

## Prospectus

14 April 2023

# Principal ASEAN Dynamic 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. 4 OF THE PRINCIPAL ASEAN DYNAMIC FUND DATED 23 DECEMBER 2019.**

This Prospectus Issue No. 5 for the Principal ASEAN Dynamic Fund is dated 14 April 2023.

This Fund was constituted on 23 February 2015.

**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 5.**

**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.**

**AS THIS FUND IS A QUALIFYING CIS UNDER THE ASEAN CIS FRAMEWORK, INVESTORS SHOULD NOTE THAT THERE ARE CLASSES OF THE FUND THAT MAY BE OFFERED TO INVESTORS IN OTHER COUNTRIES THAT PARTICIPATE IN THE ASEAN CIS FRAMEWORK.**

# ABOUT THIS DOCUMENT

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

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

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notices, legislations or statutes for the time being in force, as may be amended, varied, modified, updated, superseded and/or re-enacted from time to time.

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

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

## PROSPECTUS DETAILS

Issue No.	5
Prospectus Date	14 April 2023

## RESPONSIBILITY STATEMENTS

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

## STATEMENTS OF DISCLAIMER

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

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

The Securities Commission Malaysia is not liable for any non-disclosure on the part of 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.

# DEFINITIONS

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

Application Fee	- Preliminary charge on each investment.
ASEAN	- Association of Southeast Asian Nations.
ASEAN CIS Framework	- Framework for cross-border public offers of Qualifying CIS.
Bloomberg	- Bloomberg LP.
Business Day	- Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and/or banks in Kuala Lumpur and/or Selangor are open for business. <b>Note:</b> We may declare certain Business Days to be a non-Business Day, if the Fund's investment in foreign markets which are closed for business or suspended is at least 50% of the Fund's NAV.
CIMB Group	- CIMB Group Sdn. Bhd.
CIS	- Collective investment schemes.
Class	- Any class of units representing similar interest in the assets of the Fund.
Class MYR	- The Class issued by the Fund denominated in MYR. This Class is only offered for sale in Malaysia.
Class USD	- The Class issued by the Fund denominated in USD.
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 Unit holders agree to be bound by the provisions of the Deed.
Deposit	- As per the definition of "deposit" in the Financial Services Act 2013 and "Islamic deposit" in the Islamic Financial Services Act 2013. <b>Note:</b> To exclude structured deposits.
Distributor	- Any relevant persons and bodies appointed by Principal Malaysia from time to time, who are responsible for selling units of the Fund, including Principal Distributors and IUTAs.
Eligible Market	- An exchange, government securities market or an OTC market that is regulated by a regulatory authority of that jurisdiction, that is of good repute, that is open to the public or to a substantial number of market participants, and on which financial instruments are regularly traded.
EPF	- Employees Provident Fund.
EPF-MIS	- Employees Provident Fund Members Investment Scheme.
ETF	- Exchange-Traded Fund.
Fund or ASEAND	- Principal ASEAN Dynamic Fund.
GUTF	- Guidelines on Unit Trust Funds issued by the SC.
Home Jurisdiction	- Means the jurisdiction in which the Qualifying CIS is constituted or established, and approved by the competent securities regulator of that jurisdiction for offer to the public in that jurisdiction.
Host Jurisdiction	- Means a jurisdiction (other than the Home Jurisdiction) in which the Qualifying CIS is offered or to be offered to the public in that jurisdiction.
Home Regulator	- Means the securities regulator of the Home Jurisdiction.
Host Regulator	- Means the securities regulator of the Host Jurisdiction.
ICE	- ICE Data Services, Inc.
IHS Markit	- IHS Markit Ltd.
IMS	- Investment Management Standards issued by the Federation of Investment Managers Malaysia.
IOSCO	- International Organization of Securities Commissions; for further details, please refer to <b>www.iosco.org</b> .
IUTAs	- Refers to Institutional Unit Trust Scheme Adviser, a corporation registered with Federation of Investment Managers Malaysia and authorised to market and distribute unit trust schemes of another party.
LPD	- Latest Practicable Date i.e. 31 December 2022 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 the Manager for managing the portfolio of the Fund.
MCR	- Multi-class ratio, being the apportionment of the NAV of each Class over the Fund's NAV

	based on the size of each Class. The MCR is calculated by dividing the NAV of the respective Class by the NAV of the Fund before income and expenses for the day, save and except those expenses that are related to the specific Class only. The apportionment is expressed as a ratio and calculated as a percentage.
medium to long term	- Refers to a period of three (3) years or more.
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, at the point of valuation. For the purpose of computing the annual Management Fee (if any) and annual Trustee Fee (if any), the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day. The NAV of a Class is the NAV of the Fund attributable to a Class at the same valuation point.
NAV per unit	- The NAV attributable to a Class divided by the number of units in circulation for that Class, at the valuation point.
OTC	- Over-the-counter.
PFG	- Principal Financial Group, Inc.
Principal Distributors	- Refers to the authorised unit trust scheme consultants registered with Principal Malaysia.
Principal Malaysia or the Manager	- Principal Asset Management Berhad.
Prospectus	- Refers to this document issued by us describing the details of the Fund.
Qualifying CIS	- Means a CIS constituted or established in its Home Jurisdiction which has been approved by its Home Regulator for offer to the public in the Home Jurisdiction, and assessed by its Home Regulator as suitable to apply to a Host Regulator for its units to be offered to the public cross-border in the Host Jurisdiction pursuant to the ASEAN CIS Framework.
RSP	- Regular Savings Plan.
SC	- Securities Commission Malaysia.
Signatory Countries	- Any countries that participate in the ASEAN CIS Framework.
Special Resolution	- A resolution passed by a majority of not less than 3/4 of Unit holders of the Fund or a Class, as the case may be, 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 of the Fund or a Class, as the case may be, voting at the meeting.
Standards of Qualifying CIS	- Means the set of common standards set out under the Standards of Qualifying CIS which will govern cross border offering of CIS in ASEAN and shall include any handbook, practice note, regulation, directive or requirement issued pursuant thereto or by the regulators and signatories of the said common standards and includes any amendment, modification, alteration, consolidation or re-enactment made thereto or for the time being in force.
Switching Fee	- A charge that may be levied when switching is done from one (1) fund or class to another.
Transfer Fee	- A nominal fee levied for each transfer of units from one (1) Unit holder to another.
Transferable Securities	- Refers to: (a) equities and other securities equivalent to equities; and (b) bonds and other forms of securitised debt; but do not include money market instruments or any security the title to which can be transferred only with the consent of a third party.
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.
UK	- United Kingdom.
Unit holder	- The registered holder for the time being of a unit of the Fund including persons jointly so registered.
USA	- United States of America.
USD	- United States Dollar.
Withdrawal Fee	- A charge levied upon withdrawal under certain terms and conditions (if applicable).
WFE	- World Federation of Exchanges.

**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 7260  
Fax: (603) 7718 3003  
Whatsapp: (6016) 299 9792

### **Website**

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

### **E-mail**

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

## **The Trustee**

HSBC (Malaysia) Trustee Berhad

### **Business/Registered address**

Level 19, Menara IQ, Lingkaran TRX  
55188 Tun Razak Exchange  
Kuala Lumpur, MALAYSIA  
Tel: (603) 2075 7800  
Fax: (603) 8894 2611  
Email: [fs.client.services.myh@hsbc.com.my](mailto:fs.client.services.myh@hsbc.com.my)

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

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# 1. FUND INFORMATION

## 1.1. PRINCIPAL ASEAN DYNAMIC FUND

<b>Fund Category/Type</b>	: Equity / Growth
<b>Investment Objective</b>	: The Fund aims to achieve capital appreciation over the medium to long term by investing in the ASEAN region. <i>We will require your approval if there is any material change to the Fund's investment objective.</i>
<b>Benchmark</b>	: The performance of this Fund cannot be compared directly with any specific publicly available benchmark. However, the Fund has a target return of nine percent (9%) per annum. This is not a guaranteed return and is only a measurement of the Fund's performance. The Fund may not achieve the target return in any particular financial year but targets to achieve this growth over the medium to long term.
<b>Distribution Policy</b>	: 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 18 for information on the distribution payment.

### Base Currency and Classes

The base currency of the Fund is USD.

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

Under the Deed, Unit holders of each Class shall have the same rights and obligations. Each Class may be different in terms of currency denomination, fees and charges, and hence, will have its respective NAV per unit, denominated in its respective currency taking into account the aforementioned features. Although the Fund has multiple Classes, Unit holders should note that the assets of the Fund are pooled for investment purpose.

As this Fund is a Qualifying CIS under the ASEAN CIS Framework, there are Classes that may be offered to investors in other countries that participate in the ASEAN CIS Framework. Application for investment in certain Classes may only be made available to investors in certain countries. We have the discretion to decide on the offering of any Classes in any participating countries.

Currently, the Classes below are available for sale in Malaysia. Please refer to the Annexure for further details on the Classes. You should note that we have the discretion to decide on the offering of other Classes for sale in the future and a supplemental or replacement prospectus will be issued. This information will be communicated to you via our website at **www.principal.com.my**. When in doubt, you should consult professional advisers for a better understanding of the multi-class structure before investing in the Fund.

Name of Class	Launch Date
Class MYR	3 March 2015
Class USD	3 March 2015

### Investment Policy and Principal Investment Strategy

The Fund will be managed with the aim of achieving a stable and positive investment returns over the medium to long term through investments in ASEAN region regardless of market conditions. The companies invested in must be domiciled in, listed in, and/or have significant operations in the ASEAN region. For listed securities, the investment must be traded in an exchange that is a member of WFE. 'Significant operations' means major businesses of the company. For example, the Fund can invest in a company with significant operations in Thailand but listed on the New York Stock Exchange. The threshold for 'significant operations' would be at least 25% of total group revenue derived from countries in the ASEAN region. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports). With effect from 14 April 2023, the Fund may invest up to 25% of its NAV in companies that are listed in any Eligible Market globally with some operations or businesses in ASEAN region to capture growth opportunities.

Investment universe of the Fund will be in countries where the regulatory authority is an ordinary or associate member of IOSCO which include but not limited to Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. If the investment is a listed security, the investment must be traded in an exchange that is a member of WFE. In the event we are unable to obtain the necessary licenses or permits, or the licenses or permits are revoked or not renewed (as the case may be), we will seek to invest in other accessible markets.

The Fund has the flexibility to adjust its investment exposure to equities and/or debt securities and money market instruments depending on market conditions. Under general market conditions, the Fund will invest in equities of companies which we

believe will exhibit good growth potential<sup>^</sup> when compared to its industry or the overall market<sup>#</sup>. The Fund may also invest up to 20% of the Fund's NAV in debt securities to be in line with the Fund's objective. The minimum credit rating for these debt securities must be at least "BBB" by an international rating agency as prescribed under the Standards of Qualifying CIS or its equivalent by other international rating agencies. The Fund may also opt to access into the equities and/or debt securities market via investment in units of other CIS that is in line with the Fund's objective, subject to the requirements of the GUTF and the Standards of Qualifying CIS.

The asset allocation strategy for this Fund is as follows:

- between 60% to 98% (both inclusive) of the Fund's NAV will be invested in equities;
- up to 20% of the Fund's NAV may be invested in debt securities; and
- at least 2% of the Fund's NAV will be invested in liquid assets for liquidity purpose.

We will adopt an active investment strategy by using a bottom-up equity selection process in searching for companies that exhibit good growth potentials<sup>^</sup> than its industry or the overall market. To complement this strategy, we combine it with a top-down country and sector allocation process and will actively trade the securities in the portfolio of the Fund. Analysis and study will be made on the macroeconomic trends in ASEAN economies where the investments are made; in particular, looking at the direction of gross domestic product growth, interest rates, inflation, currencies and government policies to form the view and outlook for each country. This serves as part of the risk management framework that enables us to assess the impact of macroeconomic changes on corporate earnings and dividends and at the same time to determine if there are any predictable trends. For the debt securities portion, we formulate an interest rate outlook through examining factors such as the inflation rate, monetary policies and economic growth. With an interest rate outlook and yield curve analysis, we will identify the weighting of the investment tenure and credit for the Fund. Generally, we will manage risks associated with debt securities portfolio according to three (3) parameters: tenure, credit ratings and sector. The duration of the debt securities portfolio is also monitored and modified according to our interest rate outlook (i.e. the sensitivity of the portfolio to interest rate changes).

However, we may take temporary defensive positions that may detract from the Fund's prescribed asset allocation when we believe that the equity markets that the Fund invests in are experiencing excessive volatility, expects prolonged declines, or when there are other adverse conditions, such as political instability. Under these circumstances, the Fund may invest all or a substantial portion of its assets in money market instruments to achieve the Fund's investment objective in bearish or non-performing equity markets. We may from time to time reduce the Fund's proportion of high risk assets, such as equities and increase its asset allocation to liquid assets such as money market instruments and/or Deposits to safeguard the Fund.

In response to these adverse conditions, we may also utilize derivative instruments such as futures contracts for the purpose of hedging. The use of derivatives is subject to the GUTF and Standards of Qualifying CIS.

Further, risk management, with an emphasis on portfolio diversification, will form an integral part of the investment process. The Fund is constructed and managed within pre-determined guidelines including risk returns trade-off, which will be monitored and reviewed regularly by the investment management team. The risk management strategies and techniques employed include diversification of the Fund's asset allocation in terms of its exposure to various sectors, industries and companies.

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

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

*Note: Please refer to Section 3.11 for more information.*

If the Fund is an EPF-MIS approved fund, the investments made by the Fund will be subject to the EPF's requirements. Please note that there may be changes to the status of the eligibility of the Fund under the EPF-MIS from time to time. You may refer to our website at [www.principal.com.my](http://www.principal.com.my) or [www.kwsp.gov.my](http://www.kwsp.gov.my) for updated information.

<sup>^</sup> *good growth potential* - Refers to companies that have a better growth than the gross domestic product of the respective country and reasonably priced based on our estimate. Reasonably priced means when the intrinsic value is higher than the current market price.

<sup>#</sup> *compared to its industry or the overall market* - The comparison will be conducted at the point of purchase.

## 1.2. PERMITTED INVESTMENTS

Subject to the Deed, the investment policy for the Fund and the requirements of the SC and any other regulatory body, we have the absolute discretion as to how the assets of the Fund are to be invested. The following types of investments permitted for the Fund, which are in line with the Fund's objective, include but are not limited to:



- Equities and debt securities traded in or under the rules of an Eligible Market;
- Unlisted equities including equities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the Fund by the issuer;
- Warrants that carry the right in respect of a security traded in or under the rules of an Eligible Market;
- Deposits and money market instruments;
- All types of CIS which comply to the requirements of the GUTF and the Standards of Qualifying CIS;
- Securities listed or traded on foreign markets where the regulatory authority is an ordinary or associate member of the IOSCO and the listed securities must be traded in an exchange that is a member of WFE;
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps; and
- Any other form of investments as may be permitted by the SC from time to time that is in line with the Fund's objective.

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

### 1.3. INVESTMENT RESTRICTIONS AND LIMITS

The Fund is subject to the following investment restrictions and limits that are structured in accordance with the regulatory requirements outlined in the GUTF and the Standards of Qualifying CIS:

- 1) Transferable Securities and money market instruments held by the Fund must be dealt in an Eligible Market and traded in or under the rules of an Eligible Market;
- 2) The aggregate value of the Fund's investment in Transferable Securities or money market instruments issued by a single issuer must not exceed 10% of the Fund's NAV;
- 3) The value of the Fund's placement in Deposits with any single investment grade financial institution must not exceed 20% of the Fund's NAV;
- 4) The single financial institution limit in clause 3 does not apply to placements of Deposits arising from:
  - (a) Subscription monies received prior to the commencement of investment by the Fund; or
  - (b) Liquidation of investments prior to the termination of the Fund, where the placement of Deposits with various financial institutions would not be in the best interests of Unit holders;
- 5) In the case where the Fund invested in the following assets, the limit in clause 2 and clause 3 above is lowered to 5%:
  - (a) Deposits placed with unrated or non-investment grade financial institution;
  - (b) debt securities or money market instruments not dealt in an Eligible Market or issued by an unrated or non-investment grade issuing body; and
  - (c) unlisted equities.

Notwithstanding clause 5(b), we may rely on the rating of an unrated or non-investment grade issuer's parent company or guarantor provided that an explicit guarantee by the parent company or the guarantor for the issuer is in place;
- 6) The aggregate value of the Fund's investment in Transferable Securities, money market instruments, Deposits and OTC derivatives issued by or placed with (as the case may be) any single business group, must not exceed 20% of the Fund's NAV. For the purpose of this clause, a business group refers to a body, its subsidiaries, fellow subsidiaries, holding body, and ultimate holding body;
- 7) The Fund may invest up to 35% of the Fund's NAV in aggregate in debt securities or money market instruments issued by a single body if the issuing body or the guarantor of the debt securities or money market instruments is a government or sovereign or central bank with a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency;
- 8) The aggregate value of the Fund's investment in Deposits placed with unrated or non-investment grade financial institution, debt securities or money market instruments not dealt in an Eligible Market or issued by an unrated or non-investment grade issuing body, unlisted equities and OTC derivatives with non-investment grade or unrated counterparty must not exceed 15% of the Fund's NAV. For the purpose of this clause, the limit does not apply to Deposits, debt securities, money market instruments or OTC derivatives where the:
  - (a) financial institution, issuing body or counterparty is rated investment grade only with a national rating scale; and
  - (b) the jurisdiction in which the issuing body or counterparty is domiciled has a sovereign credit rating that is at least investment grade;
- 9) The value of the Fund's investment in units of each Qualifying CIS or non-Qualifying CIS must not exceed 10% of the Fund's NAV;
- 10) The value of the Fund's investment in units of all non-Qualifying CIS (excluding investment in units of non-Qualifying CIS that are listed for quotation and traded on an organised exchange in a Signatory Country with underlying assets of real estate and/or real estate-related) must not exceed 20% of the Fund's NAV;
- 11) The Fund's investments in CIS must not exceed 25% of the units in any one CIS. Where the Fund invests in units in other CIS operated by us or our related corporation, we must ensure that-
  - (a) there is no cross-holding between the Fund and the target fund;
  - (b) all initial charges on the target fund is waived; and
  - (c) the Management Fee must only be charged once, either at the Fund or the target fund;
- 12) The aggregate value of the Fund's borrowing for the purpose of meeting repurchase request for units and for short-term bridging requirements should not exceed 10% of the Fund's NAV at the time the borrowing is incurred. Credit balances of the Fund (e.g. cash holdings) may not be offset against borrowings when determining the percentage of borrowings outstanding. For the purpose of this clause, we should ensure that-
  - (a) the Fund's cash borrowing is only on a temporary basis and that borrowings are not persistent;
  - (b) the borrowing period should not exceed one month; and

- (c) the Fund may only borrow from financial institutions;
- 13) The Fund's investments in equities or securities equivalent to equities must not exceed 10% of the equities or securities equivalent to equities issued by any single issuer;
- 14) The Fund's investments in debt securities must not exceed 10% of the debt securities issued by any single issuer; and
- 15) The Fund's investments in money market instruments must not exceed 10% of the money market instruments issued by any single issuer.
- 16) For investments in derivatives (including for hedging purpose):
- the Fund's global exposure calculated based on the commitment approach below from derivatives position must not exceed 20% of the net assets of the Fund's NAV;
  - the underlying assets must comprise of eligible assets, financial indices, foreign exchange rates/currencies, interest rates or a rate of inflation calculated, endorsed or determined by a government agency;
  - the exposure to the underlying assets must not exceed the investment spread limits stipulated in the GUTF;
  - the maximum exposure of the Fund's OTC derivative transaction with the counterparty, calculated based on the method below must not exceed 10% of the Fund's NAV;
  - the counterparty of an OTC derivative is a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories); and
  - Where the underlying instrument of a derivative is a commodity, such derivative must be settled in cash at all times.

**Calculation of exposure to counterparty of OTC derivatives will be the sum of the:**

- current positive replacement cost of each OTC derivative by carrying out a valuation at market price; and
- "add-on factor" by multiplying the notional principal amount or the market value of the underlying asset of the OTC derivative, whichever is more conservative, by the percentages in Table 1 to reflect the potential credit risk:

Table 1:

Residual Term	Interest rate contracts	Exchange rate contracts	Equity derivative contracts	Other contracts
1 year or less	0%	1%	6%	10%
>1 year and <=5 years	0.5%	5%	8%	12%
>5years	1.50%	7.5%	10%	15%

For total return swaps, the relevant percentage is 10% regardless of the residual term.

**The global exposure of the Fund is calculated based on the following:**

Commitment approach

The global exposure of the Fund to derivatives is calculated as the sum of the:

- absolute value of the exposure of each individual derivative not involved in netting or hedging arrangements;
- absolute value of the net exposure of each individual derivative after netting or hedging arrangement; and
- the values of cash collateral received pursuant to:
  - the reduction of exposure to counterparties of OTC derivatives; and
  - efficient portfolio management techniques relating to securities lending (if applicable).

Netting arrangements

Netting arrangements may be taken into account to reduce the Fund's exposure to derivatives.

The Fund may net positions between:

- derivatives on the same underlying constituents, even if the maturity dates are different; or
- derivatives and the same corresponding underlying constituents, if those underlying constituents are Transferable Securities, money market instruments, or units or shares in CIS.

Hedging arrangements

Hedging arrangements may be taken into account to reduce the Fund's exposure to derivatives.

The marked-to-market value of Transferable Securities, money market instruments, or units or shares in CIS involved in hedging arrangements may be taken into account to reduce the exposure of the Fund to derivatives.

The hedging arrangement must:

- not be aimed at generating a return;
- result in an overall verifiable reduction of the risk of the Fund;
- offset the general and specific risks linked to the underlying constituent being hedged;
- relate to the same asset class being hedged; and
- be able to meet its hedging objective in all market conditions.

**Note:** Subject to the investment limit (10) and (11), the Fund may invest into non-Qualifying CIS, provided:

- the level of protection for unit holders of the non-Qualifying CIS is at least equivalent to that provided for unit holders in a Qualifying CIS. The non-Qualifying CIS should invest in units of other CIS from countries that either:
  - have been assessed by World Bank/ International Monetary Fund at least "broadly implemented" on the principles relevant to CIS; or
  - does not comply with (a)(i) but the Home Regulator of the Qualifying CIS is satisfied with the relevant reason/ explanation on the weak points and how equivalence of protection can still be achieved;
- semi-annual and annual reports are published by the non-Qualifying CIS; and
- the investment policy of the non-Qualifying CIS is such that the:

- (i) *invested assets are similar to the types and categories that a Qualifying CIS may invest in and the non-Qualifying CIS is subject to investment limits that are in line with those applicable to a Qualifying CIS; or*
- (ii) *invested assets are real estate and/or real estate-related, provided that the units of the non-Qualifying CIS are listed for quotation and traded on an organised exchange in a Signatory Country.*

In respect of the above investment restrictions and limits, we must notify the SC, within three (3) Business Days, of any breach of investment limits and restrictions with the steps taken to rectify and prevent such breach from recurring. However, the GUTF provides that any breach of the restrictions and limits due to appreciation or depreciation in value of the Fund's investments, repurchase of units or payment made out of the Fund, change in capital of a corporation in which the Fund has invested in, or downgrade in or cessation of a credit rating need not be reported to the SC but we must rectify such breach as soon as practicable within three (3) months from the date of breach unless stated otherwise in the GUTF. However, the three-month period may be extended if it is in the best interest of Unit holders and Trustee's consent is obtained. Such extension must be subject to at least a monthly review by the Trustee.

## 1.4. APPROVALS AND CONDITIONS

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

## 1.5. FINANCING

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

## 1.6. SECURITIES LENDING

The Fund is currently not allowed to participate in lending of securities pursuant to the Standards of Qualifying CIS.

## 1.7. RISK FACTORS

### 1.7.1. 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 and capital not guaranteed

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

#### Market risk

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

#### Inflation risk

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

#### Manager risk

This risk refers to the day-to-day management of the fund by the manager which will impact the performance of the fund. For example, investment decisions undertaken by the manager, as a result of 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 obtain financing to finance your investment. The inherent risk of investing with money obtained from financing includes you being unable to service the financing payments. In the event units are used as collateral and if the prices of units fall below a certain level due to market conditions, you may be required to pay an additional amount on top of your existing instalment. If you fail to do so within the time prescribed, your units may be sold at an unfavourable price and the proceeds thereof will be used towards the settlement of your financing.

#### Liquidity risk

Liquidity risk refers to the ease of liquidating an asset without causing market dislocation. This depends on the supply and demand as well as the asset's volume or amount traded in the market. If the fund holds assets that are illiquid or difficult to dispose of, or due to liquidity policy applied by the CIS (e.g. suspension of the CIS), the value of the fund and consequently the value of unit holders' investment in the fund may be negatively affected.

### 1.7.2. SPECIFIC RISKS ASSOCIATED WITH THE INVESTMENT PORTFOLIO OF THE FUND

There are specific risks associated with the investment portfolio of the Fund, which include but are not limited, to the following:

#### **Stock specific risk**

Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund's NAV.

#### **Country risk**

Investments of the Fund in any country may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund to fall.

#### **Currency risk**

There are two (2) levels of currency risk associated with the investment of the Fund:

##### ▪ **Currency risk at the Fund's portfolio level**

As the investments of the Fund may be denominated in currencies other than the base currency of the Fund, any fluctuation in the exchange rate between the base currency of the Fund and the currencies in which the investments are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the Fund, this will have an adverse effect on the NAV of the Fund and vice versa. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

##### ▪ **Currency risk at the Class level**

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

You should realise that currency risk is considered as one of the major risks due to the volatile nature of the foreign exchange market. When deemed necessary, we may utilize derivative instruments, subject to the GUTF, to hedge currency risk. If the Fund utilizes derivative for hedging against the base currency of the Fund, you should note that as a result of hedging, the Fund will not be able to enjoy the full benefits of currency movement in the event of a favourable movement of currency.

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

The Fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the Fund invests in debt securities, money market instruments and/or places in Deposits. Credit risk relates to the creditworthiness of the issuers or counterparties and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuers or counterparties may impact the value as well as liquidity of the investments. In the case of rated debt securities, this may lead to a credit downgrade. Default risk relates to the risk that the issuers or counterparties either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investments. This could adversely affect the value of the Fund. We aim to mitigate this risk by performing bottom-up and top-down credit research and analysis to determine the creditworthiness of the issuers or counterparties, and impose investment limits on exposures to issuers or counterparties with different credit profiles as a precautionary step to limit any loss that may arise directly or indirectly as a result of a defaulted exposure.

#### **Interest rate risk**

Interest rate risk refers to the impact of interest rate changes on the valuation of debt securities and money market instruments. When interest rates rise, debt securities and money market instruments prices generally decline and this may lower the market value of the Fund's investment in debt securities and money market instruments. In managing the debt securities, we take into account the coupon rate and time to maturity of the debt securities with an aim to mitigate the interest rate risk. As for money market instruments, the typical tenor of these instruments are less than 12-month maturity and unlike debt securities, any change to interest rate will only have a minor impact to the prices of these instruments.

#### **Risk of investing in emerging markets**

In comparison with investments in the developed markets, investments in emerging markets may involve a higher degree of risk due to the greater possibility of political or economic instability and societal tensions. Emerging markets are markets that are, by definition, "in a state of transition" and are therefore exposed to rapid political change and economic declines. The securities in the emerging markets may face a higher risk of price drop while the exchange rates in these emerging markets are generally more volatile than those of developed markets. As such, you should be aware that investments in emerging markets may be subjected to higher price volatility and therefore will tend to have a higher investment risk that will affect the Fund's growth. We attempt to mitigate these risks through active asset allocation management and diversification across different countries and sectors, in addition to our continuous bottom-up and top-down research and analysis.

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 buy or withdraw units of the Classes.

#### 2.1.1. Application Fee

When applying for units of a Class, you may be charged an Application Fee based on the NAV per unit of the respective Class. Please refer to the Annexure of the respective Class for further information.

If the Fund is an EPF-MIS approved fund and you invest via EPF-MIS (where available), you may be charged an Application Fee of up to 3.00% of the NAV per unit, or such other rate as may be determined by the EPF.

Below is an illustration on how the Application Fee is calculated:-

	Class ABC (Denominated in USD)	Class XYZ (Denominated in MYR)
Investment amount	USD 10,000	MYR 10,000
NAV per unit	USD 1.0000	MYR 1.0000
Application Fee (NAV per unit)	5.50%	5.50%
Units issued to Unit holder = $\frac{\text{Investment amount}}{\text{NAV per unit}}$	= $\frac{\text{USD 10,000.00}}{\text{USD 1.0000}}$ = 10,000 units	= $\frac{\text{MYR 10,000.00}}{\text{MYR 1.0000}}$ = 10,000 units
Application Fee per unit = NAV per unit x Application Fee (%)	= USD 1.0000 x 5.50% = USD 0.055	= MYR 1.0000 x 5.50% = MYR 0.055
Total Application Fee	= 10,000 units x USD 0.055 = <b>USD 550.00</b>	= 10,000 units x MYR 0.055 = <b>MYR 550.00</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

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

#### 2.1.4. Transfer Fee

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

## 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 those expenses that are related to the specific Class only, such as, the costs and/or benefits from currency hedging of the respective Class(es) and the costs of Unit holders' meeting held in relation to the respective Class. If in doubt, you should consult professional advisers for a better understanding.

The following describes the fees that you may **indirectly** incur when you invest in a Class.

### 2.2.1. Management Fee

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

*Below is an illustration on how the Management Fee is calculated, assuming Management Fee of 1.80% per annum and USD 150 million each for Class ABC and Class XYZ:-*

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

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

### 2.2.2. Trustee Fee

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

The Trustee Fee is 0.06% per annum for the Fund.

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

$$\begin{aligned}
 \text{Trustee Fee for the day} &= \text{NAV of the Fund} \times \text{annual Trustee Fee rate for the Fund (\%)} / 365 \text{ days} \\
 &= \text{USD 150 million} \times 0.06\% \text{ per annum} / 365 \text{ days} \\
 &= \text{USD 246.58}
 \end{aligned}$$

**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. The major expenses recoverable directly from the Fund include:

- expenses incurred in the sale, purchase, insurance, custody and any other dealings of investments including commissions/fees paid to brokers;
- costs involved with external specialists approved by the Trustee in investigating and evaluating any proposed investment;
- (where the foreign custodial function is delegated by the Trustee), charges and/or fees paid to the sub-custodian;
- expenses incurred in preparation and audit of the taxation returns and accounts of the Fund, including the printing of, purchasing of stationery and postage for the annual and interim (if any) reports;
- remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund, unless we decide to bear the same;
- taxes and other duties imposed by the government and other authorities, and bank fees;
- tax agent's and auditor's fees and expenses in relation to the Fund;
- fees incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent;
- costs incurred in modifying 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; and
- 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 distribution warrant or telegraphic transfer.

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

**2.2.4.** We and the Trustee are required to ensure that any fees or charges payable are reasonable and in accordance with the Deed which stipulates the maximum rate (in percentage terms) that can be charged. Should the Fund invest into units of other CIS that are managed by us or our related corporation, we will ensure that all initial charges are waived and there is no double charging of management fees. All expenses of the Fund will generally be apportioned to each Class currently available for sale based on the MCR except for those expenses that are related to the specific Class only, such as, the costs and/or benefits from currency hedging of the respective Classes and the costs of Unit holders' meeting held in relation to the respective Class. If in doubt, you should consult professional advisers for a better understanding.

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

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

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

We and the Trustee will not retain any form of rebate from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebate or shared commission will be directed to the account of the Fund.

We may retain goods and services (soft commission) provided by any broker or dealer if the following conditions are met:

- (a) the soft commission brings direct benefit or advantage to the management of the Fund and may include research and advisory related services;
- (b) any dealings with the broker or dealer is executed on terms which are the most favourable for the Fund; and
- (c) the availability of soft commission is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and we will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commission.

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

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

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



## 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 investments permitted by the Fund are as below:

- **Listed securities**

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

- **Unlisted securities**

The valuation of equities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the Fund by the issuer shall be valued daily at the issue price of such equities. The value will be determined by the issuer that issued the instrument.

The value of any unlisted MYR-denominated debt securities shall be calculated on a daily basis using prices quoted by a bond pricing agency ("BPA") registered with the SC. Where such prices are not available or where we are of the view that the price quoted by the BPA for a specific debt security differs from the market price by more than 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 our 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.

The value of any unlisted non MYR-denominated debt securities shall be calculated daily using prices quoted by ICE, Refinitiv, IHS Markit, Bloomberg, or etc., dependent on asset class and market using their proprietary methodology. The debt securities' prices are calculated using prices contributed by financial institutions and other market inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data (e.g. corporate action announcements and ratings). Where the prices are not available on any Business Day, these debt securities will be valued by reference to the average indicative yield quoted by three (3) independent and reputable financial institutions. However, where quotations are still not available, such unlisted non MYR-denominated debt securities will be valued daily at fair price determined in good faith by us, based on the methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

- **Collective investment schemes**

The value of any investment in CIS which is quoted on an approved exchange shall be calculated daily in the same manner as other listed securities described above. When investing in unlisted CIS, the value shall be determined by reference to the last published repurchase/redemption net asset value per unit for that CIS.

- **Money market instruments**

Investments in money market instruments such as negotiable instrument of deposits and commercial papers are valued each day by reference to the quotes provided by independent and reputable pricing source(s), which is deemed fair value, includes but not limited to a BPA registered with the SC. Where the quotes are provided by financial institutions, the valuation of the money market instruments will be based on the average of bid and offer prices quoted by three (3) independent and reputable financial institutions of similar standing at the close of trading. The valuation method is verified by the auditor and approved by the Trustee.

- **Deposits**

The value of Deposits shall be determined each day by reference to the principal value of such Deposits and the accrued income thereon for the relevant period.

- **Derivatives**

For unlisted derivative instruments, we shall ensure that the valuation of the investment is valued daily at fair value as determined in good faith by us, based on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

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

## 3.2. UNIT PRICING

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

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

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

### Illustration:

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

At the end of the Business Day on 9 May 2022, your units will be based on the NAV per unit on 9 May 2022, which will be calculated on 10 May 2022. The NAV per unit will be made known on our website after 5:30 p.m. on 10 May 2022.

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

At the end of the Business Day on 9 May 2022, your units will be based on the NAV per unit on 10 May 2022, which will be calculated on 11 May 2022. The NAV per unit will be made known on our website after 5:30 p.m. on 11 May 2022.

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

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

The NAV of the Fund is the sum of the value of all investments and cash held by the Fund (calculated in accordance with the Deed) including income derived by the Fund which has not been distributed to you, less all amounts owing or payable in respect of the Fund which also includes any provisions that may be made by us and the Trustee. For example, a provision may be made for possible future losses on an investment which cannot be fairly determined.

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

### 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 (in USD) of the respective Class by the NAV of the Fund before income and expenses for the day. The apportionment is expressed as a ratio and calculated as a percentage.

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

	Fund (USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Fund before income and expenses	185,942,897.00	173,342,897.00	12,600,000.00
% MCR	100.00%	<sup>(1)</sup> 93.22%	<sup>(1)</sup> 6.78%
Add: Income	30,000.00	<sup>(2)</sup> 27,967.12	<sup>(2)</sup> 2,032.88
Less: Expenses	(10,000.00)	<sup>(2)</sup> (9,322.37)	<sup>(2)</sup> (677.63)
Benefits or costs of hedging (if any)	900.00	-	900.00
NAV of the Fund before Management Fee and Trustee Fee	185,963,797.00	173,361,541.75	12,602,255.25
		<b>1.80% p.a.</b>	<b>1.80% p.a.</b>

Less: Management Fee	(9,170.82)	(8,549.34)	(621.48)
	<b>0.06% p.a.</b>		
Less: Trustee Fee	(305.70)	(284.98)	(20.72)
NAV of the Fund	185,954,320.48	173,352,707.43	12,601,613.05
Units in circulation (units)	200,000,000.00	170,000,000.00	30,000,000.00
<b>NAV per unit</b>		<b>1.0197</b>	<b>0.4200</b>
Currency exchange rate		N/A	(USD/MYR) 0.3000
NAV per unit		<b>USD 1.0197</b>	<b>MYR 1.4000</b>

	Fund (USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Fund before creation of units for the day	185,954,320.48	173,352,707.43	12,601,613.05
<sup>(3)</sup> Net subscription amount	1,300,000.00	1,000,000.00	300,000.00
Closing NAV	187,254,320.48	174,352,707.43	12,901,613.05
Units in circulation (units)	208,123,537.73	170,980,680.59	37,142,857.14
<b>NAV per unit</b>		<b>1.0197</b>	<b>0.4200</b>
Currency exchange rate		N/A	(USD/MYR) 0.3000
NAV per unit		<b>USD 1.0197</b>	<b>MYR 1.4000</b>

**Note:**

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

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
$\frac{\text{NAV of the Class} \times 100}{\text{NAV of the Fund before income and expenses}}$	$\frac{173,342,897.00 \times 100}{185,942,897.00}$	$\frac{12,600,000.00 \times 100}{185,942,897.00}$
	= 93.22%	= 6.78%

<sup>(2)</sup> Apportionment based on MCR

	(USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
Add: Income	30,000.00	MCR x Income = Income for Class ABC = 93.22% x USD 30,000.00 = USD 27,967.12	MCR x Income = Income for Class XYZ = 6.78% x USD 30,000.00 = USD 2,032.88
Less: Expenses	(10,000.00)	MCR x Expenses = Expenses for Class ABC = 93.22% x USD 10,000.00 = USD 9,322.37	MCR x Expenses = Expenses for Class XYZ = 6.78% x USD 10,000.00 = USD 677.63

<sup>(3)</sup> Net subscription amount

	Class ABC (Denominated in USD)	Class XYZ (Denominated in MYR)
Net subscription amount	USD 1,000,000.00	MYR 1,000,000.00

NAV per unit	USD 1.0197	MYR 1.4000
Number of units (units)	980,680.59	714,285.71
Currency exchange rate	N/A	(USD/MYR) 0.3000
Net subscription amount*	USD 1,000,000.00	USD 3,00,000.00

\* 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**

NAV per unit of Class XYZ denominated in MYR = MYR 0.5000 (truncated to 4 decimal places)  
Application Fee charged by IUTA = 5.50%  
You wish to invest MYR10,000 in the Fund through an IUTA.

##### **Calculation of number of units you will receive\***

= Investment amount / NAV per unit of Class XYZ  
= MYR 10,000.00 / MYR 0.5000  
= 20,000.00 units

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

= NAV per unit of Class XYZ x number of units received x Application Fee rate  
= MYR 0.5000 x 20,000.00 units x 5.50%  
= MYR 550.00

##### **Calculation of total amount that you will have to pay**

= Investment amount + Application Fee paid  
= MYR 10,000.00 + MYR 550.00\*  
= MYR 10,550.00

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

##### **Calculation of investment value**

Assuming you have 40,000 units of Class XYZ of the Fund and the NAV per unit of Class XYZ for the day (which will be made known on the following Business Day) is MYR 0.2630 (truncated to 4 decimal places).

##### **Calculation of investment value**

= Number of units x NAV per unit of Class XYZ  
= 40,000.00 x MYR 0.2630  
= MYR 10,520.00

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

Assuming you request for a 10,000.00 units withdrawal. Your withdrawal request is received by us by 4:00 p.m. on a Business Day. The NAV per unit of Class XYZ for that Business Day (which will be made known on the following Business Day) is MYR 0.2686 (truncated to 4 decimal places).

##### **Calculation of amount payable to you**

= Number of units withdrawn x NAV per unit of Class XYZ  
= 10,000 units x MYR 0.2686  
= MYR 2,686.00

\* There is no Withdrawal Fee for Class XYZ of the Fund. Hence, the amount payable to you is the withdrawal value.

### 3.3. INCORRECT PRICING

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

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

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

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

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

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

## **3.4. INVESTING**

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

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

- an individual who is at least eighteen (18) years of age and you are not an undischarged bankrupt with a bank account (or foreign currency bank account, as the case may be) in the currency of the Class applied for (e.g. Class USD investors are required to have a USD bank account). As an individual investor, you may also opt to invest in joint names (i.e. as a joint Unit holder and both applicants must be at least eighteen (18) years of age).
- an institution including a company, corporation, co-operative, trust or pension fund with a bank account (or foreign currency bank account, as the case may be) in the currency of the Class applied for (e.g. Class USD investors are required to have a USD bank account).

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

Further, if we become aware of a USA person (i.e. someone who has a USA address (permanent or mailing) or contact number) 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) holding units in the Fund, we will issue a notice to that Unit holder requiring him/her to, within thirty (30) days, either withdraw the units or transfer the units to a non-USA person or non-USA entity.

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

### **3.4.2. How to invest?**

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

You may make a payment:

- by crossed cheque, banker's draft or cashier's order (made payable as advised by us or our Distributors as the case may be). You will have to bear the applicable bank fees and charges, if any;
- directly from your bank account (or foreign currency bank account, as the case may be) held with us or our Distributors, where applicable; or
- by such other mode of payment that we and/or the relevant authorities may approve from time to time. Any charges, fees and expenses incurred in facilitating such mode of payment shall be borne by you. Such mode of payment is subject to further limit(s), restriction(s) and/or terms and conditions that we and/or the relevant authorities may impose from time to time.

### **3.4.3. Regular Savings Plan**

RSP may be made available for certain Class. Please refer to the Annexure of the respective Class for further information. Where available, the RSP allows you to make regular monthly investments, directly from your account held with a bank approved by us or our Distributors. We will process the monthly investments made via the RSP when we receive your application and/or your monthly contribution. You can also arrange a standing instruction with us or our Distributors to invest a pre-determined amount in the Class each month. You may cancel your RSP at any time by providing written instructions to us or our Distributors to cancel your standing instruction.

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

We may register units in the name of more than one (1) Unit holder but we have the discretion not to allow registration of more than two (2) joint Unit holders. All applicants must be at least eighteen (18) years of age.

In the event of the demise of a joint Unit holder, whether Muslim or non-Muslim, only the surviving joint Unit holder will be recognised as the rightful owner. His/her units will be dealt with in accordance with the Deed and applicable laws and regulations.

#### 3.4.5. Who is distributing this Fund?

The Fund may be distributed via the following channels:

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

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

**You should not make payment in cash to any individual agent or employee of Principal Malaysia or issue a cheque in the name of any individual agent or employee of Principal Malaysia when purchasing units of a fund.**

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

### 3.5. MINIMUM INVESTMENTS

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

#### 3.5.1. Processing an application

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

### 3.6. MINIMUM WITHDRAWALS

The minimum withdrawal amount for each Class may differ and may be determined by us from time to time, unless you are withdrawing your entire investment. Please refer to the Annexure of the respective Class for further information. You may withdraw by completing a withdrawal application and submit it to the relevant Distributor or Principal Malaysia's offices. There is no restriction on the frequency of withdrawals. We will transfer the withdrawal proceeds to the bank account number (or foreign currency bank account number, as the case may be) provided by you. If the Fund is an EPF-MIS approved fund and you have invested via EPF-MIS, your withdrawal proceeds will be paid to EPF.

#### 3.6.1. Processing a withdrawal

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

### 3.7. MINIMUM BALANCE

The minimum balance that must be maintained in your account for each Class may differ and may be determined by us from time to time. Please refer to the Annexure of the respective Class for further information. If the balance (i.e. number of units) of an investment drops below the minimum balance units, further investment will be required until the balance of the investment is restored to at least the stipulated minimum balance. Otherwise, we can withdraw your entire investment and forward the proceeds to you.

### 3.8. COOLING-OFF PERIOD

For first time individual investor investing with us, you have six (6) Business Days after your initial investment (i.e. from the date the complete application is received and accepted by us or any of our Distributors) to reconsider its appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased or prevailing NAV per unit at the point of cooling-off (whichever is lower) ("Refund Amount"). We will pay the Refund Amount including the Application Fee (if any) to you in the currency of the respective Class within seven (7) Business Days, from the date we receive the complete documentations. Please note that the cooling-off right is only given to first time investor investing with us or our Distributors. However, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right. If the Fund is an EPF-MIS approved fund and you have invested via EPF-MIS, your cooling-off right is subject to EPF's terms and conditions.

### 3.9. SWITCHING

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

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

#### 3.9.1. Processing a switch

We process a switch as a withdrawal from one fund or class and an investment into another fund or class within Principal Malaysia's funds. If we receive a complete switch request by 4:00 p.m. on a Business Day, we will process the switch-out using the NAV per unit for that Business Day. If we receive the request after 4:00 p.m. on a Business Day, the switch-out will be processed using the NAV per unit for the next Business Day.

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

### 3.10. TRANSFER FACILITY

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

### 3.11. TEMPORARY SUSPENSION

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

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

- (i) the closure of a securities exchange or trading restrictions on a securities exchange; or
- (ii) it is not in the best interests of the Unit holders to liquidate a material portion of the assets of the Fund; or
- (iii) an emergency or other state of affairs; or
- (iv) the declaration of a moratorium in a country where the Fund has assets; or

- (v) for the purpose of conversion of any currency, a closure or restrictions on trading in the relevant foreign exchange market or dealings in a material portion of the assets of the Fund are restricted or suspended; or
- (vi) the realisation of the assets of the Fund not being able to be effected at prices which are fair to the Fund and/or within a reasonable period in a stable market or the market value or fair value of a substantial material portion of the assets of the Fund cannot be determined; or
- (vii) the SC has instructed either the Manager or the Trustee to suspend dealings of units in the interests of protecting the rights of Unit holders.

Please note that during the suspension period, there will be no NAV per unit available and hence, we will not accept any transactions for the applications, withdrawals, switches and/or transfers of units. If we have earlier accepted your request for applications, withdrawals, switches, and/or transfers of units before the suspension is declared, please note that your request will only be processed on the next Business Day after the cessation of suspension of the Fund. You will be notified of the suspension and when the suspension is lifted.

### 3.12. DISTRIBUTION PAYMENT

Depending on the distribution policy of the respective Class, distribution (if any) will be made at the end of each distribution period to the Class(es) according to its distribution policy. Each unit of the Class will receive the same distribution for a distribution period regardless of when those units were purchased. The distribution amount you will receive is calculated by multiplying the total number of units held by you in the Class with the distribution amount in cent per unit. Once a distribution has been paid, the NAV per unit will adjust accordingly. For more information on the distribution policy of each Class, please see Annexure of the respective Class.

All distributions (if any) will be automatically reinvested into additional units in the Class at the NAV per unit of the Class on the distribution date (the number of units will be rounded to two (2) decimal places), unless written instructions to the contrary are communicated to us, in which case you should have first furnished us with details of your valid and active bank account in the currency denomination of that Class, that all distribution payment shall be paid (the cost and expense will be borne by you). No Application Fee is payable for the reinvestment.

If units are issued as a result of the reinvestment of a distribution or other circumstance after you have withdrawn your investment from the Class, those additional units will then be withdrawn and the proceeds will be paid to you.

You should note that distribution payments, if any, will be made in the respective currency for the Class(es). As such, the distribution amount may be different for each Class as a result of exchange rate movement between the base currency of the Fund and the denominated currency of the Class(es). The distribution will be paid into your bank account (which shall be in the respective currency of the Class(es)) in our records (at your cost and expense).

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

### 3.13. UNCLAIMED MONEYS

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

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

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

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



## 4. ADDITIONAL INFORMATION

### 4.1. FINANCIAL YEAR-END

30 November.

### 4.2. INFORMATION ON YOUR INVESTMENT

We will send you the following:

- Your Principal Malaysia investor number;
- Confirmation on all your transactions and distributions (if any);
- Confirmation on any changes to your personal details (e.g. your address) if you have written to us to make the changes;
- Quarterly statement showing details of your transactions and distributions (if any); and
- Interim and audited annual report showing snapshots of the Fund and details of the portfolio for the respective period reported. Both the interim report and the audited annual report will be sent to you within two (2) months of the end of the period reported.

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

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

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

You may obtain up-to-date fund information and NAV per unit from our monthly fund fact sheets and our website at **[www.principal.com.my](http://www.principal.com.my)**.

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

### 4.3. DEED

The Fund is governed by the Deed dated 23 February 2015, the First Supplemental Deed dated 28 August 2019 and the Second Supplemental Deed dated 22 December 2022 including any other supplemental deed (s) as may be issued from time to time.

### 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 the business address of the Trustee (where applicable) without charge:

- The Deed;
- Current Prospectus and supplementary or replacement prospectus, if any;
- The latest annual and interim reports of the Fund, which includes the audited financial statements of the Fund (where available) for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of the launch of the Fund;
- Material contracts or documents 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 report, letter or other document, valuation and statement 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 experts disclosed in this Prospectus, if any.

## **4.5. CONSENT**

Ernst & Young Tax Consultants 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, statements and/or reports in the Prospectus in the form and context in which it appears and have not subsequently withdrawn their consent to the inclusion of their names, 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 such that the Fund is not disadvantaged. In the unlikely event that we face conflicts in respect of our duties as the manager to the Fund and to other Principal Malaysia's funds that we manage, we are obliged to act in the best interests of our investors and will seek to resolve any conflicts fairly and in accordance with the Deed.

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

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

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

The Distributors may be our related party. We will ensure that any arrangement made with the Distributors 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 monies, structured products, etc);
- (2) where the Fund is being distributed by the related party of the Trustee;
- (3) where the assets of the Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (i.e. Trustee's delegate); and
- (4) where the Fund obtains financing as permitted under the 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 the above and any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit holder or enter into any contract or transaction with each other, the Fund or any Unit holder or retain for its own benefit any profits or benefits derived from any such contract or transaction or act in the same or similar capacity in relation to any other scheme.

## **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 Personal Account Dealing Policy, which regulates our employees' securities dealings. All of our employees are required to declare their securities trading annually to ensure that there is no potential conflict of interest between the employees' securities trading and the execution of the employees' duties to us and our customers.

## 5. THE MANAGER

### 5.1. ABOUT PRINCIPAL ASSET MANAGEMENT BERHAD

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

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

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

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

- 5.1.1. The name and designation of each of the directors can be found in our website at [www.principal.com.my/en/about-us/leadership](http://www.principal.com.my/en/about-us/leadership).

#### 5.1.2. Designated person responsible for fund management function

<b>Name:</b>	Patrick Chang Chian Ping
<b>Designation:</b>	Chief Investment Officer, Malaysia & Chief Investment Officer, Equities, ASEAN Region
<b>Experience:</b>	He was appointed as the Chief Investment Officer on 22 February 2016. He comes with an extensive 20 years of experience in asset management and is backed by numerous ASEAN awards from Malaysian pension funds in 2013 and 2015. He was previously the Head of ASEAN equities at BNP Paribas Investment Partners, Malaysia where he was overseeing ASEAN equities for both Malaysian and offshore clients from 2012. Prior to that, he served as Senior Vice President for CIMB-Principal Asset Management Berhad where he specialised in Malaysia, ASEAN and Asia specialist funds. He also worked as a portfolio manager at Riggs and Co International Private Banking in London specialising in managing global ETF portfolios.
<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. THE TRUSTEE

### 6.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

**HSBC (Malaysia) Trustee Berhad** is a company incorporated in Malaysia since 1937 and is registered as a trust company under the Trust Companies Act 1949, with its registered address at Level 19, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur. Since 1993, the Trustee has acquired experience in the administration of trusts and has been appointed as trustee for unit trust funds, ETFs, wholesale funds and funds under private retirement scheme..

#### 6.1.1. Roles, Duties and Responsibilities of the Trustee

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

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

However, the Trustee is not liable for the acts, omissions or failure of any 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.

#### 6.1.3. 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.

#### 6.1.4. Trustee's Statement of Responsibility

The Trustee has given its willingness to assume the position as trustee of the Fund and all the obligations in accordance with the Deed, all relevant laws and rules of law. The Trustee shall be entitled to be indemnified out of the Fund against all losses, damages or expenses incurred by the Trustee in performing any of its duties or exercising any of its powers under the Deed. The right to indemnity shall not extend to loss occasioned by breach of trust, wilful default, negligence, fraud or failure to show the degree of care and diligence required of the Trustee having regard to the provisions of the Deed.

## 7. SALIENT TERMS OF THE 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 Business Day your details are entered onto the register of Unit holders.

### 7.1. RIGHTS, LIABILITIES AND LIMITATIONS OF UNIT HOLDERS

#### 7.1.1. Rights

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

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

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

#### 7.1.2. Liabilities

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

#### 7.1.3. Limitations

You cannot:

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

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

### 7.2. 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% of the NAV per unit.
(2) Withdrawal Fee	Up to 5.00% of 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 0.20% 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 are disclosed in the Prospectus.

Any increase of the fees and/or charges above that stated in the 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.

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

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

- commissions and/or fees paid to brokers or dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes or difference accounts;
- (where the foreign custodial function is delegated by the Trustee), charges and/or fees paid to the sub-custodian;
- 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 of the Fund;
- remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund, unless we decide to bear the same;
- fees incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent;
- 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, insurance, custody and any other dealings of investments including commissions/fees paid to brokers;
- costs involved with external specialists approved by the Trustee in investigating and evaluating any proposed investment;
- the engagement of 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 ordered by the court not 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; and
- 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.

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

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

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

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

We shall retire under the following circumstances:

- if a Special Resolution is duly passed by the Unit holders that we are to be removed; or
- if we cease to be approved by the SC to be the manager of unit trust schemes.

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

- if we have gone into liquidation (except for the purpose of reconstruction or amalgamation or some similar purpose) or if a receiver shall be appointed in respect of the undertaking or assets of the Manager or if any encumbrances shall take possession of any of its assets;
- if we cease to carry on business;
- 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;
- if we have failed or neglected to carry out our duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of the Unit holders for it to do so, after the Trustee has given reasonable notice to it of that opinion and the reasons for that opinion, and has considered any representations made by us in respect of that opinion, and after consultation with the SC; 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 manager and the Trustee shall by writing under its seal appoint another corporation to be the manager of the Fund subject to such corporation entering into a deed(s) with the Trustee and thereafter act as manager during the remaining period of the Fund.

We may be replaced by another corporation appointed as manager by a 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.

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

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

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

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

- the Trustee shall go into liquidation (except for the purpose of amalgamation or reconstruction or some similar purpose);
- the Trustee is placed under receivership, ceases to carry on business, fails or neglects its duties;
- the Trustee ceases to be approved by the SC to be a trustee for unit trust schemes; or
- a Special Resolution is duly passed by the Unit holders that the Trustee be removed.

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

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

#### **7.5. 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 authorization is withdrawn under Section 256E of the CMSA;
- (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;
- (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;
- (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 of the Fund may be terminated if a Special Resolution is passed at a Unit holders' meeting of that Class to terminate or wind-up that Class provided always that such termination or winding-up of that Class does not materially prejudice the interest of any other Class in that Fund.

Notwithstanding the above, the Fund and/or any of the Class may be terminated or wound-up, without the need to seek Unit holders' prior approval, as proposed by us with the consent of the Trustee (which consent shall not be unreasonably withheld) upon the occurrence of any of the following events, by giving a notice in writing to the Unit holders in accordance with the GUTF and the SC requirements (i) if any law shall be passed which renders it illegal or (ii) if in our reasonable opinion it is impracticable or inadvisable to continue the Fund and/or the Class and the termination of the Fund and/or Class is in the best interests of the Unit holders.

#### **7.6. MEETINGS OF UNIT HOLDERS**

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

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

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

- (i) by sending a notice by post, or where allowed by any relevant law and/or authority, digitally or electronically, of the proposed meeting at least seven (7) days before the date of the proposed meeting to each of those Unit holders of the Fund or that Class, as the case may be, at his/her last known address or in the case of joint Unit holder, to the joint Unit holder of the Fund or that Class, as the case may be, whose name stands first in our records at the joint Unit holder's last known address;



- (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 is five (5) Unit holders of the Fund (irrespective of the Class), present in person or by proxy, provided that for a meeting which requires a Special Resolution the quorum for that meeting shall be five (5) Unit holders of the Fund (irrespective of the Class), 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) at the time of the meeting. If the Fund has five (5) or less Unit holders, the quorum required shall be two (2) Unit holders of the Fund (irrespective of the Class), whether present in person or by proxy and if the meeting requires a Special Resolution, the quorum for that meeting shall be two (2) Unit holders of the Fund (irrespective of the Class), 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) at the time of the meeting. Where the Fund has only one (1) remaining Unit holder, such Unit holder, whether present in person or by proxy, at the meeting shall constitute a quorum required for the meeting of Unit holders. For the avoidance of doubt, the same quorum requirements shall apply to a meeting of Unit holders of a particular Class.

All voting shall be carried out by poll. On a poll, the votes of each Unit holder present in person or by proxy shall be proportionate to the number or value of units held. In the case of joint Unit holders of the Fund, only the person whose name appears first in the register may vote. Units held by the Manager or its nominees shall have no voting rights in any Unit holders' meeting of the Fund or of the Class.

The Unit holders may 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 and to vote at the Unit holders' meeting. Participation by a Unit holder in a Unit holders' meeting by any of the communication facilities referred to in the Deed 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.

## 8. TAXATION REPORT

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31 December 2022

Dear Sirs

### Taxation of the unit trust fund and unit holders

This letter has been prepared for inclusion in this Replacement Prospectus Issue No. 5 in connection with the offer of units in the unit trust known as Principal ASEAN Dynamic 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.

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
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

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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.

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

- **Malaysian sourced dividends**

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

- **Malaysian sourced interest**

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

- **Discount**

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

### **Foreign-sourced income**

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

The Guidelines issued by the Malaysian Inland Revenue Board on 29 September 2022 define the term “received in Malaysia” to mean transferred or brought into Malaysia, either by way of cash<sup>4</sup> or electronic funds transfer<sup>5</sup>.

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

Income Tax (Exemption) (No. 6) Order 2022 has been issued to exempt a “qualifying person”<sup>6</sup> from the payment of income tax in respect of dividend income which is received in Malaysia from outside Malaysia, effective from 1 January 2022 to 31 December 2026. The exemption will however not apply to a person carrying on the business of banking, insurance or sea or air transport. As the definition of “qualifying person” does not include unit trust funds, it would mean that resident unit trust funds would technically not qualify for the exemption, unless there are further updates thereto.

### **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.

<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 MITA 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.

<sup>4</sup> “Cash” in this context is defined as banknotes, coins and cheques.

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

<sup>6</sup> “Qualifying person” in this context means a person resident in Malaysia who is:

- (a) An individual who has dividend income received in Malaysia from outside Malaysia in relation to a partnership business in Malaysia;
- (b) A limited liability partnership which is registered under the Limited Liability Partnerships Act 2012; or
- (c) A company which is incorporated or registered under the Companies Act 2016.

Based on the Service Tax Regulations 2018, a unit trust fund is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Fund incurs expenses such as management fees, the management services provided by asset and fund managers who are licensed or registered with Securities Commission Malaysia for carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007, are specifically excluded from the scope of Service Tax. As for other fees, such as trustee fees and other administrative charges, these may be subject to 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 RM 500,000 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.

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

## 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>7</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>

<sup>7</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.

Unit holders	Malaysian income tax rates
<ul style="list-style-type: none"> <li>Corporate unit holders <ul 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>8 9</sup></li> <li>(ii) Companies other than (i) above</li> </ul> </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> <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.

\*\*\*\*\*

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 Replacement Prospectus Issue No. 5 and has not withdrawn such consent before the date of issue of this Replacement Prospectus Issue No. 5.

<sup>8</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;

(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>9</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.

## 9. DISTRIBUTORS OF THE FUND

For Malaysia, currently Class MYR and Class USD of the Fund are available for sale. As at LPD, Class MYR and Class USD are available for sale from the following branches:

### 9.1. OUR BRANCHES

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

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

### 9.2. PRINCIPAL DISTRIBUTORS

#### **Nsg Wealth Advisors**

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

#### **Platinum**

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

#### **Dynamics Wealth Advisors**

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

#### **Megas**

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

#### **Amg Synergy Multiresources Sdn Bhd**

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

#### **Charisma Legacy**

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

#### **AAAAA Wealth Builders**

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

#### **My Financial Freedom Advisors**

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

#### **Preferred Wealth Advisors**

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

#### **Otye Xcellence Consultants**

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

**Elite Group Consultants**

No 6-2 Jalan Dagang 1/1A  
Taman Dagang  
68000 Ampang  
Selangor  
Tel: (603) 4251 1129

**Success Concepts Life Planners**

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

**Aces Advisors**

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

**GVG Solution Agency**

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

**Tremendous Wealth Advisors**

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

**Soha Barakah Wealth Consultancy**

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

**Evoque Wealth Advisors**

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

**Premierone Wealth**

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

**Charisma Legacy 1**

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

**Prestige Wealth Advisors**

I-91-2 Block I  
Jalan Teknologi 3/9  
Kota Damansara  
47810 Petaling Jaya  
Selangor  
Tel: (603) 6140 7275

**Magnificent Champion Agency Office**

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

**Premier Wealth Advisors**

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

**My IFP Kemaman**

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

**Wealth Resources Group Advisors**

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

**GVG Pasir Gudang Solution**

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

**KPG Management Resources**

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

**Victorious Agency**

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

**KPG Elite Billionaire**

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

**Nrich Wealth Advisory Group**

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

**Synergy Wealth Entrepreneur**

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

**KPG Capital Growth Solution**

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

**NZ Group**

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

**Zenith Premier Wealth Advisors**

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

**Millionaire Empire Group**

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

**Charisma Legacy 3**

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

**Charisma Legacy Kota Bharu**

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

**Global Amazing Entrepreneur**

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

**Charisma Legacy 2**

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

**Sa@7**

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

**Finaims**

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

**9.3. IUTAs**

CIMB Bank Berhad  
 IFAST Capital Sdn Bhd  
 Kenanga Investment Bank Berhad  
 Phillip Mutual Berhad

**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 and more information on the Distributors of the Classes of the Fund, please contact our **Customer Care Centre** under the “Corporate Directory” section during business hour between 8:45 a.m. and 5:45 p.m. (Malaysian time) from Mondays to Fridays or refer to our website at [www.principal.com.my](http://www.principal.com.my).



## **ANNEXURE - CLASS MYR**

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

The Fund is a multi-class fund and is allowed to establish new Class(es) from time to time without your prior consent. As this Fund is a Qualifying CIS under the ASEAN CIS Framework, there are Classes of the Fund that may be offered to investors in other countries that participate in the ASEAN CIS Framework.

## CLASS INFORMATION

Class MYR	Page
<b>Currency denomination</b> MYR	
<b>Distribution policy</b>	Given the Fund's investment objective, the Class of the Fund is not expected to pay any distribution. Distributions, if any, are at our discretion and will vary from period to period depending on the availability of realised income for distribution and performance of the Fund. 18

## FEES & CHARGES

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

Charges	Class MYR	Page
<b>Application Fee*</b>	<b>Principal Distributors</b> : Up to 6.50% of the NAV per unit. <b>IUTAs</b> : Up to 5.50% of the NAV per unit.	8
<b>Withdrawal Fee</b>	Nil.	8
<b>Switching Fee</b>	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose MYR100 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	8
<b>Transfer Fee</b>	A maximum of MYR50 may be charged for each transfer.	8
<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.	

*\*If the Fund is an EPF-MIS approved fund and you have invested via EPF-MIS, you may be charged an Application Fee of up to 3.00% of the NAV per unit, or such other rate as the EPF may determine.*

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

Fees	Class MYR	Page
<b>Management Fee</b>	Up to 1.80% per annum of the NAV of the Class in Malaysia.	9
<b>Trustee Fee</b>	Up to 0.06% per annum (including local custodian fees and charges but excluding foreign sub-custodian fees and charges) on the NAV of the Fund. The foreign sub-custodian fees and charges is dependent on the country invested and is charged monthly in arrears.	9
<b>Expenses directly related to the Fund or Class</b>	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class respectively. Examples of relevant expenses are audit fee and tax agent's fee.	10
<b>Other fees payable indirectly by you when investing in the Fund</b>	Nil.	

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

## TRANSACTION INFORMATION

	Class MYR	Page
<b>Minimum initial investment*</b>	MYR500 or such other amount as we may decide from time to time.	16
<b>Minimum additional investment</b>	MYR200 or such other amount as we may decide from time to time.	16
<b>Minimum withdrawal</b>	400 units or such other number of units as we may decide from time to time.	16
<b>Minimum balance</b>	1,000 units or such other number of units as we may decide from time to time.	17
<b>Regular Savings Plan</b>	RSP is available. It allows you to make regular monthly investments of MYR200 or more, directly from your account held with a bank approved by Principal Malaysia or our Distributors. The minimum initial investment for the RSP is MYR500 or such other amount as we may decide from time to time.	16
<b>Cooling-off period</b>	Six (6) Business Days from the date the complete application is received and accepted by us or our Distributors from the first time individual investor investing with us or our Distributors. However, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.	17
<b>Switching</b>	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> <li>▪ for switching out of the Class: <ul style="list-style-type: none"> <li>○ the minimum withdrawal applicable to the Class;</li> <li>○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and</li> <li>○ the Withdrawal Fee of the Class (if any);</li> </ul> </li> <li>▪ for switching into the Class: <ul style="list-style-type: none"> <li>○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and</li> <li>○ the Switching Fee applicable for the proposed switch (if any).</li> </ul> </li> </ul> You may negotiate to lower the amount for your switch with us or our Distributors.	17
<b>Transfer</b>	We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	17

\* The minimum initial investment for EPF-MIS (where available) shall be MYR1,000 (or such other amount as may be determined by EPF) or as per the amount stated above, whichever is higher. Please note that there may be changes to the status of the eligibility of the Fund under the EPF-MIS from time to time. Please refer to our website at [www.principal.com.my](http://www.principal.com.my) or [www.kwsp.gov.my](http://www.kwsp.gov.my) for updated information.

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

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

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

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

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

## **ANNEXURE – CLASS USD**

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

The Fund is a multi-class fund and is allowed to establish new Class(es) from time to time without your prior consent. As this Fund is a Qualifying CIS under the ASEAN CIS Framework, there are Classes of the Fund that may be offered to investors in other countries that participate in the ASEAN CIS Framework.

## CLASS INFORMATION

Class USD	Page
<b>Currency denomination</b> USD	
<b>Distribution Policy</b>	Given the Fund's investment objective, the Class of the Fund is not expected to pay any distribution. Distributions, if any, are at our discretion and will vary from period to period depending on the availability of realised income for distribution and performance of the Fund. 18

## FEES & CHARGES

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

Charges	Class USD	Page
<b>Application Fee</b>	<b>Principal Distributors</b> : Up to 6.50% of the NAV per unit. <b>IUTAs</b> : Up to 5.50% of the NAV per unit.	8
<b>Withdrawal Fee</b>	Nil.	8
<b>Switching Fee</b>	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose USD35 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	8
<b>Transfer Fee</b>	A maximum of USD15 may be charged for each transfer.	8
<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 USD	Page
<b>Management Fee</b>	Up to 1.80% per annum of the NAV of the Class in Malaysia.	9
<b>Trustee Fee</b>	Up to 0.06% per annum (including local custodian fee but excluding foreign sub-custodian fees and charges) on the NAV of the Fund. The foreign sub-custodian fees and charges is dependent on the country invested and is charged monthly in arrears.	9
<b>Expenses directly related to the Fund or Class</b>	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class respectively. Examples of relevant expenses are audit fee and tax agent's fee.	10
<b>Other fees payable indirectly by you when investing in the Fund</b>	Nil.	

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

## TRANSACTION INFORMATION

	Class USD	Page
<b>Minimum initial investment</b>	USD200 or such other amount as we may decide from time to time.	16
<b>Minimum additional investment</b>	USD100 or such other amount as we may decide from time to time.	16
<b>Minimum withdrawal</b>	200 units or such other number of units as we may decide from time to time.	16
<b>Minimum balance</b>	400 units or such other number of units as we may decide from time to time.	17
<b>Regular Savings Plan</b>	Currently, RSP is not available for Class USD.	16
<b>Cooling-off period</b>	Six (6) Business Days from the date the complete application is received and accepted by us or our Distributors from the first time investor investing with us or our Distributors. However, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.	17
<b>Switching</b>	<p>Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to:</p> <ul style="list-style-type: none"> <li>▪ for switching out of the Class: <ul style="list-style-type: none"> <li>○ the minimum withdrawal applicable to the Class;</li> <li>○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and</li> <li>○ the Withdrawal Fee of the Class (if any);</li> </ul> </li> <li>▪ for switching into the Class: <ul style="list-style-type: none"> <li>○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and</li> <li>○ the Switching Fee applicable for the proposed switch (if any).</li> </ul> </li> </ul> <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	17
<b>Transfer</b>	We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	17

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

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

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

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

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

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

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