund Sub-Investment Manager through the utilisation of third party data, as having corporate involvement in the end manufacture or manufacture of intended use components of controversial weapons.

The Controversial Weapons Policy defines involvement in the manufacture of controversial weapons as either being responsible for end manufacture and assembly of controversial weapons, or being responsible for the manufacture of intended use components for controversial weapons. The Controversial Weapons Policy does not include dual-use component manufacturers or delivery platform manufacturers. Controversial weapons are defined as:

(a) Biological and chemical weapons. Weapons outlawed by the Biological and Toxin Weapons Convention of 1972, and the Chemical Weapons Convention of 1993.
(b) Anti-personnel mines. Weapons that signatories agreed to prohibit the use, stockpiling, production or transfer of under the 1997 Anti-personnel Landmines Convention. The convention was concluded in Oslo on September 18, 1997 and entered into force on March 1, 1999, six months after it was ratified by 40 states. Today, the treaty is still open for ratification by signatories and for accession by those that did not sign before March 1999. The Convention does not address the issue of financial support for companies that manufacture such weapons.
(c) Cluster munitions. Weapons that signatories agreed to restrict the manufacture, use and stockpiling of, as well as components of these weapons, under the 2008 Convention on Cluster Munitions. The Convention was agreed in Dublin, Ireland on May 30, 2008 and entered into force on August 1, 2010, six months after it was ratified by 30 states. Today, the treaty is still open for ratification by signatories and for accession by those that did not sign before August 2000. The implications for financial support of companies that manufacture cluster munitions is left unclear in the Convention. As a result, signatory states and the institutions based on them have taken a range of approaches to the question of prohibiting or allowing investments in cluster munitions producers: some prohibit all investments, some prohibit only direct investments and some have not yet banned investments.
(d) Depleted uranium weapons. Companies involved in the production of depleted uranium (DU) weapons, ammunition and armour.

Sustainable Exclusion Policy

The Target Fund Investment Manager and/or the Target Fund Sub-Investment Manager have adopted a sustainable exclusion policy (the "Sustainable Exclusion Policy") which sets out the exclusion criteria (which they will utilise to prohibit investment in securities that the Target Fund Investment Manager and/or the Target Fund Sub-Investment Manager do not believe meet a minimum sustainability criteria on behalf of the Target Fund. As noted above, where the Sustainable Exclusion Policy applies to the Target Fund, this will be indicated in the relevant supplement Target Fund Prospectus.

Human Rights. Corporations are expected to uphold fundamental responsibilities as defined by the United Nations Global Compact ("UNGC") in regards to human rights, labour, the environment and anti-corruption. The Target Fund will not invest in the securities of issuers that violate the principles of the UNGC and compliance with the UNGC will continually be monitored. Where an existing holding is deemed to violate the UNGC through change or evolution, the Target Fund Investment Manager and/or the Target Fund Sub-Investment Manager will establish a dialogue with the issuer, to understand what led to the violation and what remediation is taking place. If, however, Target Fund Investment Manager and/or the Target Fund Sub-Investment Manager is not satisfied about the speed and satisfactory extent of the remediation after 3 years, the securities will be disposed of.

Tobacco. The Target Fund is prohibited from purchasing the securities of issuers that are involved in tobacco production such as cigars, cigarettes, e-cigarettes, smokeless tobacco, dissolvable and chewing tobacco. This also includes issuers that grow or process raw tobacco leaves.

Civilian Firearms. The Target Fund is prohibited from purchasing the securities of issuers that are involved in the manufacturing of civilian firearms.

Private Prisons. The Target Fund is prohibited from purchasing the securities of issuers that own, operate or primarily provide integral services to private prisons, given significant social controversy, reputational risks, dependency on their local government policies and facilities which are not easily reconfigurable for alternate uses.

Fossil Fuels. The Target Fund will seek to minimise or neutralise its exposure to certain pieces of the fossil fuel value chain, owing to the varied contribution to climate and environmental risk.

- **Coal and unconventional oil and gas supply**. The Target Fund is prohibited from purchasing the securities of issuers which derive substantial revenue from the extraction of coal or the use of unconventional methods to extract oil and gas. Substantial revenue is defined for this purpose as follows:
    - **Thermal coal.** Issuers should not derive more than 10% of revenue from the mining of thermal coal.
    - **Unconventional oil supply (Oil Sands).** Issuers should not derive more than 10% of revenue from oil sands extraction.
- **Electricity generation**. The Target Fund will only purchase the securities of issuers for which power generation makes up more than 10% of revenue, where they are aligned with a lower carbon emissions economy. The Target Fundis therefore prohibited from investing in generators where:
    - **Thermal Coal**. More than 30% of MWh generation is derived from thermal coal.
    - **Liquid Fuels (Oil)**. More than 30% of MWh generation is derived from liquid fuels (oil).
    - **Natural Gas Electricity Generation**. More than 90% of MWh generation is derived from natural gas. This threshold may decline over time, to align with a glide path to greater renewables penetration.

- **Conventional oil and gas supply**. The Target Fund is prohibited from investing in the securities of oil and gas producers for whom natural gas makes up less than 20% of their reserves.

Enhanced Sustainable Policy

The Target Fund Investment Manager and/or the Target Fund Sub-Investment Manager have sought to align to enhanced industry sustainable standards, therefore to comply with these standards, additional exclusions or in excess of the exclusions set out in the Sustainable Exclusion Policy, may be applied to certain portfolios (the "Enhanced Sustainable Exclusion Policy"). As noted above, where the Enhanced Sustainable Exclusion Policy applies to the Target Fund, this will be indicated in the relevant supplement Target Fund Prospectus. Where applicable, the Target Fund shall not invest in securities that have been identified by the Target Fund Investment Manager and/or the Target Fund Sub-Investment Manager through the utilisation of third party data, as failing to be consistent with these enhanced industry standards. The current list of exclusions is available at **https://www.nb.com/en/gb/esg/enhancedsustainablepolicy.pdf.**

PORTFOLIO INVESTMENT TECHNIQUES

The NBIF may employ investment techniques and instruments for efficient portfolio management of the assets of the Target Fund including hedging against market movements, currency exchange or interest rate risks under the conditions and within the limits stipulated by the Central Bank of Ireland under the UCITS Regulations and described below.

Use of Financial Derivative Instruments

The Target Fund may utilise FDI for investment purposes, efficient portfolio management purposes (i.e. the reduction of risks or costs to the Target Fund or the generation of additional capital or income for the NBIF), or for hedging against market movements, currency exchange or interest rate risks, subject to the general restrictions outlined under "*Investment Restrictions*" in the "*Investment Objectives and Policies*" section. The NBIF may use various types of FDI for these purposes, including, without limitation, futures, forward foreign currency contracts, options, swaptions, credit default swaps, contracts for differences, warrants, and swaps.

To the extent that the Target Fund uses FDI for investment purposes or efficient portfolio management purposes, there may be a risk that the volatility of the Target Fund's NAV may increase. However, the Target Fund is expected to have an above average risk profile relative to its respective asset classes as a result of its use of FDI.

The NBIF employs a risk management process which is designed to enable it to accurately measure, monitor and manage the various risks associated with the use of FDI for each portfolio and will not use any FDI which have not been described in its risk management process. Each portfolio using FDI for investment purposes has been assessed to determine whether, based on the FDI that it uses, the Commitment Approach or the value at risk approach is more appropriate to use in managing the risks associated with that portfolio's use of FDI. For the majority of Portfolios, it has been determined that the Commitment Approach is the more appropriate approach to use, although, where stated in the "Risk" section of the description of a Portfolio in the relevant supplement Target Fund Prospectus, the value at risk approach will be used. Although all Portfolios will be leveraged as a result of their use of FDI, the Global Exposure of a Portfolio which uses the Commitment Approach will not exceed the Portfolio's NAV at any time. An indication of anticipated leverage levels for Portfolios which apply the value at risk approach will be included in the "Risk" section of the description of such Portfolios in the relevant supplement Target Fund Prospectus.
Note*: The Target Fund may be leveraged as a result of its investments in FDI but such leverage will not exceed 100% of the Target Fund's NAV, as measured using the Commitment Approach, at any time.*

A statement of the NBIF's risk management process has been submitted to and cleared by the Central Bank of Ireland. The NBIF will, on request, provide supplementary information to Shareholders relating to any risk management methods to be employed by the NBIF in respect of the Target Fund, including the quantitative limits that are applied, and any recent developments in the risk and yield characteristics of the main categories of investments. Investors should also refer to the "*Investment Risks*" section for information in relation to the risks associated with the use of FDI and the description of the Target Fund's investment objectives and policies contained in the relevant supplement Prospectus. Not less than one month's prior written notice will be given to Shareholders of any material change to the Target Fund's use of FDI, as outlined in the relevant supplement Target Fund Prospectus.

Any counterparty, which is not a Relevant Institution, to OTC FDI will have a minimum credit rating of A2 or equivalent from a Recognised Rating Agency, or will be deemed by the Target Fund Investment Manager to have an implied rating of A2. Alternatively, an unrated counterparty will be acceptable where the Target Fund is indemnified against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A2.

Each Portfolio will ensure that its Global Exposure to OTC FDI will comply with both the "*Investment Restrictions*" section of the Target Fund Prospectus and the UCITS Regulations. The relevant Portfolio's exposure to counterparties in respect of an OTC FDI will be collateralised in accordance with the requirements of the Central Bank of Ireland, so that the Portfolio's exposure to a counterparty will be less than 10% of its NAV at all times, where the relevant counterparty is a Relevant Institution and less than 5% of its NAV, where the relevant counterparty is not a Relevant Institution. Each Portfolio will monitor the collateral to ensure that the securities provided as collateral will, at all times, fall within the categories permitted by the Central Bank of Ireland and be fully diversified in accordance with the requirements set out in the Target Fund Prospectus.

Forward foreign currency contracts are agreements to exchange one currency for another – for example, to exchange a certain amount of Sterling for a certain amount of Euro – at a future date. The date (which may be any agreed-upon fixed number of days in the future), the amount of currency to be exchanged and the price at which the exchange will take place are negotiated and fixed for the term of the contract at the time that the contract is entered into. Options offer the buyer the right, but not the obligation, to buy (in the case of a "call" option) or sell (in the case of a "put" option) specified assets at a pre-agreed price during a certain period of time or on a specific date. All options purchased by the NBIF will be traded on a Recognised Market. Warrants are similar to call options but are issued by the company which issued the underlying securities which are the subject of the option.

A swap is an agreement between two parties whereby one party makes payments to the other based on an agreed rate, while the other party makes payments to the first party based on the return of an underlying asset or assets, such as one or more securities, a currency, an index or an interest rate. Excess return swaps are OTC FDI under which one party will agree to pay the other the return of an underlying asset and the other party agrees to pay the first party a fee, either periodically or upfront on entry into the swap. An excess return swap differs from a total return swap because the payment that the other party receives will be based solely on the performance of the underlying asset, while the payment to the other party under a total return swap will also include an element to reflect the return which cash to the value of the notional amount of the swap would have earned on deposit.

Volatility swaps are OTC FDI under which one party will agree to pay the other a return based on the volatility of an underlying asset and the other party agrees to pay the first party a fee, either periodically or upfront on entry into the swap. As such the underlying of the swap is the volatility of a given asset and they allow an investor to speculate solely upon the movement of the asset's volatility without the influence of its price. volatility of an underlying asset (e.g. an equity index) against the implied volatility of that underlying asset. Under the terms of a typical variance swap, parties agree to exchange, at maturity, a pre-agreed notional amount multiplied by the difference between the realised variance of an equity index over the lifetime of the variance swap and a pre-determined reference level. Realised variance is the mathematical square of realised volatility, i.e. if the realised volatility of the index is 5%, its realised variance will be 25%. The reference level of a variance swap is determined at the inception of the swap by reference to the implied volatility of the relevant equity index. The seller of the variance swap (who is said to have a short variance position) will benefit when realised volatility is lower than the reference level over the period of the swap, in which case the buyer of the variance swap would suffer a loss. Conversely, the buyer of the variance swap (who is said to have a long variance position) will benefit when realised volatility is higher than the reference level, in which case the seller of the variance swap would suffer a loss. Realised volatility is a backward-looking measure of the amount by which the returns of an asset actually varied over a time period and is calculated by reference to the previous day's returns of that asset. Implied volatility is a forward-looking measure, which represents the market's expectation of the future volatility of a particular asset over a particular period.

Swaptions are options to enter into a swap, typically in respect of an interest rate, whereby, in exchange for a fee, the buyer of the swaption acquires an option to enter into a specified swap agreement on a future date.

A credit default swap ("CDS") is a swap used to transfer the risk of default on an underlying security from the holder of the security to the seller of the swap. For example, if the Target Fund buys a CDS (which could be to take a short position in respect of the credit of security's issuer or to hedge an investment in the relevant security), it will be entitled to receive the value of the security from the seller of the CDS, should the security's issuer default on its payment obligations under the security. Where the Target Fund sells a CDS (which is taking a long position in respect of the credit of the security's issuer) it will receive a fee from the purchaser and hope to profit from that fee in the event that the issuer of the relevant security does not default on its payment obligations. The Target Fund Investment Manager has a dedicated derivatives servicing team that will monitor the Target Fund's compliance with the Central Bank of Ireland's investment restrictions in respect of its CDS positions, its collateral management and any other terms agreed upon in the agreement underlying the CDS and will employ proprietary quantitative tools to help analyse many aspects of risk to which the Target Fund is exposed due to its positions in CDS. In the event of a default event in respect of a CDS, the Target Fund will have to fulfil its obligations (if any) under that specific CDS and its exposure will depend on various factors including the size of the position, whether it has bought or sold the CDS and the recovery value of the defaulted security.

A contract for difference is an agreement between a buyer and a seller stipulating that the seller will pay the buyer the difference between the current value of the security and its value when the contract is made. If the difference turns out to be negative, the buyer pays the seller.

Where disclosed in the relevant supplement Target Fund Prospectus, Portfolios may also invest in convertible bonds, convertible preferred stock, credit linked notes, index linked notes, structured notes and rights, each of which may embed an FDI and, consequently, leverage.

As a Portfolio may generally purchase FDI using only a fraction of the assets that would be needed to purchase the relevant securities directly, the remainder of the Target Fund's assets may be invested in other types of securities. The Target Fund Investment Manager or Target Fund Sub-Investment Manager may therefore seek to achieve greater returns by purchasing FDI and investing a Portfolio's remaining assets in other types of securities to add excess return.

FDI used for efficient portfolio management may be used by the Portfolio for hedging purposes. Hedging is a technique used to seek to minimise an exposure created from an underlying position by counteracting such exposure by means of acquiring an offsetting position. The positions taken for hedging purposes will not be allowed to exceed materially the value of the assets that they seek to offset.

In the event the Target Fund use any types of FDI additional to those described above, the risk management process shall be amended to reflect this intention and such additional types of FDI shall also be disclosed and described in the relevant supplement Target Fund Prospectus in respect of the Target Fund.

Use of Repurchase and Reverse Repurchase Agreements

At the discretion of the Target Fund Investment Manager, the Target Fund may enter into repurchase and reverse repurchase agreements ("**Repo Contracts**"), subject to the conditions and limits set out in the Central Bank UCITS Regulations, in respect of each of the types of assets in which the Target Fund may invest, as described in the "*Instruments / Asset Classes*" section of the relevant supplement Target Fund Prospectus for the Target Fund. Any such Repo Contracts may be used for efficient portfolio management purposes.

Under a repurchase agreement, the Target Fund purchases securities from a Relevant Institution which agrees, at the time of sale, to repurchase the securities at a mutually agreed upon date and price, thereby determining the yield to the Target Fund during the term of the agreement. The resale price reflects the purchase price plus an agreed upon market rate of interest which is unrelated to the purchased security. The Target Fund may also enter into reverse repurchase agreements, under which it sells securities and agrees to repurchase them at a mutually agreed upon date and price.

The Target Fund will only enter Repo Contracts which ensure that it is able to (i) recall any security that has been lent or sold and recall any cash that has been paid out; or (ii) terminate Repo Contracts into which it has entered at any time.

All revenues from the use of Repo Contracts, net of direct and indirect operational costs, will be returned to the Target Fund. Full details of any revenue earned and the direct and indirect operational costs and fees incurred with respect to the use of Repo Contracts for the Target Fund will be included in the NBIF's annual financial statements. Unless otherwise specified in the relevant supplement Prospectus, the maximum proportion of the Target Fund's NAV that can be subject to Repo Contracts is 10% and the expected proportion of the Target Fund's NAV that will be subject to Repo Contracts is 3%.

The Target Fund will only enter into Repo Contracts with counterparties which meet the criteria set out in respect of counterparties to OTC FDI, including in respect of counterparty exposure limits and collateralisation, set out under "*Use of Financial Derivative Instruments*" above. It is not expected that such counterparties will be related to the Target Fund Investment Manager or the Depositary. All collateral received from a counterparty will meet the requirements and be subject to the restrictions set out under "*Management of Collateral*" below. Investors should also read the "*Repurchase and Reverse Repurchase Agreement Risk*" risk warnings in the "*Investment Risks*" section of the Prospectus.

Use of Securities Lending Agreements

At the discretion of the Target Fund Investment Manager, the Target Fund may enter into securities lending transactions ("Securities Lending Agreements"), subject to the conditions and limits set out in the Central Bank UCITS Regulations, in respect of each of the types of assets in which the Target Fund may invest, as described in the "Instruments / Asset Classes" section of the relevant supplement Target Fund Prospectus for the Target Fund. Any such Securities Lending Agreements may be used for efficient portfolio management purposes.

Securities Lending Agreements are transactions through which the Target Fund lends its securities to another party, the borrower, which is contractually obliged to return equivalent securities at the end of an agreed period. While securities are on loan, the borrower pays the Target Fund (i) a loan fee and (ii) any income from the securities. The Target Fund may enter only into securities lending transactions provided that it complies with the following rules:

(i) the Target Fund may lend securities to a borrower either directly or through a standardised system organised by a recognised clearing institution or through a lending system organised by counterparties which meet the criteria set out in respect of counterparties to OTC FDI set out under "Use of Financial Derivative Instruments" above. It is not expected that such counterparties will be related to the Target Fund Investment Manager or the Depositary; and

(ii) the counterparty to a Securities Lending Agreement must meet the criteria set out in respect of counterparties to OTC FDI, including in respect of counterparty exposure limits and collateralisation, set out under "Use of Financial Derivative Instruments" above. It is not expected that such counterparties will be related to the Target Fund Investment Manager, the Target Fund Sub-Investment Manager or the Depositary.

The NBIF will receive, for each portfolio that participates in Securities Lending Agreements, collateral that is at least equivalent to 102% of the value of the lent securities.

The Target Fund may only enter into Securities Lending Agreements under which (i) they are entitled at all times to request the return of the securities lent or to terminate any securities lending transactions and (ii) the transactions do not jeopardise the management of the Target Fund's assets in accordance with its investment policy.

Unless otherwise specified in the relevant supplement Prospectus, the maximum proportion of the Target Fund's NAV that can be subject to Securities Lending Agreements is 50% and the expected proportion of the Target Fund's NAV that will be subject to Securities Lending Agreements is 0-10%.

The NBIF has appointed Brown Brothers Harriman & Co., a New York limited partnership with an office in Boston, Massachusetts (the "Lending Agent") to carry out the Securities Lending Agreements, notably the selection of counterparties, subject to the NBIF's pre-approval, and the management of the collateral. The Target Fund entering into Securities Lending Agreements will receive all revenue generated from the Securities Lending Agreements, net of direct and indirect operational costs, which will represent 90% of the total revenue generated. The remaining 10% will be paid to the Lending Agent in consideration of the direct and indirect operational costs of the provision of its services and the guaranty that it provides.

Management of Collateral

Subject to the UCITS Regulations, the Target Fund may enter into OTC FDI transactions, Repo Contracts and Securities Lending Agreements (together, "SFT Transactions") in accordance with normal market practice and provided that collateral obtained under the SFT Transactions with the criteria set out below.

(i) Liquidity - collateral (other than cash) should be highly liquid and traded on a regulated market or multi-lateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral should comply with the provisions of Regulation 74 of the UCITS Regulations and shall be used in accordance with the requirements of the Target Fund Prospectus and the UCITS Regulations.

(ii) Valuation - collateral should be valued on a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place. Any collateral received by the Target Fund in respect of SFT Transactions will meet the requirements set out in the Target Fund Prospectus and be valued in accordance with the provisions of the "Determination of Net Asset Value" section hereof and valuations will be marked to market daily and variation margin will be applied daily, as necessary.

(iii) Issuer credit quality - collateral should be of high quality.

(iv) Correlation - collateral should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.

(v) Diversification - collateral should be sufficiently diversified in terms of country, markets and issuers. Non-cash collateral will be considered to be sufficiently diversified if the Target Fund receives from a counterparty a basket of collateral with a maximum exposure to any one issuer of 20% of the Target Fund's NAV. When the Target Fund is exposed to a variety of different counterparties, the various baskets of collateral are aggregated to ensure exposure to a single issuer does not exceed 20% of NAV.

By way of derogation from this sub-paragraph, the Target Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a EU Member State, one or more of its local authorities, a third country, or a public international body to which one or more EU Member States belong. The Target Fund will receive securities from at least six different issues and securities from any single issue will not account for more than 30% of the Target Fund's NAV. Portfolios that intend to be fully collateralised in securities issued or guaranteed by a EU Member State will disclose this fact in the relevant supplement Target Fund Prospectus and also identify the EU Member States, local authorities, third country, or public international bodies issuing or guaranteeing securities which they are able to accept as collateral for more than 20% of their NAV.

(vi) Immediately available - collateral received should be capable of being fully enforced by the Portfolio at any time without reference to or approval from the counterparty.

All assets received in respect of the Target Fund in the context of SFT Transactions will be considered as collateral for the purposes of the UCITS Regulations and will comply with the criteria above. The NBIF seeks to identify and mitigate risks linked to the management of collateral, including operational and legal risks, by risk management procedures employed by the NBIF.

Where there is a title transfer, the collateral received will be held by the Depositary, or its agent. For other types of collateral arrangement the collateral may be held by a third party custodian which is subject to prudential supervision and which is unrelated to the provider of the collateral.

Permitted types of collateral

In accordance with the above criteria, the Target Fund may accept the following types of collateral:

(i) cash;
(ii) government or other public securities;
(iii) certificates of deposit issued by Relevant Institutions;
(iv) letters of credit with a residual maturity of three months or less, which are unconditional and irrevocable and which are issued by Relevant Institutions;
(v) equity securities traded on a stock exchange in Relevant Jurisdictions, Switzerland, Canada, Japan, the United States, Jersey, Guernsey, the Isle of Man, Australia or New Zealand;

Reinvestment of Collateral

Cash received as collateral may only be re-invested in the following instruments:

(i) deposits or certificates of deposit issued by Relevant Institutions;
(ii) high-quality government bonds; or
(iii) a Short Term Money Market Fund, as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref: CESR/10-049).

Invested cash collateral may not be placed on deposit with, or invested in securities issued by, the counterparty or a related entity.

Re-invested cash collateral will be diversified in accordance with the diversification requirements applicable to non-cash collateral and will be exposed to the risks associated with investment in the instruments described above, including, without limitation, market risks, credit risks and risks associated with fixed income securities. Please see the "Investment Risks" section for more information.

Non-cash collateral received cannot be sold, pledged or re-invested.

Stress testing policy

In the event that the Target Fund receives collateral for at least 30% of its net assets, it will implement a stress testing policy to ensure that regular stress tests are carried out under normal and exceptional liquidity conditions in order to allow it to assess the liquidity risk attached to collateral.

Haircut policy

Each Portfolio has implemented a haircut policy in respect of each class of assets received as collateral. This policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral and the results of any stress tests which may be performed in accordance with the stress testing policy. The value of the collateral, adjusted in light of the haircut policy, must equal or exceed, in value, at all times, the relevant counterparty exposure.

<u>When Issued and Forward Commitment Securities</u>

Subject to the investment restrictions contained in the "*Investment Restrictions*" section above, the Target Fund may purchase securities on a "when-issued" basis and may purchase or sell securities on a "forward commitment" basis. The price, which is generally expressed in yield terms, is fixed at the time the commitment is made, but delivery and payment for the securities take place at a later date. When-issued securities and forward commitments may be sold prior to the settlement date, but the Target Fund will usually enter into when-issued and forward commitments only with the intention of actually receiving or delivering the securities or to avoid currency risk, as the case may be. No income accrues on securities which have been purchased pursuant to a forward commitment or on a when-issued basis prior to delivery of the securities. If the Portfolio disposes of the right to acquire a when-issued security prior to its acquisition or disposes of its right to deliver or receive against a forward commitment, the Portfolio may incur a gain or loss.

<u>Currency Transactions</u>

The Target Fund is permitted to invest in securities denominated in a currency other than the base currency of the Target Fund and may purchase currencies to meet settlement requirements. In addition, subject to the restrictions imposed on the use of financial derivative instruments described above and by the UCITS Regulations, the Target Fund may enter into various currency transactions (i.e. forward foreign currency contracts, currency swaps or foreign currency) to protect against uncertainty in future exchange rates. Forward foreign currency contracts are agreements to exchange one currency for another – for example, to exchange a certain amount of Sterling for a certain amount of Euro – at a future date. The date (which may be any agreed-upon fixed number of days in the future), the amount of currency to be exchanged and the price at which the exchange will take place are negotiated and fixed for the term of the contract at the time that the contract is entered into.

Currency transactions which alter currency exposure characteristics of transferable securities held by the Target Fund may only be undertaken for the purposes of a reduction in risk, a reduction in costs and/or an increase in capital or income returns to the Target Fund. Any such currency transactions will be used in accordance with the investment objective of the Target Fund.

The Target Fund may "cross-hedge" one foreign currency exposure by selling a related foreign currency into the base currency of the Target Fund. Also, in emerging or developing markets, local currencies are often expressed as a basket of major market currencies such as the US Dollar, Euro or Japanese Yen. The Target Fund may hedge out the exposure to currencies other than its base currency in the basket by selling a weighted average of those currencies forward into the base currency.

2.4. SWING PRICING

On any Dealing Day on which there are net subscriptions into or net redemptions out of the Target Fund, the actual cost of acquiring or disposing of assets on behalf of the Target Fund, due to dealing charges, taxes, and any spread between acquisition and disposal prices of assets, may be such as to affect the NAV of the Target Fund to the detriment of Shareholders in the Target Fund as a whole. The adverse effect that these costs could have on the NAV is known as "dilution".

In order to seek to mitigate the potentially dilutive effect of dealing on the NAV of the Target Fund on any Dealing Day on which there are net subscriptions or redemptions in the Target Fund above a certain predefined threshold of the Target Fund, the directors of NBIF may determine, at their discretion, to "swing" the NAV to counter the possible negative effects of dilution. Where they so determine, the Administrator will calculate the NAV for the Target Fund, as described above, and then adjust ("swing") the NAV by a pre-determined amount. The direction of the swing will depend on whether there are net subscriptions or redemptions in the Target Fund on the relevant Dealing Day, while the magnitude of the swing will be based on pre-determined estimates of the average trading costs in the relevant asset class(es) in which the Target Fund is invested. For example, if the Target Fund is experiencing net inflows, its NAV will be swung upwards, so that the incoming shareholders are effectively bearing the costs of the dealing that their subscriptions generate by paying a higher NAV per share than they would otherwise be charged. Conversely, where there are net redemptions in the Target Fund, the NAV will be swung downwards, so that the outgoing investors are effectively bearing the costs of the dealing that their redemptions generate by receiving a lower NAV per share than they would otherwise receive. These swings are intended to protect non-dealing Shareholders from the impact of trading costs triggered by dealing investors.

The determination to swing the NAV in respect of the Target Fund will be made following a consideration of the dealing activity (i.e. level of subscriptions and redemptions) in the Target Fund on a Dealing Day, in accordance with criteria approved by the directors of NBIF from time to time. These criteria will include whether the costs of investing or divesting the net inflows into or outflows from the Target Fund on a Dealing Day will create, in the NBIF directors' opinion, a significant dilutive impact. Swing pricing will only be exercised for the purpose of reducing dilution in the interests of the Shareholders in the Target Fund as a whole and will be applied consistently in respect of the Target Fund and in respect of all assets of the Target Fund.

The maximum swing in normal market circumstances where swing pricing is adopted is not expected to exceed 1% of the NAV on the relevant Dealing Day. Investors should note that in extreme market conditions the factor may exceed that level. The application of Swing Pricing may increase the variability of the Target Fund's returns. The directors of NBIF reserve the right to increase or vary the 'swing' of the NAV without notice to shareholders.

Investors should be aware that swing pricing may not always prevent the dilution of the NAV through dealing costs and the adjustments made to the NAV may also benefit certain investors relative to the Shareholders in the Target Fund as a whole. For example a subscriber into the Target Fund on a day on which the NAV is swung downwards as a result of net redemptions from the Target Fund may benefit from paying a lower NAV per share in respect of his subscription than he would otherwise have been charged. In addition, the Target Fund's NAV and short-term performance may experience greater volatility as a result of this valuation methodology. The application of Swing Pricing may also increase the variability of the Target Fund's returns.

2.5. TEMPORARY SUSPENSION OF DEALINGS

The directors of NBIF may at any time, with prior notification to, or, where necessary, consultation with, the Depositary, temporarily suspend the issue, valuation, sale, purchase, redemption or conversion of shares and/or the payment of redemption proceeds at any time during:

(a) any period when any Recognised Market on which a substantial portion of the investments for the time being comprised in the Target Fund are quoted, listed or dealt in is closed otherwise than for ordinary holidays, or during which dealings on any such Recognised Market are restricted or suspended;

(b) any period when, as a result of political, military, economic or monetary events or other circumstances beyond the control, responsibility and power of the directors of NBIF, the disposal or valuation of investments for the time being comprised in the Target Fund cannot, in the opinion of the directors of NBIF, be effected or completed normally or without prejudicing the interests of Shareholders;

(c) any breakdown in the means of communication normally employed in determining the value of any investments for the time being comprised in the Target Fund or during any period when for any other reason the value of investments for the time being comprised in the Target Fund cannot, in the opinion of the directors of NBIF, be promptly or accurately ascertained;

(d) any period when the NBIF is unable to repatriate funds for the purposes of making redemption payments or during which the realisation of investments for the time being comprised in the Target Fund, or the transfer or payment of funds involved in connection therewith cannot, in the opinion of the directors of NBIF, be effected at normal prices or normal rates of exchange;

(e) any period when, as a result of adverse market conditions, the payment of redemption proceeds may, in the opinion of the directors of NBIF, have an adverse impact on the Target Fund or the remaining Shareholders in the Target Fund;

(f) any period after a notice convening a meeting of Shareholders for the purpose of dissolving the NBIF or terminating the Target Fund has been issued, up to and including the date of such meeting of Shareholders;

(g) any period during which dealings in a CIS in which the Target Fund has invested a significant portion of its assets are suspended;

(h) any period in which the repurchase of the shares would, in the opinion of the directors of NBIF, result in a violation of applicable laws; or

(i) any period when the directors of NBIF determine that it is in the best interests of the Shareholders to do so.

Notice of any such suspension shall be published by the NBIF at its registered office and in such newspapers and through such other media as the directors of NBIF may from time to time determine, if in the opinion of the directors of NBIF, it is likely to exceed thirty (30) days, and shall be transmitted immediately to the Central Bank of Ireland, Euronext Dublin and the Shareholders. Shareholders who have requested the issue or redemption of shares of any series or class will have their subscription or redemption request dealt with on the first dealing day after the suspension has been lifted unless applications or redemption requests have been withdrawn prior to the lifting of the suspension. The directors of NBIF will take all necessary steps to resume normal operations as soon as practicable and regularly review any prolonged suspension of dealings.

2.6. DEFERRAL OF REDEMPTION

If on any Dealing Day a Shareholder requests the redemption of shares equal to 5% or more of the number of shares in issue in a particular series on such Dealing Day and on such Dealing Day redemption requests from all holders of shares of that series total an aggregate of more than 25% of all the shares in issue in that series on such Dealing Day, the NBIF may, with the prior consent of such Shareholder, taking prevailing market conditions and the best interests of the Shareholders of that series as a whole into account, distribute underlying investments rather than cash in respect of such Shareholder's redemption request. In such circumstances, subject always to the principle that any such distribution shall not materially prejudice the interest of other Shareholders and the approval of the Depositary and the Target Fund Investment Manager for the allocation of assets as part of such distribution, such distributions will be structured so as to provide such redeeming Shareholder with a pro-rated proportion of each asset held by the Target Fund.

In the event that the NBIF exercises the power to distribute underlying investments rather than cash in respect of a redemption request, the relevant Shareholder will have the right to instruct the NBIF to procure the sale of such underlying investments on their behalf, in which case the Shareholder will receive the proceeds net of all Duties and Charges incurred in connection with the sale of such underlying investments.

If on any Dealing Day outstanding redemption requests from all holders of shares of a particular series total more than such amount as may be determined by the directors of NBIF from time to time in respect of a series and disclosed in the relevant supplement Prospectus, subject always to a minimum of 10% of the shares of such series in issue on such Dealing Day, (the "Redemption Ceiling") the NBIF shall be entitled, in its discretion, to refuse to redeem such number of shares in that series in excess of the Redemption Ceiling on that Dealing Day, as the directors of NBIF shall determine. When exercising this discretion, the directors of NBIF shall inform and, where appropriate, consult with the Depositary. Where no Redemption Ceiling is specified in the relevant supplement Prospectus, the Redemption Ceiling shall be 10% of the shares of such series in issue on such Dealing Day.

If the NBIF refuses to redeem shares for this reason, all requests for redemption on such Dealing Day shall be reduced rateably and the shares to which each request relates which are not redeemed on that Dealing Day shall be redeemed on each subsequent Dealing Day in accordance with the provisions of the Articles until all the shares of the series to which the original requests related have been redeemed, provided always that in no case will the NBIF be obliged to redeem shares of a particular series in excess of the Redemption Ceiling on any Dealing Day.

Redemption proceeds will be paid within ten (10) business days of the relevant Dealing Day unless payment has been suspended in the circumstances described under "*Temporary Suspension of Dealings*" above, although the NBIF will seek to make such payments within a shorter period of time where possible (up to and including within three (3) business days of the relevant Dealing Day).

2.7. COMPULSORY REALISATION

The NBIF is established for an unlimited period and may have unlimited assets in the Target Fund. However, the NBIF is obliged to (in the case of (a) and (b) below) and may, but is not obliged to (in the case of (c), (d) and (e) below), redeem all of the shares of any series or class in issue if:

(a) the Shareholders in the Target Fund or class pass a special resolution providing for such redemption at a general meeting of the holders of the shares of the Target Fund or class;

(b) the redemption of the shares in the Target Fund or class is approved by a resolution in writing signed by all of the holders of the shares in the Target Fund or class;
(c) the NAV of the Target Fund does not exceed or falls below the base currency equivalent of US$75,000,000 (or such other amount as may be approved by the directors of NBIF in respect of the Target Fund); or
(d) the directors of NBIF have determined to redeem all shares in the Target Fund in accordance with the provisions specified under the heading "*Termination of appointment of the Investment Manager, the Sub-Investment Manager or any other sub-investment manager at the initiative of the Shareholders*" in the "*The Sub-Investment Manager*" section in the Target Fund Prospectus; or
(e) the directors of NBIF deem it appropriate because of adverse political, economic, fiscal or regulatory changes affecting the Target Fund or class.

If the Depositary has given notice of its intention to retire and no new custodian acceptable to the Central Bank of Ireland has been appointed within ninety (90) days of such notice, the NBIF shall apply to the Central Bank of Ireland for revocation of its authorisation and shall redeem all of the shares of any series or class in issue.

In each such case, the shares of the Target Fund or class shall be redeemed after giving not less than one month's but no more than three (3) months' prior notice to the Fund. The shares will be redeemed at the NAV per share on the relevant Dealing Day less such sums as the NBIF in its discretion may from time to time determine as an appropriate provision for duties and charges in relation to the estimated realisation costs of the assets of the Target Fund and in relation to the redemption and cancellation of the shares to be redeemed.

2.8. SPECIFIC RISKS OF THE TARGET FUND

Investment in the Target Fund carries certain risks which are described in greater detail in the "Investment Risks" section of the Prospectus, which is also disclosed under "Risks Associated with the Investments in the Target Fund" section at page 8.

Investors should refer to the NBIF's risk management policy with respect to the use of FDI contained in the risk management process (RMP) Statement.

The Target Fund Investment Manager and the Target Fund Sub-Investment Managers may use future foreign currency exchange contracts in order to hedge some currency risk.

The Target Fund may have or may be expected to have medium to high volatility due to its investment policies or portfolio management techniques.

The Target Fund may be leveraged as a result of its investments in FDI but such leverage will not exceed 100% of the Target Fund's NAV, as measured using the Commitment Approach, at any time.

2.9. FEES CHARGED BY THE TARGET FUND (CLASS I3)

FEES/EXPENSES	
Preliminary charge	Nil.
Management fee	Up to 0.85% of the NAV of the Target Fund. ***Note:*** *The management fee charged by the Target Fund will be paid out of the Management Fee charged by the Manager at the Fund level. You will incur Management Fee at the Fund's level only and there is no double charging of management fee.*
Administration fee	Up to 0.20% per annum of the NAV of the Target Fund. In addition, the Administrator shall receive reimbursement for any other fees and expenses at normal commercial rates, including fees in respect of transfer agency, transaction processing fees and tax reclaim services and all out-of-pocket expenses reasonably and properly incurred by the Administrator in the performance of its duties.
Custody fee	Up to 0.02% per annum of the NAV of the Target Fund. The Depositary will also be entitled to reimbursement by NBIF out of the assets of the Target Fund for safekeeping fees, transaction charges and reasonable out-of-pocket expenses incurred for the benefit of the Target Fund including the fees (which will not exceed normal commercial rates) and reasonable out-of-pocket expenses of any sub-custodian appointed by the Depositary.
Duties and charges	In calculating the NAV per share of the Target Fund in connection with any subscription application or redemption request, the directors of NBIF may on any Dealing Day when there are net subscriptions or redemptions adjust the NAV per share by adding or deducting duties and charges to cover dealing costs and to act as an anti-dilution levy to preserve the value of the underlying assets of the relevant Portfolio. Any such duties and charges will account for actual expenditure on the purchase of the purchase or sale of the assets of the Target Fund and will be retained for the benefit of the Target Fund. The directors of NBIF reserves the right to waive such charge at any time. Where Swing Pricing is adopted in respect of the Target Fund on a Dealing Day, no other duties and charges will be applied in respect of subscriptions to or redemptions from the Target Fund.

FEES/EXPENSES	
Establishment & organisational expenses	The NBIF's organisational expenses have been amortised. The Target Fund's establishment and organisational expenses (including expenses relating to the negotiation and preparation of the contracts to which it is a party, the costs of preparing and printing the Target Fund Prospectus and related marketing materials, the costs of obtaining a listing on Euronext Dublin and the fees and expenses of its professional advisors), which will payable out of the assets of the Target Fund, are estimated not to have exceeded US$100,000. These expenses will be amortised over the first three (3) annual accounting periods of the Target Fund or such other period as may be determined by the directors of NBIF.
Miscellaneous fees, cost & expenses	The NBIF and the Target Fund will also pay certain other costs, charges, fees and expenses incurred in its operation, including without limitation fees and expenses incurred in relation to banking, brokerage, taxes, insurance and etc.

3. FEES, CHARGES AND EXPENSES

3.1. CHARGES

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

3.1.1. Application Fee

When applying for units of a 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 USD)	Class XYZ (Denominated in MYR)
Investment amount	USD 10,000	MYR 10,000
NAV per unit	USD 1.0000	MYR 1.0000
Application Fee (NAV per unit)	5.00%	5.00%
Units issued to Unit holder = Investment amount / NAV per unit	= USD 10,000.00 / USD 1.0000 = 10,000 units	= MYR 10,000.00 / MYR 1.0000 = 10,000 units
Application Fee per unit = NAV per unit x Application Fee (%)	= USD 1.0000 x 5.00% = USD 0.0500	= MYR 1.0000 x 5.00% = MYR 0.0500
Total Application Fee	= 10,000 units x SGD 0.0500 **= USD 500.00**	= 10,000 units x MYR 0.0500 **= MYR 500.00**

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

3.1.2. Withdrawal Penalty

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. Please refer to the Annexure of the respective Class for further information.

3.1.3. Dilution Fee

Nil.

3.1.4. Switching Fee

Switching is treated as a withdrawal from a 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 the Class to be switched out 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, you may be charged administrative fee for each switch. Please refer to the Annexure of the respective Class for further information.

3.1.5. Transfer Fee

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

3.2. FEES AND EXPENSES

All fees and 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

Please note that the 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 the below Management Fee rate and NAV for both Class ABC and Class XYZ:-

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (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 95% of the Fund's NAV will be invested in another CIS, no additional management fee will be charged to the investor.

INVESTOR → **FUND** → **TARGET FUND**

Management Fee charged by us | **Management fee paid to the Target Fund**

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.*

As the Fund will invest in units of the Target Fund, there is management fee incurred by the Target Fund which will be rebated back to the Fund to ensure that there will not be double charging of the Management Fee. Please refer to "Fees charged by the Target Fund" section at page 43 for details on the Target Fund's management fee.

3.2.2. Trustee Fee

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

The Trustee Fee is up to 0.04% per annum of the NAV of Fund.

Below is an illustration on how the Trustee Fee is calculated, assuming the NAV of the Fund is USD 300 million:-

Trustee Fee for the Fund = 0.04% per annum

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

= USD 300 million x 0.04% / 365

= USD 328.76

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

3.2.3. Other costs of investing in a feeder fund

As the Fund will invest in units of the Target Fund, there are other fees and expenses incurred by the Target Fund which is set out in detail under "Fees charged by the Target Fund" section at page 43.

3.2.4. Other expenses

The Deed also provides for payment of other expenses. Other expenses which are directly related and necessary to the operation and administration of the Fund may be charged to the Fund. These would include (but are not limited to) the following:

- commissions or fees paid to brokers or dealers (if any) in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes or difference account;
- taxes and other duties charged on the Fund by the government and other authorities (if any) and bank fees;
- fees and other expenses properly incurred by the auditor and tax agent;
- fees for valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- costs incurred for the modification of the Deed otherwise than for our benefit or the Trustee's;
- costs incurred for any meeting of the Unit holders other than those convened for our benefit or the Trustee's;
- the sale, purchase, insurance and any other dealing of investment including commissions or fees paid to brokers;
- costs involved with external specialist approved by the Trustee in investigating or evaluating any proposed investment;
- the engagement of valuer, adviser or contractor of all kinds;

- preparation and audit of the taxation returns and accounts of the Fund;
- termination of the Fund 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 Fund, Class or any asset, including proceedings against the Trustee or the Manager, or commenced by either of them for the benefit of the Fund or that Class (except to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed out of the Fund);
- remuneration and out of pocket expenses of the independent members of the investment committee and/or the members of the Shariah committee or advisers (if any) of the Fund, unless we decide otherwise to bear the same;
- expenses incurred in the printing of and postage of the annual and interim (if any) reports, including the purchase of stationery;
- (where the custodial function is delegated by the Trustee to a foreign sub-custodian), charges or fees paid to the foreign sub-custodian;
- all costs and/or expenses associated with the distributions 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;
- cost of obtaining experts opinion by the Trustee and us for the benefit of the Fund or Class; and
- costs of printing and dispatching to Unit holders the accounts of the Fund, tax certificates, distribution warrants, notices of meeting of Unit holders, newspaper advertisement and such other similar costs as may be approved by the Trustee.

Expenses not authorised by the Deed must be borne by us or the Trustee, if incurred for our own benefit.

3.2.5. 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. We will ensure that there is no double charging of management fee to be incurred by you when you invest in the Fund. All expenses of the Fund will generally be apportioned to each Class based on the MCR except for 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.

You should note that we may alter the fees and charges (other than the Trustee Fee) within such limits, and subject to such provisions, as set out in the Deed.

You should note that we may, for any reason at any time, where applicable, waive or reduce the amount of any fees (except the Trustee Fee) or other charges payable by you in respect of the Fund, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) and for any period or periods of time at our absolute discretion.

3.3. REBATES AND SOFT COMMISSIONS

We and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Fund unless the soft commission received is retained in the form of goods and services such as research and advisory services that assist in the decision making process relating to the Fund’s investments. All dealings with brokers are executed on most favourable terms available for the Fund.

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 or you as disclosed or illustrated in the Information Memorandum.

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

4. TRANSACTION INFORMATION

4.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUND

We will ensure that all the assets of the Fund are valued in a fair manner. The assets of the Fund are valued as follows:

- **CIS**
  The value of the unlisted CIS (i.e. the Target Fund) shall be determined by reference to the last published repurchase or redemption price for the Target Fund.

- **Deposits**
  The value of Deposits shall be determined each day by reference to the principal value of such permitted investments and its accrued income for the relevant period.

- **Derivative**
  The value will be determined by the financial institution that issued the instrument and that value will be the fair value as determined in good faith by us on methods or basis 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 Reuters or Bloomberg, 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 we may determine or as per the Investment Management Standards issued by the FIMM.

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 unit pricing on a Business Day (i.e. the NAV per unit) that we receive the completed relevant transaction forms from you.

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

We will carry out the valuation of the Classes for each Business Day on the next Business Day (T+1) by 4:00 p.m. This is to cater for the currency translation of the foreign securities or instruments to the Fund's base currency (i.e. USD). Currently, the currency translation is based on the bid exchange rate quoted by Bloomberg or Reuters at UK time 4:00 p.m. on the same day (Malaysia time 11:00 p.m. or 12:00 a.m.), or such other time as we may determine or as stipulated in the Investment Management Standards issued by the FIMM. 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).

After the initial offer period, the Fund must be valued at least once every Business Day. The method of determining NAV per unit of the Class is calculated as follows:

$$\text{NAV per unit} = \frac{\text{NAV of the Class}}{\text{Number of units in issue of the Class}}$$

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 you, less all amounts owing or payable in respect of the Fund which also includes any provisions that may be made by us and the Trustee. 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 Reuters at UK time 4:00 p.m. at the same day (Malaysia time 11:00 p.m. or 12:00 a.m.), or such other time as we may determine or as per the Investment Management Standards issued by the FIMM. 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.

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	173,342,897	12,600,000
% MCR	100%	(1)93.22%	(1)6.78%
Add: Income	30,000	(2)27,966	(2)2,034
Less: Expenses	(10,000)	(2) (9,322)	(2) (678)
Benefits or costs of hedging (if any)	900	-	900
NAV of the Fund before management and trustee fee	185,963,797	173,361,541	12,602,256
		1.00% p.a.	1.00% p.a.
Less: Management fee	(9,170)	(4,749)	(345)
	0.06% p.a.		
Less: Trustee fee	(306)	(285)	(21)
NAV of the Fund	185,954,321	173,356,507	12,601,890
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	(USD/MYR) 0.3000
NAV per unit		**USD 1.0197**	**MYR 1.4000**

	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	185,954,321	173,356,507	12,601,890
(3)Creation of units	1,300,000	1,000,000	300,000
Closing NAV	187,254,321	174,356,507	12,901,890
Units in circulation	201,694,966.30 units	170,980,680.59 units	30,714,285.71units
NAV per unit		**1.0197**	**0.4200**
Currency exchange rate		N/A	(USD/MYR) 0.3000
NAV per unit		**USD 1.0197**	**MYR 1.4000**

Note :

(1) MCR computation

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Class x 100 / NAV of the Fund before income and expenses	173,342,897 x 100 / 185,942,897	12,600,000 x 100 / 185,942,897
	= 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	MCR x Income = Income for Class ABC = 93.22% x USD 30,000 = USD 27,966	MCR x Income = Income for Class XYZ = 6.78% x USD 30,000 = USD 2,034
Less: Expenses	(10,000)	MCR x Expenses = Expenses for Class ABC = 93.22% x USD 10,000 = USD 9,322	MCR x Expenses = Expenses for Class XYZ =6.78% x USD 10,000 = USD 678

[(3)]Creation of units

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
Creation of units	USD 1,000,000	MYR 1,000,000
NAV per unit	USD 1.0197	MYR 1.4000
Number of units	980,680.59 units	714,285.71 units
Currency exchange rate	N/A	(USD/MYR) 0.3000
Creation of units	USD 1,000,000	USD 300,000

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

4.3. INCORRECT PRICING

We shall take immediate remedial action to rectify any incorrect valuation and/or pricing of the Fund. 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 Fund for any withdrawal of units; and/or
   (ii) you, if you have purchased units of the Fund at a higher price; or
b) in the event of under valuation and/or pricing, we shall reimburse:
   (i) the Fund for any subscription of units; and/or
   (ii) you, if you have withdrawn units of the Fund at a lower price.

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

a) is equal or more than 0.50% of the NAV per unit; and
b) results in a sum total of USD10.00 (or the same value in the respective Class currency) 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 aforesaid 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 a Sophisticated Investor who is:

- an individual who is at least eighteen (18) years of age and 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).

However, we have the right to reject an application on reasonable grounds.

Further, if we become 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 will issue a notice to that Unit holder 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 after completing the relevant application forms and attaching a copy of your identity card, passport or any other identification document. We may request for additional supporting document(s) or information from you. On the application form, please 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 invest:
- by crossed cheque, banker's draft, money order or cashier's order (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;
- directly from your bank account (or foreign currency bank account, as the case may be) held with our Distributors, where applicable;
- by such other mode of payment that we and/or the relevant authorities approve from time to time. Any charges, fees and expenses incurred in facilitating such mode of payment shall be borne by you. Such mode of payment is subject to further limit(s), restriction(s) and/or terms and conditions that we and/or the relevant authorities may impose from time to time.

4.4.3. Regular Savings Plan ("RSP")

RSP may be made available for certain Class. Please refer to the Annexure of the respective Class for further information. Where available, the RSP allows you to make the 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 our Distributors to invest a predetermined amount in the Class each month. You can cancel your RSP at any time by providing written instructions to the relevant Distributors.

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. All applicants must be at least eighteen (18) years of age and are Sophisticated Investor.

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 as the rightful owner. His/her units will be dealt with in accordance with the Deed and applicable laws and regulations.

You are advised not to make payment in cash to any individual agent or employee of Principal Malaysia when purchasing units of a fund.

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, 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 a complete application 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 application after 4:00 p.m. on a Business Day, we will process it using the NAV per unit for the next Business Day. We will only process the completed applications with all the necessary information. The number of units that you receive will be rounded down to two (2) decimal places.

4.6. MINIMUM WITHDRAWALS

The minimum withdrawal 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 form and sending it to the relevant Distributor. There is no restriction on the frequency of withdrawals. We will transfer the withdrawal proceeds to your bank account (or foreign currency bank account, as the case may be) in our records. If we wish to increase the minimum withdrawals, we will consult with the Trustee and you will be notified of such changes before implementation.

4.6.1. Processing a withdrawal

If we receive a complete withdrawal request by 4:00 p.m. on a Business Day, we will process it using the NAV per unit for that Business Day. If we receive the withdrawal request after 4:00 p.m. on a Business Day, we will process it using the NAV per unit for the next Business Day. The amount that you will receive is calculated by the withdrawal value less the Withdrawal Penalty, if any. Under normal circumstances, you will be paid in the currency of the Class (e.g. Class USD will be paid in USD) within fifteen (15) Business Days of receipt of the complete withdrawal request. You will have to bear the applicable bank fees and charges, if any.

You should note that the time taken to pay the withdrawal proceeds to you (i.e. fifteen (15) Business Days) may be extended/delayed if:

(i) There is temporary suspension of dealings at the Target Fund [Note 1];
(ii) There is deferral of redemption payment by the Target Fund [Note 2];
(iii) The dealings of the Fund are temporarily suspended by us [Note 3];or
(iv) There are any unforeseen circumstances that caused a delay in us receiving redemption proceeds from the Target Fund Investment Manager, subject to concurrence from Trustee.

Should any of the above events occur, we may not be able to pay the withdrawal proceeds to you within fifteen (15) Business Days. However, we will pay the withdrawal proceeds to you within fifteen (15) Business Days subsequent to the receipt of redemption proceeds from the Target Fund Investment Manager.

Note 1: *The dealings of the Target Fund may be suspended under the circumstances as described under "Temporary Suspension of Dealings" section on page 41.*

Note 2: *The Target Fund Investment Manager may limit the number of units redeemed on a dealing day to 10% of the NAV of the Target Fund as described under "Deferral of Redemption" section on page 42.*

Note 3: *We may temporarily suspend the dealing in units of the Classes or Fund, subject to the GLOLA and/or the Deed as described under "Temporary Suspension" section on page 53.*

Please refer to the respective sections for more information. Please consult your professional advisers for better understanding.

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 Annexure of the respective Class for further information. If the balance (i.e. number of units) of an investment drops below the minimum balance units, further investment will be required until the balance of the investment is restored to at least the stipulated minimum balance. Otherwise, we may withdraw your entire investment and forward the proceeds to you.

4.8. COOLING-OFF PERIOD

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 the appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased. We will refund the investment amount including Application Fee (if any) to you in the currency of the respective Class within ten (10) 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 trusts are not entitled to the cooling-off right.

4.9. SWITCHING

Switching is available between the Classes of the Fund or between a Class and other Principal Malaysia's funds (or its classes), which should be denominated in the same currency. You may contact our **Customer Care Centre** at **(03) 7718 3000** for more information on the availability of switching. Please also refer to the Annexure of the respective Class for further information.

To switch, simply complete a switch request form and send to the relevant Distributor. 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, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor or a group of Sophisticated Investors or investments made via any digital 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. If we receive a complete switch request by 4:00 p.m. 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. on a Business Day, the switch out will be processed using the NAV per unit for the next Business Day.

4.10. TRANSFER FACILITY

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

4.11. TEMPORARY SUSPENSION

We may temporarily suspend the dealing in units of the Classes or Fund, subject to the GLOLA and/or the Deed. 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 withdrawals and switches of units, please note that there may be delay in processing those transactions and you will be notified accordingly. You will also be notified once the suspension is lifted.

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 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 you in the Class by the cent per unit distribution amount. 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 down 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 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 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 twelve (12) months as prescribed by Unclaimed Moneys Act 1965 ("UMA"), as may be amended from time to time, 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.

However, any income distribution payout to you by cheque, if any, which remains unclaimed for six (6) months will be reinvested into the Class 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 in circumstances where you still hold units of the Class. As for income distribution payout by bank transfer, if any, shall be transmitted to your valid and active bank account. If the bank transfer 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 in circumstances where you still holds 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 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

30 April.

5.2. INFORMATION ON YOUR INVESTMENT

We will send you the following:
- Monthly statement of your account showing details of transactions and distributions (if any); and
- 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.

The Fund's printed annual report is available upon request.

You may obtain up-to-date fund information and NAV per unit from our monthly fund fact sheets and our website at **www.principal.com.my.**

Please take note that if your investments are made through the IUTA via a nominee system of ownership, you would not be deemed to be a Unit holder under the Deed. As such, you may obtain the above information from the respective Distributor.

5.3. TERMINATION OF FUND AND/OR ANY OF THE CLASSES

Subject to the provision set out below, the Fund and/or any of the Class may be terminated or wound-up as proposed by us with the consent of the Trustee (which consent shall not be unreasonably withheld) upon the occurrence of any of the following events, by giving not less than three (3) months' notice in writing to the Unit holders as hereinafter provided (i) if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the trust or (ii) if in our reasonable opinion it is impracticable or inadvisable to continue the Fund or Class. A Class may be terminated by Unit holders 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.

5.4. RIGHTS, LIABILITIES AND LIMITATIONS OF UNIT HOLDERS

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

Please take note that if your investments are made through the Distributor (i.e. the IUTA via a nominee system of ownership), you would not be deemed to be a Unit holder under the Deed and as a result, 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).

Rights
As a Unit holder, you have the right, among others, to:
- inspect the register, free of charge, at any time at our registered office, and obtain such information pertaining to its units as permitted under the Deed and SC Guidelines;
- receive the distribution of the Class (if any), participate in any increase in the value of the units and to other rights and privileges as set out in the Deed;
- call for Unit holders' meetings under the following circumstances:
  - (i) to consider the most recent audited financial statements of the Fund;
  - (ii) to require the retirement or removal of the Manager or the Trustee;
  - (iii) to give to the Trustee such directions as the meeting thinks proper; or
  - (iv) to consider any other matter in relation to the Deed.
- vote for the removal of the Trustee or the Manager through a Special Resolution;
- receive annual and quarterly reports of the Fund; and
- exercise cooling-off right.

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

Liabilities

- Your liability is limited to the purchase price paid or agreed to be paid for a unit. You do not need to indemnify the Trustee or us in the event that the liabilities incurred by us and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the Fund.
- Any right of indemnity of us and/or the Trustee shall be limited to recourse to the Fund.

Limitations

You cannot:

- interfere with or question the exercise by the Trustee, or us on its behalf, of the rights of the Trustee as the registered owner of the assets of the Fund;
- claim any interest in the asset of the Fund; or
- require the asset of the Fund to be transferred to you.

Note: *You may refer to the Deed for full details of your rights.*

5.5. 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 and supplemental deed, if any;
- Information Memorandum and supplementary or replacement information memorandum, if any;
- The latest annual and interim reports of the Fund;
- Material contracts or documents disclosed in this Information Memorandum;
- The audited financial statements of the Manager and the Fund (where applicable) for the current financial year and for the last three (3) financials years or if less than three (3) years, from the date of incorporation or commencement; and
- The Target Fund Prospectus dated 16 September 2020 including any supplemental prospectus or replacement prospectus, as the case may be.

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 so 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 have financial interest in or from which we or our officer derives a benefit. 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.

As at LPD, none of our directors and substantial shareholders has either direct or indirect interest in other corporations that carry on a similar business with Principal Malaysia, except for the following:

Director / Shareholder	Position	Shareholding (Direct / Indirect)	Name of corporation
CIMB Group Sdn Bhd	Shareholder	Direct	Principal Islamic Asset Management Sdn Bhd
		Indirect	CIMB-Mapletree Management Sdn Bhd *

Note: **As at LPD, CIMB-Mapletree Management Sdn. Bhd. has passed a special resolution on 9 May 2019 of which CIMB-Mapletree Management Sdn. Bhd. be wound up as a members' voluntary liquidation and a liquidator be appointed.*

The 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 the CIMB Group and the PFG provided that the transactions are effected at market prices and are conducted at arm's lengths.

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

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, structured products, etc);
(2) where the Fund is being distributed by the related party of the Trustee as IUTA;
(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 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 any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit holder may enter into any contract or transaction with each other, the Fund or any form of 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 Information Memorandum 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 its Rules of Business Conduct, 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 Asset Management Berhad a variety of solutions to help people and companies build, protect and advance their financial well-being with our unit trust, retirement, discretionary mandates, and asset management expertise. We are driven to help clients of all income and portfolio sizes make progress towards a more secure financial future. It originally commenced its operations as a unit trust company in November 1995. As at LPD, Principal Malaysia has more than 24 years of experience in the unit trust industry.

Established in 2004, we are a joint venture between Principal Financial Group, Inc. ("Principal"), a FORTUNE 500 and Nasdaq-listed global financial services company, and CIMB Group Holdings Berhad, ("CIMB") one of Southeast Asia's leading universal banking groups. We are headquartered in Malaysia and have a presence across Southeast Asia. Throughout the region we manage RM88.1 billion in assets under management for over 1 million customers (as of December 2019).

Our primary shareholder, Principal was established in 1879 as an insurance company and has grown to become a global investment manager leader with over 33 million customers around the world. As of December 2019, Principal manages USD $735 billion in assets under management.

CIMB Group is a leading ASEAN universal bank and one of the region's foremost corporate advisors. It is also a world leader in Islamic finance. The Group is headquartered in Kuala Lumpur, Malaysia, and offers consumer banking, commercial banking, investment banking, Islamic banking and asset management products and services. It is the fifth largest banking group by assets in ASEAN and, at the end of December 2019, had around 35,000 staff and over 15 million customers.

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 investment objectives;
- ensuring that the Fund has sufficient holdings in liquid assets;
- arranging for the sale and repurchase 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. Designated person responsible for fund management function

Name:	Patrick Chang Chian Ping
Designation:	Chief Investment Officer (CIO), Malaysia & Chief Investment Officer, Equities, ASEAN Region
Experience:	Patrick was appointed as the Chief Investment Officer on 22 February 2016. He comes with an extensive 19 years of experience in asset management and is backed by numerous ASEAN awards from Malaysian pension funds in 2013 and 2015. He was previously the Head of ASEAN equities at BNP Paribas Investment Partners, Malaysia where he was overseeing ASEAN equities for both Malaysian and offshore clients from 2012. Prior to that, he served as Senior Vice President for CIMB-Principal Asset Management Berhad where he specialised in Malaysia, ASEAN and Asia specialist funds. He also worked as a portfolio manager at Riggs and Co International Private Banking in London specialising in managing global ETF portfolios. He also holds the Capital Markets Services Representative License.
Qualifications:	MSc Finance from City University Business School and BSc Accounting and Financial Analysis from University of Warwick, UK.

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

7. THE TRUSTEE

7.1. 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 13th Floor, Bangunan HSBC, South Tower, No. 2, Leboh Ampang, 50100 Kuala Lumpur. Since 1993, the Trustee has acquired experience in the administration of trusts and has been appointed as trustee for unit trust funds, exchange traded funds, wholesale funds and funds under private retirement scheme.

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, CMSA and the GLOLA. 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, CMSA and the GLOLA. 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 for purposes of performing its duties and obligations in accordance to the Deed, the CMSA, GLOLA 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.

7.1.1. Trustee's Delegate

The Trustee has appointed the Hongkong and Shanghai Banking Corporation Ltd as the 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 for the Fund or to the order of the Trustee. The custodian acts only in accordance with instructions from the Trustee. The Trustee shall be responsible for the acts and omissions of its delegate as though they were its own acts and omissions.

However, the Trustee is not liable for the acts, omissions or failure of third party depository such as central securities depositories, or clearing and/or settlement systems and/or authorised depository institutions, where the law or regulation of the relevant jurisdiction requires the Trustee to deal or hold any asset of the Fund through such third parties.

7.1.2. Trustee's Disclosure of Material Litigation

As at LPD, 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 and any of its delegates.

7.1.3. 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 this Deed in relation to the Fund. 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.

ANNEXURE – CLASS USD

This section is only a summary of the salient information about Class USD. You should read and understand the entire Information Memorandum before investing and keep the Information Memorandum for your records. In determining which investment is right for you, we recommend you speak to professional advisers. Principal Malaysia, member companies of the CIMB Group, the PFG and the Trustee do not guarantee the repayment 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.	53

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.	45
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.	45
Switching Fee	Switching is treated as a withdrawal from the 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 the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). 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 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	45
Transfer Fee	A maximum of USD15 may be charged for each transfer.	45
Other charges payable directly by you when purchasing or withdrawing 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.	46
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	46
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	46
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.	46

Note: *Despite the maximum Application Fee disclosed above, you may negotiate with us or Distributors for lower fee or charges. We and our Distributors reserve our sole and absolute discretion to accept or reject your request and without having to assign any reason.*

Subject always to the provisions of the Deed and GLOLA, 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, 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 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.

TRANSACTION INFORMATION

	Class USD	Page
Minimum initial investment	USD1,000 or such other amount as we may decide from time to time.	51
Minimum additional investment	USD100 or such other amount as we may decide from time to time.	51
Minimum withdrawal	500 units or such other number of units as we may decide from time to time.	51
Minimum balance	1,000 units or such other number of units as we may decide from time to time.	52
Regular Savings Plan	Currently, RSP is not available for this Class.	51
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal applicable to the Class; o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and o the Withdrawal Penalty of the Class (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	52
Transfer facility	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.	52
Cooling-off period	Six (6) Business Days from the date the complete application is received and accepted by us or our Distributors from the first-time investor. However, corporations/ institutions, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trusts are not entitled to the cooling-off right.	52

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) You may 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 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 you and/or the Fund as disclosed or illustrated in the Information Memorandum.

We have the discretion to amend the amount, rate and/or terms and conditions for the above-mentioned fees and charges from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you on the amendments to the fees and charges.

ANNEXURE – CLASS AUD-HEDGED

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

CLASS INFORMATION

	Class AUD-Hedged	Page
Currency denomination	AUD	
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.	53

FEES & CHARGES

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

Charges	Class AUD-Hedged	Page
Application Fee	Up to 5.00% of the NAV per unit.	45
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.	45
Switching Fee	Switching is treated as a withdrawal from the 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 the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). 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 AUD35 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	45
Transfer Fee	A maximum of AUD15 may be charged for each transfer.	45
Other charges payable directly by you when purchasing or withdrawing 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 AUD-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	46
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	46
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	46
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.	46

Note: *Despite the maximum Application Fee disclosed above, you may negotiate with us or Distributors for lower fee or charges. We and our Distributors reserve our sole and absolute discretion to accept or reject your request and without having to assign any reason.*

Subject always to the provisions of the Deed and GLOLA, 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, 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 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.

TRANSACTION INFORMATION

	Class AUD-Hedged	Page
Minimum initial investment	AUD1,000 or such other amount as we may decide from time to time.	51
Minimum additional investment	AUD100 or such other amount as we may decide from time to time.	51
Minimum withdrawal	500 units or such other number of units as we may decide from time to time.	51
Minimum balance	1,000 units or such other number of units as we may decide from time to time.	52
Regular Savings Plan	Currently, RSP is not available for this Class.	51
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal applicable to the Class; o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and o the Withdrawal Penalty of the Class (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	52
Transfer facility	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.	52
Cooling-off period	Six (6) Business Days from the date the complete application is received and accepted by us or our Distributors from the first-time investor. However, corporations/ institutions, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trusts are not entitled to the cooling-off right.	52

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) You may 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 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 you and/or the Fund as disclosed or illustrated in the Information Memorandum.

We have the discretion to amend the amount, rate and/or terms and conditions for the above-mentioned fees and charges from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you on the amendments to the fees and charges.

ANNEXURE – CLASS GBP-HEDGED

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

CLASS INFORMATION

	Class GBP-Hedged	Page
Currency denomination	GBP	
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.	53

FEES & CHARGES

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

Charges	Class GBP-Hedged	Page
Application Fee	Up to 5.00% of the NAV per unit.	45
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.	45
Switching Fee	Switching is treated as a withdrawal from the 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 the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). 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 GBP35 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	45
Transfer Fee	A maximum of GBP15 may be charged for each transfer.	45
Other charges payable directly by you when purchasing or withdrawing 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 GBP-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	46
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	46
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	46
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.	46

Note: *Despite the maximum Application Fee disclosed above, you may negotiate with us or Distributors for lower fee or charges. We and our Distributors reserve our sole and absolute discretion to accept or reject your request and without having to assign any reason.*

Subject always to the provisions of the Deed and GLOLA, 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, 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 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.

TRANSACTION INFORMATION

	Class GBP-Hedged	Page
Minimum initial investment	GBP1,000 or such other amount as we may decide from time to time.	51
Minimum additional investment	GBP100 or such other amount as we may decide from time to time.	51
Minimum withdrawal	500 units or such other number of units as we may decide from time to time.	51
Minimum balance	1,000 units or such other number of units as we may decide from time to time.	52
Regular Savings Plan	Currently, RSP is not available for this Class.	51
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal applicable to the Class; o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and o the Withdrawal Penalty of the Class (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	52
Transfer facility	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.	52
Cooling-off period	Six (6) Business Days from the date the complete application is received and accepted by us or our Distributors from the first-time investor. However, corporations/ institutions, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trusts are not entitled to the cooling-off right.	52

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) You may 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 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 you and/or the Fund as disclosed or illustrated in the Information Memorandum.

We have the discretion to amend the amount, rate and/or terms and conditions for the above-mentioned fees and charges from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you on the amendments to the fees and charges.

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 Information Memorandum before investing and keep the Information Memorandum for your records. In determining which investment is right for you, we recommend you speak to professional advisers. Principal Malaysia, member companies of the CIMB Group, the PFG and the Trustee do not guarantee the repayment of 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.	53

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.	45
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.	45
Switching Fee	Switching is treated as a withdrawal from the 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 the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). 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 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	45
Transfer Fee	A maximum of MYR50 may be charged for each transfer.	45
Other charges payable directly by you when purchasing or withdrawing 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.	46
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	46
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	46
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.	46

Note: *Despite the maximum Application Fee disclosed above, you may negotiate with us or Distributors for lower fee or charges. We and our Distributors reserve our sole and absolute discretion to accept or reject your request and without having to assign any reason.*

Subject always to the provisions of the Deed and GLOLA, 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, 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 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.

TRANSACTION INFORMATION

	Class MYR-Hedged	Page
Minimum initial investment	MYR1,000 or such other amount as we may decide from time to time.	51
Minimum additional investment	MYR100 or such other amount as we may decide from time to time.	51
Minimum withdrawal	500 units or such other number of units as we may decide from time to time.	51
Minimum balance	1,000 units or such other number of units as we may decide from time to time.	52
Regular Savings Plan	RSP is available. The RSP allows you to make regular monthly investments of MYR100 or more, direct from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is MYR1,000 or such other amount as we may decide from time to time.	51
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal applicable to the Class; o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and o the Withdrawal Penalty of the Class (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	52
Transfer facility	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.	52
Cooling-off period	Six (6) Business Days from the date the complete application is received and accepted by us or our Distributors from the first-time investor. However, corporations/ institutions, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trusts are not entitled to the cooling-off right.	52

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) You may 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 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 you and/or the Fund as disclosed or illustrated in the Information Memorandum.

We have the discretion to amend the amount, rate and/or terms and conditions for the above-mentioned fees and charges from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you on the amendments to the fees and charges.

ANNEXURE – CLASS SGD-HEDGED

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

CLASS INFORMATION

	Class SGD-Hedged	Page
Currency denomination	SGD	
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.	53

FEES & CHARGES

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

Charges	Class SGD-Hedged	Page
Application Fee	Up to 5.00% of the NAV per unit.	45
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.	45
Switching Fee	Switching is treated as a withdrawal from the 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 the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). 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 SGD35 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	45
Transfer Fee	A maximum of SGD15 may be charged for each transfer.	45
Other charges payable directly by you when purchasing or withdrawing 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 SGD-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	46
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	46
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	46
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.	46

Note: *Despite the maximum Application Fee disclosed above, you may negotiate with us or Distributors for lower fee or charges. We and our Distributors reserve our sole and absolute discretion to accept or reject your request and without having to assign any reason.*

Subject always to the provisions of the Deed and GLOLA, 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, 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 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.

TRANSACTION INFORMATION

	Class SGD-Hedged	Page
Minimum initial investment	SGD1,000 or such other amount as we may decide from time to time.	51
Minimum additional investment	SGD100 or such other amount as we may decide from time to time.	51
Minimum withdrawal	500 units or such other number of units as we may decide from time to time.	51
Minimum balance	1,000 units or such other number of units as we may decide from time to time.	52
Regular Savings Plan	Currently, RSP is not available for this Class.	51
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal applicable to the Class; o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and o the Withdrawal Penalty of the Class (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	52
Transfer facility	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.	52
Cooling-off period	Six (6) Business Days from the date the complete application is received and accepted by us or our Distributors from the first-time investor. However, corporations/ institutions, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trusts are not entitled to the cooling-off right.	52

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) You may 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 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 you and/or the Fund as disclosed or illustrated in the Information Memorandum.

We have the discretion to amend the amount, rate and/or terms and conditions for the above-mentioned fees and charges from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you on the amendments to the fees and charges.

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

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