

Information Memorandum

31 December 2019

Principal US Mortgage Fund

(formerly known as CIMB-Principal US Mortgage Fund)

Manager : **Principal Asset Management Berhad** (304078-K)
(formerly known as CIMB-Principal Asset Management Berhad)

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

THIS IS A REPLACEMENT INFORMATION MEMORANDUM. THIS INFORMATION MEMORANDUM IS ISSUED TO REPLACE AND/OR SUPERSEDE THE INFORMATION MEMORANDUM OF THE CIMB-PRINCIPAL US MORTGAGE FUND DATED 8 MARCH 2017, THE FIRST SUPPLEMENTAL INFORMATION MEMORANDUM DATED 17 MARCH 2017.

This Information Memorandum for the Principal US Mortgage Fund is dated 31 December 2019.

The Fund was constituted on 6 March 2017.

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

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

ABOUT THIS DOCUMENT

This is an information memorandum which introduces you to Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (“Principal Malaysia”) and the Principal US Mortgage Fund (“Fund”), which is a wholesale 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 a 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 Fund, please contact our Customer Care Centre at 03-7718 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 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.

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DEFINITIONS

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

ABS	- Asset-backed securities: Securities backed by the cash flows of a pool of assets (mortgage and non-mortgage assets) such as home equity loans, company receivables, truck and auto loans, leases, credit card receivables and student loans. ABS are issued in tranches format or as pass-through certificates, which represent undivided fractional ownership interests in the underlying pools of assets. Therefore, repayment depends largely on the cash flows generated by the assets backing the securities.
Agency – Non Agency MBS	- Securities that are issued by structures set up by government-sponsored enterprises like Fannie Mae or Freddie Mac are called “agency” MBS; securities issued by structures set up by investment banks “private-label” are called “non-agency” MBS.
AUD	- Australian Dollar.
Application Fee	- Preliminary charge on each investment.
Business Day	- Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and banks in Kuala Lumpur and/or Selangor are open for business. In respect of the Target Fund, it means a day on which the stock exchange in Luxembourg is open for business. Note: We may declare certain Business Days to be a non-Business Day if the jurisdiction of the Target Fund declares a non-business day and/or if the Target Fund’s manager declares a non-dealing day. This information will be communicated to you via our website at http://www.principal.com.my .
CBO	- Collateralised Bond Obligation: Bonds backed by a collection of low-grade debt securities (such as junk bonds); CBOs are separated into tranches based on various levels of credit risk (called tiers) that are determined by the quality of bonds involved. When issuing CBO, the issuer can post more collateral than necessary in an attempt to obtain a better debt rating from a credit rating agency (overcollateralisation).
CDO	- Collateralised Debt Obligations: A structured financial product that pools together cash flow-generating assets and repackages this asset pool into discrete tranches that can be sold to investors. A collateralised debt obligation (CDO) is so-called because the pooled assets – such as mortgages, bonds and loans – are essentially debt obligations that serve as collateral for the CDO. The tranches in a CDO vary substantially in their risk profile. The senior tranches are relatively safer because they have first priority on the collateral in the event of default. As a result, the senior tranches of a CDO generally have a higher credit rating and offer lower coupon rates than the junior tranches, which offer higher coupon rates to compensate for their higher default risk. CDOs include CBOs, CLOs and CMOs.
CIMB Group	- CIMB Group Sdn. Bhd.
CIS	- Means collective investment schemes.
Class(es)	- Any Class of units representing similar interests in the assets of the Fund.
Class MYR	- The Class of units issued by the Fund denominated in MYR.
Class USD	- The Class of units issued by the Fund denominated in USD.
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 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.
CLO	- Collateralised Loan Obligation: A security backed by a pool of bank (commercial or personal) loans (often low-rated corporate loans), structured so that there are several classes of bondholders with varying credit qualities, called tranches.
CMBS	- Commercial (or Collateralized) Mortgage Backed Security: A security created by pooling a group of (non-residential) mortgages on commercial real estate, office building, warehousing facilities, multi-family real estate. CMBS are structured so that there are several classes of bondholders with varying credit qualities, called tranches.
CMO	- Collateralised Mortgage Obligations: A type of MBS created by redirecting the cash flows from underlying pools of mortgages to different classes of bonds called tranches. The redistribution of scheduled principal, unscheduled principal and interest from the underlying mortgage pool to different tranches creates securities with different coupon rates, average lives and price sensitivities. Consequently, these instruments can be used to match an investor’s particular risk and return objectives more closely.
CMSA	- Capital Markets and Services Act 2007.
Company	- BNP Paribas Flexi I, an open-ended investment company (société d’investissement à capital variable – abbreviated to SICAV), incorporated on 4 July 2006. It was renamed “BNP Paribas Flexi I” on 13 September 2010.
Deed	- The principal deed and any supplemental deed in respect of the Fund entered into 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.

Note: To exclude structured deposits.

Derivative	- Means any agreement, including an option, a swap, futures or forward contract whose market price, value, delivery or payment obligations is derived from, referenced to or based on, but not limited to, securities, commodities, assets, rates (including interest rates or exchange rates) or indices.
Directive	- Refers to the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as applicable and as may be amended.
Distributors	- Any relevant persons and bodies appointed by us from time to time, who are responsible for selling the units of the Fund, including Principal Distributors and IUTAs.
FIMM	- Federation of Investment Managers Malaysia.
Fund or USM	- Principal US Mortgage Fund (<i>formerly known as CIMB-Principal US Mortgage Fund</i>).
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.
Investment Manager	- BNP Paribas Asset Management USA and BNP Paribas Asset Management UK (FX Management).
IUTA	- Institutional Unit Trust Scheme Adviser.
LPD	- Latest Practicable Date i.e. 31 October 2019, in which all information provided herein, shall remain current and relevant as at such a date.
Management Company	- BNP Paribas ASSET MANAGEMENT Luxembourg.
Management Fee	- A percentage of the NAV of the Class that is paid to the Manager for managing the portfolio of the Fund.
MBS	- Mortgage Backed Security: Also known as "mortgage-related security". A type of security that is backed (collateralised) by a mortgage loan or collection of mortgages loan with similar characteristics. These securities usually pay periodic payments that are similar to coupon payments; the mortgage must have originated from a regulated and authorized financial institution. Mortgage securities are backed by a wide variety of loans with generally 4 borrower characteristics (agency mortgages, prime jumbo mortgages, Alt-A mortgages and subprime mortgages). Loans that satisfy the underwriting standard of the agencies are typically used to create RMBS that are referred to as Agency MBS. All other loans are included in what is referred to generically as Non-agency MBS; the Agency MBS market includes three types of securities: - agency mortgage pass-through securities; - agency collateralized mortgage obligations (CMOs); and - agency stripped MBS.
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.
NAV	- Net Asset Value.
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. The NAV of a Class is the NAV of the Fund attributable to a Class at the same valuation point.
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.
OTC	- Over-the-counter.
PFG	- Principal Financial Group and its affiliates.
Principal Distributors	- Refers to the unit trust scheme consultants of Principal Malaysia.
Principal Malaysia or the Manager	- Principal Asset Management Berhad (<i>formerly known as CIMB-Principal Asset Management Berhad</i>).
Prospectus	- Refers to the prospectus in respect of the Company and includes any supplemental prospectus, addendum or replacement prospectus, as the case may be. The Prospectus is available on BNP Paribas' website at http://www.bnpparibas-ip.lu/ .
RMBS	- Residential Mortgage Backed Security: A type of mortgage-backed debt obligation created by banks and other financial institutions whose cash flows come from residential debt, such as mortgages, home-equity loans and subprime mortgages.
RM or MYR	- Malaysian Ringgit.
SC	- Securities Commission Malaysia.
SC Guidelines	- SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.
SGD	- Singapore Dollar.
Sophisticated Investor(s)	- 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 <http://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 and representing at least three-fourth (3/4) of the value of the Units held by Unit holders of the Fund or a Class, as the case may be, voting at the meeting (whether in person or by proxy) 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 (1) fund or class to another.
Target Fund	- The CIS that the Fund invests predominantly in. Currently, it refers to BNP Paribas Flexi I US Mortgage Fund, a sub-fund of the Company.
Transfer Fee	- A nominal fee levied for each transfer of units from one (1) Unit holder to another.
TRS	- Total Return Swap: Derivative contract in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference asset (equity, equity index, bond, bank loan) to another counterparty. TRS are in principle unfunded ("Unfunded TRS"): the total return receiver pays no upfront amount in return for the total return of the reference asset; then it allows both parties to gain exposure to a specific asset in cost-effective manner (the asset can be held without having to pay additional costs). TRS may also be funded ("Funded TRS") when it involves an upfront payment (often based on the market value of the asset) at inception in return for the total return of the reference asset.
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.
UCI	- Undertaking for collective investment.
UCITS	- Undertaking for collective investment in transferable securities.
UK	- United Kingdom.
Unit holder	- The registered holder for the time being of a unit of any Class including persons jointly registered.
US	- United States of America.
USD	- United States Dollar.
US GSE	- Refers to United States Government-Sponsored Enterprise. In the context of this Information Memorandum, it refers to: <ul style="list-style-type: none">▪ Federal Home Loan Mortgage Corporation ("Freddie Mac")▪ Federal National Mortgage Association ("Fannie Mae")▪ Government National Mortgage Association ("Ginnie Mae")
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 Fee	- A charge 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.

1. FUND INFORMATION

1.1. PRINCIPAL US MORTGAGE FUND

Fund Category/Type	:	Feeder fund/ Income & Growth
Investment Objective	:	The Fund aims to maximize total return through investments in one collective investment scheme, which invests primarily in mortgage related securities in the US. <i>We will require your approval if there is any material change to the Fund's objective.</i>
Benchmark	:	The Fund adheres to the benchmark of the Target Fund for performance comparison. The benchmark of the Target Fund is Barclays Mortgage-Backed Securities Index for performance measurement.
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 3434 for information on distribution payment.
Base Currency	:	USD

Classes of the Fund

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, i.e. 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/or distribution policy 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, you 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 <https://www.principal.com.my>. When in doubt, you should consult your professional advisers for better understanding of the multi-class structure before investing in the Fund.

Name of Class	Launch date	Initial offer period	Initial offer price per unit
Class USD	8 March 2017	N/A	USD 1.0000
Class MYR-Hedged	8 March 2017	N/A	MYR 1.0000
Class AUD-Hedged	8 March 2017	N/A	AUD 1.0000
Class SGD-Hedged	8 March 2017	N/A	SGD 1.0000
Class MYR	8 September 2017 ^{Note 1}	N/A	MYR 1.0000

Note 1: We have the discretion to determine the launch date, which shall be 8 September 2017 or such other date as may be determined by us.

For more details, you may contact our Customer Care Centre or Distributors, or visit our website at <http://www.principal.com.my>.

Investment Policy and Principal Investment Strategy

The Fund is a feeder fund and it invests in a single CIS, i.e. BNP Paribas Flexi I US Mortgage Fund. The Fund may also invest in liquid asset for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its NAV in the BNP Paribas Flexi I US Mortgage Fund ("Target Fund"); a UCITS domiciled in Luxembourg and established on 25 September 2015¹. The Fund will also maintain up to 5% of its NAV in liquid assets for liquidity purposes.

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 Investment Manager of the Target Fund may take temporary defensive position when deemed necessary.

We do not employ risk management strategy on the portfolio of the Target Fund. However, the Management Company of the Target Fund will employ, or will ensure that the Investment Manager of the Target Fund will employ, a risk management process in respect of the Target Fund that enables the Management Company of the Target Fund to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Target Fund. Please refer to page 1313 under the "Investment objective and investment strategies of the Target Fund" for more information.

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 collective investment scheme that is in line with the Fund's objective. In such circumstances, we will redeem our investment in the Target Fund and invest in another collective investment scheme on a staggered basis for a smooth transition, if the Target Fund imposes any conditions in relation to redemption of units or if the manager of the newly identified target fund exercises its discretion to apply anti dilution levy² 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 if there is temporary suspension of the Target Fund.

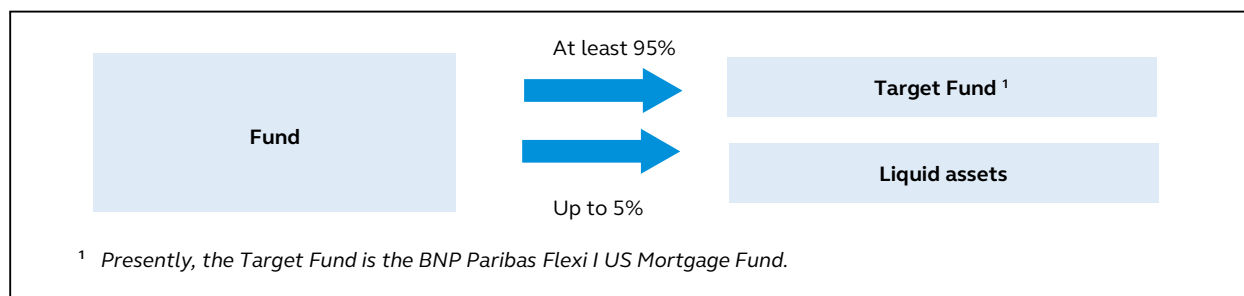
Currently, the Fund invests in Class I QD of the Target Fund, which is a share class denominated in USD and launched on 20 October 2016. The Fund may invest into any other classes of the Target Fund which must be denominated in USD if we and the Target Fund Manager are of the opinion that the change is in the interest of the Unit holders. If we wish to effect such change, we will consult with the Trustee and you will be notified accordingly.

Note:

1. On 25 September 2015, the Target Fund was established and merged with the Irish Fund Parselect US Mortgage that was launched on 1 December 2007.
2. 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

Company	:	BNP Paribas Flexi I, an open-ended investment company with variable capital (société d'investissement à capital variable) incorporated on 4 July 2006 under the name "FORTIS SOLUTIONS" for an indefinite period in accordance with the provisions of Part I of the Luxembourg law of 20 December 2002 governing undertakings for collective investment. It was renamed "BNP Paribas Flexi I" on 13 September 2010.
Management Company	:	BNP Paribas ASSET MANAGEMENT Luxembourg.
Investment Manager	:	BNP Paribas Asset Management USA and BNP Paribas Asset Management UK (FX Management).
Regulatory authority	:	Commission de Surveillance du Secteur Financier.



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;
- Liquid assets;
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps for hedging purposes; 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 subject to the following investment restrictions and limits:

CIS: The Fund must invest in one (1) CIS.

Liquid assets: The Fund may invest up to 5% of the NAV of the Fund 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 SC Guidelines for the Fund.

1.5. BORROWINGS OR FINANCING

The Fund may not borrow cash or obtain cash financing or 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 CIS

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 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 wholesale 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.

Loan financing risk

This risk occurs when you take a loan/financing to finance your investment. The inherent risk of investing with borrowed money includes you being unable to service the loan 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 loan.

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) 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 managed by another manager, the Investment Manager of the Target Fund 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 an alternative CIS that is consistent with the objective of this Fund, subject to your approval.

Country risk

As the Fund invests in the Target Fund which is domiciled in Luxembourg, the Fund's investments in the Target Fund may be affected by risks specific to Luxembourg. Changes to laws and regulations of Luxembourg may have an adverse impact on the Target Fund, and consequently the Fund.

1.7.3. SPECIFIC RISKS RELATED TO THE TARGET FUND

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:

Credit Risk

This is the risk that may derive from the rating downgrade or the default of a bond issuer to which the Target Fund is exposed, which may therefore cause the value of the investments to go down. Such risks relate to the ability of an issuer to honour its debts. Downgrades of an issue or issuer rating may lead to a drop in the value of bonds in which the Target Fund has invested. Some strategies utilised may be based on bonds issued by issuers with a high credit risk (junk bonds). Target Fund investing in high-yield bonds present a higher than average risk due to the greater fluctuation of their currency or the quality of the issuer.

Liquidity Risk

This risk may concern all financial instruments and impact the Target Fund. There is a risk that investments made by the Target Fund may become illiquid due to an over-restricted market (often reflected by a very broad bid-ask spread or by substantial price movements), if their "rating" declines or if the economic situation deteriorates; consequently, it may not be possible to sell or buy these investments quickly enough to prevent or minimize a loss in the Target Fund. Moreover, it may not be possible to sell or buy these investments.

Counterparty risk

This risk relates to the quality or the default of the counterparty with which the Management Company of the Target Fund negotiates, in particular involving payment for/delivery of financial instruments and the signing of agreements involving forward financial instruments. This risk is associated with the ability of the counterparty to fulfil its commitments (for example: payment, delivery and reimbursement).

This risk also relates to efficient portfolio management techniques and instruments. If counterparty does not live up to its contractual obligations, it may affect investor returns.

Operational & Custody Risk

Some markets (emerging markets) are less regulated than most of the developed countries regulated markets; hence, the services related to custody and liquidation for the funds on such markets could be more risky. Operational risk addresses the risk of trading, back office, operational, custody and administration issues that may result in a loss for the Target Fund. This could be the result of oversight, ineffective securities processing procedures, computer systems problems or human error.

Derivatives risk

In order to hedge (hedging derivative investments strategy) and/or to leverage the yield of the Target Fund (trading derivative investment strategy), the Target Fund is allowed to use derivative investments' techniques and instruments under the circumstances set forth in Appendices 1 and 2 of the Prospectus (in particular, warrants on securities, agreements regarding the exchange of securities, rates, currencies, inflation, volatility and other financial derivative instruments, contracts for difference [CFDs], credit default swaps [CDSs], futures and options on securities, rates or futures).

The investor's attention is drawn to the fact that these financial derivative instruments include leveraging. Because of this, the volatility of the Target Fund is increased.

Currency Exchange Risk

The Target Fund may hold assets denominated in currencies that differ from its accounting currency, and may be affected by exchange rate fluctuations between the accounting currency and the other currencies and by changes in exchange rate controls. If the currency in which a security is denominated appreciates in relation to the accounting currency of the Target Fund, the exchange value of the security in the accounting currency will appreciate; conversely, a depreciation of the denomination currency will lead to a depreciation in the exchange value of the security.

When the manager is willing to hedge the currency exchange risk of a transaction, there is no guarantee that such operation will be completely effective.

Inflation Risk

All types of investments are concerned by this risk. Over time, yields of investments may not keep pace with inflation, leading to a reduction of investor's purchasing power.

Interest Rate Risk

The value of an investment may be affected by interest rate fluctuations. Interest rates may be influenced by several elements or events, such as monetary policy, the discount rate, inflation, etc. The investor's attention is drawn to the fact that an increase in interest rates results in a decrease in the value of investments in bonds and debt instruments.

Low Interest Rate Consequence

A very low level of interest rates may affect the return on short term assets held by monetary funds which may not be sufficient to cover management and operating costs leading to there a structural decrease of the net asset value of the Target Fund.

Taxation Risk

The value of an investment may be affected by the application of tax laws in various countries, including withholding tax, changes in government, economic or monetary policy in the countries concerned. As such, no guarantee can be given that the financial objectives will actually be achieved.

Market Risk

This is a general risk which affects all investments. Price for financial instruments are mainly determined by the financial markets and by the economic development of the issuers, who are themselves affected by the overall situation of the global economy and by the economic and political conditions prevailing in each relevant country

Additional Risks linked to OTC Derivatives (including TRS), SFT and collateral management

Efficient Portfolio Management Techniques Risk

Efficient portfolio management techniques, such as securities lending, repurchase and reverse repurchase transactions, and particularly with respect to the quality of the collateral received / reinvested, may lead to several risks such as liquidity risk, counterparty risk, issuer risk, valuation risk and settlement risk, which can have an impact on the performance of the Target Fund.

Repurchase Transactions /Reverse Repurchase Transaction Risks

The Target Fund may enter into repurchase agreements and/or reverse repurchase agreements. If the other party to a repurchase agreement or reverse repurchase agreement should default, the Target Fund might suffer a loss to the extent that the proceeds from the sale of the underlying securities and/or other collateral held by the Target Fund in connection with the transaction are less than the repurchase price or, as the case may be, the value of the underlying securities. In addition, in the event of bankruptcy or similar proceedings of the other party to such agreement or its failure otherwise to perform its obligations on the repurchase date, the Target Fund could suffer losses, including loss of interest on or principal of the security and costs associated with delay and enforcement of the repurchase agreements and/or reverse repurchase agreement.

Collateral Management Risk

Collateral may be engaged to mitigate the counterparty default risk, despite this there is a risk that the collateral taken, especially where it is in the form of securities, when realised does not raise sufficient cash to settle the counterparty's liability. This may be due to factors including inaccurate collateral pricing, adverse market movements in the value of collateral, a deterioration in the credit rating of the issuer of the collateral, or the illiquidity of the market in which the collateral is traded. Please also refer to "Liquidity Risk" above in respect of liquidity risk which may be particularly relevant where collateral takes the form of securities.

Where the Target Fund is in turn required to post collateral with a counterparty, there is a risk that the value of the collateral placed with the counterparty is higher than the cash or investments received by the Target Fund.

In either case, where there are delays or difficulties in recovering assets or cash, collateral posted with counterparties, or realising collateral received from counterparties, the Target Fund may face difficulties in meeting redemption or purchase requests or in meeting delivery or purchase obligations under other contracts.

As collateral will take the form of cash or certain financial instruments, the market risk is relevant. Collateral received by the Target Fund may be held either by the depositary or by a third party depositary. In either case there may be a risk of loss where such assets are held in custody resulting from events such as the insolvency or negligence of a depositary or sub-depositary.

Reuse of cash collateral Risk

As the Target Fund may reinvest cash collateral it receives under a collateral arrangement, there is a risk that the value on return of the reinvested cash collateral may not be sufficient to cover the amount required to be repaid to the counterparty. In this circumstance the Target Fund would be required to cover the shortfall.

Legal Risk

There is a risk that agreements and derivatives techniques are terminated due, for instance, to bankruptcy, illegality, change in tax or accounting laws. In such circumstances, the Target Fund may be required to cover any losses incurred. Furthermore, certain transactions are entered into on the basis of complex legal documents. Such documents may be difficult to enforce or may be the subject to a dispute as to interpretation in certain circumstances. Whilst the rights and obligations of the parties to a legal document may be governed by Luxembourg law, in certain circumstances (insolvency proceedings) other legal systems may take priority which may affect the enforceability of existing transactions. The use of derivatives may also expose the Target Fund to the risk of loss resulting from changing laws or from the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable.

Operational Risk

Investing in derivatives may include a counterparty breaching its obligations to provide collateral, or may include operational issues (such as time gaps between the calculation of risk exposure to a counterparty's provision of additional collateral or substitutions of collateral or the sale of collateral in the event of a default by a counterparty), there may be instances where the Target Fund's credit exposure to its counterparty under a derivative contract is not fully collateralised but the Target Fund will continue to observe the limits set out in Appendix I.

High Yield Bond Risk

When investing in fixed income securities rated below investment grade, there is a higher risk that such the issuer is unable or unwilling to meet its obligations, therefore exposing the Target Fund to a loss corresponding to the amount invested in such security.

Structured Debt Securities/ Securitised Products Risks

Structured debt Securities and securitised Products involve following risks:

- Interest rate risk (duration risk): prices fall as interest rates rise due to fixed coupon rates
- Prepayment risk: the risk that the mortgage holder (the borrower) will pay back the mortgage before its maturity date, which reduces the amount of interest the investor would have otherwise received. Prepayment, in this sense, is a payment

in excess of the scheduled principal payment. This situation may arise if the current market interest rate falls below the interest rate of the mortgage, since the homeowner is more likely to refinance the mortgage. Unanticipated prepayments can change the value of some MBS.

- Term structure risk: monthly principal cash flows cause a laddered structure; the value of securities can be affected by a steepening or flattening of the yield curve.
- Credit risk: the agency market has little or no credit risk; the non-agency market has varying levels of credit risk.
- Default risk and downgrading risk : it can be due to the borrower's failure to make timely interest and principal payments when due; default may result from a borrower's failure to meet other obligations as well as the maintenance of collateral as specified in the prospectus.

An investor's indicator of a security's default is can be its credit rating. Because of the credit enhancements required for ABS by the rating agencies, the senior classes of most issues receive a triple-A, the highest rating available. The B, C and any lower classes of an ABS issue are lower-rated or unrated and, indeed, are designed to absorb any losses before the senior tranche. Prospective buyers of these pieces of an issue must decide if the increased risk of default is balanced by the higher returns these classes pay.

- Liquidity risk: the market for privately (non – Agency) issued Mortgage Backed Securities is smaller and less liquid than the market for Agency Mortgage Backed Securities; the Company will only invest in Asset-Backed Securities that the Investment Manager trusts to be liquid.
- Legal Risk: non-mortgage related Asset-Backed Securities may not have the benefit of any legal title on the underlying assets and recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities.

More detailed risk warnings about structured debts

Risk linked to Mortgage- and other Asset-Backed Securities (ABS)

The yield characteristics of mortgage- and other asset-backed securities differ from traditional debt securities.

A major difference is that the principal amount of the obligation generally may be prepaid at any time because the underlying assets generally may be prepaid at any time. As a result, if an asset-backed security is purchased at a premium, a prepayment rate that is faster than expected will reduce yield to maturity, while a prepayment rate that is slower than expected will have the opposite effect of increasing yield to maturity.

Conversely, if an asset-backed security is purchased at a discount, faster than expected prepayments will increase, while slower than expected prepayments will decrease, yield to maturity.

Generally, pre-payments on fixed-rate mortgage loans will increase during a period of falling interest rates and decrease during a period of rising interest rates. Mortgage- and asset-backed securities may also decrease in value as a result of increases in interest rates and, because of prepayments, may benefit less than other fixed income securities from declining interest rates. Reinvestment of prepayments may occur at lower interest rates than the original investment, thus adversely affecting the Target Fund's yield. Actual prepayment experience may cause the yield of mortgage-backed securities to differ from what was assumed when the Company purchased the security.

Risk linked to CMO, CBO, CDO, CLO

Classes or tranches may be specially structured in a manner that provides any of a wide variety of investment characteristics, such as yield, effective maturity and interest rate sensitivity. As market conditions change, however, and especially during periods of rapid or unanticipated changes in market interest rates, the attractiveness of some CDO Classes and the ability of the structure to provide the anticipated investment characteristics may be significantly reduced. These changes can result in volatility in the market value, and in some instances reduced liquidity, of the CDO Classes.

Certain classes of CMOs are structured in a manner that makes them extremely sensitive to changes in prepayments rates. IO and PO Classes are examples of this. IO Classes are entitled to receive all or a portion of the interest, but none (or only a nominal amount) of the principal payments, from the underlying mortgage assets. If the mortgage assets underlying an IO experience greater than anticipated principal prepayments, than the total amount of interest payments allocable to the IO Class, and therefore the yield to investors, generally will be reduced. In some instances, an investor in an IO may fail to recoup all of his or her initial investment, even if the securities are government guaranteed or considered to be of the highest quality (rated AAA or the equivalent). Conversely, PO Classes are entitled to receive all or a portion of the principal payments, but none of the interest, from the underlying mortgage assets. PO Classes are purchased at substantial discounts from par, and the yield to investors will be reduced if principal prepayments are slower than expected. Some IOs and POs, as well as other CMO Classes, are structured to have special protections against the effect of prepayments. These structural protections, however, normally are effective only within certain ranges of prepayments rates and thus will not protect investors in all circumstances.

Inverse floating rate CMO Classes also may be extremely volatile. These classes pay interest at a rate that decreases when a specified index of market rates increases.

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 an investment in the Fund may be exposed to other risks from time to time. If in doubt, please consult your professional advisers for a better understanding of the risks.

2. TARGET FUND INFORMATION

2.1. ABOUT BNP PARIBAS FLEXI I (“COMPANY”)

BNP Paribas Flexi I, is an open-ended investment company with variable capital (*société d'investissement à capital variable – abbreviated to SICAV*), incorporated on 4 July 2006 under the name “FORTIS SOLUTIONS” for an indefinite period in accordance with the provisions of Part I of the Law of 20 December 2002 governing undertakings for collective investment. It was renamed “BNP Paribas Flexi I” on 13 September 2010. The Target Fund is a sub-fund of the Company UCITS IV SICAV registered under the Luxembourg law established on 25 September 2015.

The Company is currently governed by the provisions of Part I of the Law of 17 December 2010 governing undertakings for collective investment as well as by Directive 2009/65.

The Company is directed and represented by the Board of Directors acting under the authority of the General Shareholders' Meeting. The Company outsources management, audit and asset custody services. The roles and responsibilities associated with these functions are described below. The composition of the Board of Directors and the names, addresses and detailed information about the service providers are listed above in “General Information”.

The Management Company, the Investment Managers, the Depositary, the Administrative Agent, Distributors and other service providers and their respective affiliates, directors, officers and shareholders are or may be involved in other financial, investment and professional activities that may create conflicts of interest with the management and administration of the Company. These include the management of other funds, purchases and sales of securities, brokerage services, depositary and safekeeping services and serving as directors, officers, advisors or agents for other funds or other companies, including companies in which a sub-fund may invest. Each of the Parties will ensure that the performance of their respective duties will not be impaired by any such other involvement that they might have. In the event that a conflict of interest does arise, the Directors and the relevant Parties involved shall endeavour to resolve it fairly, within reasonable time and in the interest of the Company.

Board of Directors

The Board of Directors assumes ultimate responsibility for the management of the Company and is therefore responsible for the Company's investment policy definition and implementation.

Management Company

BNP Paribas ASSET MANAGEMENT Luxembourg was incorporated as a limited company (*société anonyme*) in Luxembourg on 19 February 1988. Its Articles of Association have been modified at various times, most recently at the Extraordinary General Meeting held on 17 May 2017 with effect on 1 June 2017, published in the RESA on 2 June 2017. The latest version of the Articles of Association has been filed with the Trade and Companies Registrar of Luxembourg, where any interested party may consult it and obtain a copy (website www.legilux.public.lu/). Its share capital is EUR 3 million, fully paid up. The Management Company performs administration, portfolio management and marketing tasks on behalf of the Company.

Under its own responsibility and at its own expense, the Management Company is authorised to delegate some or all of these tasks to third parties of its choice.

It has used this authority to delegate:

- the functions of NAV calculation, Registrar (both for registered and bearer shares) and Transfer Agent and Registrar to BNP Paribas Securities Services, Luxembourg branch;
- the management of the Company's holdings, and the observance of its investment policy and restrictions, to the investment managers listed above in “General Information”. A list of the investment managers effectively in charge of management and details of the portfolios managed are appended to the Company's periodic reports. Investors may request an up-to-date list of investment managers specifying the portfolios managed by each.

In executing securities transactions and in selecting any broker, dealer or other counterparty, the Management Company and any Investment Managers will use due diligence in seeking the best overall terms available. For any transaction, this will involve consideration of all factors deemed relevant, such as market breadth, security price and the financial condition and execution capability of the counterparty. An investment manager may select counterparties from within BNP Paribas so long as they appear to offer the best overall terms available.

This Information Memorandum describes the features of the Target Fund in accordance with its Prospectus and we recommend this document should be read in conjunction with its 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 Investment Manager of the Target Fund. 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 Prospectus, the Prospectus shall prevail.

2.2. ABOUT BNP PARIBAS FLEXI I US MORTGAGE FUND (“TARGET FUND”)

Investment Objective and Investment Strategies

The investment objective of the Target Fund is to attain as high a level of total return as may be consistent with the preservation of capital.

The Target Fund invests at least 70% of its assets in Agency MBS. Such investments shall be listed or traded on Regulated Markets worldwide. The Target Fund shall maintain an average U.S. dollar-weighted duration (interest rate sensitivity) within one year plus or minus of the average U.S. dollar-weighted duration of the Barclays Mortgage-Backed Securities Index (“Index”) (formerly, the Lehman Brothers Mortgage-Backed Securities Index, a market value-weighted index which covers the mortgage-backed securities component of the Barclays U.S. Aggregate Bond Index. The Index is composed of agency mortgage-backed pass-through securities of the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac) with a minimum \$150 million par amount outstanding and a weighted-average maturity of at least 1 year. The Index includes reinvestment of income.) Although it may do so, the Target Fund is not obliged to invest in the components of the Index. There can be no assurance that the investment objective of the Target Fund will be achieved.

The remaining portion, namely a maximum of 30% of its assets, may be invested in Non-agency RMBS, CMBS, ABS (including consumer receivables, e.g. auto loans, credit cards, student loans and commercial receivables, e.g. dealer floor plans, equipment leases, sea containers, cell towers), other mortgage-related securities (i.e. securities backed by a loan, lease or receivable against assets), transferable securities, money market instruments or cash, and up to 10% of its assets may be invested in other UCITS or UCI.

The Investment Manager seeks to exploit relative-value opportunities within the market using both bottom-up and top-down analysis. Security selection and the analysis of factors that drive prepayment differentials are keys to the Investment Manager's style. The Investment Manager seeks to exploit the following market inefficiencies: (i) prepayments - prepayment models are based on historical data and can often miss key turning points in borrower behaviour and the characteristics which drive prepayment differentials; (ii) structural: investor preferences for securities that are priced close to par can lead to deviations from market rationality; (iii) liquidity: investor preferences for horizon holding periods and marketability can lead to pricing anomalies; (iv) volatility: investor risk aversion can lead to risk premiums that may be unwarranted; and (v) complexity: investors may avoid securities because of their complexity and the difficulty of measuring risk leads to opportunities for more sophisticated investors.

The total return sought by the Target Fund will consist of current income, capital appreciation, or a combination of capital appreciation and current income, depending on whether the Investment Manager believes that current and anticipated levels of interest rates, exchange rates and other factors affecting investments generally (including for example, the likelihood of prepayments) favour emphasising one element or another in seeking maximum total return.

The Target Fund will invest only in debt securities that are rated at least BBB by S&P or Fitch, Baa by Moody's or, in the case of bank obligations (such as certificates of deposit, time deposits and bankers' acceptances), B by Thomson Bankwatch, or determined by the Investment Manager to be of similar creditworthiness. When a MBS holding is downgraded to lower than B3 (rated by Moody's) or B- (rated by S&P), such asset will be sold within 6 months. In case of split rating between 2 agencies, the lower rating should be applicable. In case of split rating between 3 agencies, the middle rating should be applicable.

Subject to the requirement that the Target Fund maintain an average U.S. dollar-weighted duration within one year plus or minus of the average U.S. dollar-weighted duration of the Index, the Target Fund seeks to achieve its investment objective by investing in debt securities of varying durations. Because most MBS allow the borrower to prepay part or all of their outstanding loan balance at any time, the timing or exact amount of cash flows that will be paid during the life of a security are not always known. As a result, interest rate risk for MBS is calculated using “effective duration”, which incorporates expected changes in cash flows under varying interest rate scenarios. Because the exact amount of prepayments is not known in advance, effective durations are calculated using tools which model patterns of consumer prepayment behaviour, and may not always be accurate predictors of price changes. Therefore, actual effective durations as a result of interest rate changes in the future may vary from effective durations measured for the Target Fund at any given time.

Investment techniques and financial derivative instruments may be used for efficient portfolio management and/or investment purposes within the limits set forth in Appendix 2 of the Prospectus. The Target Fund shall hold only long positions through the use of financial derivative instruments. Futures contracts may be used to hedge against market risk or gain exposure to an underlying market. Options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Forward contracts may be used to hedge or gain exposure to an increase in the value of an asset or currency. Swaps (including swaptions) may be used to achieve profit as well as to hedge existing long positions. Interest rate swaps may be used to increase or reduce exposure to interest rates. Dollar roll transactions, To-Be Announced Transactions² and When-Issued³ securities may be used to enter into or maintain exposure to a given market, such as mortgages and bonds, which may have delayed settlement. The Target Fund may be leveraged up to 100% of its NAV as a result of its use of financial derivative instruments. The Target Fund uses the commitment approach to measure its global exposure.

Normally, the Target Fund will invest substantially all of its assets to meet its investment objective. To the extent that the Target Fund's assets are not fully invested in accordance with the objectives set out above, the Target Fund may invest the remainder of its assets in debt securities with maturities of less than one year, money market instruments, cash equivalents (such as government securities, discount notes, certificates of deposit, bankers acceptances, commercial paper and treasury bills of investment grade and non-investment grade and which are listed or traded on Regulated Markets worldwide) or may hold cash. The percentage of the Target Fund invested in such holdings will vary and depend on several factors, including market conditions. For temporary defensive purposes, including during periods of high cash inflows, the Target Fund may depart from its principal investment strategies and invest part or all of its assets in these securities or may hold cash. During such periods, the Target Fund may not achieve its investment objective.

Note:

1. Formerly known as the Lehman Brothers Mortgage-Backed Securities Index, a market value-weighted index which covers the mortgage-backed securities component of the Barclays U.S. Aggregate Bond Index.

2. *To-Be Announced Transaction is a contract for the purchase or sale of a MBS for future settlement at an agreed upon date but does not include a specified mortgage pool number, number of mortgage pools, or precise amount to be delivered.*
3. *When-Issued security is a transaction that is made conditionally because a security has been authorized but not yet issued. Treasury securities, stock splits, and new issues of stocks and bonds are all traded on a when-issued basis.*

Derivatives and Securities Financing Transactions

Core financial derivative instruments and Total Return Swap* (TRS)/ To Be Announced (TBA) may be used for efficient portfolio management and hedging as described in points 2 and 3 of Appendix 2, Book I of Prospectus.

**TRS could be used to get exposure to the reference investment universe of the Target Fund, such as but not limited to the Bloomberg Barclays US MBS Index. This will either be used for investment purposes or for efficient portfolio management purposes with the objective of an efficient management of cash flows and better coverage of markets. The investment universe of the aforesaid index is composed of agency MBS, the second most liquid market in fixed income. The index is rebalanced every month, but this rebalancing does not involve any cost for the Target Fund. Additional details regarding the index are available on the website <https://www.bloomberg.com/quote/LUMSTRUU:IND>.*

Benchmark

The Target Fund's benchmark is the Barclays Mortgage-Backed Securities Index.

Asset allocation

The asset allocation of the Target Fund is as below:

- At least 70% of its NAV will be invested in agency mortgage-backed securities;
- Up to 30% of its NAV may be invested in non-agency RMBS, CMBS, ABS, other mortgage-related securities, transferable securities, money market instruments, financial derivative instruments or cash; and
- Up to 10% of its NAV may be invested in other UCITS or UCI.

For information on the latest asset allocation of the Target Fund, please refer to the fund fact sheet of the Target Fund available at <http://www.bnpparibas-ip.lu/>.

2.3. INVESTMENT AND BORROWING RESTRICTIONS OF THE TARGET FUND

The following section was excerpted from the Prospectus.

Appendix 1 – Investment Restrictions (“Appendix 1”)

For this section, the following definitions apply:

Member State	:	Member State of the European Union. The States that are contracting parties to the Agreement creating the European Economic Area other than the Member States of the European Union, within the limits set forth by this Agreement and related acts are considered as equivalent to Member States of the European Union.
Third Country	:	A country other than Member State.

ELIGIBLE ASSETS

(1)	<p>Transferable securities</p> <p>Transferable securities must be listed or traded on an official stock exchange or on a regulated market (a market that operated regularly, is recognised and is open to the public) in an eligible state (i.e. a Member State or a Third Country). Recently issued transferable securities must include in their terms of issue an undertaking that an application will be made for admission to official listing on a regulated market and such admission must be secured within a year of issue.</p>
(2)	<p>Money market instruments</p> <p>A money market instrument shall fall within one of the categories below:</p> <ol style="list-style-type: none"> a) it is listed or traded on an official stock exchange, or on a regulated market (a market that operated regularly, is recognised and is open to the public) in an eligible state (i.e. a Member State or a Third Country); b) it does not meet the requirements of point (a) but it is subject (at the securities or issuer level) to regulation aimed at protecting investors and savings, provided that it is: <ol style="list-style-type: none"> i. issued or guaranteed by a central, regional or local authority or central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a third country or a member of a federation; or ii. issued by an undertaking any securities of which are dealt in on regulated markets referred to in point (a); or iii. issued or guaranteed by an establishment subject to, and which complies with European Union prudential supervision rules or others rules at least considered to be stringent; or iv. issued by other bodies belonging to the categories approved by the CSSF provided that the investments in such instruments are subject to investor protection equivalent to that laid down in points (i), (ii) or (iii) above, and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 000 000 and which presents and publishes its annual accounts in accordance with the Directive 78/660, is an entity which, within a

	<p>group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.</p>
(3)	<p>Units or shares of UCITS or other UCIs</p> <p>A sub-fund may invest in units or shares of UCITS and/or other UCIs, whether or not established in a Member State, provided that:</p> <ol style="list-style-type: none"> such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU legislation, and that cooperation between authorities is sufficiently ensured; the level of protection to unitholders or shareholders in these other UCIs is equivalent to that provided for unitholders or shareholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65; the business of these other UCIs is reported in semi-annual interim and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period; and no more than 10% of the assets of the UCITS or of the other UCIs whose acquisition is contemplated can, according to their management regulations or articles of association, be invested in aggregate in units or shares of other UCITS or other UCIs.
(4)	<p>Shares of other sub-funds of the Company</p> <p>A sub-fund may acquire shares of one or more other sub-funds of the Company (the target sub-fund), provided that:</p> <ul style="list-style-type: none"> - the target sub-fund does not, in turn, invest in the sub-fund; - the proportion of assets that each target sub-fund invests in other target sub-funds of the Company does not exceed 10%; - any voting rights attached to the shares of the target sub-funds are suspended for as long as they are held by the sub-fund and without prejudice to the appropriate processing in the accounts and the periodic reports; and - in any events, for as long as these target sub-fund shares are held by the Company, their value shall not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of net assets required by the law.
(5)	<p>Deposits with credit institutions</p> <p>A deposit with a credit institution is eligible for investment by a sub-fund provided that all of the following conditions are fulfilled:</p> <ol style="list-style-type: none"> The deposit is repayable on demand or is able to be withdrawn at any time; The deposit matures in no more than 12 months; The credit institution has its registered office in a Member State or, where the credit institution has its registered office in a Third Country, it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU legislation.
(6)	<p>Financial derivatives instruments</p> <p>Financial derivative instruments, including equivalent cash-settled instruments, must be dealt in on a regulated market referred to in point 1 above or financial derivative instruments dealt in over-the-counter (OTC) derivatives, provided that:</p> <ol style="list-style-type: none"> the underlying of the derivative consists of instruments covered by points 1, 2, 3 and 6 above, financial indices, interest rates, foreign exchange rates or currencies, in which the corresponding sub-fund may invest according to its investment objectives as stated in the Company's Articles of Association; the counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF, and the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative.
(7)	<p>Cash and cash equivalents</p> <p>The Company may hold ancillary liquid assets.</p>
(8)	<p>Movable and immovable properties</p> <p>The Company may acquire movable or immovable property which is essential for the direct pursuit of its business.</p>
(9)	<p>Borrowing</p> <p>The Target Fund may acquire currencies by means of "back-to-back" loans.</p> <p>The Target Fund may borrow provided that such borrowing:</p> <ol style="list-style-type: none"> is made on a temporary basis and represents no more than 10% of its assets; allows the acquisition of immovable property essential for the direct pursuit of its business and represents no more than 10% of its assets. <p>Such borrowing shall not exceed 15% of its assets in total.</p>

PROHIBITED ACTIVITIES

The Target Fund shall not:

- a) acquire either precious metals or certificates representing them;
- b) grant loans or act as a guarantor on behalf of third parties; this shall not prevent a sub-fund from acquiring transferable securities, money market instruments or other financial instruments referred to as Eligible Assets which are not fully paid;
- c) carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to as Eligible Assets.

DIVERSIFICATION RULES

The Target Fund is not required to comply with the limits laid down in this Appendix when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets.

While ensuring observance of the principle of risk spreading, recently authorised sub-funds are allowed to derogate from Diversification Rules below for six months following the date of their authorisation.

If these limits are exceeded for reasons beyond the control of the sub-fund or as a result of the exercise of subscription rights, the sub-fund shall adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.

The Target Fund may, in compliance with the applicable limits laid down in this Appendix and in the best interest of the shareholders, temporarily adopt a more defensive attitude by holding more liquid assets in the portfolio. This could be as a result of the prevailing market conditions or on account of liquidation or merger events or when the sub-fund approached maturity. In such circumstances, the sub-fund may prove to be incapable in the interest the shareholders of pursuing its investment objective as a temporary measure, which may affect its performance.

(1)	The Target Fund shall not invest more than 10% of its assets in transferable securities, or money market instruments other than those referred to as Eligible Assets.
(2)	<p>a) The Target Fund shall invest no more than:</p> <ol style="list-style-type: none">i. 10% of its assets in transferable securities or money market instruments issued by the same body; orii. 20% of its assets in deposits made with the same body. <p>The risk exposure to a counterparty of the Target Fund in an OTC derivative transaction shall not exceed either:</p> <ol style="list-style-type: none">i. 10% of its assets when the counterparty is a credit institution referred to in point 5 of Eligible Assets.; orii. 5% of its assets, in other cases. <p>b) The total value of the transferable securities and the money market instruments held by the Target Fund in the issuing bodies in each of which it invests more than 5% of its assets shall not exceed 40% of the value of its assets. That limitation shall not apply to deposits or OTC derivative transactions made with financial institutions subject to prudential supervision.</p> <p>Notwithstanding the individual limits laid down in paragraph a), the Target Fund shall not combine, where this would lead to investment of more than 20% of its assets in a single body, any of the following:</p> <ol style="list-style-type: none">i. investments in transferable securities or money market instruments issued by that body;ii. deposits made with that body; oriii. exposure arising from OTC derivative transactions undertaken with that body. <p>c) The 10% limit laid down in paragraph a) point (i) may be raised to a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State, by its local authorities, by a Third Country or by public international body to which one or more Member States belong.</p> <p>d) The 10% limit laid down in the paragraph a) point (i) may be raised to a maximum of 25% where bonds are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. In particular, sums deriving from the issue of those bonds shall be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.</p> <p>Where the Target Fund invests more than 5% of its assets in the bonds referred to in this paragraph d) which are issued by a single issuer, the total value of these investments shall not exceed 80% of the value of the assets of the Target Fund.</p> <p>e) The transferable securities and money market instruments referred to in paragraphs c) and d) shall not be taken into account for the purpose of applying the limit of 40% referred to in paragraph b).</p> <p>The limits provided for in paragraph a), b), c) and d) shall not be combined, and thus investments in transferable securities or money market instruments issued by the same body or in deposits or derivative instruments made with this body carried out in accordance with paragraph a), b), c) and d) shall not exceed in total 35% of the assets of the Target Fund.</p> <p>Companies which are included in the same group for the purposes of consolidated accounts, as defined in Directive 83/349 or in accordance with recognised international accounting rules, shall be regarded as a single body for the purpose of calculating the limits contained in this section.</p> <p>The Target Fund may cumulatively invest in transferable securities and money market instruments within the same group up to 20% of its assets.</p>
(3)	Without prejudice to the Limits to Prevent Concentration of Ownership below, the limits laid down in point 2. are raised to a maximum of 20% for investments in shares or debt securities issued by the same body, when the aim of the Target Fund's investment policy is to replicate the composition of a certain stock or debt securities index which is recognised by

	<p>the CSSF, on the following basis:</p> <ol style="list-style-type: none"> i. its composition is sufficiently diversified; ii. the index represents an adequate benchmark for the market to which it refers; and iii. it is published in an appropriate manner. <p>This limit of 20% shall be raised to a maximum of 35% where that proves to be justified by exceptional market conditions (such as, but not limited to, disruptive market conditions or extremely volatile markets) in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to that limit shall be permitted only for a single issuer.</p>
(4)	<p>As an exception to point 2., in accordance with the principle of risk-spreading, the Target Fund shall invest up to 100% of its assets in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a Third Country part of the OECD, Brazil, People’s Republic of China, India, Russia, Singapore and South Africa, or a public international body to which one or more Member States belong.</p> <p>The Target Fund shall hold securities from at least six different issues, but securities from any single issue shall not account for more than 30% of its total assets.</p>
(5)	<ol style="list-style-type: none"> a) The Target Fund may acquire the units or shares of UCITS or other UCIs referred to as Eligible Assets, provided that no more than 20% of its assets are invested in units or shares of a single UCITS or other UCI. For the purposes of the application of this investment limit, each sub-fund in a multi-sub-fund UCI, is considered as a separate issuer, provided that the principle of segregation of the commitments of the different sub-funds with regard to third parties is assured. b) Investments made in units or shares of UCIs other than UCITS shall not exceed, in aggregate, 30% of the assets of the Target Fund. Where the Target Fund has acquired units or shares of another UCITS or UCIs, the assets of the respective UCITS or other UCIs are not combined for the purposes of the limits laid down in point 2. c) Due to the fact that the Company may invest in UCI units, or shares, the investor is exposed to a risk of fees doubling (for example, the management fees of the UCI in which the Company is invested). <p>The Target Fund may not invest in a UCITS, or other UCI (underlying), with a management fee exceeding 3% per annum. Where the Target Fund invests in the units or shares of other UCITS or UCIs that are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, the Target Fund will not incur any entry or exit costs for the units or shares of these underlying assets.</p> <p>The maximum annual management fee payable directly by the Target Fund is defined in Book II of the Prospectus.</p>

LIMIT TO PREVENT CONCENTRATION OF OWNERSHIP

	<p>The Company shall not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.</p>
	<p>The Target Fund may acquire no more than:</p> <ol style="list-style-type: none"> i. 10% of the non-voting shares of a single issuing body; ii. 10% of debt securities of a single issuing body; iii. 25% of the units or shares of a single sub-fund of UCITS or other UCI; or iv. 10% of the money market instruments of a single issuing body. <p>The limits laid down in points ii., iii. and iv. 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.</p>
(3)	<p>Points 1. and 2. above do not apply with regard to:</p> <ol style="list-style-type: none"> i. transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities; ii. transferable securities and money market instruments issued or guaranteed by a country which is not a European Union Member State ; iii. transferable securities and money market instruments issued by a public international body to which one or more European Union Member States belong; iv. shares held by the Company in the capital of a company incorporated in a Third Country investing its assets mainly in the securities of issuing bodies having their registered offices in that country, where under the legislation of that country, such a holding represents the only way in which the Company can invest in the securities of issuing of that country. This derogation shall apply only if in its investment policy the company from the Third Country complies with the limits laid down in Diversification Rules (points 2 and 5) and Limits To Prevent Contration of Ownership (points 1 and 2).

Appendix 2 – Techniques, financial instruments and investment policies of the Target Fund (“Appendix 2”)

1. General Information

Without prejudice to any stipulations for one or more particular sub-funds, the Company is authorised, for each sub-fund and in conformity with the conditions set out below, to use financial derivative instruments for hedging, efficient portfolio management or trading (investment) purposes in accordance with point 6 of the section “Eligible Assets” in Appendix 1 of the Prospectus (the “Appendix 1”).

The Target Fund may, in the context of its investment policy and within the limits defined in Appendix 1, invest in financial derivative instruments provided that the total risk to which the underlying assets are exposed does not exceed the investment limits stipulated in the section “Diversification Rules” of Appendix 1. When the Target Fund invests in financial derivative

instruments based on an index, these investments are not necessarily combined with the limits stipulated in the section “Diversification Rules”.

When a transferable security or a money market instrument comprises a derivative instrument, the derivative instrument must be taken into account for the application of the present provisions.

Calculation of counterparty risk linked to OTC derivative instruments

In conformity with the section “Diversification Rules”, the counterparty risk linked to OTC derivatives and efficient portfolio management techniques concluded by a sub-fund may not exceed 10% of its assets when the counterparty is a credit institution cited in point 5 of the section “Eligible Assets” in Appendix 1, or 5% of its assets in other cases.

The counterparty risk linked to OTC financial derivatives shall be based, as the positive mark to market value of the contract.

Valuation of OTC derivatives

The Management Company will establish, document, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of OTC derivatives.

Efficient Portfolio Management techniques

The Target Fund can use financial derivative instruments and Securities Financing Transactions for efficient portfolio management purpose provided that:

- (a) They are economically appropriate in that they are realised in a cost-effective way;
- (b) They are entered into for one or more of the following specific aims:
 - (i) reduction of risk;
 - (ii) reduction of cost;
 - (iii) generation of additional capital or income for the Target Fund with a level of risk which is consistent with the risk profile of the Target Fund and the Diversification Rules ;
- (c) Their risks are adequately captured by the risk management process of the Target Fund.

Efficient portfolio management shall not :

- (a) result in a change of the investment objective of the Target Fund; or
- (b) add substantial additional risks in comparison to the original risk policy of the Target Fund.

Direct and indirect operational costs/fees arising from efficient portfolio management techniques may be deducted from the revenue delivered to the Target Fund. These costs and fees will not include hidden revenues.

The following information is disclosed in the annual report of the Company:

- (a) the exposure of the Target Fund obtained through efficient portfolio management techniques;
- (b) the identity of the counterparty(ies) to these efficient portfolio management techniques;
- (c) the type and amount of collateral received by the Target Fund to reduce counterparty exposure; and
- (d) the revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.

2. Types of Financial Derivative Instruments

In compliance with its investment policy as detailed in Book II of the Prospectus, the Target Fund may use a range of core derivatives and/or additional derivatives as described below.

2.1. Core Derivatives

The Target Fund may use a range of core derivatives such as:

- (i) Foreign exchange swaps
- (ii) Forwards, such as foreign exchange contracts
- (iii) Interest Rate Swaps - IRS
- (iv) Financial Futures (on equities, interest rates, indices, bonds, currencies, commodity indices or volatility indices)
- (v) Options (on equities, interest rates, indices, bonds, currencies, or commodity indices)

2.2. Additional Derivatives

The Target Fund may use a range of additional derivatives such as:

- (i) Credit Default Swap - CDS (on Bonds, indices), in order to manage the credit risk of the underlying and/or limit the overall credit risk in the portfolio;
- (ii) Total Return Swaps - TRS (as defined in point 4 below);
- (iii) All other Swaps: Equity Basket Swaps, Commodity Index Swaps, variance and volatility swaps, inflation swaps;
- (iv) Equity Linked Notes - ELN;
- (v) Contract For Difference - CFD;
- (vi) Warrants;
- (vii) Swaptions;
- (viii) structured financial derivatives, such as credit-linked and equity-linked securities;
- (ix) To-be-announced (TBA).

3. Usage of Financial Derivative Instruments

The Target Fund may have recourse to derivatives as described below:

3.1. Hedging

Hedging aims at reducing such as but not limited to the credit risks, currency risks, market risks, interest rate (duration) risks, Inflation risks.

Hedging occurs at a portfolio level or, in respect of currency, at share class level.

3.2. Efficient Portfolio Management (EPM)

Efficient portfolio management aims at using derivatives instead of a direct investment when derivatives are a cost effective way, the quickest way or the only authorized way to get exposure to particular market a particular security or an acceptable proxy to perform any ex-post exposure adjustment to a particular markets, sectors or currencies, managing duration, yield curve exposure or credit spread volatility in order to reach the investment objective of the Target Fund.

3.3. Investment

Investment purpose aims at using derivatives such as but not limited to enhance returns for the Target Fund, gaining on particular markets, sectors or currencies and/or implementing investment strategies that can only be achieved through derivatives, such as a “long-short” strategy.

The table below sets out the main types of derivatives used for the Target Fund and what they are used for:

Sub-funds	Structural use of derivative	VaR	Core	Additional Derivatives							Purpose of derivatives			
				TRS	CDS	Other Swaps	Swaption	Warrant	CFD	others	hedging	EPM	investment	
US Mortgage	No	No	X	X								X	X	

* *Crash option: a put option that pays the holder the amount of a decline in a position or portfolio over the option's life, often less a specific deductible. The payout can be made contingent on a market crash or similar negative event. Crash option resets its holder to the historical highest level of the underlying asset price during the lifetime of the contract at the time of the market crash. However, if the crash does not occur up to the time of the maturity of the contract, the option expires worthless. The option will end up in the money if a sufficiently large drop actually occurs. Sometimes, it is possible to negotiate a contract which would set the capital of its holder to a different level than the running highest level at the time of the crash, for example, to the running average, or to some intermediate point between the running highest point and the crash value.*

4. Global Exposure

Determination of global exposure

According to the Circular 11/512, the Management Company must calculate the Target Fund's global exposure at least **once a day**. The limits on global exposure must be complied with on an ongoing basis.

It is the responsibility of the Management Company to select an appropriate methodology to calculate the global exposure. More specifically, the selection should be based on the self-assessment by the Management Company of the Target Fund's risk profile resulting from its investment policy (including its use of financial derivative instruments).

- Risk measurement methodology according to the Target Fund's risk profile

The Target Fund is classified after a self-assessment of their risk profile resulting from its investments policy including its inherent derivative investment strategy that determines two risk measurements methodologies:

- The advanced risk measurement methodology such as the Value-at-Risk (VaR) approach to calculate global exposure where:
 - (a) The Target Fund engages in complex investment strategies which represent more than a negligible part of the Target Fund's investment policy;
 - (b) The Target Fund has more than a negligible exposure to exotic financial derivative instruments; or
 - (c) The commitment approach doesn't adequately capture the market risk of the portfolio.
- The commitment approach methodology to calculate the global exposure should be used in every other case.

4.1. Commitment approach methodology:

- The commitment conversion methodology for standard derivatives is always the market value of the equivalent position in the underlying asset. This may be replaced by the notional value or the price of the futures contract where this is more conservative.
- For non-standard derivatives, an alternative approach may be used provided that the total amount of the financial derivative instruments represents a negligible portion of the sub-fund's portfolio.
- For structured sub-funds, the calculation method is described in the ESMA/2011/112 guidelines. A financial derivative instrument is not taken into account when calculating the commitment if it meets both of the following conditions:
 - (a) The combined holding by the sub-fund of a financial derivative instrument relating to a financial asset and cash which is invested in risk free assets is equivalent to holding a cash position in the given financial asset.
 - (b) The financial derivative instrument is not considered to generate any incremental exposure and leverage or market risk.

The Target Fund's total commitment to financial derivative instruments, limited to 100 % of the portfolio's total net value, is quantified as the sum, as an absolute value, of the individual commitments, after possible netting and hedging arrangements.

4.2. VaR (Value at Risk) methodology

For sub-funds that use the VaR (Value at Risk) methodology, the global exposure is determined on a daily basis by calculating, the maximum potential loss at a given confidence level over a specific time period under normal market conditions.

Given the sub-fund's risk profile and investment strategy, the relative VaR approach or the absolute VaR approach can be used:

- In the relative VaR approach, a leverage free reference portfolio reflecting the investment strategy is defined and the sub-fund's VaR cannot be greater than twice the reference portfolio VaR.
- The absolute VaR approach concerns sub-funds investing in multi-asset classes and that do not define any investment target in relation to a benchmark but rather as an absolute return target; the level of the absolute VaR is strictly limited to 20%.

The VaR limits should always be set according to the defined risk profile.

To calculate VaR, the following parameters must be used: a 99% degree of confidence, a holding period of one month (20 days), an actual (historical) observation period for risk factors of at least 1 year (250 days)

The Management Company carries out a monthly back testing program and reports on a quarterly basis the excessive number of outlier to the senior management.

The Management Company calculates stress tests on a monthly basis in order to facilitate the management of risks associated with possible abnormal movements of the market.

The sub-funds using the VaR methodology, their reference portfolio and leverage levels are listed below.

The expected leverage is defined as the sum of the absolute value of the derivatives notionals (without any netting or hedging arrangement) divided by NAV (notionals methodology).

However, there are possibilities that sub-funds deviate from their usually expected level disclosed below in certain circumstances* and reach higher leverage levels during their life time.

**The expected level of leverage is an estimate only and may be higher in certain markets environments when the Target Fund allocates more extensively to instruments requiring higher notional values to implement specific views or strategies that cannot be easily replicated using physical instruments.*

5. TRS

TRS can be used for both hedging and/or investment purposes.

When the Target Fund enters into a TRS or invests in other financial derivative instruments with similar characteristics, its assets will also comply with the provisions of the Appendix 1. The underlying exposures of the TRS or other financial derivative instruments with similar characteristics shall be taken into accounts to calculate the Diversification Rules laid down in the Appendix 1. When the Target Fund enters into TRS or invests in financial derivative instruments with similar characteristics, the underlying strategy and composition of the investment portfolio or index are described in Book II of the Prospectus and the following information will be disclosed in the annual report of the Company:

- (a) The identification of the counterparty(ies) of the transactions;
- (b) The underlying exposure obtained through financial derivative instruments;
- (c) The type and amount of collateral received by the Target Fund to reduce counterparty exposure.

The counterparty does not assume any discretion over the composition or management of the Target Fund's investment portfolio or over the underlying of the financial derivative instruments, and its approval is not required in relation to the Target Fund's investment portfolio transaction.

Policy on sharing of return generated by TRS

The return of the swap transaction, being the spread between the two legs of the transaction, is completely allocated to the Target Fund when positive, or completely charged to the Target Fund when negative. There are neither costs nor fees specific to the swap transaction charged to the Target Fund that would constitute revenue for the Management Company or another party.

List of sub-funds using TRS

The sub-funds using TRS, the maximum proportion of assets that can be subject to them and the expected proportion of assets that will be subject to each of them are listed below:

Sub-funds	TRS/ NAV		
	Expected	Maximum	Type of TRS
US Mortgage	15%	30%	Unfunded

The maximum proportion mentioned in the above table is calculated using the market value amount. The notional value can sometimes be higher. The expected proportion is defined as the sum of the absolute values of TRS notionals (with neither netting nor hedging arrangement) divided by the NAV. It is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions. A higher level reflected by the maximum could be reached during the life of the Target Fund and the Prospectus will be modified accordingly.

SECURITIES FINANCING TRANSACTIONS ("SFT")

In accordance with the Regulation 2015/2365 and Circulars 08/356 and 14/592, the Company may enter in securities financing transactions for the purpose of raising short term capital in order to enhance in a safe way the liquidity of the Target Fund.

List of sub-funds using SFT

The sub-funds using SFT, the maximum proportion of assets that can be subject to them and the expected proportion of assets that will be subject to each of them are listed below provided that the expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions:

Sub-fund	Repurchase transactions/NAV		Reverse Repurchase transactions/NAV	
	Expected	Maximum	Expected	Maximum
US Mortgage	0-10%	10%	0-10%	10%

Policy on sharing of return generated by SFT

The return of SFT, being the difference of market values between the two legs of the transactions, is completely allocated to the Target Fund when positive, or completely charged to the Target Fund when negative. There are neither costs nor fees specific to SFT charged to the Target Fund that would constitute an income for the Management Company or another party.

1. Repurchase transactions/ Reverse Repurchase transactions

A Repurchase agreements transaction consist of forward transactions at the maturity of which the Target Fund has the obligation to repurchase the asset sold and the buyer (the counterparty) the obligation to return the asset received under the transaction.

A Reverse repurchase transaction consists of a forward transaction at the maturity of which the Target Fund has the obligation to repurchase the asset sold and the Target Fund the obligation to return the asset received under the transaction.

However, the involvement of the Target Fund in such agreements is subject to the following rules:

- (a) The Target Fund may buy or sell securities with repurchase options only if the counterparties in these agreements are first-rank financial institutions specialising in this type of transaction; and
- (b) During the lifetime of a reverse repurchase agreement, the Target Fund may not sell the securities forming the subject of the contract until the counterparty's repurchase option has been exercised or the reverse repurchase term has expired.

In addition, the Target Fund must ensure that the value of the reverse repurchase transactions is at a level that the fund is capable at all times to meet its redemption obligation towards shareholders.

Eligible securities for reverse repurchase transaction:

- (a) Short-term bank certificates;
- (b) Money market instruments;
- (c) Bonds issued or guaranteed by a member of state of the OECD or by their local authorities or by supranational institutions and undertakings of a community, regional or worldwide nature;
- (d) Money market UCIs (daily calculation and S&P AAA rated or equivalent);
- (e) Bonds issued by non-governmental issuers offering an adequate liquidity;
- (f) Shares listed or dealt on a regulated market of the EU or on a stock exchange of a member state of the OECD, provided that they are included in a main index.

Limits for reverse repurchase transactions

The securities which are the subject of reverse repurchase transactions must be compliant with the investment policy of the Company and must together with the other securities which the Company holds in its portfolio, globally comply with the investment restrictions of the Company.

The Target Fund that enters into a reverse repurchase agreement will ensure that:

- At any time the Target Fund may recall the full amount of cash or terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value of the Target Fund.
- At any time the Target Fund may recall any securities subject to the repurchase agreement or terminate the repurchase agreement into which it has entered.
- Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Target Fund.

Limits for repurchase transactions

The assets received must be considered as collateral.

MANAGEMENT OF COLLATERAL IN RESPECT OF OTC DERIVATIVES AND SFT

Assets received from counterparties in respect of Financial Derivatives Instruments and Securities Financial Transactions other than currency forwards constitute collateral in accordance with the Regulation 2015/2365 and Circular 14/592.

All collateral used to reduce counterparty risk exposure will comply with the following criteria at all times:

Liquidity

Any collateral received other than cash will be highly liquid and dealt in on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received will also comply with the section "Limit To Prevent Concentration of Ownership" of the Appendix 1.

Valuation

Collateral received will be valued on at least a daily basis according to market-to-market and assets that exhibit high price volatility will not be accepted as collateral unless suitably conservative haircuts are in place, depending on the issuer's credit quality and the maturity of the received securities.

Risks

Risks linked to the management of collateral, such as operational and legal risks, will be identified, managed and mitigated by the risk management process.

Safe-keeping (also for securities subject to SFT)

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

Enforcement

Collateral received will be capable of being fully enforced at any time without reference to or approval from the counterparty.

Collateral diversification (asset concentration)

Collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the the Target Fund receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When the the Target Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation, the the Target Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by any European Union Member State, one or more of its local authorities, a third country part of the OECD, Brazil, People's Republic of China, India, Russia, Singapore and South Africa, or a public international body to which one or more European Union Member States belong. The Target Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the the Target Fund's NAV.

The collateral received by the Target Fund 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.

Stress testing

For the Target Fund receiving collateral for at least 30% of its assets, the Management Company will set up, in accordance with the Circular 14/592, an appropriate stress testing policy to ensure regular stress tests under normal and exceptional liquidity conditions to assess the liquidity risk attached to the collateral.

Haircut policy

The Management Company will set up, in accordance with the Circular 14/592, a clear haircut policy adapted for each class of assets received as collateral.

Acceptable Collateral Public regulatory grid:

Asset Class	Minimum Rating accepted	Margin required / NAV	Cap by asset class / NAV	Cap by Issuer / NAV
Cash (EUR, USD, GBP or other Valuation Currency)		[100 - 110%]	100%	
Fixed Income				
Eligible OECD Government Bonds	BBB	[100 - 115%]	100%	20%
Eligible Supra & Agencies	AA-	[100 - 110%]	100%	20%
Other Eligible Countries Government Bonds	BBB	[100 - 115%]	100%	20%
Eligible OECD Corporate Bonds	A	[100 - 117%]	100%	20%
Eligible OECD Corporate Bonds	BBB	[100 - 140%]	[10% - 30%]	20%
Eligible OECD Convertible Bonds	A	[100 - 117%]	[10% - 30%]	20%
Eligible OECD Convertible Bonds	BBB	[100 - 140%]	[10% - 30%]	20%
Money Market Units (1)	UCITSIV	[100 - 110%]	100%	20%
CD's (eligible OECD and other eligible countries)	A	[100 - 107%]	[10% - 30%]	20%
Eligible indexes & Single equities linked		[100% - 140%]	100%	20%
Securitization (2)		[100% - 132%]	100%	20%

(1) Only Money Markets funds managed by BNPP AM. Any other UCITS eligible only upon ad-hoc approval by BNPP IP Risk

(2) Subject to conditions and ad-hoc approval by BNPP AM Risk

Applicable limits

(i) Limits applicable to non-cash collateral

In accordance with ESMA guidelines, non-cash collateral received by the Company should not be sold, re-invested or pledged. Given the high quality of the acceptable collateral and the high quality nature of the selected counterparties, there is no maturity constraints applicable to the collateral received.

(ii) Limits applicable to cash collateral

Cash collateral received should only be:

- placed on deposit with entities prescribed in the section "Eligible Assets";
- invested in high-quality government bonds;
- used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Target Fund is able to recall at any time the full amount of cash on accrued basis;
- invested in short-term money market funds as defined in the Guidelines on a Common Definition of European money market funds.

(iii) Reuse of cash provided as collateral

The Company may re-invest the cash it has received as collateral in the following eligible instruments:

- Money market UCIs (daily calculation and S&P AAA rating or equivalent);
- Short-term bank deposits;
- Money market instruments;
- Short-term bonds issued or guaranteed by a Member State of the European Union, Switzerland, Canada, Japan or the United States or by their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
- Bonds issued or guaranteed by first class issuers offering adequate liquidity, and

The financial assets other than bank deposit and units of UCIs that the Company has acquired by reinvesting the cash collateral must not be issued by an entity affiliated to the counterparty;

The financial assets acquired via the reinvestment of the cash collateral must not be kept with the counterparty, except if it is legally segregated from the counterparty's assets;

The financial assets acquired via the reinvestment of the cash collateral may not be pledged unless the Company has sufficient liquidities to be able to return the received collateral in the form of cash.

Reinvested cash collateral may lead to several risks such as currency exchange risk, counterparty risk, issuer risk, valuation and settlement risk, which can have an impact on the performance of the Target Fund.

Exposures arising from the reinvestment of collateral received by the Company shall be taken into account within the diversification limits applicable under the Appendix 1.

Criteria used to select Counterparties

The Company will enter into transactions with counterparties which the Management Company believes to be creditworthy. They may be related companies at BNP Paribas Group.

Counterparties will be selected by the Management Company with respect for the following criteria:

- leading financial institutions
- The sound financial situation
- The ability to offer a range of products and services corresponding to the requirements of the Management Company,
- The ability to offer reactivity for operational and legal points,
- The ability to offer competitive price and the quality of the execution.

Approved counterparties are required to have a minimum rating of investment grade for OTC derivative counterparties provided however that credit quality assessment of counterparties does not rely only on external credit ratings. Alternative quality parameters are considered such as internal credit analysis assessment and liquidity and maturity of collateral selected. While there are no predetermined legal status or geographical criteria applied in the selection of the counterparties, these elements are typically taken into account in the selection process. Furthermore counterparties will comply with prudential rules considered by the CSSF as equivalent to EU prudential rules.

The selected counterparties do not assume any discretion over the composition or management of the the Target Fund's investment portfolios or over the underlying of the financial derivative instruments, and their approval is not be required in relation to the Target Fund investment portfolio transaction.

The Company' annual report will contain details with:

- (a) The list of appointed counterparties to efficient portfolio management techniques and OTC derivatives;
- (b) The identity of the issuer where collateral received has exceeded 20% of the assets of the Target Fund;
- (c) Whether the Target Fund has been fully collateralised

2.4. DILUTION ADJUSTMENT/ SWING PRICING

In certain market conditions, taking account of the volume of purchase and sale transactions in the Target Fund and the size of these transactions, the Board of Directors of the Company may consider that it is in the interests of its shareholders to calculate the NAV per share based on the purchase and sale prices of the assets and/or by applying an estimate of the difference between the buy and sell prices applicable on the markets on which the assets are traded. The Board of Directors of the Company may further adjust the NAV for transaction fees and sales commissions, provided these fees and commissions do not exceed 1% of the NAV of the Target Fund at that time.

2.5. TEMPORARY SUSPENSION OF THE TARGET FUND

Without prejudice to legal causes for suspension, the Board of Directors of the Company may at any time temporarily suspend the calculation of the NAV of shares of the Target Fund, as well as the issue, conversion and redemption in the following cases:

- (a) during any period when one or more currency markets, or a stock exchange, which are the main markets or exchanges where a substantial portion of the Target Fund's investments at a given time are listed, is/are closed, except for normal closing days, or during which trading is subject to major restrictions or is suspended;
- (b) when the political, economic, military, currency, social situation, or any event of *force majeure* beyond the responsibility or power of the Company makes it impossible to dispose of one assets by reasonable and normal means, without seriously harming the shareholders' interests;
- (c) during any failure in the means of communication normally used to determine the price of any of the Company's investments or the going prices on a particular market or exchange;
- (d) when restrictions on foreign exchange or transfer of capital prevents transactions from being carried out on behalf of the Company or when purchases or sales of the Company's assets cannot be carried out at normal exchange rates;
- (e) as soon as a decision has been taken to either liquidate the Company or one or more sub-funds, categories or classes;
- (f) to determine an exchange parity under a merger, partial business transfer, splitting or any restructuring operation within, by or in one or more sub-funds, categories or classes;
- (g) for a "Feeder" sub-fund, when the NAV, issue, conversion, or redemption of units, or shares of the "Master" sub-fund are suspended;
- (h) any other cases when the Board of Directors of the Company estimates by a justified decision that such a suspension is necessary to safeguard the general interests of the shareholders concerned.

In the event the calculation of the net asset value is suspended, the Company shall immediately and in an appropriate manner inform the shareholders who requested the subscription, conversion or redemption of the shares of the Target Fund. In exceptional circumstances which could have a negative impact on shareholders' interests, or in the event of subscription, redemption or conversion applications exceeding 10% of the Target Fund's net assets, the Board of Directors of the Company reserves the right not to determine the value of a share until such time as the required purchases and sales of securities have been made on behalf of the Target Fund. In that event, subscription, redemption and conversion applications in the pipeline will be processed simultaneously on the basis of the NAV so calculated.

Pending subscription, conversion and redemption applications may be withdrawn by written notification provided that such notification is received by the company prior to lifting of the suspension. Pending applications will be taken into account on the first calculation date following lifting of the suspension. If all pending applications cannot be processed on the same calculation date, the earliest applications shall take precedence over more recent applications.

Should any of the above events occur, the Fund may not be able to pay the withdrawal proceeds to you within ten (10) days. Please refer to “Minimum Withdrawals” section at page 32 for further details.

2.6. SPECIFIC RISKS OF THE TARGET FUND

Please refer to “Specific Risks Related to the Target Fund” section at page 10 for details.

2.7. FEES CHARGED BY THE TARGET FUND (CLASS I QD)

FEES/EXPENSES	
Initial Charge	Nil.
Management Fee	Up to 0.30% per annum of the NAV of the Target Fund. <i>Note: The management fee charged by the Target Fund will be paid out of the Management Fee charged by us at the Fund level. You will incur a management fee at the Fund's level only and there is no double charging of management fee.</i>
Redemption Fee	Nil.
Performance Fee	Nil.
Tax (Taxe d'abonnement)	0.01% per annum of the NAV of the Target Fund. In addition, the Company may be subject to foreign UCI's tax, and/or other regulators levy, in the country where the Target Fund is registered for distribution.
Other expenses	Up to 0.17% per annum of the NAV of the Target Fund. Fees calculated and deducted monthly from the average net assets of the Target Fund, share category, or share class and serving to cover general custody assets expenses (remuneration of the depositary) and daily administration expenses (NAV calculation, record and book keeping, notices to the shareholders, providing and printing the documents legally required for the shareholders, domiciliation, auditors cost and fees), except for brokerage fees, commissions for transactions not related to the deposit, director fees, interest and bank fees, extraordinary expenses, reporting cost in relation with regulation requirements including the European Market Infrastructure Regulation (EMIR), and the taxe d'abonnement in force in Luxembourg, as well as any other specific foreign tax and other regulators levy.

Note: All information provided herein with regards to the Target Fund is based on the information stated in the Prospectus or disclosure document of the Target Fund dated November 2019.

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 unit 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)	3.50%	3.50%
Units issued to Unit holder = $\frac{\text{Investment amount}}{\text{NAV per unit}}$	= $\frac{\text{USD 10,000.00}}{\text{USD 1.0000}}$ = 10,000 units	= $\frac{\text{MYR 10,000.00}}{\text{MYR 1.0000}}$ = 10,000 units
Application Fee per unit = NAV per unit x Application Fee (%)	= USD 1.0000 x 3.50% = USD 0.0350	= MYR 1.0000 x 3.50% = MYR 0.0350
Total Application Fee	= 10,000 units x USD 0.0350 = USD 350.00	= 10,000 units x MYR 0.0350 = MYR 350.00

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 Fee

Nil.

3.1.3. 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 an administrative fee for every switch. Please refer to the Annexure of the respective Class for further information.

3.1.4. Transfer Fee

You may be charged 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 your 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 Management Fee of 1.25% per annum and USD 150 million each for both Class ABC and Class XYZ:-

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
Annual Management Fee	1.25% per annum	1.25% per annum
NAV of the class	USD 150 million	MYR 150 million
Management Fee for the day = NAV of the class x Management Fee rate for the class (%) / 365 days	= USD 150 million x 1.25% / 365 = USD 5,136.98	= MYR 150 million x 1.25% / 365 = MYR 5,136.98

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 you.



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 this 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 25 for details on the Target Fund’s management fee.

3.2.2. Trustee Fee

Please note that the Trustee Fee (including local custodian fees and charges 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 for the Fund.

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

$$\begin{aligned}
 \text{Trustee Fee for the Fund} &= 0.04\% \text{ per annum} \\
 \text{Trustee Fee for the day} &= \text{NAV of the Fund} \times \text{annual Trustee Fee rate for the Fund (\%)} / 365 \text{ days} \\
 &= \text{USD } 300 \text{ million} \times 0.04\% / 365 \\
 &= \text{USD } 328.77
 \end{aligned}$$

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 25.

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 (including but not limited to goods and services tax) 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 the benefit of the Manager or Trustee;
- costs incurred for any meeting of the Unit holders other than those convened for the benefit of the Manager or Trustee;
- 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 warrant or telegraphic transfer; and
- cost of obtaining experts opinion by the Trustee and us for the benefit of the Fund or Class.

Expenses not authorised by the Deed must be paid by us or the Trustee out of our own funds, if incurred for our own benefit.

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 and/or benefits from currency hedging of the respective Classes and the cost of Unit holders meeting held in relation to the respective Class. If in doubt, you should consult your 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 Management Fee and 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 or a group of Sophisticated Investors) 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 financial wire services and stock quotations system incidental to investment management of the Fund. All dealings with brokers are executed on best available terms.

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

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 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.
- **Money market instruments**
Money market instruments such as negotiable instrument of deposits and commercial papers shall be valued by reference to the quotes provided by independent and reputable pricing source(s), which is deemed fair value, includes but not limited to Bond Pricing Agency (“BPA”) registered by the SC. Where the quotes are provided by financial institutions, the valuation of the money market instruments will be based on the average of bid and offer prices quoted by three (3) independent and reputable financial institutions of similar standing at the close of trading, based on the methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.
- **Deposits**
The value of Deposits shall be determined each day by reference to its principal value and its accrued income for the relevant period.
- **Derivatives**
The value of unlisted Derivatives 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.

The value of any listed Derivatives, which are quoted on an approved exchange, shall be calculated by reference to the last transacted price on that approved exchange. If the last transacted price does not represent the fair value of the securities, then the securities shall be valued at fair price as determined by reference to us, based on the methods or bases approved by the Trustee after appropriate technical consultation, such as the mean of bid and offer prices at the close of trading. Suspended Derivatives will be valued at their last done price unless there is conclusive evidence to show that the value has gone below the suspended price or where the quotation of the Derivatives has been suspended for a period exceeding fourteen (14) days, whereupon their fair value will be determined in good faith by us based on the methods or bases approved by the Trustee after appropriate technical consultation.

If the value of the Fund’s assets is denominated in a foreign currency, 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. (Malaysia time 11:00 p.m. or 12:00 a.m.) on the same day, 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 NAV per unit 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 NAV per unit for that Business Day. For transactions made after 4:00 p.m. on a Business Day, we will process the transactions using the NAV per unit on the next Business Day.

We will carry out the valuation 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. Currently, the currency translation is based on the bid exchange rate quoted by Bloomberg or Reuters at UK time 4:00 p.m. (Malaysia time 11:00 p.m. or 12:00 a.m.) on the same day, 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 <http://www.principal.com.my> after 5:30 p.m. on the following Business Day (T+1).

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:

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

The NAV of the Fund is the sum of the value of all investments and cash held by the Fund (calculated in accordance with the Deed) including income derived by the Fund which has not been distributed to 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. (Malaysia time 11:00 p.m. or 12:00 a.m.) on the same day, 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
NAV of the Fund before management and trustee fee	185,963,797	173,361,541	12,602,256
Less: Management Fee	- (9,170)	1.80% p.a. (8,549)	1.80% p.a. (621)
Less: Trustee Fee	0.04% p.a. (204)	- (190)	- (14)
NAV of the Fund	185,954,423	173,352,802	12,601,621
Units in circulation	205,000,000 units	170,000,000 units	35,000,000 units
NAV per unit		1.0197	0.3600
Currency exchange rate		N/A	(MYR/USD) 4.00
NAV per unit		USD 1.0197	MYR 1.4400

	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	185,954,423	173,352,802	12,601,621
⁽³⁾ Creation of units	1,250,000	1,000,000	250,000
Closing NAV	187,204,423	174,352,802	12,851,621
Units in circulation	206,675,125.03 units	170,980,680.59 units	35,694,444.44 units
NAV per unit		1.0197	0.3600
Currency exchange rate		N/A	(MYR/USD) 4.00
NAV per unit		USD 1.0197	MYR 1.4400

Note:

⁽¹⁾ MCR computation

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Class x 100	<u>173,342,897 x 100</u>	<u>12,600,000 x 100</u>
NAV of the Fund before income and expenses	185,942,897	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)	Class XYZ (Denominated in MYR)
Creation of units	USD 1,000,000	MYR 1,000,000
NAV per unit	USD 1.0197	MYR 1.4400
Number of units	980,680.59 units	694,444.44 units
Currency exchange rate	N/A	(MYR/USD) 4.00
Creation of units	USD 1,000,000	USD 250,000

Note: Please note 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 from time to time.

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 US person (i.e. someone who has a US address (permanent or mailing)) or US 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-US person or non-US 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 or our head office 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; or
- 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 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 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 pre-determined amount in the Class each month. You may cancel your RSP at any time by providing written instructions to the relevant Distributors to cancel your standing instruction.

4.4.4. Can the units be registered in the name of more than one (1) Unit holder?

We may register units in the name of more than one (1) Unit holder but we have the discretion not to allow registration of more than two (2) joint Unit holders. 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 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.

Processing an application

If we receive a valid 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 amount for each Class may differ and may be determined by us from time to time, unless you are withdrawing your entire investment. Please refer to the Annexure of the respective Class for further information. You may withdraw by completing a withdrawal form and sending it to the relevant Distributor or our head office. 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.

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 (T+1). The amount that you will receive is calculated by the withdrawal value less the Withdrawal Fee, 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 ten (10) 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 redemption proceeds to you (i.e. ten (10) days) may be extended/delayed if:

- (i) The Target Fund is suspended^{Note 1}; or
- (ii) The redemption request of the Target Fund is deferred^{Note 2}.

Should any of the above events occur, we may not be able to pay the withdrawal proceeds to you within ten (10) days. However, we will pay the withdrawal proceeds to you within ten (10) days subsequent to the receipt of redemption proceeds from the Target Fund Manager.

Note 1: During the period when the Target Fund is suspended, the Target Fund Manager will not accept any subscriptions and/or redemptions and the calculation of the Target Fund's NAV will be suspended.

Note 2: The Board of Directors of the Company may limit the redemption of shares of the Target Fund if the Target Fund receives as of any business day, requests to redeem more than 10% of the shares of the Target Fund. In such event, shares of the Target Fund may be redeemed on a pro rata basis and any part of a redemption request to which affect is not given by reason of this will be treated as if a request has been made in respect of the next business day and all following business days until the original request has been satisfied in full.

Please refer to the "Temporary Suspension" section at page 24 for more information. If in doubt, please consult your professional advisers.

4.7. MINIMUM BALANCE

The minimum balance that must be retained in your account for each Class may differ and may be determined by us from time to time. Please refer to 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 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. SWITCHING

Switching is available between the Classes of the Fund or between a Class and other Principal Malaysia's fund (or its classes), which should be denominated in the same currency. You may contact our **Customer Care Centre** at **(03) 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 Distributors or our head office. 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 Investors, a group of Sophisticated Investors or investments made via any digital platform).

Processing a switch

We process a switch as a withdrawal from one (1) 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.

4.9. TRANSFER FACILITY

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

4.10. COOLING-OFF PERIOD

You have six (6) Business Days after your initial investment (i.e. from the date the application form 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 to deal in unit trust of Principal Malaysia or any of our Distributors are not entitled to the cooling-off right.

4.11. TEMPORARY SUSPENSION

We may temporarily suspend the dealing in units of the Classes or Funds, subject to the SC Guidelines 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 of the Class 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, for income distribution payout to you by cheque, if any, which remain unclaimed for six (6) months will be reinvested into the Fund within thirty (30) Business Days after the expiry of the cheque’s validity period based on the prevailing NAV per unit on the day of the reinvestment in circumstances where you still hold units of the Fund. 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 Fund 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 Fund. No Application Fee is payable for the reinvestment. In the event that you no longer hold any unit in the Fund, 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

31 January.

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 annual report is available upon request.

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. 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 our opinion that it is 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 of the Fund 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 HOLDER

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 your 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;
- Current Information Memorandum and supplementary or replacement information memorandum, if any;
- The latest annual and interim reports of the Fund, which includes the audited financial statements of the Fund (where available) for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of launch of the Fund;
- Material contracts or documents referred to in this Information Memorandum;
- The audited financial statements of the Manager for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement; and
- The BNP Paribas Flexi I Prospectus dated November 2019 and includes 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 fund 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 have 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 (formerly known as CIMB-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 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 Principal Financial Group provided that the transactions are effected at market prices and are conducted at arm's lengths.

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

Trustee

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

- 1) where the Fund invests in instrument(s) offered by the related party of the Trustee (e.g. placement of monies, structured products, etc);
- 2) where the Fund is being distributed by the related party of the Trustee;
- 3) where the assets of the Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (i.e. Trustee's delegate); and
- 4) where the Fund obtains financing as permitted under the SC 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 or 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 our 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 Malaysia holds a Capital Markets Services License for fund management and dealing in securities restricted to unit trust under the CMSA and specialises in managing and operating unit trusts for Malaysian investors, both institutional and retail. Principal Malaysia's responsibilities include managing investment portfolios by providing fund management services to insurance companies, pension funds, unit trust companies, corporations and government institutions in Malaysia. In addition, Principal Malaysia is an approved private retirement scheme provider in Malaysia. It originally commenced its operations as a unit trust company in November 1995. As at LPD, Principal Malaysia has more than 23 years of experience in the unit trust industry. The shareholders of Principal Malaysia are PIA and CIMB Group.

PIA is a private company incorporated in Hong Kong SAR and its principal activity is the provision of consultancy services to other PFG group of companies. PIA is a subsidiary of the PFG, which was established in 1879 and is a diversified global financial services group servicing more than 15 million customers.

CIMB Group is one of ASEAN's leading universal banking groups and is Malaysia's second largest financial services provider, by assets. It offers consumer banking, commercial banking, investment banking, Islamic banking and asset management products and services. Headquartered in Kuala Lumpur, CIMB Group is present in all 10 ASEAN nations and has market presence in China, Hong Kong SAR, India, Sri Lanka, Korea, US and UK. CIMB Group is listed on Bursa Malaysia Securities Berhad and has a market capitalisation of approximately RM54.6 billion, around 36,000 employees and around 800 branches, as at 31 December 2018.

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 proceeding, 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 Chang joined Principal Malaysia on 22 February 2016 and currently holds the positions of CIO, Malaysia and CIO Equities, ASEAN Region effective 1 October 2018. He comes with more than 18 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 oversees ASEAN equities for both Malaysian and offshore clients from 2012. Prior to that, he served as Senior Vice President for Principal Malaysia where he specialized in Malaysia, ASEAN and Asia specialist funds. He also worked as a portfolio manager at Riggs and Co International Private Banking in London specializing in managing global ETF portfolios and 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 <https://www.principal.com.my>.

7. THE TRUSTEE

7.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

HSBC (Malaysia) Trustee Berhad (1281-T) 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 SC Guidelines. Apart from being the legal owner of the Fund's assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, CMSA and the SC Guidelines. In respect of monies paid by an investor for the application of units, the Trustee's responsibility arises when the monies are received in the relevant account of the Trustee for the Fund and in respect of redemption, the Trustee's responsibility is discharged once it has paid the redemption amount to the Manager.

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

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

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

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 their nominee company, 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 Material Litigation and Arbitration

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.

Note: We have obtained the necessary consent and confirmation from each of the relevant parties with regards to the information disclosed in this section.

ANNEXURE – CLASS MYR

This section is only a summary of the salient information about Class MYR. 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	Page
Currency denomination	MYR	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	3434

FEES & CHARGES

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

Charges	Class MYR	Page
Application Fee	Up to 3.50% of the NAV per unit.	26
Withdrawal Fee	Nil.	26
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 may 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 RM100 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.	26
Transfer Fee	A maximum of MYR50 may be charged for each transfer.	26
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 charges that you may **indirectly** incur when you invest in the Class.

Charges	Class MYR	Page
Management Fee	Up to 1.25% per annum of the NAV of the Class.	26
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).	27
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.	2727
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	27

Note: Despite the maximum Application Fee disclosed above, you may negotiate with us or our Distributors for lower charges. However, you should note that we or our Distributors may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, 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) without prior notice to you.

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 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.

All fees and charges payable by your 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.

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 seeks your approval on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class MYR	Page
Minimum initial investment	MYR 10,000 or such other amount as we may decide from time to time.	32
Minimum additional investment	MYR 5,000 or such other amount as we may decide from time to time.	32
Minimum withdrawal	5,000 units or such other number of units as we may decide from time to time.	32
Minimum balance	10,000 units or such other number of units as we may decide from time to time.	33
Regular Savings Plan	RSP is available. It allows you to make regular monthly investments of RM500 or more, direct from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is RM10,000 or such other amount as we may decide from time to time.	3232
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class that you intend to switch out; ○ the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and ○ the Switching Fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	33
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investor subject to such terms and conditions as may be stipulated by us from time to time.	33
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	33

Note: You may request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject a lower amount or number of units and without having to assign any reason, 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) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, 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) without prior notice to you. For increase in the amount or number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes before implementation.

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

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.

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	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	34

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 3.50% of the NAV per unit.	26
Withdrawal Fee	Nil.	26
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 may 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.	26
Transfer Fee	A maximum of USD15 may be charged for each transfer.	26
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.

Charges	Class USD	Page
Management Fee	Up to 1.25% per annum of the NAV of the Class.	26
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).	27
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.	2727
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	27

Note: *Despite the maximum Application Fee disclosed above, you may negotiate with us or our Distributors for lower fee or charges. However, you should note that we or our Distributors may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you.*

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 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.

All fees and charges payable by your 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.

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 seeks your approval on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class USD	Page
Minimum initial investment	USD 2,000 or such other amount as we may decide from time to time.	32
Minimum additional investment	USD 1,000 or such other amount as we may decide from time to time.	32
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	32
Minimum balance	2,000 units or such other number of units as we may decide from time to time.	33
Regular Savings Plan	Currently, RSP is not available.	3232
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class that you intend to switch out; ○ the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and ○ the Switching Fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	33
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investor subject to such terms and conditions as may be stipulated by us from time to time.	33
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	33

Note: You may request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject a lower amount or number of units and without having to assign any reason, 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) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, 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) without prior notice to you. For increase in the amount or number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes before implementation.

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

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.

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	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	34

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 3.50% of the NAV per unit.	26
Withdrawal Fee	Nil.	26
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 may 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.	26
Transfer Fee	A maximum of MYR50 may be charged for each transfer.	26
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.

Charges	Class MYR-Hedged	Page
Management Fee	Up to 1.25% per annum of the NAV of the Class.	26
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).	27
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.	2727
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	27

Note: Despite the maximum Application Fee disclosed above, you may negotiate with us or our Distributors for lower fee or charges. However, you should note that we or our Distributors may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, 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) without prior notice to you.

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 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.

All fees and charges payable by your 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.

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 seeks your approval on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class MYR-Hedged	Page
Minimum initial investment	MYR 10,000 or such other amount as we may decide from time to time.	32
Minimum additional investment	MYR 5,000 or such other amount as we may decide from time to time.	32
Minimum withdrawal	5,000 units or such other number of units as we may decide from time to time.	32
Minimum balance	10,000 units or such other number of units as we may decide from time to time.	33
Regular Savings Plan	RSP is available. It allows you to make regular monthly investments of RM500 or more, direct from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is RM10,000 or such other amount as we may decide from time to time.	3232
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class that you intend to switch out; ○ the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and ○ the Switching Fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	33
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investor subject to such terms and conditions as may be stipulated by us from time to time.	33
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	33

Note: You may request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject a lower amount or number of units and without having to assign any reason, 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) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, 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) without prior notice to you. For increase in the amount or number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes before implementation.

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

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.

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	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	34

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 3.50% of the NAV per unit.	26
Withdrawal Fee	Nil.	26
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 may 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.	26
Transfer Fee	A maximum of AUD15 may be charged for each transfer.	26
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.

Charges	Class AUD-Hedged	Page
Management Fee	Up to 1.25% per annum of the NAV of the Class.	26
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).	27
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.	2727
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	27

Note: Despite the maximum Application Fee disclosed above, you may negotiate with us or our Distributors for lower fee or charges. However, you should note that we or our Distributors may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, 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) without prior notice to you.

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 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.

All fees and charges payable by your 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.

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 seeks your approval on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class AUD-Hedged	Page
Minimum initial investment	AUD 2,000 or such other amount as we may decide from time to time.	32
Minimum additional investment	AUD 1,000 or such other amount as we may decide from time to time.	32
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	32
Minimum balance	2,000 units or such other number of units as we may decide from time to time.	33
Regular Savings Plan	Currently, RSP is not available.	3232
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class that you intend to switch out; ○ the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and ○ the Switching Fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	33
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investor subject to such terms and conditions as may be stipulated by us from time to time.	33
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	33

Note: You may request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject a lower amount or number of units and without having to assign any reason, 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) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, 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) without prior notice to you. For increase in the amount or number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes before implementation.

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

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.

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	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	34

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 3.50% of the NAV per unit.	26
Withdrawal Fee	Nil.	26
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 may 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.	26
Transfer Fee	A maximum of SGD15 may be charged for each transfer.	26
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.

Charges	Class SGD-Hedged	Page
Management Fee	Up to 1.25% per annum of the NAV of the Class.	26
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).	27
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.	27/27
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	27

Note: Despite the maximum Application Fee disclosed above, you may negotiate with us or our Distributors for lower fee or charges. However, you should note that we or our Distributors may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, 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).

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 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.

All fees and charges payable by your 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.

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 seeks your approval on the amendments to the fees and charges.

TRANSACTION INFORMATION

	Class SGD-Hedged	Page
Minimum initial investment	SGD 2,000 or such other amount as we may decide from time to time.	32
Minimum additional investment	SGD 1,000 or such other amount as we may decide from time to time.	32
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	32
Minimum balance	2,000 units or such other number of units as we may decide from time to time.	33
Regular Savings Plan	Currently, RSP is not available.	3232
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class that you intend to switch out; ○ the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and ○ the Switching Fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	33
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investor subject to such terms and conditions as may be stipulated by us from time to time.	33
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	33

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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.

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