

**Prospectus**  
16 August 2021

# Principal e-Cash Fund

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

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

**THIS IS A REPLACEMENT PROSPECTUS. THIS PROSPECTUS IS ISSUED TO REPLACE AND/OR SUPERSEDE THE PROSPECTUS ISSUE NO. 1 FOR THE PRINCIPAL E-CASH FUND DATED 15 MARCH 2021.**

**THIS PROSPECTUS ISSUE NO. 2 FOR THE PRINCIPAL E-CASH FUND IS DATED 16 AUGUST 2021.**

The Fund was constituted on 6 April 2020.

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

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

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

# ABOUT THIS DOCUMENT

This Prospectus introduces you to Principal Malaysia and the Principal e-Cash Fund (“Fund”). This Prospectus outlines in general the information you need to know to make an informed decision as to whether the Fund best suits your financial needs.

If you have any questions about the information in this Prospectus or would like to know more about investing in the Principal Malaysia family of unit trust funds, please call our **Customer Care Centre** at **(603) 7723 3800** between 8:45 a.m. and 5:45 p.m. (Malaysian time) on any day.

Unless otherwise indicated, any reference in this Prospectus to any rules, regulations, guidelines, standards, directives, notices, legislations or statutes shall be reference to those rules, regulations, guidelines, standards, directives, notices, legislations or statutes for the time being in force, as may be amended, varied, modified, updated, superseded and/or re-enacted from time to time.

Any reference to a time, day or date in this Prospectus shall be a reference to that time, day or date in Malaysia, unless otherwise stated. Reference to “days” in this Prospectus will be taken to mean calendar days unless otherwise stated.

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

## PROSPECTUS DETAILS

Issue No.	2
Prospectus Date	16 August 2021

## RESPONSIBILITY STATEMENTS

This Prospectus has been reviewed and approved by the directors of Principal Malaysia and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this Prospectus false or misleading.

## STATEMENTS OF DISCLAIMER

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

The authorisation of the Fund, and registration of this Prospectus, should not be taken to indicate that Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus.

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

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE UNABLE TO MAKE YOUR OWN EVALUATION, YOU ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.**

## ADDITIONAL STATEMENTS

You should note that you may seek recourse under the *Capital Markets and Services Act 2007* for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to the Fund.

Principal e-Cash Fund has been certified as Shariah-compliant by the Shariah adviser appointed for the Fund.

The distribution of this Prospectus and offering, purchase, sale or transfer of units of the Fund in certain jurisdictions may be restricted by law. In these jurisdictions, other than Malaysia, the Manager has not applied to allow the distribution of this Prospectus or units of the Fund. Therefore, this Prospectus does not constitute an offer or invitation to purchase units of the Fund in any jurisdiction other than in Malaysia.

# DEFINITIONS

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

Application Fee	- Preliminary charge on each investment.
CIMB Group	- CIMB Group Sdn. Bhd.
Class	- Any classes of units representing similar interest in the assets of the Fund and differentiated by features such as type of eligible investors, transaction amount, transaction methods, currency denomination, fees and charges and/or distribution policy.
CMSA	- Capital Markets and Services Act 2007.
Deed	- The principal deed and all supplemental deed in respect of the Fund made between us and the Trustee, in which the Unit holders agree to be bound by the provisions of the Deed.
Distributor	- Any relevant persons and bodies appointed by Principal Malaysia from time to time, who are responsible for selling units of the Fund, including Principal Distributors.
e-Wallet App	- Mobile application of the e-wallet that allows an individual to make electronic transaction, which includes but not limited to Touch 'n Go e-wallet.
e-Wallet Provider	- Refers to e-money issuer approved by Bank Negara Malaysia, which includes but not limited to TNG Digital Sdn Bhd.
Eligible Market	- A market which is regulated by a regulatory authority, operates regularly, is open to the public and has adequate liquidity for the purposes of the Fund.
FAQ	- Frequently asked question.
Financial Institution	- As per the definition of “financial institution” in the GUTF.
FIMM	- Federation of Investment Managers Malaysia.
Fund or “e-Cash”	- Principal e-Cash Fund.
GUTF	- Guidelines on Unit Trust Funds issued by the SC.
IMS	- Investment Management Standards issued by the FIMM.
Islamic Deposit	- As per the definition of “Islamic deposit” in the Islamic Financial Services Act 2013.
LPD	- Latest Practicable Date i.e. 31 May 2021, in which all information provided herein shall remain current and relevant as at such date.
Management Fee	- A percentage of the NAV of the Class that is paid to us for managing the portfolio of the Fund.
MARC	- Malaysian Rating Corporation Berhad.
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 (in MYR) of the respective Class by the NAV of the Fund before income and expenses for the day, save and except for Management Fee and those that are related to the specific Class shall be allocated to that Class only. The apportionment is expressed as a ratio and calculated as a percentage.
Mid-day Valuation Point	- Refers to the additional valuation performed every day for the Fund during the mid-day.
MYR	- Malaysian Ringgit.
NAV	- Net Asset Value.
NAV of the Fund	- The value of all the Fund’s assets less the value of all the Fund’s liabilities (including Management Fee and Trustee Fee) at the Valuation Point.
NAV of the Class	- The NAV of the Fund attributable to a Class at the Valuation Point.
NAV per unit	- The NAV of the Class divided by the number of units in circulation for that Class, at the Valuation Point.
PFG	- Principal Financial Group and its affiliates.
Principal Distributors	- Refers to the unit trust scheme consultants of Principal Malaysia (authorised Principal Malaysia distributors).
Principal Malaysia, the Manager, we or us	- Principal Asset Management Berhad.
Prospectus	- Refers to this document issued by us describing the details of the Fund.
RAM	- RAM Rating Services Berhad.
SAC	- Shariah Advisory Council.
SC	- Securities Commission Malaysia.

Shariah	- Islamic law, originating from the Qur'an (the holy book of Islam), and its practices and explanations rendered by the Prophet Muhammad (pbuh) and ijtehad of ulamak (personal effort by qualified Shariah scholars to determine the true ruling of the divine law on matters whose revelations are not explicit).
Shariah Adviser	- Amanie Advisors Sdn Bhd.
Special Resolution	- A resolution passed by a majority of not less than 3/4 of Unit holders voting at a meeting of Unit holders. For the purpose of terminating or winding up the Fund or a Class, a Special Resolution is passed by a majority in number representing at least 3/4 of the value of the units held by Unit holders voting at the meeting.
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.
T&C	- Terms & conditions.
Unit holder	- The registered holder for the time being of a unit of the Fund.
USA	- United States of America.
Valuation Point	- Refers to the daily valuation of the Fund at 9:00 p.m.
Withdrawal Fee	- A charge levied upon withdrawal under certain T&C (if applicable).

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

# CORPORATE DIRECTORY

## **The Manager**

Principal Asset Management Berhad

### **Business address**

10th Floor Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur MALAYSIA  
Tel : (603) 2084 8888

### **Registered address**

8th Floor Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur MALAYSIA  
Tel : (603) 2084 8888

### **Customer Care Centre**

Ground Floor Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur MALAYSIA  
Tel : (603) 7723 3800  
Fax : (603) 7718 3003

### **Website**

[www.principal.com.my](http://www.principal.com.my)

### **E-mail**

[service@principal.com.my](mailto:service@principal.com.my)

## **The Shariah Adviser of the Fund**

Amanie Advisors Sdn Bhd

### **Business address**

Level 13A-2, Menara Tokio Marine Life  
189 Jalan Tun Razak  
50400 Kuala Lumpur MALAYSIA  
Tel : (603) 2161 0260  
Fax : (603) 2161 0262  
Website : [amanieadvisors.com](http://amanieadvisors.com)

### **Registered address**

Unit 11-3A, 3<sup>rd</sup> Mile Square, No. 151  
Jalan Klang Lama Batu 3 ½  
58100 Kuala Lumpur MALAYSIA

## **The Trustee**

HSBC (Malaysia) Trustee Berhad

### **Business/Registered address**

13th Floor, Bangunan HSBC, South Tower  
No. 2, Leboh Ampang  
50100 Kuala Lumpur MALAYSIA  
Tel : (603) 2075 7800  
Fax : (603) 8894 2611

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# 1. FUND INFORMATION

## 1.1. PRINCIPAL E-CASH FUND

- Fund Category/Type** : Money Market (Islamic) / Income.
- Investment Objective** : The Fund aims to provide investors with liquidity and income.  
*We will require your approval if there is any material change to the Fund's investment objective.*
- Benchmark** : CIMB Islamic Bank Ringgit Malaysia Basic Savings Account-i Top Tier Rate.  
**Note:** *The benchmark is for performance comparison only. You are cautioned that the risk profile of the Fund is higher than the benchmark. The information of the benchmark can be obtained from [www.cimb.com.my](http://www.cimb.com.my).*
- 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 13 for information on the distribution payment.

**The Fund is neither a capital guaranteed fund nor a capital protected fund.**

### Base Currency & Classes

The base currency of the Fund is MYR.

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

Under the Deed, Unit holders of each Class have the same rights and obligations. Each Class may be different in terms of the type of eligible investors, transaction amount, transaction methods, currency denomination, fees and charges and/or distribution policy and hence, will have its respective NAV per unit, 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 and a supplemental or replacement prospectus will be issued. This information will be communicated to you via our website at [www.principal.com.my](http://www.principal.com.my). You should consult your professional advisers for better understanding of the multi-class structure before investing in the Fund.

Name of Class	Launch date
Class A	15 March 2021
Class B	15 March 2021

### Investment Policy and Strategy

The Fund is actively managed with the aim of achieving a liquid and low risk portfolio. In managing the Fund, we employ a two-pronged strategy that focuses on liquidity (primary focus) and yield enhancement (secondary focus), while ensuring that the overall risk of the portfolio is within the acceptable range.

All NAV of the Fund will be invested in a combination of cash (at bank), placement of Islamic Deposits, Islamic money market instruments and/or sukuk in MYR. We are flexible in the allocation and the selection of the Shariah-compliant investments. Generally, we tend to invest in Shariah-compliant investments that are of short duration and/or high quality to provide the liquidity required by the Fund. Where opportunity arises, we may also invest in high quality sukuk for yield enhancement if we are of the opinion that such investment will not compromise the liquidity and the performance of the Fund. The minimum credit rating for the Islamic money market instrument and sukuk must be at least "P2" or "A3" respectively by RAM or equivalent by MARC or any reputable credit rating agency in Malaysia.

As part of its risk management strategy and given that liquidity of the Fund is the primary focus, when deemed necessary, the Fund may concentrate its investments in cash (at bank) and placement of Islamic Deposits. Investments in cash (at bank) and placement of Islamic Deposits must be made with Financial Institutions with minimum long-term credit rating of "AA3" by RAM or equivalent rating by MARC or equivalent by any reputable credit rating agency in Malaysia. Typically, fund size and withdrawal patterns are two of the key factors that affects the liquidity needs of the Fund and hence will influence how we will manage the Fund. A small fund size and/or high withdrawal patterns tend to increase the liquidity needs of the Fund.

We formulate a profit rate outlook by considering factors such as the Malaysian inflation rate, monetary policies and economic growth. With a profit rate outlook and yield curve analysis, we identify the weighting of the underlying investment tenure and credit.

In the unlikely event of a credit rating downgrade, we reserve the right to deal with the underlying investment in the best interest of the Unit holders. As an active fund manager, we have in place flexible tolerance limits to cater to such situations. For example, we can continue to hold the downgraded underlying investment if the immediate disposal of the investment would not be in the best interest of the Unit holders.

Risk management is at the core of our investment process. Every proposed decision made by the investment team is considered in the context of the overall portfolio risk-return trade-off. Our investment committee reviews the counterparties that the Fund transacts with on a regular basis to ensure that the Fund invests in accordance with the Fund's objective. Hence, the Fund is constructed to be managed within the internal guidelines such as risk-return trade-off, which will be monitored regularly by the investment team.

**Investment in the Fund is not the same as placement in an Islamic Deposit with a Financial Institution. There are risks involved and you should rely on your own evaluation to assess the merits and risks when investing in the Fund.**

## 1.2. PERMITTED INVESTMENTS

Subject to the Deed, the Fund's investment policy and strategy, the requirements of the SC and any other regulatory body, we have the absolute discretion as to how the assets of the Fund are to be invested. The Fund can invest in the following types of Shariah-compliant investments which are in line with the Fund's objective :

- Islamic money market instruments;
- Islamic Deposits;
- Sukuk; and
- Any other form of Shariah-compliant investments as may be permitted by the SC from time to time.

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

## 1.3. INVESTMENT RESTRICTIONS AND LIMITS

The Fund is subject to the following investment restrictions/limits as prescribed under the GUTF:

### Exposure limits

- The value of the Fund's investments in permitted investments which have a remaining maturity period of not more than 365 days must not be less than 90% of the Fund's NAV; and
- The value of the Fund's investments in permitted investments which have a remaining maturity period of more than 365 days but fewer than 732 days must not exceed 10% of the Fund's NAV.

### Investment spread limits

- The value of the Fund's investments in sukuk and Islamic money market instruments issued by any single issuer must not exceed 20% of the Fund's NAV. This single issuer limit may be increased to 30% if the sukuk are rated by any domestic or global rating agency to be of the best quality and offer highest safety for timely payment of profit and principal;
- The value of the Fund's placement in Islamic Deposits with any single Financial Institution must not exceed 20% of the Fund's NAV<sup>Note 1</sup>;
- The value of the Fund's investments in sukuk and Islamic money market instruments issued by any group of companies must not exceed 30% of the Fund's NAV; and
- Where applicable, the core requirements/investment restrictions and limits set out under Schedule B of the GUTF for non-specialised funds (e.g. funds which are not money market funds) shall apply for any other type of investments (e.g. other than sukuk, Islamic money market instruments and placement of Islamic Deposits) made by the Fund.

### Investment concentration limits

- The Fund's investments in sukuk must not exceed 20% of the securities issued by any single issuer; and
- The Fund's investments in Islamic money market instruments must not exceed 20% of the instruments issued by any single issuer.

**Note 1:** We have obtained approval from the SC for a variation on this investment restriction and limit. Please refer to Section 1.4 Approvals and Conditions at page 3 for further details.

Please note that the above restrictions and limits do not apply to Shariah-compliant securities or Shariah-compliant instruments issued or guaranteed by the Malaysian government or Bank Negara Malaysia. In respect of the above investment restrictions and limits, the GUTF provides for an allowance of 5% from the investment restrictions and limits due to appreciation or depreciation of the NAV of the Fund (whether as a result of an appreciation or depreciation in value of the Fund's investments, or as a result of withdrawal of units or payment made out of the Fund). If the Fund is in breach of any of



the above investment restrictions and limits, we should not make any further acquisitions to which the relevant restrictions and limits is breached and must rectify the breach as soon as practicable as prescribed under the GUTF.

## 1.4. APPROVALS AND CONDITIONS

On 15 May 2020, we have obtained the approval from the SC for variation on the following requirements:

- **Schedule B Appendix 1 Paragraph (10) of the GUTF:** The value of a fund's placement in deposits with any single institution must not exceed 20% of the fund's NAV.

### Variation obtained for the Fund:

- (i) When the Fund's NAV is less than MYR2 million:  
The value of the Fund's placement in Deposits with any single institution may be up to 100% of the Fund's NAV
- (ii) When the Fund's NAV is between MYR2 million and MYR100 million (both inclusive):  
The value of the Fund's placement in Deposits with any single institution must not exceed 50% of the Fund's NAV

This variation will lapse after two (2) years from the commencement date of the Fund.

- **Paragraph 10.16 (a) of the GUTF:** A management company must pay the unit holder in cash the proceeds of the repurchase of units as soon as possible, within ten (10) days of receiving the repurchase request.

### Variation obtained for Class A only:

Principal Malaysia to pay the repurchase proceeds (i.e. the withdrawal amount) to the e-Wallet Provider for and on behalf of that Unit holder of Class A, and such payment to the e-Wallet Provider shall be deemed as full payment and settlement to that Unit holder of Class A.

The approval by the SC for the variation to Paragraph 10.16(a) of the GUTF for Class A of the Fund is **subject to the following conditions:**

- (a) The e-Wallet Provider is a reporting institution under the SC's *Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries* or Bank Negara Malaysia's *Guidelines on Anti-Money Laundering and Combating the Financing of Terrorism*; and
- (b) the e-Wallet provider is either licensed or registered by the SC.

## 1.5. SHARIAH INVESTMENT GUIDELINES

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

### **a. Islamic money market instruments**

For investment in Malaysia, the Fund will invest in Islamic money market instruments approved by SAC of Bank Negara Malaysia based on the data available at:

- Bond info hub ([www.bondinfo.bnm.gov.my](http://www.bondinfo.bnm.gov.my))
- Fully automated system for issuing/tendering ([www.fast.bnm.gov.my](http://www.fast.bnm.gov.my)).

### **b. Investment in Islamic Deposits**

The Fund is also prohibited from investing in interest-bearing deposits and recognizing any interest income.

### **c. Sukuk**

Sukuk are certificates that provide evidence of an investment into an underlying asset or a project which is typically an income generating asset or project. The Fund will only invest in Sukuk which is approved by the SAC of the SC or the Shariah Adviser. The Shariah Adviser will select any Sukuk instruments to be invested by the Fund based on the data available at:

- Bond info hub ([www.bondinfo.bnm.gov.my](http://www.bondinfo.bnm.gov.my))
- Fully automated system for issuing/tendering ([www.fast.bnm.gov.my](http://www.fast.bnm.gov.my)).

### **Rules of Divestment of Shariah non-compliant instruments**

#### **(a) Wrong Investment**

This refers to investment based on Shariah principles but due to unintentional mistake investing in Shariah non-compliant investment, the said investment will be disposed of within a period of not more than one month after knowing the status of the instrument.

In the event that there is any gain made in the form of capital gain or dividend received before or after the disposal of the instrument, it has to be channelled to baitulmal and/or charitable bodies as approved by the Shariah Adviser. The Fund has the right to retain only the investment cost. If the disposal of the investment resulted in losses to the Fund, the losses are to be borne by the Manager by ensuring the loss portion is restored and returned to the Fund.

### **Payment of Zakat**

This refers to the purification by way of payment of zakat by Muslims. The Fund does not pay zakat on behalf of Muslim Unit holders. Thus, Muslim Unit holders are advised to pay zakat on their own.

**The investment portfolio of the Fund comprises instruments which have been classified as Shariah-compliant by the SAC of the SC and, where applicable the SAC of the Bank Negara Malaysia. For instruments that are not classified as Shariah-compliant by the SAC of the SC and, where applicable the SAC of Bank Negara Malaysia, the status of the instruments will be determined in accordance with the ruling of the Shariah Adviser and Shariah investment guidelines.**

## **1.6. FINANCING**

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

## **1.7. SECURITIES LENDING**

Not applicable for the Fund.

## **1.8. RISK FACTORS**

### **1.8.1. GENERAL RISKS OF INVESTING IN A UNIT TRUST FUND**

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

#### **Returns not guaranteed**

The investment of the Fund is subject to market fluctuations and its inherent risk. There is **NO GUARANTEE** on the investment which includes your investment capital and returns, nor any assurance that the Fund's objective will be achieved.

#### **Market risk**

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

#### **Inflation risk**

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

#### **Manager risk**

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

#### **Financing risk**

This risk occurs when you take a cash financing to finance your investment. The inherent risk of investing with money obtained from financing includes you being unable to service the financing payments. In the event units are used as collateral, 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 financing.

#### **Shariah non-compliance risk**

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

Please refer to page 3 for more information on Shariah investment guidelines.

### **1.8.2. SPECIFIC RISKS ASSOCIATED WITH THE INVESTMENT PORTFOLIO OF THE FUND**

There are specific risks associated with the investment portfolio of the Fund. The key ones include but are not limited to the following:

#### **Liquidity risk**

Given that liquidity is an important aspect of the Fund, there may be a risk that the Fund could not meet the required withdrawal amount due to insufficient liquidity. As such, we have designed the Fund to be invested in instruments that are

liquid and low risk. In addition, the Fund has obtained variation from the SC on Schedule B Appendix 1 Paragraph (10) of the GUTF which will help in managing the liquidity of the Fund during its first two (2) years by managing the Fund differently depending on the size of the Fund to meet liquidity needs taking into account factors such as withdrawal pattern of the Fund. For more information, you may refer to page 3 for information on approvals and conditions.

#### **Credit and default risk**

Investment of the Fund may involve a certain degree of credit and default risk. Generally, credit and default risk is the risk of loss due to the counterparty's and/or issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. We aim to mitigate this risk by performing fundamental credit research and analysis to determine the creditworthiness of its counterparty and/or issuer.

#### **Interest rate risk**

Interest rate risk refers to the impact of the changes in the interest rate environment that may affect the performance of the Fund. When interest rates decrease, Financial Institutions may offer Islamic Deposits with lower profit rates. As such, this will reduce the potential return on investment of future Islamic Deposits placements which in turn will reduce the potential return on investment of the Fund. As for sukuk, their prices generally decline when interest rates rise, which would lower the market value of the Fund.

#### **Concentration risk**

The Fund may invest in a mix of instruments including Islamic Deposits, Islamic money market instruments and sukuk. When deemed necessary, we may skew the investment to Islamic Deposits to ensure liquidity. Additionally, the Islamic Deposits may also be concentrated to a few counterparties especially when the fund size is small. The value of the Fund's placement in Islamic Deposits with any single Financial Institution may be up to 100% of the Fund's NAV when the Fund's NAV is less than MYR2 million, given that the Fund has obtained variation from SC on the Schedule B Appendix 1 Paragraph (10) of the GUTF. As compared to a diversified investments across several financial institutions, a concentrated investment in a single Financial Institution may subject the Fund to a more significant concentration risk, where adverse developments to that single Financial Institution may result in non-payment or untimely payment of the investment amount as well as the returns on investment which may affect the NAV of the Fund. In managing concentration risk, we will only place Islamic Deposits with Financial Institutions that have minimum local long-term credit rating of "AA3" by RAM or equivalent rating by MARC or equivalent by any reputable credit rating agency in Malaysia.

#### **1.8.3. OTHER RISKS ASSOCIATED WITH CLASSES OF THE FUND**

There may be other risks associated with Classes of the Fund. Please refer to the Annexure of the respective Class for further information.

**You should note that investment in the Fund is not the same as placement in an Islamic Deposit with a Financial Institution. There are risks involved and you should rely on your own evaluation to assess the merits and risks when investing in the Fund.**

**The above summary of risks does not purport to be an exhaustive list of all the risk factors relating to investments in the Fund and are not set out in any particular order of priority. You should be aware that an investment in a unit trust fund may be exposed to other risks from time to time. If in doubt, you should consult professional advisers for a better understanding of the risks.**

## 2. FEES, CHARGES AND EXPENSES

### 2.1. CHARGES

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

#### 2.1.1. Application Fee

When applying for 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	Class XYZ
	(For e-Wallet App user)	(For institution)
Investment amount	MYR 1,000.00	MYR 100,000.00
NAV per unit	MYR 1.0000	MYR 1.0000
Application Fee (NAV per unit)	0.50%	2.00%
<u>Investment amount (MYR)</u>	<u>1,000.00</u>	<u>100,000.00</u>
NAV per unit (MYR)	1.0000	1.0000
= Units issued to Unit holder	= 1,000.00 units	= 100,000.00 units
= NAV per unit x Application Fee	= MYR 1.0000 x 0.50%	= MYR 1.0000 x 2.00%
Application Fee per unit	MYR 0.005	MYR 0.02
Total Application Fee (MYR)	1,000.00 units x MYR 0.005 = <b>MYR 5.00</b>	100,000.00 units x MYR 0.02 = <b>MYR 2,000.00</b>

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

#### 2.1.2. Withdrawal Fee

Nil.

#### 2.1.3. Switching Fee

Not applicable as currently switching facility is not available.

#### 2.1.4. Transfer Fee

Not applicable as currently transfer facility is not available.

### 2.2. 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 the 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.

#### 2.2.1. Management Fee

Management Fee is charged to the respective Class based on the NAV of the Class. The Management Fee shall be accrued daily and paid monthly to the Manager. Please refer to the Annexure of the respective Class for further information.

Below is an illustration on how the Management Fee is calculated, assuming Management Fee is 0.15% and 0.25% per annum for Class ABC and Class XYZ respectively:-

	Class ABC (Denominated in MYR) (MYR)	Class XYZ (Denominated in MYR) (MYR)
Management Fee	0.15% per annum	0.25% per annum
NAV of the Class	MYR 150 million	MYR 100 million
Management Fee for the day = NAV of the Class x Management Fee rate for the Class (%) /365 days	= MYR 150 million x 0.15%/365 = MYR 616.44	= MYR 100 million x 0.25%/365 = MYR 684.93

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

### 2.2.2. Trustee Fee

Trustee Fee is charged to the Fund based on the NAV of the Fund. The Trustee Fee shall be accrued daily and paid monthly to the Trustee.

The Trustee Fee is 0.03% per annum for the Fund.

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

Trustee Fee for the Fund	=	0.03% per annum
Trustee Fee for the day	=	NAV of the Fund x annual Trustee Fee rate for the Fund (%) / 365 days
	=	MYR 150 million x 0.03% per annum / 365 days
	=	MYR 123.29

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

### 2.2.3. 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;
- (where the custodial function is delegated by the Trustee to a foreign sub-custodian), charges/fees paid to the foreign sub-custodian for the custody of any foreign asset of the Fund;
- taxes and other duties charged on the Fund by the government and other authorities if any and bank fees;
- fees and other expenses properly incurred by the auditor and tax agent;
- remuneration and out of pocket expenses of the independent members of the investment committee and/or advisers (if any) of that Fund, unless the Manager decides to bear the same;
- 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 the Trustee;
- the sale, purchase, takaful, custody and any other dealings of investments 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 adviser of all kinds;
- preparation and audit of the taxation returns and accounts of the Fund;
- termination of the Fund or that Class and the retirement or removal of the Trustee or the Manager and the appointment of a new trustee or management company;
- any proceedings, arbitration or other dispute concerning the Fund, that Class or any asset of the Fund, including proceedings against the Trustee or the Manager by the other 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 not ordered by the court not to be reimbursed out of the Fund);
- all costs and/or expenses associated with the distributions declared pursuant to the Deed and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer;
- costs of obtaining experts opinion by the Trustee and the Manager for the benefit of the Fund or Class; and
- the costs of printing and dispatching to Unit holders the accounts of the Fund, tax certificates, distribution warrants, notices of meeting of Unit holders, newspaper advertisement and such other similar costs as may be approved by the Trustee.

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

We and the Trustee are required to ensure that any fees or charges payable are reasonable and in accordance with the Deed, which stipulate the maximum rate in percentage terms that can be charged. All expenses of the Fund will generally be apportioned to each Class currently available for sale based on the MCR except for the 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. 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 and the GUTF.

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

### **2.3. REBATES AND SOFT COMMISSIONS**

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

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

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

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

# 3. TRANSACTION INFORMATION

## 3.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUND

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

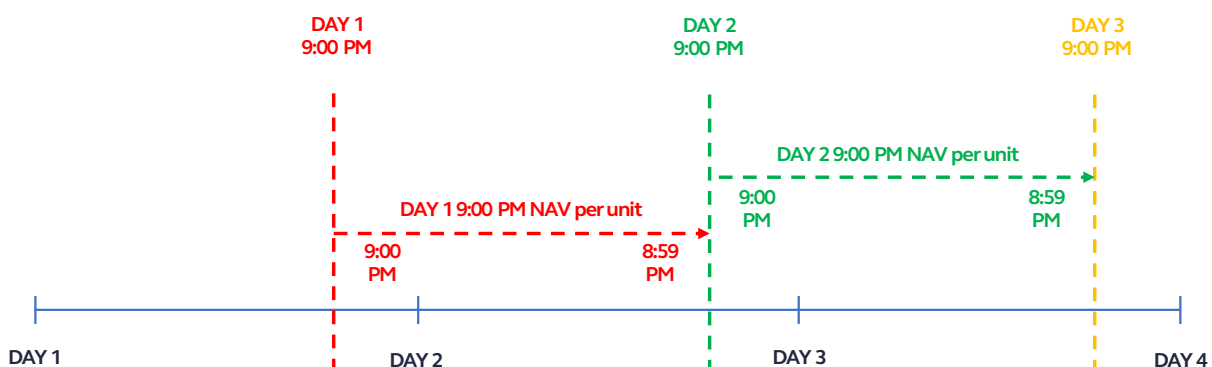
- **Islamic money market instruments**  
Islamic money market instruments such as Islamic negotiable instrument of deposits are valued each day by reference to the value of such instruments and the profits accrued thereon for the relevant period. Instrument such as Islamic commercial papers are to be valued on a daily basis using the last available fair value prices quoted by Bond Pricing Agency (“BPA”) registered with the SC. Where the quotes are provided by Financial Institutions, the valuation of the Islamic 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.
- **Islamic Deposits**  
The value of Islamic Deposits shall be determined each day by reference to the principal value of such permitted investments and the accrued profit thereon for the relevant period.
- **Sukuk**  
The value of any unlisted MYR-denominated sukuk shall be calculated on a daily basis using prices quoted by BPA. Where such prices are not available or where we are of the view that the price quoted by the BPA for a specific sukuk differs from the market price by more than twenty (20) basis points, we may use the market price by reference to the last available quote provided such quote was obtained within the previous thirty (30) days and we record the basis for using a non-BPA price, obtain necessary internal approvals to use the non-BPA price and keep an audit trail of all decisions and basis for adopting the market yield.

## 3.2. UNIT PRICING

We adopt a single pricing method for any transactions (i.e. applications, withdrawals, switches and/or transfers) based on **historical prices**. The daily valuation point will be at 9:00 p.m. (“Valuation Point”). This means that we will process your transactions requests based on the NAV per unit at the last Valuation Point after we receive the completed transaction requests from you.

The Fund will be valued at least once every day. As the Fund adopts historical pricing, the Fund will have a Mid-day Valuation Point.

**WE WILL RE-PRICE THE UNITS IF THE NAV PER UNIT DIFFERS BY MORE THAN 5% FROM THE LAST VALUATION POINT.**



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 including any provisions that we and the Trustee consider should be made. For example, a provision may be made for possible future losses on an investment which cannot be fairly determined.

The Fund valuation is performed in the base currency i.e. MYR. The NAV per unit of each Class will be the NAV of the Fund attributable for each Class divided by the number of units in circulation of that Class, at the Valuation Point.

The NAV per unit for the respective Classes is available on our website at [www.principal.com.my](http://www.principal.com.my) (for Class A and Class B) and e-Wallet App (for Class A only), after 9:00 p.m. daily.

**Note:** We will ensure the accuracy of the prices submitted to the FIMM - Funds Malaysia System.

### 3.2.1. Multi-class Ratio (MCR)

MCR is the apportionment of the NAV of each Class over the Fund's NAV based on the size of each Class. The MCR is calculated by dividing the NAV 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 (MYR)	Class ABC (For e-Wallet App user) (MYR)	Class XYZ (For institution) (MYR)
NAV of the Fund before income and expenses	185,942,897.00	173,335,968.58	12,606,928.42
% MCR	100.00%	93.22%	6.78%
Add: Income	30,000.00	27,966.00	2,034.00
Less: Expenses	(10,000.00)	(9,322.00)	(678.00)
NAV of the Fund before Management and Trustee Fee	185,962,897.00	173,354,612.58	12,608,284.42
Less: Management Fee	(2,292.69)	(2,137.25)	(155.44)
Less: Trustee Fee	(152.84)	(142.48)	(10.36)
NAV of the Fund	185,960,451.47	173,352,332.85	12,608,118.62
Units in circulation	182,364,307.0022	170,000,000.3467	12,364,306.6555
<b>NAV per unit</b>		<b>1.0197</b>	<b>1.0197</b>

	Fund	Class ABC (For e-Wallet App user)	Class XYZ (For institution)
NAV of the Fund before creation of units for the day (MYR)	185,960,451.47	173,352,332.85	12,608,118.62
<sup>(3)</sup> Net subscription amount (MYR)	2,000,000.00	1,000,000.00	1,000,000.00
Closing NAV (MYR)	187,960,451.47	174,352,332.85	13,608,118.62
Units in circulation	184,325,668.1868	170,980,680.9390	13,344,987.2478
NAV per unit (MYR)		<b>1.0197</b>	<b>1.0197</b>

**Note :**

<sup>(1)</sup> MCR computation

	Class ABC (For e-Wallet App user) (MYR)	Class XYZ (For institution) (MYR)
<u>NAV of the Class x 100</u>	<u>173,335,969.58 x 100</u>	<u>12,606,928.42 x 100</u>
NAV of the Fund before income and expenses	185,942,897.00	185,942,897.00
	=	=
	93.22%	6.78%



<sup>(2)</sup>Apportionment based on MCR is as follows:

		Class ABC (For e-Wallet App user)	Class XYZ (For institution)
	(MYR)	(MYR)	(MYR)
Add: Income	30,000	MCR x Income = Income for Class ABC = 93.22% x MYR 30,000.00 = MYR 27,966.00	MCR x Income = Income for Class XYZ = 6.78% x MYR 30,000.00 = MYR 2,034.00
Less: Expenses	(10,000)	MCR x Expenses = Expenses for Class ABC = 93.22% x MYR 10,000.00 = MYR 9,322.00	MCR x Expenses = Expenses for Class XYZ = 6.78% x MYR 10,000.00 = MYR 678.00

<sup>(3)</sup>Creation of units

	Class ABC (For e-Wallet App user)	Class XYZ (For institution)
Net subscription amount (MYR)*	1,000,000	1,000,000
NAV per unit (MYR)	1.0197	1.0197
Number of units	980,680.5923	980,680.5923

\* Subscription amount net of any withdrawal amount.

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

### 3.2.2. Calculation of investment amount and units entitlement

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

#### Illustrations:

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

Assumptions:

NAV per unit of Class ABC denominated in MYR = MYR0.5000 (truncated to 4 decimal places)  
 Application Fee = Nil  
 You wish to invest MYR100 in the Class ABC.

Calculation of number of units that you will receive\*

---

= Investment amount / NAV per unit of Class ABC  
 = MYR100.00 / MYR0.5000  
 = 200.0000 units

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

---

= NAV per unit of Class ABC x number of units received x Application Fee rate  
 = MYR0.5000 x 200.0000 units x 0%  
 = MYR0.00

Calculation of total amount that you will have to pay

---

= Investment amount + Application Fee\* paid  
 = MYR100.00 + MYR0.00  
 = MYR100.00

\* The number of units that you receive will be rounded down to four (4) decimal places.

# The Application Fee imposed will be rounded to two (2) decimal places.

### **Calculation of investment value**

Assuming you have 200.0000 units of Class ABC of the Fund and the NAV per unit of Class ABC for the day is MYR0.5110 (truncated to 4 decimal places).

#### Calculation of investment value

= Number of units x NAV per unit of Class ABC

= 200.0000 units x MYR0.5110

= MYR102.20

### **Calculation of withdrawal value and amount payable to you**

Assuming you have 200.0000 units of Class ABC of the Fund, you wish to withdraw MYR10.00 from your investment. Your withdrawal request is received by us by 4:00 p.m. on a Business Day. The NAV per unit of Class ABC for that Business Day is MYR0.5230 (truncated to 4 decimal places).

#### Calculation of number of units you withdraw\*

= Withdrawal value / NAV per unit of Class ABC

= MYR10.00 / MYR0.5230

= 19.1205 units

#### Calculation of number of your remaining units

= Units held before withdrawal - Units withdrawn

= 200.0000 - 19.1205

= 180.8795 units

#### Calculation of amount payable to you

= Withdrawal value - Withdrawal Fee# paid

= MYR10.00 - MYR0.00

= MYR10.00

\* The number of units that you withdraw, and remaining units will be rounded down to four (4) decimal places.

# The Withdrawal Fee imposed (if any) will be rounded to two (2) decimal places.

## **3.3. INCORRECT PRICING**

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

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

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

- (i) is equal or more than 0.5% of the NAV per unit; and
- (ii) results in a sum total of MYR10.00 or more to be reimbursed to a Unit holder for each sale or withdrawal transaction.

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

## **3.4. INVESTING**

### **3.4.1. Who can invest?**

Please note that some Classes are only eligible for certain type of investors. Please refer to the Annexure of the respective Class for further information.

We reserve the right to accept or reject any application in whole or in part thereof without assigning any reason in respect thereof.

If we become aware of a USA person (i.e. someone who has a USA address (permanent or mailing)) or USA entity (i.e. a corporation, trust, partnership or other entity created or organised in or under the laws of the USA or any state thereof or any estate or trust the income of which is subject to United States Federal Income Tax regardless of source) holds units in the Fund,

we may issue a notice to that person requiring him/her/it to, within thirty (30) days, either withdraw the units or transfer the units to a non-USA person or non-USA entity.

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

### **3.5. TEMPORARY SUSPENSION**

We and the Trustee may temporarily suspend the dealing in units of the Class or Fund, subject to the requirements of the GUTF and/or the Deed. Please note that during the suspension period, the NAV per unit will not be available and hence, we will not accept any transactions for the applications, withdrawals, switches and/or transfers of units. If we have earlier accepted your request for applications, withdrawals, switches and/or transfers of units, please note that there may be a delay in processing those transactions and you will be notified accordingly. You will also be notified once the suspension is lifted.

### **3.6. DISTRIBUTION PAYMENT**

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

Distribution (if any) will be made at the end of each distribution period to the Classes according to its distribution policy. Your eligibility for the distribution payment will depend on when you purchase the units. 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.

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. 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, you will be notified accordingly.

No unit will be issued if your entitlement on that day is lesser than 0.0001 unit and such entitlement will not be carry forward to the next day.

### **3.7. OTHER TRANSACTION INFORMATION**

There are other transaction information which are specific to the relevant Class, such as minimum investments, minimum withdrawals, minimum balance, cooling-off period, switching facility and transfer facility. Please refer to the Annexure of the respective class for further information.

### **3.8. UNCLAIMED MONEYS**

Any moneys payable to you which remain unclaimed after twelve (12) months as prescribed by Unclaimed Moneys Act 1965 ("UMA"), will be surrendered to the Registrar of Unclaimed Moneys by us in accordance with the requirements of the UMA. Thereafter, all claims need to be made by you with the Registrar of Unclaimed Moneys.

**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 T&C 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.**

## 4. ADDITIONAL INFORMATION

### 4.1. FINANCIAL YEAR-END

30 November.

### 4.2. INFORMATION ON YOUR INVESTMENT

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

If you have any questions about the information in this Prospectus or would like to know more about investing in the Fund, please contact our **Customer Care Centre** at **(603) 7723 3800** between 8:45 a.m. and 5:45 p.m. (Malaysian time) on any day or you can email us at **service@principal.com.my**.

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

**Principal Asset Management Berhad**  
**Customer Care Centre**  
Ground Floor Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur MALAYSIA

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

### 4.3. DEED

The Fund is governed by the Deed dated 6 April 2020 and the First Supplemental Deed dated 16 June 2021.

### 4.4. DOCUMENTS AVAILABLE FOR INSPECTION

You may inspect the following documents or copies thereof in relation to the Fund (upon request) at our principal place of business and/or at the business address of the Trustee (where applicable) without charge:

- The deed and supplemental deed, if any;
- Current prospectus and supplementary or replacement prospectus, if any;
- The latest annual and interim reports of the Fund;
- Material contracts disclosed in this Prospectus;
- The audited financial statements of the Manager and the Fund (where applicable) 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;
- Any reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in this Prospectus;
- Writ and relevant cause papers for all material litigation and arbitration disclosed in this Prospectus; and
- Consent given by any experts disclosed in this Prospectus, if any.

### 4.5. CONSENT

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

### 4.6. POTENTIAL CONFLICTS OF INTERESTS AND RELATED PARTY TRANSACTIONS

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

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

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
		Indirect	CIMB-Mapletree Management Sdn Bhd*

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

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

We generally discourage cross trades and prohibit any transactions between client(s) accounts and fund accounts. Any cross trade activity require prior approval with the relevant supporting justification(s) to ensure such 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.

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

#### **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 moneys, 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 GUTF, from the related party of the Trustee.

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

Subject to any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit holder or enter into any contract or transaction with each other, the Fund or any form of such contract or transaction or act in the same and similar capacity in relation to any other scheme.

## **4.7. INTERESTS IN THE FUND**

Subject to any legal requirement, we or any of our related corporation, or any of our officers or directors, may invest in the Fund. Our directors will receive no payments from the Fund other than distributions that they may receive as a result of investment in the Fund. No fees other than the ones set out in this Prospectus have been paid to any promoter of the Fund, or the Trustee (either to become a trustee or for other services in connection with the Fund), or us for any purpose.

## **4.8. 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.

# 5. THE MANAGER

## 5.1. ABOUT PRINCIPAL ASSET MANAGEMENT BERHAD

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

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

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

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

### 5.1.1. The Board of Directors

As at LPD, the Board of Directors consists of nine (9) members including four (4) Independent directors and one (1) alternate director. The Board of Directors oversees the management and operations of the Principal Malaysia and meets at least four (4) times a year.

Effendy bin Shahul Hamid	- Non-independent director	Dato' Jaganath Derek Steven Sabapathy	- Independent director
Munirah binti Khairuddin	- Non-independent director	Wong Joon Hian	- Independent director
Thomas Cheong Wee Yee	- Non-independent director	Liew Swee Lin	- Independent director
Chong Chooi Wan <sup>1</sup>	- Non-independent director	Hisham bin Zainal Mokhtar	- Independent director
Juan Ignacio Eyzaguirre Baraona	- Non-independent director		

<sup>1</sup> Alternate director to Effendy bin Shahul Hamid.

### 5.1.2. The Investment Committee

As at LPD, the investment committee consists of six (6) members including three (3) independent members. Generally, the investment committee meets once a month and is responsible for ensuring that the investment management of the Fund is consistent with the objectives of the Fund, the Deed, the GUTF and relevant securities laws, our internal investment restrictions and policies, as well as acceptable and efficacious investment management practices within the unit trust industry. In this role, the powers and duties of the investment committee include formulating and monitoring our implementation of appropriate investment management strategies for the Fund and the measurement and evaluation of our performance.

### 5.1.3. Designated Person Responsible for Fund Management Function

<b>Name:</b>	Patrick Chang Chian Ping
<b>Designation:</b>	Chief Investment Officer (CIO), Malaysia & Chief Investment Officer, Equities, ASEAN Region
<b>Experience:</b>	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 19 years of experience in asset management and manages the investment teams in Malaysia and in the ASEAN region. 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, then known as CIMB-Principal Asset Management Berhad, where he specialised in ASEAN and Asia ex Japan funds. He also worked as a portfolio manager at Riggs and Co International Private Banking in London specialising in managing global exchange-traded fund portfolios and holds the Capital Markets Services Representative License.
<b>Qualifications:</b>	MSc Finance from City University Business School and BSc Accounting and Financial Analysis from University of Warwick, UK.

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

# 6. SHARIAH ADVISER OF THE FUND

## 6.1. ABOUT AMANIE ADVISORS SDN BHD

Amanie Advisors Sdn Bhd ("Amanie") is a Shariah advisory, consultancy, training and research and development boutique for institutional and corporate clientele focusing on Islamic financial services. Amanie is a registered Shariah adviser with the SC. It has been established with the aim of addressing the global needs for experts' and Shariah scholars' pro-active input. This will ultimately allow the players in the industry to manage and achieve their business and financial goals in accordance with the Shariah Principles. Amanie also focuses on organizational aspect of the development of human capital in Islamic finance worldwide through providing updated quality learning embracing both local and global issues on Islamic financial products and services. The company is led by Datuk Dr. Mohd Daud Bakar and teamed by an active and established panel of consultants covering every aspect related to the Islamic banking and finance industry both in Malaysia and the global market. Currently the team comprises of eight (8) full-time consultants who represent dynamic and experienced professionals with a mixture of corporate finance, accounting, product development, Shariah law and education. Since 2005, Amanie has acquired sixteen (16) years of experience in the advisory role of unit trusts and as at LPD, we have advised 104 active funds locally and globally.

As the appointed Shariah adviser for the Fund, the roles and responsibilities of Amanie include:

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

Amanie will meet us every quarterly to review on the Islamic fund's investment and address Shariah advisory matters pertaining to the Islamic funds to ensure compliance with Shariah principles or any other relevant principle at all times. An annual Shariah certificate will also be issued for the Fund at the financial year end.

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

- Suhaida Mahpot
- Muhammad Hafizuddin Abd. Hamid

### 6.1.1. Designated Person Responsible For Shariah Adviser Function

<b>Name:</b>	Datuk Dr. Mohd Daud Bakar
<b>Designation:</b>	Executive Chairman, Amanie Advisors Sdn Bhd.
<b>Experience:</b>	<p>Datuk Dr. Mohd Daud Bakar is the Founder and Executive Chairman of Amanie Group. One of its flagship companies namely Amanie Advisors, is operating in few cities globally. He serves as the Chairman of the Shariah Advisory Council (SAC) at the Central Bank of Malaysia, the Securities Commission of Malaysia, the Labuan Financial Services Authority, the Astana International Financial Centre (AIFC), Kazakhstan, the First Abu Dhabi Bank, and Permodalan Nasional Berhad (PNB).</p> <p>Datuk Dr Daud is also a Shariah board member of various global financial institutions, including the National Bank of Oman (Oman), Amundi Asset Management (France), Bank of London and Middle East (London), BNP Paribas Najma (Bahrain), Natixis Bank (Dubai), Oasis Asset Management (South Africa), Noor Islamic Bank (Dubai), Morgan Stanley (Dubai), Sedco Capital (Saudi and Luxembourg), and Dow Jones Islamic Market Index (New York) amongst many others.</p> <p>In the corporate world, Datuk is currently a member of the PNB Investment Committee. Previously, he served as a Board Director at Sime Darby Property Berhad and Chairman to Malaysia Islamic Economic Development Foundation (YaPEIM). In addition, he is the co-founder of Experts Analytics Centre Sdn Bhd and MyFinB (a fintech company), the Chairman of Berry Pay, Snap &amp; Pay, as well as Data Sukan Consulting. He holds Non-Executive Director position for Bio Fluid Sdn Bhd and KAB Gold Dynamics Sdn Bhd.</p>

**Qualifications:**

Currently in the academic side, he is the 8th President of the International Islamic University of Malaysia (IIUM) due to his vast skill and experience serving the university. Previously, his last post there was as the Deputy Vice-Chancellor. He received his first degree in Shariah from University of Kuwait in 1988 and obtained his PhD from University of St. Andrews, United Kingdom in 1993. In 2002, he completed his external Bachelor of Jurisprudence at University of Malaya.

**Note:** For more information and/or updated information, please refer to our website at [www.principal.com.my](http://www.principal.com.my) and/or the Shariah Adviser's website at [amanieadvisors.com](http://amanieadvisors.com).



# 7. THE TRUSTEE

## 7.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

**HSBC (Malaysia) Trustee Berhad** is a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at 13th Floor, Bangunan HSBC, South Tower, No. 2, Leboh Ampang, 50100 Kuala Lumpur. Since 1993, the Trustee has acquired experience in the administration of trusts and has been appointed as trustee for unit trust funds, exchange traded funds, wholesale funds and funds under private retirement scheme.

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit holders of the Fund. In performing these functions, the Trustee has to exercise all due care, diligence and vigilance and is required to act in accordance with the provisions of the Deed, CMSA and the GUTF. Apart from being the legal owner of the Fund's assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, CMSA and the GUTF. In respect of monies paid by an investor for the application of units, the Trustee's responsibility arises when the monies are received in the relevant account of the Trustee for the Fund and in respect of withdrawal, the Trustee's responsibility is discharged once it has paid the withdrawal 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, GUTF and any other legal and/or regulatory obligations such as conducting financial crime risk management, to the Trustee's parent company, subsidiaries, associate companies, affiliates, delegates, service providers, agents and any governing or regulatory authority, whether within or outside Malaysia (who may also subsequently process, transfer, release and disclose such information for any of the above mentioned purposes) on the basis that the recipients shall continue to maintain the confidentiality of information disclosed, as required by law, regulation or directive, or in relation to any legal action, or to any court, regulatory agency, government body or authority.

### 7.1.1. Trustee's Delegate

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

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

### 7.1.2. Trustee's Disclosure of Material Litigation

As at LPD, the Trustee is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give rise to any proceedings which might materially affect the business/financial position of the Trustee.

### 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.

## 8. SALIENT TERMS OF DEED

Money invested by you in the Fund will purchase a number of units, which represents your interest in the Fund. Each unit held in a Class represents an equal undivided beneficial interest in the assets of that Class. However, the unit does not give you an interest in any particular part of the Class or a right to participate in the management or operation of the Fund (other than through Unit holders' meetings).

You will be recognised as a registered Unit holder in the Class on the day your details are entered onto the register of Unit holders.

### 8.1. RIGHTS, LIABILITIES AND LIMITATION OF UNIT HOLDERS

#### 8.1.1. 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 your units as permitted under the Deed and the GUTF;
- receive the distribution of income of the Fund (if any), participate in any increase in the value of the units and to enjoy such other rights and privileges as set out in the Deed;
- call for Unit holders' meetings;
- vote for the removal of the Trustee or the Manager through a Special Resolution;
- receive annual reports, interim reports or any other reports of the Fund; and
- exercise cooling-off right.

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

#### 8.1.2. Liabilities

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

#### 8.1.3. Limitations

You cannot:

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

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

### 8.2. MAXIMUM FEES, CHARGES AND EXPENSES PERMITTED BY THE DEED

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

Charges	Descriptions
(1) Application Fee	Up to 7.00% is charged on the NAV per unit.
(2) Withdrawal Fee	Up to 5.00% is charged on the NAV per unit.
(3) Switching Fee	A fee not exceeding 7.00% of the NAV per unit. An administrative fee in relation to switching may be charged as set out in the Prospectus.

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

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

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

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

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

### **8.2.1. Expenses permitted by the Deed**

The Deed also provides for payment of other expenses, which include (without limitation) expenses connected with:

- commissions/fees paid to brokers/dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes or difference accounts;
- (where the custodial function is delegated by the Trustee to a foreign sub-custodian), charges/fees paid to the foreign sub-custodian for the custody of any foreign asset of the Fund;
- tax and other duties charged on the Fund by the government and other authorities if any and bank fees;
- the fees and other expenses properly incurred by the auditor and tax agent;
- remuneration and out of pocket expenses of the independent members of the investment committee and/or the advisers (if any) of the Fund, unless we decide to bear the same;
- 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 the Trustee;
- costs incurred for any meeting of Unit holders other than those convened for the benefit of the Manager or the Trustee;
- the sale, purchase, takaful, custody and any other dealings of investments including commissions or fees paid to brokers;
- costs involved with external specialists approved by the Trustee in investigating and evaluating any proposed investment;
- the engagement of advisers 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 management company;
- any proceedings, arbitration or other dispute concerning the Fund, Class or any asset of the Fund, including proceedings against the Trustee or the Manager by the other of them for the benefit of the Fund or Class (except to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed out of the Fund);
- costs of obtaining experts opinion by the Trustee and the Manager for the benefit of the Fund or Class;
- all costs and/or expenses associated with the distributions declared pursuant to the Deed and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer; and
- the costs of printing and dispatching to Unit holders the accounts of the Fund, tax certificates, distribution warrants, notices of meeting of Unit holders, newspaper advertisement and such other similar costs as may be approved by the Trustee.

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

### **8.3. RETIREMENT, REMOVAL OR REPLACEMENT OF THE MANAGER**

We must retire as the management company of the Fund when required to retire by law.

We may retire upon giving twelve (12) months' notice to the Trustee or any shorter notice the Trustee accepts.

We shall retire under the following circumstances:

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

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

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

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

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

#### **8.4. RETIREMENT, REMOVAL OR REPLACEMENT OF THE TRUSTEE**

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

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

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

- the Trustee shall go into liquidation;
- the Trustee is placed under receivership, ceases to exist, fails or neglects its duties;
- the Trustee ceases to be approved by the SC to be a trustee for unit trust schemes;
- the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 or any securities law; or
- if a Special Resolution is duly passed by the Unit holders that the Trustee be removed.

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

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

#### **8.5. TERMINATION OF THE FUND AND/OR CLASSES**

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

- (a) the SC's approval is revoked under Section 256E of the CMSA; or
- (b) a Special Resolution is passed at a Unit holders' meeting of all the Unit holders of the Fund or the relevant Class to terminate or wind-up the Fund or that Class as the case may be, following the occurrence of events stipulated under Section 301(1) of the CMSA and the court has confirmed the resolution, as required under Section 301(2) of the CMSA; or
- (c) a Special Resolution is passed at a Unit holders' meeting of all the Unit holders of the Fund or the relevant Class to terminate or wind-up the Fund or that Class as the case may be; or
- (d) on reaching the Fund's or that Class' maturity date (if any); or
- (e) the effective date of an approved transfer scheme, as defined under the GUTF, has resulted in the Fund, which is the subject of the transfer scheme, being left with no asset/property.

A Class may be terminated if a Special Resolution is passed at a Unit holders' meeting of that Class to terminate or wind-up that Class provided always that such termination or winding-up of that Class does not materially prejudice the interest of any other Class in the Fund.

#### **8.6. MEETINGS OF UNIT HOLDERS**

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

Where we or the Trustee convene(s) a meeting, the notice of the time and place of the meeting and terms of resolution to be proposed shall be given to the Unit holders of the Fund or a particular Class, as the case may be, in the following manner:

- (a) by sending by post a notice of the proposed meeting at least fourteen (14) days before the date of the proposed meeting, to each Unit holder of the Fund or that Class, as the case may be, at their last known address or, in the case of joint holders, to the joint holder of the Fund or that Class, as the case may be, whose name stands first in our records at the joint holder's last known address; and
- (b) by publishing, at least fourteen (14) days before the date of the proposed meeting, an advertisement giving notice of the meeting in a national language newspaper published daily and circulating generally throughout Malaysia, and in one other newspaper as may be approved by the SC.

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

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

(iii) specify in the notice, the place, time and terms of the resolutions to be proposed,

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

The quorum for a meeting of Unit holders of the Fund or Class, as the case may be, is five (5) Unit holders of the Fund (irrespective of the Class) or Class, as the case may be, present in person or by proxy, provided that for a meeting which requires a Special Resolution the quorum for that meeting shall be five (5) Unit holders of the Fund (irrespective of the Class) or Class, as the case may be, whether present in person or by proxy, holding in aggregate at least twenty five per centum (25%) of the units in issue of the Fund (irrespective of the Class) or Class, as the case may be, at the time of the meeting. If the Fund or Class, as the case may be, has five (5) or less Unit holders, the quorum required shall be two (2) Unit holders of the Fund (irrespective of the Class) or Class, as the case may be, whether present or by proxy and if the meeting requires a Special Resolution the quorum for that meeting shall be two (2) Unit holders of the Fund (irrespective of the Class) or Class, as the case may be, whether present in person or by proxy, holding in aggregate at least twenty five per centum (25%) of the units in issue for the Fund (irrespective of the Class) or Class, as the case may be, at the time of the meeting.

Voting is by a show of hands, unless a poll is duly demanded or the resolution proposed is required by the Deed or by law to be decided by a percentage of all Units. Each Unit holder of the Fund or of the Class present in person or by proxy has one (1) vote on a show of hands (irrespective of the Class). On a poll, each Unit holder of the Fund or of a particular Class, as the case may be, present in person or by proxy has one (1) vote for each whole fully paid unit held, proportionate to the value of unit held in the base currency. In the case of a Class meeting, on a poll, each Unit holder of that Class present in person or by proxy has one (1) vote for each whole fully paid unit held in that Class. In the case of joint holders, any one of such joint holder may vote either personally or by proxy as comprised in the joint holding but if more than one (1) of such joint holder be present at any meeting either personally or by proxy, the joint holder whose name appears first in the register shall alone be entitled to vote in respect thereof. Units held by the Manager or its nominees shall have no voting rights in any Unit holders' meeting of the Fund or of that Class.

The Unit holders may also participate in a Unit holders' meeting by video-conference, web-based communication, electronic or such other communication facilities or technologies available from time to time ("Communication Facilities") and to vote at the Unit holders' meeting. Participation by a Unit holder in a Unit holders' meeting by any of the Communication Facilities shall be deemed as present at the said Unit holders' meeting and shall be counted towards the quorum notwithstanding the fact that the Unit holder is not physically present at the main venue of where the Unit holders' meeting is to be held.

# 9. TAXATION REPORT

Ernst & Young Tax Consultants Sdn Bhd  
Level 23A Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

The Board of Directors  
Principal Asset Management Berhad  
10th Floor, Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur

31 May 2021

Dear Sirs

## Taxation of the unit trust fund and unit holders

This letter has been prepared for inclusion in this Prospectus Issue No. 2 in connection with the offer of units in the unit trust funds known as Principal e-Cash Fund (hereinafter referred to as "the Fund").

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

## Taxation of the Fund

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

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

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

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

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

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

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

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

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

where A is the total of the permitted expenses incurred for that basis period;  
B is gross income consisting of dividend<sup>1</sup>, interest and rent chargeable to tax for that basis period; and

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

- C is the aggregate of the gross income consisting of dividend<sup>1</sup> and interest (whether such dividend or interest is exempt or not) and rent, and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period,

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

#### Exempt income

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

- **Malaysian sourced dividends**

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

- **Malaysian sourced interest (profits)**

- (i) profit from securities or bonds issued or guaranteed by the Government of Malaysia;
- (ii) profit from debentures or *sukuk*, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission;
- (iii) profit from *Bon Simpanan Malaysia* issued by the Central Bank of Malaysia;
- (iv) profit derived from Malaysia and paid or credited by banks licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013<sup>2</sup>;
- (v) profit derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002<sup>2</sup>;
- (vi) profit from *sukuk* originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority (LFSA)<sup>3</sup>; and
- (vii) profit which is specifically exempted by way of statutory orders or any other specific exemption provided by the Minister.

- **Discount**

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

#### Foreign sourced income

Dividends, profits and other income derived from sources outside Malaysia and received in Malaysia by a resident unit trust is exempt from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

#### Gains from the realisation of investments

Pursuant to Section 61(1) (b) of the MITA, gains from the realisation of investments will not be treated as income of the Fund and hence, are not subject to income tax. Such gains may be subject to real property gains tax (RPGT) under the Real Property Gains Tax Act 1976 (RPGT Act), if the gains are derived from the disposal of chargeable assets, as defined in the RPGT Act.

#### Implementation of Sales and Service Tax (“SST”)

Sales and Service Tax (“SST”) was re-introduced effective 1 September 2018. Sales Tax of 10% (most common rate) or 5% is charged by Malaysian manufacturers of taxable goods or upon importation into Malaysia of such taxable goods, unless specifically exempted under the Sales Tax (Goods Exempted From Tax) Order 2018. Service Tax at the rate of 6% is charged on certain prescribed taxable services performed by taxable persons as stipulated under Service Tax Regulations 2018. The input tax recovery mechanism under the previous GST regime does not apply to SST. Therefore, any SST incurred is not recoverable and will form a cost element for businesses.

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

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

Based on the Service Tax Regulations 2018, a unit trust fund is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Fund incurs expenses such as management fees, the management services provided by asset and fund managers are specifically excluded from the scope of Service Tax. As for other fees, such as trustee fees and other administrative charges, these may be subject to 6% service tax provided they fall within the scope of service tax (i.e. are provided by a “taxable person”, who exceeds the required annual threshold (in most cases RM500,000 per annum) and the services qualify as “taxable services”).

### Taxation of unit holders

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

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

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

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

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

#### 1. Taxable distributions

Distributions received from the Fund will have to be grossed up to take into account the underlying tax paid by the Fund and the unit holder will be taxed on the grossed up amount.

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

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

#### 2. Non-taxable and exempt distributions

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

### Rates of tax

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

Unit holders	Malaysian income tax rates
<p>Malaysian tax resident:</p> <ul style="list-style-type: none"> <li>• Individual and non-corporate unit holders (such as associations and societies)</li> <li>• Co-operatives<sup>4</sup></li> <li>• Trust bodies</li> </ul>	<ul style="list-style-type: none"> <li>• Progressive tax rates ranging from 0% to 30%</li> <li>• Progressive tax rates ranging from 0% to 24%</li> <li>• 24%</li> </ul>
<ul style="list-style-type: none"> <li>• Corporate unit holders               <ol style="list-style-type: none"> <li>(i) A company with paid up capital in respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment) and gross income from a source or sources consisting of a business not exceeding RM50 million for the basis period for the year of assessment<sup>5 6</sup></li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• First RM600,000 of chargeable income @ 17%</li> <li>• Chargeable income in excess of RM600,000 @ 24%</li> </ul>

<sup>4</sup> Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society—

(a) in respect of a period of five years commencing from the date of registration of such co-operative society; and  
 (b) thereafter where the members’ funds [as defined in Paragraph 12(2)] of such co-operative society as at the first day of the basis period for the year of assessment is less than seven hundred and fifty thousand ringgit, is exempt from tax.

<sup>5</sup> A company would not be eligible for the 17% tax rate on the first RM600,000 of chargeable income if:-

(a) more than 50% of the paid up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;  
 (b) the company owns directly or indirectly more than 50% of the paid up capital in respect of the ordinary shares of a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;



(ii) Companies other than (i) above	<ul style="list-style-type: none"> <li>• 24%</li> </ul>
Non-Malaysian tax resident (Note 1):	
<ul style="list-style-type: none"> <li>• Individual and non-corporate unit holders</li> <li>• Corporate unit holders and trust bodies</li> </ul>	<ul style="list-style-type: none"> <li>• 30%</li> <li>• 24%</li> </ul>

**Note 1:**

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

**Gains from sale of units**

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

**Unit splits and reinvestment of distributions**

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

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

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

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

Yours faithfully  
**Ernst & Young Tax Consultants Sdn Bhd**

Bernard Yap  
Partner

Ernst & Young Tax Consultants Sdn Bhd has given its consent to the inclusion of the Taxation Adviser's Letter in the form and context in which it appears in this Prospectus Issue No. 2 and has not withdrawn such consent before the date of issue of this Prospectus Issue No. 2.

(c) more than 50% of the paid up capital in respect of the ordinary shares of the company and a related company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.

<sup>6</sup> The above excludes a business trust and a company which is established for the issuance of asset-backed securities in a securitization transaction approved by the Securities Commission.

# **ANNEXURE - CLASS A**

Note: Class A is only available through e-Wallet App.

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

For this section, the following definitions apply:

Business Day	-	Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and/or banks in Kuala Lumpur are open for business.
Dealing Day	-	Refers to a day the Unit holders of Class A may transact, which includes Mondays to Sundays and Malaysia public holidays.

Class A		Page
<b>Investors' eligibility</b>	<p>You are eligible to invest in the Fund if you are:</p> <ul style="list-style-type: none"> <li>▪ an individual who is at least eighteen (18) years of age; and</li> <li>▪ have an account in the e-Wallet App and fulfil the requirements therein.</li> </ul> <p>We reserve the right to accept or reject any application in whole or in part thereof without assigning any reason in respect thereof.</p>	12
<b>Distributors</b>	<p>The Class may be distributed via the following channels:</p> <ul style="list-style-type: none"> <li>▪ Principal Malaysia through the e-Wallet App; and/or</li> <li>▪ such other digital channels as we may decide from time to time.</li> </ul> <p><b>Note:</b> We have the discretion in determining the Distributors of the Classes of the Fund, including its appointment and/or termination from time to time. For updated/more information on the Distributors of the Classes of the Fund, please call our <b>Customer Care Centre</b> at (603) 7723 3800 or refer to our website at <a href="http://www.principal.com.my">www.principal.com.my</a>.</p>	

## RISK ASSOCIATED WITH INVESTMENT IN CLASS A

As Class A can only be transacted through the e-Wallet App, there are other risks that you should consider before investing:

Risk	Class A	Page
<b>Cyber security risk</b>	This is the risk arising from cyber-attack on e-Wallet App. Should the e-Wallet App be compromised, it may result in unauthorised transactions pertaining to the Fund. Further to that, your investment-related information and personal data may be leaked. All transactions through e-Wallet App may be temporarily suspended due to cyber-attack.	5
<b>Functionality risk</b>	This is the risk that the e-Wallet App does not operate as intended due to factors including but not limited to connectivity and interface issues. If the e-Wallet App does not function as expected, your transaction through the e-Wallet App may not be correctly processed and/or completed.	5
<b>Risk associated with discontinuation risk on e-Wallet Provider</b>	As all the transactions are done through e-Wallet App developed by the e-Wallet Provider, the continuous operation of the e-Wallet Provider is crucial. The discontinuation of services provided by e-Wallet Provider may be due to but not limited to revocation of the license. Should such event happen, withdrawal from the Fund may be delayed.	5

## FEES & CHARGES

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

Charges	Class A	Page
<b>Application Fee</b>	Nil.	6
<b>Withdrawal Fee</b>	Nil.	6
<b>Switching Fee</b>	Not applicable as switching facility is currently not available.	6
<b>Transfer Fee</b>	Not applicable as transfer facility is currently not available.	6
<b>Other charges payable directly by you when purchasing or withdrawing the units</b>	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Fees	Class A	Page
<b>Management Fee</b>	Up to 0.45% per annum of the NAV of the Class.	6
<b>Trustee Fee</b>	Up to 0.03% per annum of the NAV of the Fund.	7
<b>Expenses directly related to Fund</b>	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.	7
<b>Other fees payable indirectly by you when investing in the Fund</b>	Nil.	

**Note:** We may, for any reason at any time, where applicable, waive or reduce the amount of any fees (except for the Trustee Fee) or other charges payable by you in respect of the Fund, either generally (for all investors) or specifically (for any particular investor, a group of investors or investments made via any digital platform) and for any period or periods of time at our absolute discretion.

## TRANSACTION INFORMATION

	Class A	Page
<b>How to invest?</b>	<p>Class A is only available through e-Wallet App. You will need to open a relevant account in the e-Wallet App. The e-Wallet Provider and Principal Malaysia are regulated entity by the relevant authority and we impose requirements in the account opening to comply with the relevant laws, regulations and guidelines, including the need to perform the necessary checks and verifications of accounts. Therefore, your eligibility is also subject to those requirements.</p> <p>Once the relevant account is opened through the e-Wallet App for investment into the Fund, you can invest:</p> <ul style="list-style-type: none"> <li>▪ directly with your monies in the e-Wallet App. Kindly ensure that your e-Wallet has enough balance for your investment. Please also note that there may be a limit to your e-Wallet balances; or</li> <li>▪ directly from your bank account through wire transfer facility offered in the e-Wallet App (subject to any limit prescribed by the wire transfer facility provider); or</li> <li>▪ by such other mode of payment that we and/or the relevant authorities approve from time to time.</li> </ul> <p>Any charges, fees and expenses incurred in facilitating the above-mentioned mode or such other 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.</p>	12
<b>Processing of transaction</b>	<p>For Class A, account opening and transactions (i.e. application and withdrawal) can only be performed through the e-Wallet App. Please note that the service is subject to the availability/functioning of the e-Wallet App and its connectivity with our infrastructures for the Fund.</p> <p>We adopt a single pricing method for any transactions based on <b>historical prices</b>. We will process your transactions request based on the NAV per unit at the last Valuation Point after we receive the completed transaction requests from/through the e-Wallet App. The NAV per unit is available on the e-Wallet App daily after 9:00 p.m.</p> <p>With the implementation of automated processes for this Class, you can transact through the e-Wallet App on any Dealing Day. Our system will process your request promptly and you will receive confirmation on the successful transaction promptly through the e-Wallet App.</p> <p><b>Processing an application</b></p> <p>We will process your application request based on the NAV per unit at last Valuation Point upon our receipt of such complete request. Once processed, you will receive confirmation on the successful transaction through the e-Wallet App. The number of units that you receive will be rounded down to four (4) decimal places.</p> <p>For successful application transactions before 4:00 p.m. on T-day, we will invest the application monies on T-day and therefore you should expect to receive your first investment</p>	

return via the daily income distribution after the next Valuation Point (i.e. T-day 9:00 p.m.). For successful application transactions at 4:00 p.m. and after 4:00 p.m. on T-day, you should expect to receive your first investment return via the daily income distribution after the following day Valuation Point (i.e. T+1 9:00 p.m.) provided that your investment return is equal or more than 0.0001 unit.

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

#### **Processing a withdrawal**

We will process your withdrawal request based on the NAV per unit at the last Valuation Point upon our receipt of such complete request. Once processed, you will receive confirmation on the successful transaction through the e-Wallet App. The number of units that you withdraw will be rounded down to four (4) decimal places.

The processing of your withdrawal request is subject to you providing all required and accurate information to us through the e-Wallet App. Failure to complete the withdrawal request by you, non-receipt of the withdrawal request by us or receipt of inaccurate information by us will cause the withdrawal request to be cancelled automatically. If you wish to re-apply, you will have to re-initiate the withdrawal process through the e-Wallet App. For more information, you may refer to the FAQ and T&C which are available on the e-Wallet App.

The withdrawal amount that you will receive is calculated by the withdrawal value less the Withdrawal Fee and any other fees and charges, if any.

You may choose for the withdrawal monies to be:

#### **(i) transferred to your e-Wallet App.**

If you choose for the withdrawal monies to be transferred to your e-Wallet App, arrangement has been made with the e-Wallet Provider for the withdrawal monies to be reflected in your account balances once the withdrawal request is successfully processed. Please note that the Fund has obtained approval from the SC for a variation on Paragraph 10.16(a) of the GUTF to make payment to the e-Wallet Provider as part of the requirements for this arrangement. Rest assured that monies paid to the e-Wallet Provider are merely a disbursement of your withdrawal request which the e-Wallet Provider has provided to you earlier. You may refer to Section 1.4 Approvals and Conditions on Page 3 for further details on the variation.

The e-Wallet App may also offer an option for automatic withdrawal request service from the Fund for your e-wallet usage/consumption ("Service"). Once you subscribe to this Service on the e-Wallet App, you will be able to enjoy seamless transaction when using your e-Wallet App on a real time basis. Hence, your action of using your e-Wallet App to pay for a usage/consumption will automatically generate a withdrawal request from the Fund (upon successful processing of the withdrawal request). The withdrawal request will be recognised by the e-Wallet Provider and the amount will be reflected in your e-Wallet App promptly for your usage/consumption, followed by a subsequent disbursement of the amount from us to the e-Wallet Provider. The successful processing of the automatic withdrawal request is subject to you having enough monies/units in the Fund. For more information, you may refer to the FAQ and T&C which are available on the e-Wallet App. Alternatively, you may contact the relevant e-Wallet Provider to understand the Service and their T&C.

#### **(ii) transferred to your bank account.**

You will be paid in MYR within T+1 Business Day from the successful processing\* of your withdrawal request subject to the operations of the banking system. You will have to bear the applicable bank fees and charges, if any.

\* For more information, you may refer to the FAQ and T&C which are available on the e-Wallet App.

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

No. Joint account is not available for this Class.

	Class A	Page
<b>Information on your investment</b>	<p>You will receive all notifications, confirmations and reports through the e-Wallet App:</p> <ul style="list-style-type: none"> <li>▪ Your Principal Malaysia investor number;</li> <li>▪ Confirmation on all your transactions and distributions (if any); and</li> <li>▪ Interim and audited annual report showing snapshots of the Fund and details of the portfolio for the respective period reported. Both the interim report and the audited annual report will be made available to you via e-Wallet App within two (2) months of the end of the period reported.</li> </ul>	14
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> <p><b>The printed copy of the Fund's annual report is available upon request.</b></p> </div>		
<b>Minimum initial investment</b>	MYR10 or such other amount as we may decide from time to time.	
<b>Minimum additional investment</b>	MYR10 or such other amount as we may decide from time to time.	
<b>Minimum withdrawal</b>	<p>(i) MYR10 if you are requesting for the proceeds to be transferred to your bank account* or e-Wallet App; or</p> <p>(ii) MYR0.01 if you have opted for the automatic withdrawal for your e-Wallet App usage/consumption or such other amount as we may decide from time to time.</p> <p>Please note that if your balance in the Class is too small or insignificant, you may not be able to withdraw the amount from the Class.</p> <p><b>Note:</b> *Transfer of withdrawal proceeds to your bank account is subject to the terms and operations of the wire transfer provider. As such, please note that bank transfer will not be immediate. Any charges, fees and expenses incurred in facilitating the transfer shall be borne by you. We do not recommend this option if your withdrawal amount is small.</p>	
<b>Minimum balance</b>	<p>0.0001 unit or such other number of unit as we may decide from time to time.</p> <p><b>Note:</b> Any account with a balance of less than MYR0.01 and has no transaction (i.e. application or withdrawal) for a continuous period of twelve (12) months may be deemed as dormant. We have the right to liquidate and terminate your dormant account and return the remaining balance (if any) to the Fund.</p>	
<b>Regular Savings Plan</b>	Currently not available.	
<b>Cooling-off period</b>	<p>Six (6) Business Days from the date the complete application is received and accepted by us from the first-time investor. However, cooling-off right is not applicable if:</p> <p>(i) you have withdrawn all or parts of your investment from the Fund either for your usage/consumption in the e-Wallet App or to your bank account; or</p> <p>(ii) you are Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia.</p> <p>Request for cooling-off must be made directly through Principal Malaysia and not through the e-Wallet App. We will refund the investment amount including Application Fee (if any) to you in MYR within ten (10) calendar days from the date we receive the complete documentation.</p> <p><b>Note:</b> Please consult your professional advisers before investing. You may also contact our <b>Customer Care Centre at (603) 7723 3800</b> for further information.</p>	
<b>Switching facility</b>	Currently not available.	
<b>Transfer facility</b>	Currently not available.	
<b>Distribution policy</b>	<p>We have the discretion to make income distribution on a daily basis, taking into consideration the level of realised income and/or realised gains, as well as the performance of the Fund. 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 the Unit holders 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 the Unit holders.</p>	13

**Note:** For increase in the number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes before implementation.

**You are advised not to make payment in cash to any individual agent or employee of Principal Malaysia when purchasing units as Class A can only be transacted through e-Wallet App.**

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

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

# **ANNEXURE - CLASS B**

Note: Class B is only available for institutional investors.



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

For this section, the following definitions apply:

Business Day	-	Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and/or banks in Kuala Lumpur are open for business.
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Class B		Page
<b>Investors' eligibility</b>	You are eligible if you are an institution including a company, corporation, co-operative, trust or pension fund.  We reserve the right to accept or reject any application in whole or in part thereof without assigning any reason in respect thereof.	12
<b>Distributors</b>	The Class may be distributed via: <ul style="list-style-type: none"> <li>▪ Principal Malaysia through our Digital Sales Department; and/or</li> <li>▪ such other channels as we may decide from time to time.</li> </ul> <p><i>Note: We have the discretion in determining the Distributors of the Classes of the Fund, including its appointment and/or termination from time to time. For updated/more information on the Distributors of the Classes of the Fund, please call our <b>Customer Care Centre</b> at (603) 7723 3800 or refer to our website at <a href="http://www.principal.com.my">www.principal.com.my</a> or you may e-mail us at <a href="mailto:digitalsales@principal.com.my">digitalsales@principal.com.my</a>.</i></p>	

## FEES & CHARGES

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

Charges	Class B	Page
<b>Application Fee</b>	Nil.	6
<b>Withdrawal Fee</b>	Nil.	6
<b>Switching Fee</b>	Not applicable as currently switching facility is not available.	6
<b>Transfer Fee</b>	Not applicable as currently transfer facility is not available.	6
<b>Other charges payable directly by you when purchasing or withdrawing the units</b>	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Fees	Class B	Page
<b>Management Fee</b>	Up to 0.45% per annum of the NAV of the Class.	6
<b>Trustee Fee</b>	Up to 0.03% per annum of the NAV of the Fund.	7
<b>Expenses directly related to Fund</b>	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.	7

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**Other fees payable indirectly by you when investing in the Fund** Nil.

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**Note:** We may, for any reason at any time, where applicable, waive or reduce the amount of any fees (except for the Trustee Fee) or other charges payable by you in respect of the Fund, either generally (for all investors) or specifically (for any particular investor, a group of investors or investments made via any digital platform) and for any period or periods of time at our absolute discretion.

## TRANSACTION INFORMATION

	Class B	Page
<b>How to invest?</b>	Class B is only available for corporations who are clients of our Digital Sales Department. To invest, or for more information, please e-mail us at <a href="mailto:digitalsales@principal.com.my">digitalsales@principal.com.my</a> .	12
<b>Processing of transaction</b>	<p>For Class B, account opening and transactions (i.e. application and withdrawal) can only be performed directly with Principal Malaysia.</p> <p>We adopt a single pricing method for any transactions based on <b>historical prices</b>. We will process your transaction requests based on the NAV per unit at the last Valuation Point after we receive the completed transaction requests from you.</p> <p><b>Processing an application</b></p> <p>If we receive a complete application with the investment amount by 4:00 p.m. on a Business Day, we will process it on that Business Day (T day) based on the NAV per unit at the last Valuation Point. If we receive the complete application and investment amount after 4:00 p.m. on a Business Day, we will process it on the next Business Day (T+1) based on the NAV per unit at the last Valuation Point.</p> <p>We will only process the completed applications with all the necessary information and subject to the receipt of the investment monies by us (i.e. on a cleared fund basis). The number of units you receive will be rounded down to two (2) decimal places.</p> <p><b>Processing a withdrawal</b></p> <p>If we receive a complete withdrawal request by 4:00 p.m. on a Business Day, we will process it on that Business Day (T day) based on the NAV per unit at the last Valuation Point. If we receive the withdrawal request after 4:00 p.m. on a Business Day, we will process it on the next Business Day (T+1) based on the NAV per unit of the last Valuation Point.</p> <p>The amount that you will receive is calculated by the withdrawal value less the Withdrawal Fee (if any). You will be paid in MYR within four (4) Business Days (or T+3 Business Day) of our receipt of the complete withdrawal request. For a withdrawal amount greater than MYR10 million, or if you are withdrawing your entire investment, you are required to provide us with a written notice (electronically or otherwise) of minimum five (5) Business Days of such intention to withdraw to enable us to process the withdrawal. You will have to bear the applicable bank fees and charges, if any.</p>	
<b>Can the units be registered in the name of more than one (1) Unit holder</b>	No. Joint account is not available for this Class.	
<b>Information on your investment</b>	<p>We will send you the following:</p> <ul style="list-style-type: none"><li>▪ Your Principal Malaysia investor number;</li><li>▪ Confirmation on all your transactions and distributions (if any);</li><li>▪ Quarterly statement showing details of your transactions and distributions (if any); and</li><li>▪ Interim and audited annual report showing snapshots of the Fund and details of the portfolio for the respective period reported. Both the interim report and the audited annual report will be sent to you within two (2) months of the end of the period reported.</li></ul>	14

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

<b>Minimum initial investment</b>	MYR100,000 or such other amount as we may decide from time to time.	
<b>Minimum additional investment</b>	MYR10,000 or such other amount as we may decide from time to time.	
<b>Minimum withdrawal</b>	10,000 units or such other number of units as we may decide from time to time.	
<b>Minimum balance</b>	100,000 units or such other number of units as we may decide from time to time.	
<b>Regular Savings Plan</b>	Not applicable for corporations.	
<b>Cooling-off period</b>	Not applicable for corporations.	
<b>Switching facility</b>	Currently not available.	
<b>Transfer facility</b>	Currently not available.	
<b>Distribution policy</b>	We have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of realised income and/or realised gains, as well as the performance of the Fund. 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 the Unit holders 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 the Unit holders.	13

**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 investors) or specifically (for any particular investor, a group of 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 investors) or specifically (for any particular investor, a group of investors or investments made via any digital platform) without prior notice to you. For increase in the number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes before implementation.

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

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

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

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

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