

Information Memorandum

31 December 2019

Principal China Multi Asset Income Fund

(formerly known as CIMB-Principal China Multi Asset Income Fund)

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

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

THIS IS A REPLACEMENT INFORMATION MEMORANDUM. THIS INFORMATION MEMORANDUM IS ISSUED TO REPLACE AND/OR SUPERSEDE THE INFORMATION MEMORANDUM OF THE CIMB-PRINCIPAL CHINA MULTI ASSET INCOME FUND DATED 3 JULY 2017.

This Information Memorandum Issue No.2 for the Principal China Multi Asset Income Fund is dated 31 December 2019.

The Fund was constituted on 28 June 2017.

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

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

ABOUT THIS DOCUMENT

This is an information memorandum which introduces you to Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (“Principal Malaysia”) and the Principal China Multi Asset Income Fund (“Fund”), which is a wholesale fund. This Information Memorandum outlines in general the information you need to know about the Fund and is intended for the exclusive use by prospective Sophisticated Investors (as defined herein) who should ensure that all information contained herein remains confidential. The Fund is established with a multi-class structure and has more than one (1) class.

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

If you have any questions about the Fund, please contact our Customer Care Centre at (03) 7718 3000 between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. and 4:45 p.m. (Malaysian time) on Fridays (except on Selangor public holidays).

If you have any questions about the Fund, please contact our Customer Care Centre at (03)-7718 3000 between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. and 4:45 p.m. (Malaysian time) on Fridays (except on Selangor public holidays).

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

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

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

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

DEFINITIONS

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

A-Shares	- Securities issued by companies incorporated in the PRC and listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange (quoted in RMB). It is available for investment by domestic China investors and QFII license holders.
Application Fee	- Preliminary charge on each investment.
B-Shares	- Securities issued by companies incorporated in the PRC and listed on either the Shanghai Stock Exchange (quoted in USD) or the Shenzhen Stock Exchange (quoted in HKD). It is available for investment by all investors.
AUD	- Australian Dollar.
Business Day	- Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and banks in Kuala Lumpur and/or Selangor are open for business. In respect of the Target Fund, it means a day on which the banks in Hong Kong and regulated markets in countries where the Target Fund is materially invested are normally open for business. Note: We may declare certain Business Days to be a non-Business Day if the jurisdiction of the Target Fund declares a non-business day and/or if the Target Fund Manager declares a non-dealing day. This information will be communicated to you via our website at http://www.principal.com.my .
CIMB Group	- CIMB Group Sdn. Bhd.
CIS	- Means collective investment schemes.
Class(es)	- Any Class of units representing similar interests in the assets of the Fund. Note: For more information, please see page 1 and Annexure of the respective Class.
Class AUD-Hedged	- The Class of units issued by the Fund denominated in AUD that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and AUD.
Class MYR	- The Class of units issued by the Fund denominated in MYR.
Class MYR-Hedged	- The Class of units issued by the Fund denominated in MYR that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and MYR.
Class SGD	- The Class of units issued by the Fund denominated in SGD.
Class SGD-Hedged	- The Class of units issued by the Fund denominated in SGD that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and SGD.
Class RMB-Hedged	- The Class of units issued by the Fund denominated in RMB that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and RMB.
Class USD	- The Class of units issued by the Fund denominated in USD.
CMSA	- Capital Markets and Services Act 2007.
Deed	- The principal deed and any 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. Note: To exclude structured deposits.
Distributors	- Any relevant persons and bodies appointed by us from time to time, who are responsible for selling the units of the Fund, including Principal Distributors and IUTAs.
FIMM	- Federation of Investment Managers Malaysia.
Fund or CMAI	- Principal China Multi Asset Income Fund (formerly known as CIMB-Principal China Multi Asset Income Fund).
H-Shares	- Securities issued by companies incorporated in the PRC and listed on the Stock Exchange of Hong Kong (quoted in HKD). It is available for investment by all investors.
HKD	- Hong Kong Dollar.
Information Memorandum	- Refers to the information memorandum in respect of the Fund and includes any supplemental information memorandum or replacement information memorandum, as the case may be.
IUTA	- Institutional Unit Trust Scheme Adviser.
LPD	- Latest Practicable Date, i.e. 31 October 2019, in which all information provided herein, shall remain current and relevant as at such a date.
Management Fee	- A percentage of the NAV of the Class that is paid to us for managing the portfolio of the Fund.
MCR	- Multi-class ratio, being the apportionment of the NAV of each Class over the Fund’s NAV based on the size of each Class. The MCR is calculated by dividing the NAV of the respective Class by the NAV of the Fund before income and expenses for the day. The apportionment is expressed as a ratio and calculated as a percentage.
NAV	- Net Asset Value.
NAV of the Fund	- The NAV of the Fund is the value of all the Fund’s assets less the value of all the Fund’s liabilities, at the point of valuation. For the purpose of computing the annual Management

	Fee and annual Trustee Fee, the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day. The NAV of a Class is the NAV of the Fund attributable to a Class at the same valuation point.
NAV per unit	- The NAV attributable to a Class of units divided by the number of units in circulation for that Class, at the valuation point.
OTC	- Over-the-counter.
PFG	- Principal Financial Group and its affiliates.
PIA	- Principal International (Asia) Ltd.
Principal Distributors	- Refers to the unit trust consultants of Principal Malaysia.
Principal Malaysia or the Manager	- Principal Asset Management Berhad (<i>formerly known as CIMB-Principal Asset Management Berhad</i>).
PRC	- People's Republic of China.
RM or MYR	- Malaysian Ringgit.
RMB	- Renminbi. For avoidance of doubt, this refers to the offshore RMB currency, the CNH.
SC	- Securities Commission Malaysia.
SC Guidelines	- SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.
SFC	- Securities and Futures Commission in Hong Kong.
SGD	- Singapore Dollar.
Sophisticated Investor	- Refers to investors as we determine as qualified or eligible to invest in the Fund and that fulfil any laws, rules, regulation, restrictions or requirements imposed by the respective country's regulators where the Fund is open for sale. For investors in Malaysia, this refers to any person who falls within any of the categories of investors set out in Part 1, Schedules 6 and 7 of the CMSA. Note: For more information, please refer to our website at http://www.principal.com.my for the current excerpts of Part 1, Schedules 6 and 7 of the CMSA
Special Resolution	- A resolution passed by a majority of not less than three-fourth (3/4) of the Unit holders of the Fund or a Class, as the case may be, voting at a meeting of Unit holders duly convened and held in accordance with the provisions of the Deed and representing at least three-fourth (3/4) of the value of the Units held by Unit holders of the Fund or a Class, as the case may be, voting at the meeting (whether in person or by proxy) duly convened and held in accordance with the provisions of the Deed.
Switching Fee	- A charge that may be levied when switching is done from one (1) fund or class to another.
Target Fund	- The CIS that the Fund invests predominantly in. Currently, it refers to HSBC China Multi-Asset Income Fund, a sub-fund of the Trust.
Target Fund Investment Adviser	- HSBC Global Asset Management (Hong Kong) Limited.
Target Fund Manager	- HSBC Investment Funds (Hong Kong) Limited.
Target Fund Research Adviser	- HSBC Jintrust Fund Management Company Limited.
Transfer Fee	- A nominal fee levied for each transfer of units from one (1) Unit holder to another.
Trust	- HSBC Collective Investment Trust, an umbrella unit trust established under the laws of Hong Kong by a trust deed dated 27 February 2014 between the Target Fund Manager and HSBC Institutional Trust Services (Asia) Limited as the Target Fund's trustee.
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 any Class including persons jointly registered.
US or USA	- United States of America.
USD	- United States Dollar.
Wholesale Fund	- A unit trust scheme established in Malaysia where the units are to be issued, offered for subscription or purchase, or for which invitations to subscribe for or purchase the units are to be made, exclusively to Sophisticated Investor.
Withdrawal Fee	- A charge levied upon withdrawal under certain terms and conditions (if applicable).

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

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1. FUND INFORMATION

1.1. PRINCIPAL CHINA MULTI ASSET INCOME FUND

- Fund Category/Type** : Feeder fund/ Income & Growth.
- Investment Objective** : The Fund aims to provide income and moderate capital growth through investments in one collective investment scheme, which invests primarily in a diversified portfolio of securities related to China.
We will require your approval if there is any material change to the Fund's investment objective.
- Benchmark** : The Fund adheres to the benchmark of the Target Fund for performance comparison. The benchmark of the Target Fund is 50% MSCI China Net + 50% Markit iBoxx Asia Local Bond Index China Offshore for comparison purpose.
- Distribution Policy** : The distribution policy of each of the Class may differ. Please refer to the Annexure of the respective Class for more information. You may also refer to page 38 for information on the distribution payment.

Base Currency and Classes

The base currency of the Fund is USD.

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

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

Currently, the Classes below are available for sale. Please refer to the Annexure for further details on the Classes. You should note that we have the discretion to decide on the offering of other classes for sale in the future. This information will be communicated to you via our website at <http://www.principal.com.my>. When in doubt, you should consult professional advisers for better understanding of the multi-class structure before investing in the Fund.

Launch Date, Initial Offer Period & Initial Offer Price Per Unit

Name of Class	Launch date	Initial offer period	Initial offer price per unit
Class MYR	30 August 2018 ^{Note 1}	N/A	MYR 1.0000
Class SGD	30 August 2018 ^{Note 1}	N/A	SGD 1.0000
Class USD	3 July 2017	N/A	USD1.0000
Class AUD-Hedged	2 July 2018	N/A	AUD1.0000
Class MYR-Hedged	3 July 2017	N/A	MYR 1.0000
Class RMB-Hedged	2 July 2018	N/A	RMB 1.0000
Class SGD-Hedged	19 June 2018	N/A	SGD 1.0000

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

Investment Policy and Principal Investment Strategy

The Fund is a feeder fund and it invests in a single CIS, i.e. HSBC China Multi-Asset Income Fund. The Fund may also invest in liquid asset for liquidity purpose.

In order to achieve its investment objective, the Fund will invest at least 95% of its NAV in the Target Fund; a sub-fund established on 21 November 2014 under the HSBC Collective Investment Trust. The Fund will also maintain up to 5% of its NAV in liquid assets for liquidity purposes.

The Fund will be actively rebalanced from time to time to meet sales and withdrawals transactions. This is to enable a proper and efficient management of the Fund. As this is a feeder fund that invests predominantly in the Target Fund, we do not intend to take temporary defensive position for the Fund during adverse market, economic and/or any other conditions. This is to allow the Fund to mirror the performance of the Target Fund in either bullish or bearish market conditions. However, the Target Fund Investment Adviser may take temporary defensive position when deemed necessary.

We do not employ risk management strategy on the portfolio of the Target Fund. However, the Target Fund Manager will employ, or will ensure that the Target Fund Investment Adviser will employ, a risk management process in respect of the Target

Fund that enables the Target Fund Manager to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Target Fund. Please refer to page 19 under the “Investment objective and investment strategies of the Target Fund” for more information.

We will employ risk management strategy at the Fund level, where we will continuously monitor the investment objective, performance and suitability of the Target Fund to ensure that it is in line with the investment objective of the Fund. If we are of the opinion that the Target Fund no longer meets the Fund’s investment objective, we may, with your approval, replace the Target Fund with another CIS that is in line with the Fund’s objective. In such circumstances, we will redeem our investment in the Target Fund and invest in another CIS on a staggered basis for a smooth transition, if the Target Fund imposes any conditions in relation to redemption of units or if the manager of the newly identified target fund exercises its discretion to apply anti dilution levy* in relation to the applications for units. Thus, the time frame required to perform the transition will depend on such conditions, if any, imposed by the Target Fund as well as any conditions associated with a dilution adjustment that may be made by the newly identified target fund. Hence during the transition period, the Fund’s investments may differ from the stipulated investment objective, investment strategies and/or investment restrictions and limits. The Fund also may, with the concurrence of the Trustee, hold more than 5% of liquid assets on a temporary basis to meet redemption requests and to manage expenses of the Fund if there is temporary suspension of the Target Fund.

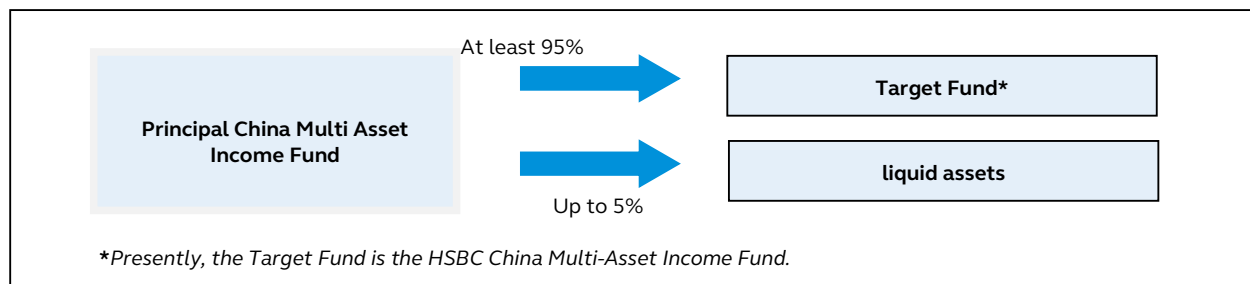
Currently, the Fund invests in Class AM2-USD of the Target Fund, which is a share class denominated in USD launched on 21 November 2014. The Fund may change its entire investment into another class of the Target Fund if we and the Target Fund Manager are of the opinion that the change is in the interest of the Unit holders. If we wish to effect such change, we will seek concurrence from the Trustee and you will be notified before implementation.

Note:

* Anti dilution levy is an allowance for fiscal and other charges that is added to the NAV per unit to reflect the costs of investing application monies in underlying assets of the Target Fund or newly identified target fund.

Information on the Target Fund

Trust	:	HSBC Collective Investment Trust, an umbrella unit trust established under the laws of Hong Kong by a trust deed dated 27 February 2014 between the Target Fund Manager and HSBC Institutional Trust Services (Asia) Limited as the Target Fund’s trustee.
Target Fund Manager	:	HSBC Investment Funds (Hong Kong) Ltd
Target Fund Investment Adviser	:	HSBC Global Asset Management (Hong Kong) Ltd
Target Fund Research Adviser	:	HSBC Jintrust Fund Management Company Ltd
Regulatory authority	:	Securities and Futures Commission of Hong Kong (“SFC”)



Asset Allocation

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

1.2. PERMITTED INVESTMENTS

The Fund will invest in the following investments:

- One (1) CIS;
- Liquid assets;
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps for hedging purposes; and
- Any other form of investments as may be determined by us from time to time that is in line with the Fund’s objective.

1.3. INVESTMENT RESTRICTIONS AND LIMITS

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

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

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

1.4. APPROVALS AND CONDITIONS

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

1.5. BORROWINGS OR FINANCING

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

1.6. SECURITIES LENDING

Not applicable for the Fund.

1.7. RISK FACTORS

1.7.1. GENERAL RISKS OF INVESTING IN A CIS

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

Returns not guaranteed

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

Market risk

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

Inflation risk

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

Financing risk

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

1.7.2. SPECIFIC RISK RELATED TO THE FUND

Currency risk

You should 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 derivatives instruments, subject to prevailing SC Guidelines, to hedge currency risk.

There are 2 levels of currency risk associated with the investment of this Fund:

- **Currency risk at the Fund's portfolio level**

As the investments of the Fund may be denominated in currencies other than the Fund's base currency (i.e. RMB), any fluctuation in the exchange rate between the base currency 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, 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**

As this Fund is a multi-class fund, there are Classes denominated in currencies other than the Fund's base currency (i.e. RMB). The impact of the exchange rate movement between the base currency the Fund and the denominated currency of the respective Classes may lead to a depreciation of the value of your holding as expressed in the currency denomination of the respective Classes. As for a hedged Class, the Class itself provides mitigation to the currency risk arising from the difference between the currency denomination of the Class and the base currency of the Fund. While we aim to fully hedge the currency risk for a hedged Class, you should note that it may not entirely eliminate currency risk. In addition, you should note that, as a result of hedging, a hedged Class will not be able to enjoy the full benefits of the currency movement in the event of a favourable movement of the currency denomination of the hedged Class against the base currency of the Fund. You should also note that hedging incurs costs, in which will impact the NAV of a hedged Class.

Manager risk

Since the Fund invests into a CIS managed by another manager, the Target Fund Manager has absolute discretion over the Target Fund's investment technique and knowledge, operational controls and management. In the event of mismanagement of the Target Fund, the NAV of the Fund, which invests into the Target Fund, would be affected negatively. Although the

probability of such occurrence is minute, should the situation arise, we reserve the right to seek for an alternative CIS that is consistent with the objective of this Fund, subject to your approval.

Country risk

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

1.7.3. SPECIFIC RISKS RELATED TO THE TARGET FUND

As the Fund invests predominantly in the Target Fund, the Fund also assumes the risks associated with the Target Fund, which include but not limited to the following:

For this section, the following definitions apply:

Base Currency	:	the currency in which the net asset value of a Target Fund is expressed and calculated.
Business Day	:	a day on which banks in Hong Kong and regulated markets in countries or regions where the Target Fund is materially invested are normally open for business except Saturdays and Sundays, provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks in such markets are open on any day is reduced, such day shall not be a Business Day unless the Target Fund Manager and the trustee otherwise determine.
Class or Classes	:	a separate class or classes of Units in a Target-Fund of the Trust
Class Currency	:	the currency of account of a Class specified by the Target Fund Manager.
Currency Hedged Unit Class	:	<p>Currency Hedged Unit Classes seek to minimise the effect of currency fluctuations between the Class Currency of the Class and the Base Currency of the Target Fund.</p> <p>Hedging is achieved by the Target Fund entering into foreign currency transactions such as currency forward transactions, currency futures or other forms of financial derivative instruments. Currency positions are not actively managed but rather applied passively at the level of the Currency Hedged Unit Class.</p> <p>Depending on the currency exposure of a Target Fund's underlying assets and its objective then a Currency Hedged Unit Class will either be classified as a Base Currency Hedged Unit Class or a Portfolio Currency Hedged Unit Class.</p>
Code	:	Section I and Section II of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products or any handbook, guideline and code issued by the SFC, as may be amended from time to time.
Connected Person	:	<p>shall unless otherwise specified have the meaning as set out in the Code, meaning, in relation to a company:</p> <p>(a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or</p> <p>(b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or</p> <p>(c) any member of the group of which that company forms part; or</p> <p>(d) any director or officer of that company or of any of its Connected Persons as defined in (a), (b) or (c).</p>
CSRC	:	the China Securities Regulatory Commission.
Dealing Day	:	each Business Day or such other day(s) as the Target Fund Manager may determine with the consent of the trustee.
Issue Price	:	in respect of a Class of a Target Fund the price at which Units will be issued, as more fully described in the section "Unit prices" of the Target Fund's IM.
Mainland China or Mainland	:	all the customs territories of the People's Republic of China, for the purposes of interpretation of the Target Fund EM only, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan.
QFII	:	Qualified Foreign Institutional Investor approved pursuant to the relevant Mainland China laws and regulations, as may be promulgated and/or amended from time to time.
RQFII	:	Renminbi Qualified Foreign Institutional Investor approved pursuant to the relevant Mainland China laws and regulations, as may be promulgated and/or amended from time to time.
RQFII Underlying Funds	:	Underlying Funds that are eligible to invest in onshore Mainland Chinese securities through RQFII.
Redemption Price	:	the price at which Units of a Class of Target Fund will be redeemed, as more fully described in the section "Unit prices" of the Target Fund's IM.

Substantial Financial Institution	:	an authorized institution as defined in section 2(1) of the Banking Ordinance (Chapter 155 of Laws of Hong Kong) or a financial institution which is on an ongoing basis subject to prudential regulation and supervision, with a minimum net asset value of HK\$2 billion or its equivalent in foreign currency
Target Fund EM	:	Refers to the explanatory memorandum in respect of the Trust and includes any supplemental explanatory memorandum, addendum or replacement explanatory memorandum, as the case may be. The explanatory memorandum is available on HSBC website at https://services.assetmanagement.hsbc.com.hk/site/fund_centre/retail_fund_centre/retail_individual_fund?fund=CMAMU
Underlying Funds	:	the collective investment schemes in which a Target Fund may invest in, including unit trusts, mutual funds, and exchange traded funds.
Unit	:	a unit in a Target Fund of the Trust and, except where used in relation to a particular Class of Unit, a reference to Unit means and includes Units of all Classes.

Market risk

Investors should be aware that the value of securities in which the Target Fund invests, and the return derived from it can fluctuate. The Target Fund invests in and actively trades securities utilising strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the market. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as actions by various governmental agencies and domestic or international economic and political developments, may cause sharp market fluctuations, which could significantly and adversely affect the value of the Target Fund's investments.

Performance risks

There is no guarantee that the investment objective of a Target Fund can be achieved. There is no express or implied assurance as to the likelihood of achieving the investment objective for a Target Fund.

There is no guarantee that in any time period, particularly in the short term, a Target Fund's portfolio will achieve appreciation in terms of income or capital growth. A Target Fund's portfolio may be subject to market fluctuations and to all the risks inherent in all investments and markets. As a result, the price of Units may go down as well as up. Whilst the Target Fund Manager intends to implement strategies designed to minimise potential losses, there can be no assurance that these strategies will be successful. Making an investment in a Target Fund is not the same as making a deposit in a bank. An investor may lose a substantial proportion or all of its investments in a Target Fund.

The prices of a Target Fund's Units depends on the market values of the Target Fund's investments and such prices as well as the income from Units can go down as well as up. Past performance of a Target Fund does not indicate future performance. Investment in a Target Fund is not capital guaranteed and is only suitable for investors who can leave their capital for medium to long-term investment.

A Target Fund's performance is subject to the risks associated with its investments and cash exposure including, among others, market, interest rate, currency, exchange rate, economic, credit, liquidity, counterparty, foreign securities and political risks.

Foreign exchange risks

Relative to the Base Currency

A Target Fund's assets and liabilities may be denominated in currencies different from the Target Fund's Base Currency. An investor's return (as measured in terms of the Base Currency) may be affected unfavourably by exchange control regulations or changes in the exchange rates between a Target Fund's Base Currency and other currencies.

Changes in currency exchange rates may influence the value of a Target Fund's Units, the dividends or interest earned and the gains and losses realised by a Target Fund. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions.

If the currency in which a security is denominated appreciates against the Base Currency of the Target Fund, the value of the security will increase in terms of the Target Fund's Base Currency. Conversely, a decline in the exchange rate of the currency in which a security is denominated would adversely affect the value of the security in terms of the Target Fund's Base Currency. Depending on this, in terms of the Target Fund's Base Currency, an investor (i) may suffer losses even if there are gains or no losses in the value of the non-Base Currency denominated underlying securities; or (ii) may suffer additional losses if the non-Base Currency denominated underlying investments of a Target Fund fall in value.

Further, dividends/payouts will be paid in the relevant Class Currency, which may involve currency conversion of the proceeds obtained from realisation of the Target Fund's assets. Currency conversion involves foreign exchange risks as the exchange rates are subject to fluctuations.

Relative to the Class Currency

For those investors investing in a Class with Class Currency other than the Base Currency which is not a Currency Hedged Unit Class then the above disclosure should be read giving reference to Class Currency of the Class instead of the Base Currency of the Target Fund.

Currency Hedged Unit Classes

For those investors investing in a Currency Hedged Unit Class then any reference to an increase or decrease in the Base Currency should be read as an equivalent increase or decrease in the Class Currency of the Currency Hedged Unit Class insofar as the Class is effectively hedged.

Further details may be found in the “Currency Hedged Unit Classes” section of the Target Fund EM.

Currency conversion risks for RMB denominated Classes and investments in RMB

A Target Fund will need to convert cash (at the applicable exchange rate and subject to the applicable spread) into or out of RMB in the following circumstances:

- (1) Conversion of RMB settled subscriptions into another currency for investment.
- (2) Conversion of cash in a Target Fund into RMB for the purposes of settling RMB settled redemptions.
- (3) Conversion of available RMB into another currency in the course of investing.
- (4) Conversion of available cash into RMB in the course of investing.

Such transactions could incur considerable currency conversion costs. Further, as RMB is not freely convertible and is subject to exchange controls and restrictions, currency conversion is subject to availability of RMB at the relevant time. A Target Fund may not be able to invest according to its intended strategy in the event that there is insufficient RMB available to it. A Target-Fund's payment of redemption proceeds or dividends/payouts may be delayed in the event that there is insufficient RMB available to it (for a period not exceeding one calendar month of receipt of a properly documented redemption request).

The RMB is traded in both the onshore and offshore markets. While both onshore RMB (“CNY”) and offshore RMB (“CNH”) represent the same currency, they are traded in different and separate markets which operate independently. Therefore CNY and CNH do not necessarily have the same exchange rate and their movement may not be in the same direction. When calculating the net asset value of a Unit Class with a RMB Class Currency (and hence the Issue Price/Redemption Price of such Class), the Target Fund Manager will apply the CNH rate. Any divergence between CNH and CNY may adversely impact investors.

For investors with a non-RMB Home Currency who invest in RMB Currency Hedged Unit Classes, they will be exposed to the RMB and any associated foreign exchange risk. Currency Hedged Unit Classes are not recommended for such investors. There is no guarantee that the value of RMB against the investor's Home Currency will not depreciate. Any depreciation of RMB could adversely affect the value of such investors' investment in RMB denominated Currency Hedged Unit Classes. Investors should read the “Currency Hedged Unit Classes” section of the Target Fund EM for further details.

Liquidity risks

Liquidity risk exists within most financial products including the investments held by the Target Fund. This means that a delay may occur in receiving sales proceeds from the investments held by a Target Fund, and those proceeds may be less than recent valuations used to determine the net asset value of a Target Fund.

This risk is greater in exceptional market conditions or when large numbers of market participants are trying to sell their investments at the same time. In such cases, the Target Fund may also experience substantial redemptions of Units which could require the Target Fund Manager to liquidate investments of the Target Fund more rapidly than otherwise desirable in order to raise the necessary cash to fund the redemptions. This could adversely affect the Redemption Price and, in such circumstances, the receipt of sale proceeds may be delayed and/or take place at lower prices.

Further, the Target Fund Manager is entitled under certain circumstances to suspend dealings in the Units. In this event, valuation of the net asset value will be suspended, and any affected redemption applications and payment of redemption proceeds will be deferred. The risk of decline in net asset value of the Units during the period up to the redemption of the Units will be borne by the redeeming unitholders.

Over-the-counter markets risks

There are special risks associated with bonds, financial derivatives instruments, participation notes, structured products and other investments traded on over-the counter (OTC) markets. In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which many different kinds of financial derivatives instruments and structured products are generally traded) than of transactions entered into on organized exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with transactions carried out on OTC markets. Therefore, a Target Fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that a Target Fund will sustain losses. The Target Fund will only enter into transactions with counterparties in accordance with the counterparty policy and may seek to reduce counterparty exposure through the receipt of collateral in accordance with the counterparty policy. Both counterparty policy and collateral policy are set out in sub-section “5. Counterparty policy and collateral policy” within the “Fund Restrictions” section of the Target Fund EM.

Regardless of the measures a Target Fund may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that a Target Fund will not sustain losses as a result.

Instruments traded on the OTC markets may be less liquid. From time to time, the counterparties with which a Target Fund effects transactions may cease making markets or quoting prices in certain instruments. In such instances, the Target Fund may

be unable to enter into a desired transaction or to enter into an offsetting transaction with respect to an open position, which may adversely affect its performance.

Investor risks

The Target Fund Manager may compulsorily redeem all or a portion of the unitholder's Units in the Target Fund. Such compulsory redemption may create adverse tax and/or economic consequences to the Unitholder depending on the timing thereof. No person will have any obligation to reimburse any portion of an investor's losses upon termination of the Target Fund, compulsory redemption or otherwise.

Valuation risks

Valuation of a Target Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the net asset value of a Target Fund may be adversely affected.

Government or central banks' intervention risks

Changes in regulation or government policy leading to intervention in the currency and interest rate markets (e.g. restrictions on capital movements or changes to the way in which a national currency is supported such as currency de-pegging) may adversely affect some financial instruments and the performance of the Target Fund.

Early termination risk

The Trust or the Target Fund may be liquidated on the occurrence of certain events as set out in the section headed "Termination of the Fund (or a Sub-Fund or Class thereof)" in the Target Fund EM.

In the event of the early termination of the Target Fund, the Target Fund would have to distribute to the unitholders their pro rata interest in the assets of the Target Fund. It is possible that at the time of such sale or distribution, certain investments held by the Target Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the unitholders. Moreover, any organizational expenses with regard to the units that had not yet become fully amortised would be debited against the Target Fund's capital at that time.

Tax Risks

Investors should note that (i) the proceeds from the sale of securities in some markets or the receipt of any dividends or other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market including taxation levied by withholding at source and/or (ii) a Target Fund's investments may be subject to specific taxes or charges imposed by authorities in some markets.

Investors should refer to the tax disclosures in the section headed "Taxation" of the Target Fund EM for further details including details on tax provisions.

Distribution/payout out of capital risks

Under the Trust Deed, distributions/payouts of a Target Fund may be paid from capital (including capital gains) of the Target Fund. The Target Fund Manager may in its discretion distribute / make payouts from capital if the income generated from a Target Fund's investments attributable to the relevant Class of Units during the relevant period is insufficient to pay distributions/payouts as declared. The Target Fund Manager may also at its discretion pay dividend/payout out of gross income while charging/paying all or part of a Target Fund's fees and expenses to/out of the capital of the Target Fund (resulting in an increase in distributable income for the payment of dividends/payout by the Target Fund), and thereby effectively pay distributions/payout out of capital of the Target Fund.

In addition, for certain Currency Hedged Unit Classes, the dividend distribution amount and the net asset value may be adversely affected by differences in the interest rates of the Class Currency of the Currency Hedged Unit Classes and the Target Fund's Base Currency. Also, for certain Currency Hedged Unit Classes, differences in interest rates may result in an increase in the amount of dividend distribution paid out of capital and hence a greater erosion of capital than other non-hedged Classes.

Investors should note that the payment of distributions/payouts out of capital or effectively out of capital represents a return or withdrawal of part of the amount they originally invested or from any capital gains attributable to the original investment.

Any distributions/payouts involving payment out of a Target Fund's capital or effectively out of a Target Fund's capital will result in an immediate reduction in the net asset value per Unit (or adjusted net asset value per Unit) of the relevant Class (and hence the Issue Price/Redemption Price of the relevant Class).

Hedging risks

Hedging a risk typically attempts to preclude a Target Fund or Class from both benefitting and suffering from any return associated with the hedged risk (e.g. currency risk between non-Base Currency assets and the Base Currency). If there is positive return associated with a hedged risk then a Target Fund's performance will fare relatively poorer than if it had not hedged the risk. Conversely, if there is negative return associated with a hedged risk then a Target Fund's performance will fare relatively better than if it had not hedged the risk.

There is no guarantee that the desired hedging instruments will be available or hedging techniques will achieve their desired result. In adverse situations, a Target Fund's hedging technique may become ineffective and a Target Fund may suffer significant losses.

Furthermore, the return of a hedge will be impacted by various factors including transaction costs and, for currency hedging, interest rate differentials between the currency being hedged and the currency it is being hedged into. These impacts may be significant depending on prevailing market conditions and they will be reflected in the net asset values of the Target Fund and Classes. This may adversely affect the returns of investors in such Target Fund and Classes.

Hedging may involve the use of derivatives (e.g. forward contracts). Please refer to the “Derivatives risks” section for the associated risks.

Investing in Underlying Funds risks

The Target Fund may invest in shares or units in Underlying Funds, including RQFII Underlying Funds and securities investment funds in Mainland China which are authorised by the CSRC for investment by the retail public in Mainland China, to obtain exposure to underlying assets, such as equity and bonds. Investors should note that such investment may involve another layer of fees charged at the Underlying Fund level. This is because, in addition to the expenses and charges payable by a Target Fund as disclosed in the Target Fund EM, a Target Fund will bear indirectly the fees charged by the managers and other service providers of the Underlying Funds, or will incur charges in subscribing for or redeeming shares in the Underlying Funds. Please refer to the section headed “Charges and expenses” of the Target Fund EM for further details.

The Target Fund Manager will consider various factors in selecting the Underlying Funds, for example, the investment objective and strategy, level of fees and charges, the redemption frequency and liquidity of such funds. However, a Target Fund does not have control of the investments of the Underlying Funds and there is no assurance that the investment objective or strategy of an underlying fund will be successfully achieved.

Where Underlying Funds are not able to meet redemption requests of a Target Fund, a Target Fund will be subject to liquidity risks, and may suffer losses as a result of delays in receiving redemption proceeds.

Underlying Funds may include those managed by the Target Fund Manager, the Target Fund Investment Adviser, the sub-investment adviser or other entities of the HSBC Group. Where potential conflicts of interest arise, the Target Fund Manager will endeavour to ensure that such conflicts are resolved fairly. Please refer to the section headed “Conflicts of interest” of the Target IM for further details.

Cross-class liability risks

Multiple Classes of Units may be issued in relation to a Target Fund of the Trust, with particular assets and liabilities of a Target Fund attributable to particular Classes. For instance, Target Fund offering Currency Hedged Unit Classes will have assets and liabilities related to the hedge which are attributable to the relevant Currency Hedged Unit Classes. Moreover, these assets and liabilities may be denominated in various currencies, introducing currency risk (including RMB currency risk for which the “RMB currency risk” section and “Currency conversion risks for RMB denominated Classes” section should be considered).

Where the liabilities of a particular Class exceed the assets pertaining to that Class, creditors pertaining to one Class may have recourse to the assets attributable to other Classes. Although for the purposes of internal accounting, a separate account will be established for each Class, in the event of an insolvency or termination of a Target Fund (i.e., when the assets of a Target Fund are insufficient to meet its liabilities), all assets will be used to meet a Target Fund’s liabilities, not just the amount standing to the credit of any individual Class. However, the assets of a Target Fund may not be used to satisfy the liabilities of another fund.

Prohibited securities risks

In accordance with the HSBC Group policy, the Trust will not invest in the securities of companies that are involved directly and indirectly in the use, development, manufacturing, stockpiling, transfer or trade of cluster munitions and/or anti-personnel mines. As this policy aims to prohibit investment in certain types of securities, investors should be aware that this reduces the investment universe and prevents a Target Fund from benefitting from any potential returns from these companies.

Custody risks

Assets of the Target Fund is safe kept by the custodian (which may be the trustee or a correspondent thereof) and unitholders are exposed to the risk of the custodian not being able to fully meet its obligation to reconstitute in a short time frame all of the assets of the Trust in the case of bankruptcy of the custodian. The assets of a Target Fund will be identified in the custodian’s books as belonging to the Target Fund. Securities held by the custodian will be segregated from other assets of the custodian which mitigates the risk of non-restitution in case of bankruptcy. However, no such segregation applies to cash deposited with a bank which increases the risk of non-restitution in case of bankruptcy.

Further, the custodian may (with the prior consent in writing of the trustee) appoint local correspondents for the purpose of safekeeping assets in relevant local markets. Unitholders are exposed to the risk of the local correspondents not being able to fully meet their obligation to reconstitute in a short time frame all of the assets of a Target Fund in the case of bankruptcy of the local correspondent. In extreme circumstances, as the retroactive application of legislation and fraud or improper registration of title, a Target Fund may even be unable to recover all of its assets and the trustee and the custodian may not be liable to make good any such loss (further details on the liability of the trustee and its correspondents is set out in the sub-section headed “Trustee and Registrar” of the “Manager, Trustee and related service providers” section of the Target Fund EM). This risk may be greater where a Target Fund invests in markets where custody and settlement systems and controls are not fully developed.

Equity risk

Investment in equity securities is subject to market risk and the prices of such securities may be volatile. Factors affecting the stock values are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, regional or global economic instability, currency and interest rate fluctuations. Prices of equity securities are also affected by the business, performance and activities of individual companies as well as general market and economic conditions. If the market value of equity securities in which a Target Fund invests in goes down, the net asset value of a Target Fund may be adversely affected, and investors may suffer substantial losses. Investors may not get back the amount they initially invested in a Target Fund.

Risks of investing in small-cap/mid-cap companies

The Target Fund may not have a capitalisation requirement on stock investment and may invest in stocks issued by small cap and/or mid-cap companies. These stocks are more abrupt or erratic in price movements and their sensitivity to market changes is higher than stocks of larger companies. They may be subject to a lower liquidity and cannot be sold readily. Further, even relatively small orders for purchase or sale of illiquid these securities can lead to significant price volatility. There is the risk that the stocks cannot be sold or can only be sold at a significant discount to the purchase price. This may result in investment losses to a Target Fund.

Fixed income risks

Debt securities risks

The principal factors that may affect the value of a Target Fund's securities holdings include:

- (i) changes in interest rates,
- (ii) the credit worthiness of the issuers of securities,
- (iii) unanticipated prepayment, and
- (iv) the decline of bond prices in general in the relevant bond market.

Credit ratings risks and credit rating agency risks

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. The credit ratings assigned by credit rating agencies are a generally accepted barometer of credit risk of a fixed income security. They are, however, subject to certain limitations. For example, the rating of an issuer is heavily weighted by past developments and does not necessarily reflect probable future conditions. There is often a time lag in updating the credit ratings in response to recent credit events.

In addition, the Target Fund may invest in securities the credit ratings of which are assigned by Mainland Chinese local credit rating agencies. However, the rating criteria and methodology used by such agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies. Investors should be cautious when they refer to ratings assigned by Mainland Chinese local credit agencies, noting the differences in rating criteria mentioned above. If assessments based on credit ratings do not reflect the credit quality of and the risks inherent in a security, investors may suffer losses, possibly greater than originally envisaged.

Downgrading risks

Debt securities may be subject to the risk of being downgraded (i.e. lowering of credit ratings assigned to the securities). In the event of downgrading in the credit ratings of a security or an issuer relating to a security, a Target Fund's investment value in such security may be adversely affected. The Target Fund Manager may or may not be able to dispose of the securities that are being downgraded. The risks disclosed in the foregoing paragraph in relation to low rated debt securities will generally apply.

Credit risks

Investment in fixed income securities is subject to the credit and default risk of the issuers which may be unable or unwilling to make timely payments on principal and/or interest. Generally, a fixed income security that is lower rated or unrated will be subject to higher credit and default risk of the issuer than a higher rated fixed income security.

In the event that any issuer of such securities defaults, becomes insolvent or experiences financial or economic difficulties, the value of the securities will be adversely affected. The Target Fund may suffer losses in its investment in such securities. There is no certainty in the credit worthiness of issuers of debt securities. Unstable market conditions may mean there are increased instances of default amongst issuers. In case of default, the Target Fund may also encounter difficulties or delays in enforcing its rights against the issuers of securities as such issuers may be incorporated outside Hong Kong and subject to foreign laws.

The fixed income securities that the Target Fund invests in may be offered on an unsecured basis without collateral. In such circumstances, the Target Fund will rank equally with other unsecured creditors of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds obtained from the liquidation of the issuer's assets will be paid to holders of the fixed income securities only after all secured claims have been satisfied in full. The Target Fund is therefore fully exposed to the credit/insolvency risk of issuers as an unsecured creditor.

Below investment grade or unrated securities risks

The Target Fund may invest in securities which are rated below investment grade (in case of internationally recognised credit rating agencies) or rated BB+ or below (in case of Mainland China local credit rating agencies) or are unrated. Such securities are considered to have a higher risk exposure than securities which have a higher credit rating with respect to payment of interest and the return of principal, and may also have a higher chance of default. Low rated or unrated debt securities generally offer a higher current yield than higher grade issues. However, low rated or unrated debt securities involve higher risks and are more sensitive to adverse changes in general economic conditions and in the industries in which the issuers are engaged, as well as to

changes in the financial condition of the issuers and changes in interest rates. Valuation of these securities is more difficult and thus a Target Fund's price may be more volatile. Additionally, the market for below investment grade (in case of internationally recognised credit rating agencies) or BB+ or below (in case of Mainland China local credit rating agencies) or unrated debt securities generally is less active than that for higher quality securities and a Target Fund's ability to liquidate its holdings in response to changes in the economy or the financial markets may be further limited by such factors as adverse publicity and investor perceptions.

Volatility and liquidity risks

The debt instruments in which a Target Fund invests may not be listed on a stock exchange or a securities market where trading is conducted on a regular basis. The debt securities in emerging markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. Even if the debt securities are listed, the market for such securities may be inactive and the trading volume may be low. In the absence of an active secondary market, the Target Fund may need to hold the debt securities until their maturity date. If sizeable redemption requests are received, the Target Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Target Fund may suffer losses in trading such securities. The price at which the debt securities are traded may be higher or lower than the initial purchase price due to many factors including the prevailing interest rates.

Further, the bid and offer spreads of the price of debt instruments in which the Target Fund invests may be high, and the Target Fund may therefore incur significant trading costs and may even suffer losses when selling such investments.

Interest rate risks

Changes in market interest rates will affect the value of securities held by the Target Fund. Generally, the prices of debt instruments rise when interest rates fall, and vice versa. Long-term securities are generally more sensitive to changes in interest rates and, therefore, are subject to a greater degree of market price volatility. To the extent that a Target Fund holds long-term fixed income securities, its net asset value will be subject to a greater degree of fluctuation than if it held fixed income securities of a shorter duration. Fluctuations in interest rates may cause the Target Fund to suffer a loss in its investments if it disposes of such fixed income securities before their maturity.

Derivatives risks

Subject to the Target Fund's investment objective, policy and strategy, the Target Fund may use derivatives for hedging and/or investment purposes and such instruments may include futures, forwards (including non-delivery forwards), and swaps (including total return swaps and inflation swaps) as well as other financial derivative instruments.

Due to the inherent nature of financial derivative instruments, the Target Fund that uses financial derivative instruments as part of its investment strategy may involve risks different from, or possibly greater than, the risks associated with a fund that does not make use of financial derivatives. Specifically financial derivative instruments are subject to counterparty/credit risk, liquidity risk, valuation risk, volatility risk and OTC markets risk. Further, a financial derivative may include an element of leverage meaning that a small movement in the price of the underlying security, index, interest rate or currency may result in a substantial movement in the price of the financial derivative instrument. This may result in losses being magnified and losses may exceed the amount invested in the financial derivative instrument resulting in a significant loss to the Target Fund.

Concentration risks

The Target Fund's investments may be concentrated in specific industry sectors, instruments, geographical location, etc. The value of the Target Fund may be more volatile than that of a sub-fund having a more diverse portfolio of investments.

For the Target Fund with geographical concentration, the value of the Target Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the specific geographical market.

Emerging and less developed markets securities risks

Emerging or developing markets may have relatively unstable governments, economies based on a less diversified industrial base and securities markets that trade a smaller number of securities. Companies in emerging markets may generally be smaller, less experienced and more recently organized than many companies in more developed markets. Prices of securities traded in the securities markets of emerging or developing countries/regions tend to be volatile. Furthermore, foreign investors are often subject to restrictions in emerging or developing markets. These restrictions may require, among other things, governmental approval prior to making investments or repatriating income or capital, or may impose limits on the amount or type of securities held by foreigners or on the companies in which the foreigners may invest.

The economies of individual emerging markets may differ favourably or unfavourably from developed economies in such respects as growth of gross domestic product, rates of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payment position and may be based on a substantially less diversified industrial base. Further, the economies of developing markets generally are heavily dependent upon international trade and, accordingly, have been, and may continue to be, adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries/regions with which they trade. These economies also have been, and may continue to be, adversely affected by economic conditions in the countries/regions with which they trade.

Risks of emerging market securities may include: greater social, economic and political uncertainty and instability; greater settlement and custody risks; more substantial governmental involvement in the economy; less governmental supervision and regulation; unavailability of currency hedging techniques; companies that are newly organized and small; differences in auditing and financial reporting standards, which may result in unavailability of material information about issuers; and less developed legal systems. In addition, taxation of interest and dividend and capital gains received by non-residents varies among emerging

and less developed markets and, in some cases may be comparatively high. There may also be less well-defined tax laws and procedures and such laws may permit retroactive taxation so that the Target Fund could in the future become subject to local tax liabilities that had not been anticipated in conducting investment activities or valuing assets.

Mainland China market risks

Investing in the Mainland China market is subject to the risks of investing in emerging markets generally and the risks specific to the Mainland China market.

Since 1978, the Mainland Chinese government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Mainland Chinese economy, moving from the previous planned economy system. However, many of the economic measures are experimental or unprecedented and may be subject to adjustment and modification. Any significant change in Mainland China's political, social or economic policies may have a negative impact on investments in the Mainland China market.

The Mainland Chinese government's macro-economic policies and controls will have significant influence over the capital markets in Mainland China. Changes in fiscal policies, such as interest rates policies, may have an adverse impact on the pricing of debt instruments, and thus the return of the Target Fund.

The regulatory and legal framework for capital markets and joint stock companies in Mainland China may not be as well developed as those of developed countries/regions. The Mainland Chinese government's macro-economic policies and controls will have significant influence over the capital markets in Mainland China. The Target Fund may be subject to the risks associated with changes in fiscal policies, Mainland China laws and regulations (including tax laws) and such changes may have retrospective effect and may adversely affect the Target Fund.

Mainland Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Mainland Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency.

The Mainland Chinese government's control of currency conversion and movements in the RMB exchange rates may adversely affect the operations and financial results of companies in Mainland China.

Mainland China tax risks

Various tax reform policies have been implemented by the Mainland Chinese government in recent years, and existing tax laws and regulations may be revised or amended in the future (including abolishing, revising or amending tax exemptions currently offered to foreign institutional investors). There is a possibility that the current tax laws, regulations and practice in Mainland China will be changed with retrospective effect in the future and any such change may have an adverse effect on the net asset value of the Target Fund.

Please refer to "Mainland China" under the section of "Taxes on the Fund/Sub-Funds" of the Target Fund EM for details of the current tax laws, regulations and practices relating to the securities that the Target Fund may invest in. In view of the details set out in the aforementioned section, the Target Fund Manager, after taking professional tax advice, has decided to make provision for tax as follows:

- the Target Fund will make a CIT provision of 10% on interest from its investments in debt securities issued by Mainland China tax resident enterprises, if it was not withheld at source nor borne by the bond issuers (except (i) interests from investments in Mainland China onshore bonds received during the Tax Exempt Period (as defined in "Mainland China" under the section of "Taxes on the Fund/Sub-Funds" of the Target Fund EM) and (ii) interest from Mainland China government bonds and local government bonds);
- the Target Fund will not withhold any amount of realised or unrealised capital gains derived from the disposal of or investment in Mainland China debt securities;
- the Target Fund will not withhold any amount for interest derived from Bank Deposits in Mainland China as CIT provision because CIT is withheld at source;
- the Target Fund will not withhold (or will not request the CAAP issuers to withhold) any amount of realised or unrealised gains on its investments in CAAPs as tax provisions;
- the Target Fund will not withhold any amount of realised or unrealised gains on its investments in China A-shares through the Stock Connect as tax provisions; and
- the Target Fund will make a VAT provision at 6.34%* on interest from its investment in the relevant bonds provided that such VAT is not borne by the bond issuers (except (i) interests from investments in Mainland China onshore bonds received during the Tax Exempt Period and (ii) interest from Mainland China government bonds and local government interest from Mainland China government bonds and local government bonds).

*Note: For tax provision purposes, the interest income derived from the relevant bond is deemed to be inclusive of VAT unless the bond issuer bears such VAT. The effective rate of VAT and local surcharges of 6.34% is calculated according to Article 20 under Chapter 3 of the Circular 36 and taking into account the national local surcharge rate of 12%. Additional or less surcharges may be payable in certain locations.

Investors should also be aware that changes in Mainland China taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the Target Fund. Laws governing taxation will continue to change and may contain conflicts and ambiguities which may impact the value of a Target Fund.

RMB currency risks

Starting from 2005, the exchange rate of the RMB is no longer pegged to the US dollar. The RMB has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the RMB against other major currencies in the inter-bank foreign exchange market is allowed to float within a narrow band around the central parity published by the People's Bank of China.

As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including US dollars and HKD, are susceptible to movements based on external factors. It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and restrictions of the Mainland Chinese government. Trading in the RMB may be subject to possible delay in the settlement process. Further, future changes to foreign exchange control policies and restrictions of the Mainland Chinese government may adversely affect the operations and financial results of the companies invested in by the Target Fund, and the abilities of such companies to make payment of dividends declared in respect of China B-shares and China H-shares (as well as other equities issued by a Mainland Chinese company in a region other than Mainland China).

The possibility that the appreciation of RMB will be accelerated cannot be excluded. On the other hand, there can be no assurance that the RMB will not be subject to devaluation. The Target Fund's Base Currency may not be the RMB, but the Target Fund may invest in RMB denominated investments. Any devaluation of the RMB could adversely affect the value of investors' investments in the Target Fund (as measured in terms of the Target Fund's Base Currency).

China A-shares and B-shares risks

Insofar as a Target Fund obtains exposure to China A-shares or China B-shares, it will be subject to the following risks:

- The existence of a liquid trading market for China A-shares or China B-shares may depend on whether there is supply of, and demand for, such China A-shares or China B-shares. The price at which securities may be purchased or sold by the Target Fund and the net asset value of the Target Fund may be adversely affected if the trading market for China A-shares or China B-shares are limited or absent. The China A-share and China B-share market may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention). Market volatility and settlement difficulties in the China A-share and China B-share market may also result in significant fluctuations in the prices of the securities traded on such market and thereby may affect the value of the Target Fund.
- Securities exchanges in Mainland China typically have the right to suspend or limit trading in any security traded on the relevant exchange. In particular, trading band limits are imposed by the stock exchanges in Mainland China on China A-shares and China B-shares, where trading in any China A-share or China B-share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. A suspension may render it impossible for the Target Fund Manager to liquidate positions and can thereby expose a Target Fund to significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the Target Fund Manager to liquidate positions at a favourable price.

China A-shares access products risks

The Target Fund may obtain exposure to China A-shares through investment in China A-shares access products ("CAAPs"), including equity linked notes and other similar equity linked securities and instruments. CAAPs are derivative instruments which are linked to China A-shares, and are intended to provide an economic performance that is equivalent to holding the underlying China A-shares.

Seeking exposure through CAAPs could lead to additional costs of investments. For example, investment in CAAPs is subject to the fees, charges and costs of issuers. As the availability of CAAPs is limited by applicable Mainland China regulations, the cost of investing in such products is subject to market supply and demand forces. Where the market supply is low relative to market demand, acquiring further CAAPs may involve a higher cost or a premium, which may adversely affect the Target Fund's overall performance.

CAAPs may not be listed and are subject to the terms and conditions imposed by their issuer. These terms may lead to delays in implementing the Manager's investment strategy due to restrictions on the issuer acquiring or disposing of the securities underlying the CAAPs. Investment in CAAPs can be illiquid as there is no active market in CAAPs. In order to meet realisation requests, The Target Fund relies upon the counterparty issuing the CAAPs to quote a price to unwind any part of the CAAPs. This price will reflect the market liquidity conditions and the size of the transaction.

By seeking exposure to investments in China A-shares through CAAPs, the Target Fund is taking on the credit risk of the issuer of the CAAPs. There is a risk that the issuer will not settle a transaction due to a credit or liquidity problem, or will otherwise default in its obligations under the CAAPs, thus causing the Target Fund to suffer a loss. In addition, in the case of a default, the Target Fund could become subject to adverse market movements while the Target Fund enters into a replacement transaction with a new counterparty.

An investment in a CAAP entitles the holder to certain cash payments calculated by reference to the China A-shares to which the CAAP is linked. It is not an investment directly in the China A-shares themselves. An investment in the CAAP does not entitle

the holder of the CAAP to the beneficial interest in the China A-shares nor to make any claim against the company issuing the China A-shares.

Investment through CAAPs may lead to a dilution of performance of the Target Fund when compared to a fund investing directly in similar assets. In addition, when a Target Fund intends to invest in a particular China A-share through CAAPs, there is no guarantee that subsequent application monies for Units in a Target Fund can be immediately invested in such China A-share through CAAPs. This may impact on the performance of a Target Fund.

An issuer of a CAAP may deduct various charges, expenses or potential liabilities from the prices of the CAAP including but not limited to any actual or potential Mainland China tax liabilities (if any) determined by the CAAP issuer at its discretion and such deduction may not be refundable.

As at the date hereof, it is likely that the Target Fund will invest in the China A-shares market through CAAPs issued by institutions which have obtained the status as a QFII in Mainland China; and certain restrictions imposed by the Mainland Chinese government on QFIIs may have an adverse effect on the Target Fund's liquidity and performance. QFIIs are subject to restrictions on the maximum stake which can be held in any one listed company. The Target Fund will generally invest in CAAPs that are realisable on each Dealing Day under normal market conditions, subject to the credit risk of the counterparty. If the CAAPs cannot be realised on each Dealing Day, the Target Fund may be subject to additional liquidity risks.

Fluctuation in the exchange rate between the denomination currency of the underlying shares and the CAAPs will affect the value of the CAAPs, the redemption amount and the distribution amount on the CAAPs.

For the purpose of investment restriction monitoring, CAAPs will be treated as an equity investment in China A-shares instead of being classified as a derivative in determining the appropriate limits.

Stock Connect risks

The Shanghai-Hong Kong Stock Connect programme and the Shenzhen-Hong Kong Stock Connect programme (collectively, the "Stock Connect") are recently announced and are novel in nature. The Stock Connect enables Hong Kong and overseas investors to directly access eligible China A-shares through Hong Kong brokers. It is subject to regulations promulgated by regulatory authorities and implementation rules (e.g. trading rules) made by the stock exchanges in Mainland China and Hong Kong. The Stock Connect is subject to quota limitations.

New regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied, and their application may have retrospective effects. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. The Target Fund, which may invest in Mainland China markets through the Stock Connect, may be adversely affected as a result of such changes.

Risks associated with the Small and Medium Enterprise Board and/or ChiNext Board

The Target Fund may have exposure to stocks listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange ("SZSE") (the "SME Board") and/or ChiNext Board of the SZSE (the "ChiNext Board").

Higher fluctuation on stock prices - Listed companies on the SME Board and/or ChiNext Board are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the Main Board of the SZSE ("Main Board").

Over-valuation risk - Stocks listed on SME Board and/or ChiNext Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

Differences in regulation - The rules and regulations regarding companies listed on ChiNext Board are less stringent in terms of profitability and share capital than those in the Main Board and SME Board.

Delisting risk - It may be more common and faster for companies listed on the SME Board and/or ChiNext Board to delist. This may have an adverse impact on the Target Fund if the companies that it invests in are delisted.

Investments in the SME Board and/or ChiNext Board may result in significant losses for the Target Fund and its investors.

RQFII Underlying Funds risks

The Target Fund may invest in Mainland China domestic securities market through RQFII Underlying Funds, which may be subject to the following risks:

- **Risks relating to onshore Mainland China markets**
RQFII Underlying Funds primarily invest in onshore Mainland China securities markets and will be subject to risks inherent in such markets, including the debt and equity markets. Further, Mainland China securities are denominated in RMB, and the RQFII Underlying Funds' returns will be subject to fluctuations of the RMB currency. Please refer to the risk factor "RMB currency risk" above.

- *Risks relating to the RQFII regime*

Investment through the RQFII regime is subject to the availability of RQFII quota. There is no assurance that sufficient quota will be available for investment by a RQFII Underlying Fund. Therefore the Target Fund's ability to obtain exposure to Mainland China domestic securities through RQFII Underlying Funds is subject to limitations of RQFII quota for the relevant RQFII Underlying Funds.

Repatriations of capital out of Mainland China by RQFII Underlying Funds that are open-ended funds are currently not subject to repatriation restrictions or prior approval, but there is no guarantee that restrictions will not be imposed in future. Any restrictions on repatriation of the invested capital out of Mainland China may impact on a RQFII Underlying Fund's ability to meet redemption requests from the Target Fund. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the control of the Target Fund Manager (or the manager of a RQFII Underlying Fund). Therefore, the Target Fund may be subject to liquidity risk insofar as it invests in RQFII Underlying Funds.

For RQFII rules, their application may depend on the interpretation given by the relevant Mainland Chinese regulatory authorities. Any changes to the relevant rules may have an adverse impact on investments made by the RQFII Underlying Funds and hence the Target Fund's performance. The current RQFII rules and regulations are subject to change, which may take retrospective effect. In the worst case, the relevant RQFII Underlying Fund may be terminated if it is not legal or viable to operate because of changes to the application of the relevant rules. The Target Fund's holdings in the relevant RQFII Underlying Fund will be realised in case of such termination and the Target Fund may suffer losses.

- *Risks relating to RQFII Underlying Funds that are exchange traded funds ("RQFII ETFs")*

RQFII ETFs typically seek to track a particular China A-share market index by directly investing in the China A-shares constituting such market index using RQFII quota. As with other exchange traded funds, RQFII ETFs are subject to tracking error risks (i.e. the returns of a RQFII ETF may deviate from the performance of the index it is designed to track) due to a number of factors.

The Target Fund will trade units in RQFII ETFs on the Stock Exchange of Hong Kong (where trading prices are affected by market factors such as demand and supply). The trading days or hours of Mainland China and Hong Kong stock markets are not exactly the same and this may affect the RQFII ETFs' ability to track the market index. Further, any suspension due to a trading band limit in the Mainland China stock markets may render it impossible for the RQFII ETFs to acquire certain index security, increasing the tracking error. These factors may result in the RQFII ETFs' units being traded at a substantial premium or discount to their net asset value. The Target Fund may suffer a loss, depending on the relative prices at which the Target Fund trades the relevant RQFII ETF's units. For example, if the Target Fund acquires units of an RQFII ETF at a premium to the net asset value of such RQFII ETF, it may realise a loss when it later sells the same units at a lower premium or at a discount (even if the net asset value of the RQFII ETF remains unchanged).

RQFII ETFs involve cross-border transfer of funds. They may be riskier than traditional exchange traded funds investing directly in markets other than Mainland China. The operation of RQFII ETFs depends heavily on the expertise and infrastructure of the RQFII ETF's manager (or its Mainland China parent company). There is no assurance that the RQFII ETFs will be operated as envisaged and the Target Fund may sustain a loss in its investment in RQFII ETFs.

China Interbank Bond Market risks

The Target Fund may invest in bonds traded on the China Interbank Bond Market (the "CIBM") via the CIBM Initiative (as defined below) and/or the Bond Connect (as defined below) and/or other means as may be permitted by the relevant regulations from time to time.

Overview of the CIBM Initiative

Since February 2016, PBOC has permitted foreign institutional investors to invest in CIBM ("CIBM Initiative") subject to meeting any other rules and regulations as promulgated by Mainland China authorities, i.e., PBOC and SAFE. As at the date of the Target Fund EM, the rules and regulations the Target Fund must abide by include:

- Appointing an onshore settlement agent who will be responsible for making relevant filings and account opening with relevant authorities.
- Generally only repatriating cash out of Mainland China in a currency ratio approximately proportionate to the currency ratio of remitted cash into Mainland China.

There are currently no quota restrictions. Such rules and regulations may be amended e to time.

Overview of the Bond Connect

Since July 2017, mutual bond market access between Hong Kong and Mainland China ("Bond Connect") was established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS") and Hong Kong Exchanges and Clearing Limited (amongst others). Bond Connect is governed by rules and regulations as promulgated by Mainland China authorities. As at the date of the Target Fund EM, the rules and regulations that the Target Fund must abide by include:

- Appointing CFETS through Bond Connect Company Limited or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC.
- Transacting via an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit).

There are currently no quota restrictions. Such rules and regulations may be amended from time to time.

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fails to function properly, trading through Bond Connect may be disrupted. The Target Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where the Target Fund invests in the CIBM through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

Risks associated with investing in the CIBM

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. The Target Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Target Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that the Target Fund transacts in the CIBM, the Target Fund may also be exposed to risks associated with settlement procedures and default of counterparties. There are various transaction settlement methods in the CIBM, such as the delivery of security by the counterparty after receipt of payment by the Target Fund; payment by the Target Fund after delivery of security by the counterparty, or simultaneous delivery of security and payment by each party. Although the Target Fund Investment Adviser may endeavour to negotiate terms which are favourable to the Target Fund (e.g. requiring simultaneous delivery of security and payment), there is no assurance that settlement risks can be eliminated. The counterparty which has entered into a transaction with the Target Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

For investments via the CIBM Initiative, since trading is via an onshore settlement agent, the Target Fund is subject to counterparty risks of the onshore settlement agent.

For investments via either the CIBM Initiative or Bond Connect, since relevant filings, registration with PBOC and account opening has to be carried out by other third parties (e.g. settlement agent, offshore custody agent, registration agent, etc) then the Target Fund is subject to the risks of errors on their part. In addition, the CIBM is also subject to regulatory risks and the relevant rules and regulations on investment in the CIBM is subject to change which may have potential retrospective effect.

In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the CIBM, the Target Fund's ability to invest in the CIBM will be limited and, after exhausting other trading alternatives, the Target Fund may suffer substantial losses as a result.

Convertible bonds risks

Convertible bonds are a hybrid between debt and equity which give an investor an option to exchange the bond for a pre-determined number of shares at a given price and a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments.

Convertible bonds are subject to risks which typically apply to bonds including interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments. The value of convertible bonds tends to decline as interest rates increase and increase as interest rates decline. If the credit quality of the convertible bonds deteriorates or the issuer of the convertible bonds defaults, the performance of the Target Fund will be adversely affected. On the other hand, the prices of convertible bonds will be affected by the changes in the price of the underlying equity securities which, in turn, may have an unfavourable impact on the net asset value of the Target Fund.

Urban Investment Bonds risks

The Target Fund may invest in bonds issued by Mainland China local government financing vehicles (LGFVs), i.e. also known as "**Urban Investment Bonds**". This may subject the Target Fund to additional risks.

In view of limitations on directly raising funds, local governments in Mainland China have set up numerous entities known as "Local Government Financing Vehicles" (LGFVs) to borrow and fund local development, public welfare investment and infrastructure projects. LGFV bonds have grown rapidly in size in recent years and have become a significant bond sector in Mainland China.

Many LGFVs invest in urban development projects which involve substantial initial investment through high financial leverage and this causes cash flow mismatch for the LGFVs. In such cases LGFVs may not be able to service debts solely through their own operating revenue, and local governments may need to offer financial subsidies to the LGFVs to ensure on-going debt-servicing. However, a LGFV may not be able to get adequate subsidies from its local government (for example in regions of low local revenue and heavy debt burden) and its local government is not obligated to subsidise the LGFV. In some cases LGFVs will take on further borrowing to pay existing debts and this can result in liquidity risks if re-financing costs increase.

Worsening financial conditions may lead to credit rating downgrade. Recent cases of downgrading have led to investor concerns that the financial conditions of some LGFVs may be deteriorating. Downgrading in turn leads to higher financing costs for the LGFVs, making it more difficult for the LGFVs to sustain their debts.

Local governments may be seen to be closely connected to Urban Investment Bonds, as they are shareholders of the LGFVs issuing such bonds. However, Urban Investment Bonds are typically not guaranteed by the relevant local governments or the central government of Mainland China. As such, local governments or the central government of Mainland China are not obligated to support any LGFVs in default. The LGFVs' ability to repay debts depends on the financial condition of the LGFVs, and the extent to which the relevant local governments are prepared to support such LGFVs. However, slower revenue growth at some local governments may constrain their capacity to provide support, while regulatory constraints may also limit local governments' ability to inject land reserves into LGFVs. Further, local governments have taken on debt in various other forms, and recent analyses show that increased financing activities have posed a risk to local government finances.

Although in some cases collateral such as land is provided, in case of default of a LGFV, it may be difficult for bond holders (such as the Target Fund) to enforce its right to the collateral. In most cases, collateral is not provided, and the bond holders will be fully exposed to the credit/insolvency risk of LGFVs as an unsecured creditor. In the event that the LGFVs default on payment of principal or interest of the Urban Investment Bonds, the Target Fund could suffer substantial loss and the net asset value of the Target Fund could be adversely affected.

Though most LGFVs disclose basic financial information regularly (e.g. through audited annual report and credit rating report), timely disclosure of other relevant information, such as material asset allocation and capital injection, is still uncertain. Imperfect disclosure of financial information could lead to biased investment judgment, adding to the risks for investment in LGFV securities.

Bonds issued by LGFVs normally have lower liquidity than other government issued fixed income instruments (such as Central Bank Notes / Bills and Treasury Bonds), and a Target Fund's investment in bonds issued by LGFVs is subject to liquidity risk as disclosed in the paragraphs under "Liquidity Risk" in this section.

LGFVs take on loans in a substantial amount from Mainland Chinese banks, and the total outstanding loans have risen rapidly in recent years. This has led the China Banking Regulatory Commission to require banks to limit their holdings of bonds sold by LGFVs. If LGFVs default on their repayment obligations, this may in turn pose a risk to the stability of the banking system in Mainland China.

It was announced that the National Audit Office would start a nationwide assessment of government liabilities in order to address concerns about rising debts from local development projects. However, there is no assurance that the extent of local government debts can be comprehensively and accurately assessed.

Risks associated with investments in debt instruments with loss-absorption features

The Target Fund may invest in instruments with loss-absorption features which are subject to greater risks when compared to traditional debt instruments as such instruments typically include terms and conditions which may result in them being partly or wholly written off, written down, or converted to ordinary shares of the issuer upon the occurrence of a pre-defined trigger event (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level).

Such trigger events are likely to be outside of the issuer's control and commonly include a reduction in the issuer's capital ratio below a specified level or upon specific government or regulatory action being taken as a result of the issuer's ongoing financial viability. Trigger events are complex and difficult to predict and can result in a significant or total reduction in the value of such instruments, giving rise to consequential loss of the Target Fund. In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

For example, the Target Fund may invest in contingent convertible securities, which are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. Upon the occurrence of a predetermined event (known as a trigger event), contingent convertible securities can be converted into shares of the issuing company, potentially at a discounted price, or the principal amount invested may be lost on a permanent or temporary basis. Contingent convertible securities are risky and highly complex instruments. Coupon payments on contingent convertible securities are discretionary and may at times also be ceased or deferred by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level, or the share price of the issuer falling to a particular level for a certain period of time.

Contingent convertible securities are also subject to additional risks specific to their structure including:

i. Trigger level risk

Trigger levels differ and determine exposure to conversion risk. It might be difficult for the Target Fund Investment Adviser of the Target Fund invested in contingent convertible securities to anticipate the trigger events that would require the debt to convert into equity or the write down to zero of principal investment and/or accrued interest. Trigger events may include: (i) a reduction in the issuing bank's Core Tier 1/Common Equity Tier 1 (CT1/CET1) ratio or other ratios, (ii) a regulatory authority, at any time, making a subjective determination that an institution is "non-viable", i.e. a determination that the issuing bank requires public sector support in order to prevent the issuer from becoming insolvent, bankrupt or otherwise carry on its business and requiring or causing the conversion of the contingent convertible securities into equity or write down, in circumstances that are beyond the control of the issuer or (iii) a national authority deciding to inject capital.

ii. Coupon Cancellation risk

Coupon payments on some contingent convertible securities are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The discretionary cancellation of payments is not an event of default and there are no possibilities to require re-instatement of coupon payments or payment of any passed missed payments. Coupon payments may also be subject to approval by the issuer's regulator and may be suspended in the event there are insufficient distributable reserves. As a result of uncertainty surrounding coupon payments, contingent convertible securities may be volatile and their price may decline rapidly in the event that coupon payments are suspended.

iii. Capital structure inversion risk

Contrary to the classic capital hierarchy, investors in contingent convertible securities may suffer a loss of capital when equity holders do not, for example when the loss absorption mechanism of a high trigger/write down of a contingent convertible security is activated. This is contrary to the normal order of the capital structure where equity holders are expected to suffer the first loss.

iv. Call extension risk

Some contingent convertible securities are issued as perpetual instruments and only callable at pre-determined levels upon approval of the competent regulatory authority. It cannot be assumed that these perpetual contingent convertible securities will be called on a call date. Contingent convertible securities are a form of permanent capital. The investor may not receive return of principal as expected on call date or indeed at any date.

v. Conversion risk

Trigger levels differ between specific contingent convertible securities and determine exposure to conversion risk. It might be difficult at times for the Target Fund Investment Adviser of the Target Fund to assess how the contingent convertible securities will behave upon conversion. In case of conversion into equity, the Investment Adviser might be forced to sell these new equity shares since the investment policy of the Target Fund may not allow the holding of equity securities. Given the trigger event is likely to be some event depressing the value of the issuer's common equity, this forced sale may result in the Target Fund experiencing some loss.

vi. Valuation and write-down risk

Contingent convertible securities often offer attractive yield which may be viewed as a complexity premium. The value of contingent convertible securities may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets. Therefore, the Target Fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.

vii. Market Value fluctuations due to unpredictable factors

The value of contingent convertible securities is unpredictable and will be influenced by many factors including, without limitation (i) creditworthiness of the issuer and/or fluctuations in such issuer's applicable capital ratios; (ii) supply and demand for the contingent convertible securities; (iii) general market conditions and available liquidity and (iv) economic, financial and political events that affect the issuer, its particular market or the financial markets in general.

viii. Liquidity risk

Contingent convertible securities are relatively new instruments and the outstanding amount and trading volume of contingent convertible securities tend to be small. In certain circumstances finding a buyer ready to invest in contingent convertible securities may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.

ix. Sector concentration risk

Contingent convertible securities are issued by banking and insurance institutions. The performance of the Target Fund which invests significantly in contingent convertible securities will depend to a greater extent on the overall condition of the financial services industry than for the Target Fund following a more diversified strategy.

x. Subordinated instruments

Contingent convertible securities will, in the majority of circumstances, be issued in the form of subordinated debt instruments in order to provide the appropriate regulatory capital treatment prior to a conversion. Accordingly, in the event of liquidation, dissolution or winding-up of an issuer prior to a conversion having occurred, the rights and claims of the holders of the contingent convertible securities, such as the Target Fund, against the issuer in respect of or arising under the terms of the contingent convertible securities shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer.

xi. Unknown risk

The structure of contingent convertible securities is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform.

Asset allocation strategy risks

The investments of the Target Fund may be periodically rebalanced and therefore the Target Fund may incur greater transaction costs than a fund employing a buy-and-hold allocation strategy.

Sovereign debt risks

The Target Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest

when due or may request the Target Fund to participate in restructuring such debts. The Target Fund may suffer significant losses when there is a default of sovereign debt issuers.

Collateralised and/or securitised products risks (such as asset-backed securities and mortgage-backed securities)

In general, asset-backed securities including asset-backed commercial papers (“ABS”) and mortgage-backed securities (“MBS”) are debt securities with interest and capital payments backed by a pool of financial assets such as mortgages and loans, with collateral backing often provided by physical assets such as residential or commercial property. Consequently, holders of ABS (such as the Target Fund) must rely solely on distributions on the underlying assets or proceeds thereof for payment.

Investment in ABS and MBS is subject to greater credit risk and interest rate risk compared to other debt securities due to, for example, a debtor’s or obligor’s default in paying the loan or other debt obligations constituting the underlying assets. If distributions on the underlying assets are insufficient to make payments on the ABS and MBS, no other assets will be available for payment of the deficiency and following realisation of the underlying assets, and the obligations of the issuer of the related security to pay such deficiency will be extinguished.

In addition, ABS and MBS are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

Underlying assets are usually illiquid and private in nature and are subject to risks including those relating to their liquidity and market value. Prices of ABS and MBS are volatile and will generally fluctuate due to a variety of factors that are difficult to predict, including but not limited to changes in interest rates, prevailing credit spreads, general economic conditions, and the financial condition of the debtors or obligors of the underlying assets. The Target Fund will be subject to fluctuations in its value insofar as investment is made in ABS and MBS.

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

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

2. TARGET FUND INFORMATION

2.1. ABOUT HSBC CHINA MULTI-ASSET INCOME FUND (“TARGET FUND”)

HSBC Collective Investment Trust (“Trust”) is an umbrella unit trust established under the laws of Hong Kong by a trust deed dated 27 February 2014. The Trust has been authorised by the Securities and Futures Commission in Hong Kong (the “SFC”). The Target Fund is a sub-fund of the Trust established on 21 November 2014.

The Target Fund Manager is HSBC Investment Funds (Hong Kong) Limited, a company incorporated in and under the laws of Hong Kong. The Target Fund Manager has delegated its investment management duties to HSBC Global Asset Management (Hong Kong) Limited (“Target Fund Investment Adviser”) to provide discretionary investment management services in respect of the Target Fund. The Target Fund Manager and the Target Fund Investment Adviser are members of the HSBC Group. The Target Fund Investment Adviser has appointed HSBC Jintrust Fund Management Company Limited (“Target Fund Research Adviser”) as the research adviser to provide advice to the Target Fund Investment Adviser in respect of investments of the Target Fund. The Target Fund Investment Adviser retains discretionary management functions at all times.

Investment Objective and Investment Strategies of the Target Fund

The Target Fund aims to provide income and moderate capital growth, through an active asset allocation in a diversified portfolio of a minimum of 70% of its NAV in fixed income and equity securities as well as money market and cash instruments that are related to China.

For the equity portion, the Target Fund seeks to invest in China A-Shares and B-Shares listed on stock exchanges in Mainland China, H-Shares listed on The Hong Kong Stock Exchange (“SEHK”) and other Mainland China-related shares or securities listed on the above exchanges as well as on other exchanges outside Mainland China, Hong Kong and Macau (“other Mainland China-related listed securities”). For other Mainland China related listed securities, the Target Fund will invest in securities of companies which carry out or possess a preponderant part of their business activities in or are related to Mainland China.

The Target Fund may directly invest up to 80% of its net asset value in China A-shares through the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect (collectively, the “Stock Connect”) and up to 30% of its NAV in China A-shares access products (CAAPs) including equity linked notes and other similar equity linked securities and instruments issued by institutions that have obtained the QFII status. The Target Fund’s exposure to China A-Shares (through the Stock Connect or CAAPs), B-Shares, H-Shares and other Mainland China-related listed securities will be at least 20% but not more than 80% of its NAV.

There are no capitalisation restrictions for stocks in which the Target Fund may invest, and the Target Fund will normally invest across a range of market capitalisation.

The Target Fund will also invest at least 20% but not more than 80% of its NAV in offshore Mainland China fixed income securities (including but not limited to bonds and notes) as well as money market instruments. The Target Fund currently may invest in instruments denominated and/or settled in RMB or other currencies including but not limited to USD / HKD, such as fixed income or debt instruments issued or guaranteed by the government or government agencies of Mainland China and companies which have their registered office in Mainland China or which carry out a preponderant part of their business activities in Mainland China, and RMB denominated and/or settled fixed income or debt instruments issued or guaranteed by other governments, government agencies and companies. These fixed income or debt instruments include, but are not limited to, corporate bonds, government bonds, commercial papers, medium term notes, floating rate notes, bankers acceptances, money market instruments, certificates of deposits, bank deposits and negotiated term deposits issued, distributed or dealt outside Mainland China. The Target Fund may also invest in convertible bonds issued, distributed or dealt outside Mainland China.

The Target Fund may also invest up to 80% of its net asset value in onshore Mainland China fixed income securities denominated in RMB, issued within Mainland China and traded on the China Interbank Bond Market (“CIBM”) through Bond Connect and/or other means as may be permitted by the relevant regulations from time to time. The Target Fund may invest up to 30% of its net asset value in urban investment bonds. Urban investment bonds are debt instruments issued by local government financing vehicles (“LGFVs”) and traded in the CIBM and the listed bond markets in Mainland China. These LGFVs are separate legal entities established by local governments and / or their affiliates to raise financing for local development, public welfare investment and infrastructure projects.

The Target Fund does not have explicit restrictions on the minimum credit ratings of securities it may hold. Investment grade fixed income securities are rated at least Baa3 by Moody’s or BBB- by Standard & Poor’s or equivalent by any other internationally recognised credit rating agency.

The aggregate investment in securities that are:-

1. rated below investment grade as defined above;
 2. rated BB+ or below (in the case where the credit rating is designated / assigned by a Mainland China local credit rating agency); or
 3. unrated (i.e. a bond for which neither the bond itself nor its issuer has a credit rating),
- is up to 50% of the Target Fund’s net asset value.

The Target Fund may invest in asset-backed securities (including asset-backed commercial papers) for up to 10% of its NAV.

The Target Fund may invest less than 30% of its net asset value in debt instruments with loss-absorption features (e.g. contingent convertible debt securities). The Target Fund may invest up to 10% of its net asset value in offshore contingent convertible securities; however such investment is not expected to exceed 5%.

The Target Fund may invest up to 100% of its net asset value in units or shares of other Mainland China related Underlying Funds authorised by the SFC (including other subfund(s) of the Fund), for example RQFII Underlying Funds authorised by the SFC, or eligible schemes (the list of “eligible schemes” is as specified by the SFC from time to time) whether authorised by the SFC or not, except that not more than 10% of its net assets may be invested in non-eligible schemes not authorised by the SFC. Investment in RQFII Underlying Funds will be up to 30% of the Target Fund’s net asset value. The Target Fund will not invest in securities investment funds that are offered within Mainland China.

The Target Fund may invest in cash, deposits and money market instruments for liquidity purposes. The asset allocation may change over time depending on the Target Fund Manager’s view on market opportunities.

The Target Fund will normally be exposed to RMB, HKD and USD. Depending on the asset allocation of the Target Fund Manager, the Target Fund’s exposure to different currencies may vary over time, and it may from time to time have substantial exposure to RMB denominated assets.

Until 30th January 2020:

The Target Fund may use derivative instruments such as deliverable / non-deliverable forwards for hedging purposes. Save as mentioned above, the Target Fund will not invest in other derivative instruments or structured deposits or products for investment purposes.

From 31st January 2020:

The Target Fund may also invest in financial derivative instruments (including embedded financial derivatives) for investment and hedging purposes, subject to the provisions set out under the section “Fund Restrictions” of the Target Fund EM.

Save as mentioned above, the Target Fund will not invest in other structured deposits or products.

The Target Fund Manager will not enter into Securities Lending, Repurchase Transactions or Reverse Repurchase Transactions or similar OTC transactions in respect of the Target Fund.

Benchmark

The Target Fund’s benchmark is the 50% MSCI China Net + 50% Markit iBoxx Asia Local Bond Index China Offshore.

Asset Allocation

The indicative asset allocation and classification of the Target Fund’s investment is as below:

Type of asset classes*	Indicative percentage
Mainland China related equities (comprising one or more of the following): – China A-Shares – B-Shares – H-shares and other Mainland China-related listed securities	20 – 80% of NAV
Mainland China related offshore fixed income instruments including bonds, money market instruments, convertible bonds, other fixed income instruments denominated in RMB and other currencies and cash	20 – 80% of NAV
Onshore Mainland China fixed income securities denominated in RMB, issued within Mainland China and traded on the China Interbank Bond Market	0-80% of NAV
Onshore urban investment bonds	0-30% of NAV
Mainland China related Underlying Funds authorised by the SFC or eligible schemes (the list of ‘eligible schemes’ is as specified by the SFC from time to time)	0-100% of NAV
Asset-backed securities	0-10% of NAV
Debt instruments with loss-absorption features (including offshore contingent convertible securities in which the Target Fund may invest up to 10%)	Less than 30%

* Exposure to Mainland China related equities, Mainland China related fixed income instruments and asset-backed securities may be achieved through direct investments and/or investment in units or shares or Underlying Funds.

For information on the latest asset allocation of the Target Fund, please refer to the fund fact sheet of the Target Fund available at https://services.assetmanagement.hsbc.com.hk/site/fund_centre/retail_fund_centre/retail_individual_fund?fund=CMAMU

2.2. INVESTMENT AND BORROWING RESTRICTIONS OF THE TARGET FUND

The following section was excerpted from the Target Fund’s explanatory memorandum.

For this section, the following definitions apply:

Base Currency	:	the currency in which the net asset value of a Target Fund is expressed and calculated.
Business	:	a day on which banks in Hong Kong and regulated markets in countries or regions where the Target Fund

Day	:	is materially invested are normally open for business except Saturdays and Sundays, provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks in such markets are open on any day is reduced, such day shall not be a Business Day unless the Target Fund Manager and the trustee otherwise determine.
Class or Classes	:	a separate class or classes of Units in a Target-Fund of the Trust
Class Currency	:	the currency of account of a Class specified by the Target Fund Manager.
Currency Hedged Unit Class	:	<p>Currency Hedged Unit Classes seek to minimise the effect of currency fluctuations between the Class Currency of the Class and the Base Currency of the Target Fund.</p> <p>Hedging is achieved by the Target Fund entering into foreign currency transactions such as currency forward transactions, currency futures or other forms of financial derivative instruments. Currency positions are not actively managed but rather applied passively at the level of the Currency Hedged Unit Class.</p> <p>Depending on the currency exposure of a Target Fund's underlying assets and its objective then a Currency Hedged Unit Class will either be classified as a Base Currency Hedged Unit Class or a Portfolio Currency Hedged Unit Class.</p>
Code	:	Section I and Section II of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products or any handbook, guideline and code issued by the SFC, as may be amended from time to time.
Connected Person	:	<p>shall unless otherwise specified have the meaning as set out in the Code, meaning, in relation to a company:</p> <p>(a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or</p> <p>(b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or</p> <p>(c) any member of the group of which that company forms part; or</p> <p>(d) any director or officer of that company or of any of its Connected Persons as defined in (a), (b) or (c).</p>
CSRC	:	the China Securities Regulatory Commission.
Dealing Day	:	each Business Day or such other day(s) as the Target Fund Manager may determine with the consent of the trustee.
Issue Price	:	in respect of a Class of a Target Fund the price at which Units will be issued, as more fully described in the section "Unit prices" of the Target Fund's IM.
Mainland China or Mainland	:	all the customs territories of the People's Republic of China, for the purposes of interpretation of the Target Fund EM only, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan.
QFII	:	Qualified Foreign Institutional Investor approved pursuant to the relevant Mainland China laws and regulations, as may be promulgated and/or amended from time to time.
RQFII	:	Renminbi Qualified Foreign Institutional Investor approved pursuant to the relevant Mainland China laws and regulations, as may be promulgated and/or amended from time to time.
RQFII Underlying Funds	:	Underlying Funds that are eligible to invest in onshore Mainland Chinese securities through RQFII.
Redemption Price	:	the price at which Units of a Class of Target Fund will be redeemed, as more fully described in the section "Unit prices" of the Target Fund's IM.
Substantial Financial Institution	:	an authorized institution as defined in section 2(1) of the Banking Ordinance (Chapter 155 of Laws of Hong Kong) or a financial institution which is on an ongoing basis subject to prudential regulation and supervision, with a minimum net asset value of HK\$2 billion or its equivalent in foreign currency
Target Fund EM	:	Refers to the explanatory memorandum in respect of the Trust and includes any supplemental explanatory memorandum, addendum or replacement explanatory memorandum, as the case may be. The explanatory memorandum is available on HSBC website at https://services.assetmanagement.hsbc.com.hk/site/fund_centre/retail_fund_centre/retail_individual_fund?fund=CMAMU
Underlying Funds	:	the collective investment schemes in which a Target Fund may invest in, including unit trusts, mutual funds, and exchange traded funds.
Unit	:	a unit in a Target Fund of the Trust and, except where used in relation to a particular Class of Unit, a reference to Unit means and includes Units of all Classes.

Target Fund restrictions

1. Investment limitations

No holding of any security may be acquired for or added to the Target Fund which would be inconsistent with achieving the investment objective of the Target Fund or which would result in:-

- (a) the aggregate value of the Target Fund's investments in, or exposure to, any single entity (other than Government and other public securities) through the following exceeding 10% of the latest available net asset value of the Target Fund:
 - (i) investments in securities issued by that entity;
 - (ii) exposure to that entity through underlying assets of financial derivative instruments; and
 - (iii) net counterparty exposure to that entity arising from transactions of OTC financial derivative instruments.

For the avoidance of doubt, restrictions and limitations on counterparty as set out in sub-paragraphs 1(a), 1(b) and 3.4(c) of this section "Target Fund restrictions" will not apply to financial derivative instruments that are:

- (A) transacted on an exchange where the clearing house performs a central counterparty role; and
- (B) marked-to-market daily in the valuation of their financial derivative instrument positions and subject to margining requirements at least on a daily basis.

The requirements under this sub-paragraph 1(a) will also apply in the case of sub-paragraphs 5.2(g) and (h) of this section "Target Fund restrictions".

- (b) subject to sub-paragraphs 1(a) and 3.4(c) of this section "Target Fund restrictions", the aggregate value of the Target Fund's investments in, or exposure to, entities within the same group through the following exceeding 20% of the latest available net asset value of the Target Fund:
 - (i) investments in securities issued by those entities;
 - (ii) exposure to those entities through underlying assets of financial derivative instruments; and
 - (iii) net counterparty exposure to those entities arising from transactions of OTC financial derivative instruments.

For the purposes of sub-paragraphs 1(b) and 1(c) of this section "Target Fund restrictions", "entities within the same group" means entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards.

The requirements under this sub-paragraph 1(b) will also apply in the case of sub-paragraphs 5.2(g) and (h) of this section "Target Fund restrictions".

- (c) the value of the Target Fund's cash deposits made with the same entity or entities within the same group exceeding 20% of the latest available net asset value of the Target Fund provided that the 20% limit may be exceeded in the following circumstances:
 - (i) cash held before the launch of the Target Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested; or
 - (ii) cash proceeds from liquidation of investments prior to the merger or termination of the Target Fund, whereby the placing of cash deposits with various financial institutions would not be in the best interests of investors; or
 - (iii) cash proceeds received from subscriptions pending investments and cash held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions be unduly burdensome and the cash deposits arrangement would not compromise investors' interests.

For the purposes of this sub-paragraph 1(c), "cash deposits" generally refer to those that are repayable on demand or have the right to be withdrawn by the Target Fund and not referable to provision of property or services.

- (d) the Target Fund's holding of any ordinary shares (when aggregated with all other sub-funds' holdings of such ordinary shares) exceeding 10% of any ordinary shares issued by any single entity.
- (e) the value of the Target Fund's investment in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a securities market, exceeding 15% of the latest available net asset value of the Target Fund.
- (f) the value of the Target Fund's total holding of Government and other public securities of the same issue exceeding 30% of the latest available net asset value of the Target Fund (save that the Target Fund may invest all of its assets in Government and other public securities in at least six different issues). For the avoidance of doubt, Government and other public securities will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.

- (g) (i) the value of the Target Fund's investment in Underlying Funds which are non-eligible schemes (the list of "eligible schemes" is as specified by the SFC from time to time) and not authorized by the SFC in aggregate exceeding 10% of its latest available net asset value; and
- (ii) the value of the Target Fund's investment in units or shares in each Underlying Fund which is either an eligible scheme (the list of "eligible schemes" is as specified by the SFC from time to time) or a scheme authorized by the SFC exceeding 30% of its latest available net asset value unless the Underlying Fund is authorized by the SFC, and the name and key investment information of the Underlying Fund are disclosed in the explanatory memorandum contained in the Target Fund EM, provided that:
- (A) no investment may be made in any Underlying Fund the investment objective of which is to invest primarily in any investment prohibited by Chapter 7 of the Code;
- (B) where an Underlying Fund's objective is to invest primarily in investments restricted by Chapter 7 of the Code, such investments may not be in contravention of the relevant limitation. For the avoidance of doubt, a Sub-Fund may invest in Underlying Fund(s) authorized by the SFC under Chapter 8 of the Code (except for hedge funds under 8.7 of the Code), eligible scheme(s) of which the net derivative exposure does not exceed 100% of its total net asset value, and exchange traded funds satisfying the requirements in the Note under "Investment in other schemes" of Chapter 7 of the Code in compliance with sub-paragraphs 1(g)(i) and (ii) of this section "Target Fund restrictions";
- (C) the Underlying Fund's objective may not be to invest primarily in other collective investment scheme(s);
- (D) all initial charges and redemption charges on the Underlying Fund(s) must be waived if the Underlying Fund is managed by the Target Fund Manager or its Connected Persons; and
- (E) the Target Fund Manager or any person acting on behalf of the Target Fund or the Target Fund Manager may not obtain a rebate on any fees or charges levied by an Underlying Fund or its management company, or any quantifiable monetary benefits in connection with investments in any Underlying Fund.

For the avoidance of doubt:

- (aa) unless otherwise provided under the Code, the diversification requirements under sub-paragraphs 1(a), (b), (d) and (e) of this section "Target Fund restrictions" do not apply to investments in Underlying Funds by the Target Fund;
- (bb) exchange traded funds are considered and treated as collective investment schemes for the purposes of and subject to the requirements in this sub-paragraph 1(g); and the investments by the Target Fund in exchange traded funds shall be subject to sub-paragraph 1(e) of this section "Target Fund restrictions";
- (cc) where investments are made in listed REITs, the requirements under sub-paragraphs 1(a), (b) and (d) apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, then the requirements under sub-paragraphs 1(e) and (g)(i) apply respectively; and
- (dd) where the Target Fund invests in index-based financial derivative instruments, the underlying assets of such financial derivative instruments are not required to be aggregated for the purposes of the investment restrictions or limitations set out in subparagraphs 1(a), (b), (c) and (f) of this section "Target Fund restrictions" provided that the index is in compliance with the requirements under 8.6(e) of the Code.

2. Investment Prohibition

The Target Fund Manager shall not, unless otherwise specifically provided for in the Code, on behalf of the Target Fund:-

- (a) invest in physical commodities unless otherwise approved by the SFC on a case-by-case basis taking into account the liquidity of the physical commodities concerned and availability of sufficient and appropriate additional safeguards where necessary;
- (b) invest in any type of real estate (including buildings) or interests in real estate (including any options or rights but excluding shares in real estate companies and interests in REITs);
- (c) make short sales unless (i) the liability of the Target Fund to deliver securities does not exceed 10% of its latest available net asset value; (ii) the security which is to be sold short is actively traded on a securities market where short selling activity is permitted; and (iii) the short sales are carried out in accordance with all applicable laws and regulations;
- (d) carry out any naked or uncovered short sale of securities;
- (e) subject to sub-paragraph 1(e) of this section "Target Fund restrictions", lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. For the

avoidance of doubt, reverse repurchase transactions in compliance with the requirements as set out in the Code are not subject to the limitations in this sub-paragraph 2(e);

- (f) acquire any asset or engage in any transaction which involves the assumption of any liability by the Target Fund which is unlimited. For the avoidance of doubt, the liability of unitholders of the Target Fund is limited to their investments in that the Target Fund;
- (g) invest in any security of any class in any company or body if any director or officer of the Target Fund Manager individually owns more than 0.5%, or collectively they own more than 5%, of the total nominal amount of all the issued securities of that class;
- (h) invest in any security where a call is to be made for any sum unpaid on that security, unless the call could be met in full out of cash or near cash from the Target Fund's portfolio whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in financial derivative instruments for the purposes of sub-paragraphs 3.5 and 3.6 of this section "Target Fund restrictions".

3. Derivative Restrictions

3.1 The Target Fund may acquire financial derivative instruments for hedging purposes. For the purposes of this sub-paragraph 3.1, financial derivative instruments are generally considered as being acquired for hedging purposes if they meet all the following criteria:

- (a) they are not aimed at generating any investment return;
- (b) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss or risks arising from the investments being hedged;
- (c) although they may not necessarily reference to the same underlying assets, they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and
- (d) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions.

The Target Fund Manager, where it deems necessary, shall cause hedging arrangement to be adjusted or re-positioned, with due consideration on the fees, expenses and costs, to enable the Target Fund to meet its hedging objective in stressed or extreme market conditions.

3.2 The Target Fund may also acquire financial derivative instruments for nonhedging purposes ("investment purposes") subject to the limit that the Target Fund's net exposure relating to these financial derivative instruments ("net derivative exposure") does not exceed the amount specified in 6(b) of this section "Target Fund restrictions" provided that such limit may be exceeded in such circumstances as permitted under the Code, handbook, code and/or guideline issued by the SFC from time to time or permitted by the SFC from time to time. For the avoidance of doubt, financial derivative instruments acquired for hedging purposes under sub-paragraph 3.1 will not be counted towards the limit referred to in this sub-paragraph 3.2 so long as there is no residual derivative exposure arising from such hedging arrangement. Net derivative exposure shall be calculated in accordance with the Code and the requirements and guidance issued by the SFC which may be updated from time to time.

3.3 Subject to sub-paragraphs 3.2 and 3.4, the Target Fund may invest in financial derivative instruments provided that the exposure to the underlying assets of the financial derivative instruments, together with the other investments of the Target Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets and investments as set out in sub-paragraphs 1(a), (b), (c), (f), (g)(i) and (ii), proviso (A) to (C) to sub-paragraph 1(g) and sub-paragraph 2(b) of this section "Target Fund restrictions".

3.4 The financial derivative instruments invested by the Target Fund shall be either listed/quoted on a stock exchange or dealt in an OTC market and comply with the following provisions:

- (a) the underlying assets consist solely of shares in companies, debt securities, money market instruments, units/shares of collective investment schemes, deposits with Substantial Financial Institutions, Government and other public securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates, currencies, or other asset classes acceptable to the SFC, in which the Target Fund may invest according to its investment objectives and policies;
- (b) the counterparties to transactions of OTC financial derivative instruments or their guarantors are Substantial Financial Institutions or such other entity acceptable to the SFC;
- (c) subject to sub-paragraphs 1(a) and (b) of this section, the Target Fund's net counterparty exposure to a single entity arising from transactions of OTC financial derivative instruments may not exceed 10% of its latest available net asset value provided that the exposure of the Target Fund to a counterparty of OTC financial derivative instruments may be lowered by the collateral received (if applicable) by the Target Fund and shall be calculated with reference to the value

of collateral and positive mark to market value of the OTC financial derivative instruments with that counterparty, if applicable; and

- (d) the valuation of the financial derivative instruments is marked to-market daily, subject to regular, reliable and verifiable valuation conducted by the trustee (or such other valuation agent appointed by the Target Fund Manager) (“Valuation Agent”) independent of the issuer of the financial derivative instruments through such measures as may be established from time to time. In the opinion of the Target Fund Manager, the financial derivative instruments can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Target Fund’s initiative. Further, the Target Fund Manager shall ensure that the Valuation Agent should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the financial derivative instruments on a regular basis.
- 3.5 The Target Fund should at all times be capable of meeting all its payment and delivery obligations incurred under transactions in financial derivative instruments (whether for hedging or for investment purposes). The Target Fund Manager shall, as part of its risk management process, monitor to ensure that the transactions in financial derivative instruments in respect of the Target Fund are adequately covered on an ongoing basis. For the purposes of this sub-paragraph 3.5, assets that are used to cover the Target Fund’s payment and delivery obligations incurred under transactions in financial derivative instruments shall be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a security, and cannot be applied for any other purposes.
- 3.6 Subject to sub-paragraph 3.5, a transaction in financial derivative instruments which gives rise to a future commitment or contingent commitment of a Target Fund shall be covered as follows:
- (a) in the case of financial derivative instruments transactions which will, or may at the Target Fund’s discretion, be cash settled, the Target Fund shall at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and
 - (b) in the case of financial derivative instruments transactions which will, or may at the counterparty’s discretion, require physical delivery of the underlying assets, the Target Fund shall hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Target Fund Manager considers the underlying assets to be liquid and tradable, the Target Fund may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation provided further that the Target Fund shall apply safeguard measures such as to apply haircut where appropriate to ensure that such alternative assets held are sufficient to meet its future obligations.
- 3.7 The requirements under sub-paragraphs 3.1 to 3.6 of this section “Target Fund restrictions” shall apply to embedded financial derivative. For the purposes of the Target Fund EM, an “embedded financial derivative” is a financial derivative instrument that is embedded in another security.

4. Securities Financing Transactions restrictions

The Target Fund Manager will not enter into securities financing transactions (including securities lending, repurchase transactions or reverse repurchase transactions or similar OTC transactions) in respect of the Target Fund. Prior approval will be obtained from the SFC and at least one month’s prior notice will be given to unitholders if there is a change in such intention.

5. Counterparty policy and collateral policy

5.1. Counterparty policy

When transacting in OTC financial derivative instruments (or securities financing transactions if permitted in future), the Target Fund Manager has counterparty selection policies and control measures to manage the credit risks of counterparties which shall include amongst other considerations, fundamental creditworthiness (e.g. ownership structure, financial strength) and commercial reputation of specific legal entities in conjunction with the nature and structure of proposed trading activities, external credit ratings of the counterparty, the regulatory supervision applied to the relevant counterparty, country of origin of the counterparty and legal status of the counterparty.

The counterparties will be entities with legal personality typically located in OECD jurisdictions (but may also be located outside such jurisdictions). The counterparties to OTC financial derivative instruments will be Substantial Financial Institutions. Whereas the counterparties to securities financing transactions (if permitted in future) will be financial institutions which are subject to ongoing prudential regulation and supervision.

The counterparties must have a minimum credit rating of Baa1 or BBB+ or equivalent or must be deemed by the Target Fund Manager to have an implied rating of Baa1 or BBB+ or equivalent assigned by an internationally recognised credit agency (e.g. Standard & Poor’s or Moody’s). Alternatively an unrated counterparty will be acceptable where the Target Fund Manager is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of Baa1 or BBB+ or equivalent assigned by an internationally recognised credit agency (e.g. Standard & Poor’s or Moody’s).

Transactions in OTC derivative transactions (or securities financing transactions if permitted in future) will at all times be governed by approved HSBC Group standard documentation such as a legally enforceable bilateral International Swaps and

Derivatives Association (“ISDA”) (and an accompanying Credit Support Annex (“CSA”) where it has been agreed that collateral will form part of the transaction).

5.2. Collateral policy

Under the investment advisory agreements, the Target Fund Investment Adviser and discretionary sub-investment adviser (if any) has the authority to manage the investment and reinvestment of the assets of the Target Fund, including but not limited to agree the terms for collateral arrangements, duly advising the Target Fund Manager of what arrangements have been made, for purposes of managing counterparty risk where transactions in OTC financial derivative instruments have been executed (or Securities Financing Transactions if permitted in future). The Target Fund Manager, Target Fund Investment Adviser and discretionary sub-investment adviser (if any) have appropriate systems, operational capabilities and legal expertise for proper collateral management.

As of the date of the Target Fund EM, the Target Funds may receive both non-cash collateral or cash collateral but cash collateral will not be reinvested. However, the criteria set out below applies to all assets received by the Target Fund as collateral including the reinvestment of cash collateral in the event that the Target Fund reinvest such cash collateral in future:

- (a) **Nature:** Collateral may include both cash and non-cash collateral. Cash collateral may include cash, cash equivalents and money market instruments. Non-cash collateral may comprise of government or corporate bonds whether long/short term bonds, listed or traded in any regulated markets.

Collateral does not include (i) structured products whose payouts rely on embedded financial derivatives or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitized products; or (iv) unlisted collective investment schemes.

- (c) **Credit quality:** the collateral is of high credit quality (i.e. at least rated A3 or A- or equivalent by an internationally recognised credit agency (e.g. Standard & Poor’s or Moody’s)). In the event the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that the Target Fund Manager reasonably believes would undermine the effectiveness of the collateral, the Target Fund Manager will take all practical steps to require the counterparty to replace such collateral as soon as practicable.
- (d) **Liquidity:** any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a robust price that is close to pre-sale valuation.
- (d) **Valuation:** collateral is valued daily by an entity that is independent from the counterparty on a mark-to-market basis.
- (e) **Haircut policy:** the collateral is subject to a prudent haircut policy. Haircuts will take into account the characteristics of the assets such as the credit standing or the price volatility. Assets that exhibit high price volatility will not be accepted by the Target Fund as collateral unless suitably conservative haircuts are in place. Haircuts are reviewed by the Target Fund Manager on an ongoing basis to ensure that they remain appropriate for eligible collateral taking into account collateral quality, liquidity and price volatility.
- (f) **Correlation:** collateral received by the Target Fund is issued by an entity that is independent from the counterparty and is one that is expected not to display a high correlation with the performance of the counterparty such that the effectiveness of the collateral would be undermined.
- (g) **Diversification:** collateral must be sufficiently diversified so as to avoid concentrated exposure to any single entity and/or entities within the same group. The exposures of the Target Fund to the collateral issuers are monitored in accordance with the relevant restrictions on exposure to a single entity and/or entities within the same group as set out in the subsection “Target Fund restrictions”.
- (h) **Reinvestment of collateral:** Non-cash collateral will not be sold, reinvested or pledged. Cash collateral may be reinvested. Reinvested cash collateral will remain sufficiently diversified subject to the applicable restrictions in respect of collateral set out in the “Fund restrictions” section and shall comply with the requirements set out in 8.2(f) and 8.2(n) of the Code.

Reinvested cash collateral may only be placed on short-term deposit, invested in high quality money market instruments and money market funds authorized under 8.2 of the UT Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in this sub-section “Fund restrictions”. For this purpose, money market instruments refer to securities normally dealt in on the money markets, including government bills, certificates of deposit, commercial papers, short-term notes and bankers’ acceptances, etc. In assessing whether a money market instrument is of high quality, the Target Fund Manager will take into account the credit quality, the liquidity profile of the money market instruments and such other factors as the Target Fund Manager considers relevant; Cash collateral received is not allowed to be further engaged in any securities financing transactions. Further, when the cash collateral received is reinvested into other investments, such investments are not allowed to be engaged in any securities financing transactions.

- (i) **Encumbrances and Enforceability:** the collateral is free of prior encumbrances and collateral (subject to any net-off or set-off, if applicable) is capable of being fully enforced by the Target Fund Manager / Target Fund at any time without further recourse to the counterparty.
- (j) **Safe-keeping of collateral:** Any non-cash assets received by the Target Fund from a counterparty on a title transfer basis should be held by the trustee or a correspondent. This is not applicable in the event that there is no title transfer in which case the collateral will be held by a third party custodian which is unrelated to the provider of the collateral. A description of collateral holdings of the Target Fund will be disclosed in its semi-annual and annual reports as required under Appendix E of the Code. Assets provided by the Target Fund on a title transfer basis shall no longer belong to the Target Fund. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the trustee or a correspondent.

6. Borrowing and leverage restrictions

The expected maximum level of leverage of the Target Fund is as follows:

- a) **Cash borrowing**
No borrowing shall be made in respect of the Target Fund which would result in the principal amount for the time being of all borrowings made pursuant to the Trust Deed for the account of the Target Fund exceeding an amount equal to 10% of the net asset value of the Target Fund provided always that back-to-back loans do not count as borrowing. For the avoidance of doubt, securities lending transactions and repurchase transactions in compliance with the requirements as set out in the Code are not borrowings for the purpose of, and are not subject to the limitations in this paragraph.

The trustee shall be entitled on the instruction of the Target Fund Manager to charge or pledge in any manner all or any part of the Target Fund for the purposes of securing any borrowing and interest and expenses thereof.

- b) **Leverage from the use of financial derivative instruments**
The Target Fund may also be leveraged through the use of financial derivative instruments and its expected maximum level of leverage through the use of financial derivative instruments (i.e. expected maximum net derivative exposure) may be up to 50% of the Target Fund's latest available net asset value.

In calculating the net derivative exposure, derivatives acquired for investment purposes that would generate incremental leverage at the portfolio level of the Target Fund are converted into their equivalent positions in their underlying assets. The net derivative exposure is calculated in accordance with the requirements and guidance by the SFC which may be updated from time to time.

The actual level of leverage may be higher than such expected level in exceptional circumstances, for example when there are sudden movements in markets and/or investment prices.

8. Breaches

In the event that any of the above restrictions is breached, the Target Fund Manager shall as a priority objective take all steps as may be necessary to remedy such breach within a reasonable period of time, taking due account of the interests of unitholders.

2.3. DILUTION ADJUSTMENT/ SWING PRICING

If the Target Fund Manager considers it is in the interest of unitholders, it may, when the net subscription or redemption requests in the Target Fund exceed a predefined threshold, require the trustee to temporarily adjust the Issue Price or Redemption Price ("Swing Pricing") in order to mitigate the effects of transaction costs caused by subscriptions/redemptions of Units, in particular but not limited to, bid-offer spreads, brokerage, taxes and government charges. The management fee and trustee fee will continue to be calculated on the basis of the unadjusted net asset value of the Target Fund.

Adopting the Swing Pricing mechanism means if on a particular Dealing Day the net subscription (redemption) exceeds the predefined threshold, the net asset value will have upward (downward) adjustment to protect existing unitholders. All transactions on that Dealing Day will adopt the adjusted net asset value. If the Issue Price/Redemption Price is adjusted upward (downward), subscribing (redeeming) investors will pay more (receive less) for each Unit.

Under normal market conditions, the Target Fund Manager expects that the Swing Pricing adjustment will not exceed 2%. However, the Swing Pricing rate may be significantly higher in special circumstances, for example, when a tax or levy higher than in normal rates is imposed on the Target Fund by a regulator or tax authority or where market spreads widen due to a financial crisis.

Further, the Target Fund Manager may, with the approval of the trustee, arrange for a revaluation of the Issue Price or Redemption Price of a Unit of any Class if it considers that the Issue Price or Redemption Price calculated in relation to any Dealing Day does not accurately reflect the true value of the Units.

2.4. RESTRICTIONS ON REDEMPTION

The Target Manager may suspend, with the prior approval of the trustee, the redemption of Units and/or delay the payment of redemption proceeds during any period in which the determination of the net asset value of the Target Fund is suspended (for details see the section headed “Suspension of calculation of net asset value” under Target Fund EM).

Until 30th January 2020:

With a view to protecting the interests of unitholders, the Target Fund Manager is entitled, with the approval of the trustee, to limit the number of Units redeemed on any Dealing Day (whether by sale to the Target Manager or by cancellation by the trustee) to 10% of the total number of Units in issue. In this event, the limitation will apply pro rata so that all unitholders wishing to redeem their Units on that Dealing Day will redeem the same proportion of such Units and Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next Dealing Day. If requests for redemption are so carried forward, the Target Fund Manager will within 7 days of such Dealing Day inform the unitholders concerned. Any part of a redemption request to which effect is not given by reason of the exercise of this power will be treated as if the request had been made with priority in respect of the next Dealing Day and all following Dealing Days (in relation to which the Target Fund Manager have the same power) until the original request has been satisfied in full.

From 31st January 2020:

With a view to protecting the interests of unitholders, the Target Fund Manager is entitled, with the approval of the trustee, to limit the number of Units redeemed on any Dealing Day (whether by sale to the Target Fund Manager or by cancellation by the Trustee) to 10% of the total net asset value of the Target Fund. In this event, the limitation will apply pro rata so that all unitholders wishing to redeem their Units on that Dealing Day will redeem the same proportion of such Units and Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next Dealing Day without prejudice to the right of the unitholders to revoke any part of the redemption requests not effected on the relevant Dealing Day. If requests for redemption are so carried forward, the Target Fund Manager will within 7 days of such Dealing Day inform the unitholders concerned. Any part of a redemption request to which effect is not given by reason of the exercise of this power will be treated as if the request had been made with priority in respect of the next Dealing Day and all following Dealing Days (in relation to which the Target Fund Manager have the same power) until the original request has been satisfied in full.

2.5. SPECIFIC RISKS OF THE TARGET FUND

Please refer to “Specific Risks Related to the Target Fund” section at page 4 for details.

2.6. DIVIDEND DISTRIBUTION OF THE TARGET FUND

The Target Fund Manager aims to pay distributions on a monthly basis in respect of the Class AM2–USD.

In the event that the income generated from the Target Fund’s investments attributable to the relevant class of units during the relevant period is insufficient to pay distributions as declared, the Target Fund Manager may in its discretion determine such distributions be paid from capital. The Target Fund Manager may also at its discretion and after consultation with the auditors pay dividend out of gross income while charging/ paying all or part of the Target Fund’s fees and expenses to/out of the capital of the Target Fund (resulting in an increase in distributable income for the payment of dividends by the Target Fund), and thereby effectively pay distributions out of capital of the Target Fund. Investors should be aware of the effect of such distribution and pay attention to the risk factor headed “Distribution/payout out of capital risks”.

Investors should however note that the Target Fund Manager may in its discretion decide not to declare distributions. There is no guarantee on regular payment of distributions and, if distribution is made, the rate of such distributions is not guaranteed. The distribution policy of the Target Fund may be changed provided that prior approval will be sought from the SFC and not less than one month’s prior written notice will be given to unitholders.

2.7. FEES CHARGED BY THE TARGET FUND (CLASS AM2-USD)

FEES/EXPENSES	
Initial charge	Nil.
Management fee	Up to 1.35% per annum of the NAV of the Target Fund. Note: <i>The management fee charged by the Target Fund will be paid out of the Management Fee charged by us at the Fund level. You will incur a management fee at the Fund’s level only and there is no double charging of management fee.</i>
Trustee fee	0.07% per annum of the NAV of the Target Fund.
Redemption fee	Nil.
Performance fee	Nil.
Other expenses	The Target Fund will bear the cost of: a. transaction fees of the trustee, custodian or sub-custodian and proxy fees and expenses, collection fees and expenses, insurance and security costs;

	<p>b. the fees and expenses of the auditors and the registrar;</p> <p>c. fees charged by the trustee in connection with valuing the assets of the Target Fund or any part thereof, calculating the Issue Price/Redemption Price of Units of the Target Fund and preparing financial statements;</p> <p>d. all legal and professional fees and charges incurred by the Target Fund Manager and/or the trustee in connection with the Target Fund (including the fees and charges of the legal counsel, and fees and charges incurred in conducting legal proceedings or applying to any court for any purposes related to the Target Fund) and other professional fees and charges (including any professional fees and charges in relation to agreeing and/or contesting taxation liabilities or recoveries to be paid out of or into the Target Fund, or preparation or issuance of any accounts, statements or reports in relation to the Target Fund or any income, revenue, expenses, assets and/or liabilities of the Target Fund);</p> <p>e. out-of-pocket expenses incurred by the trustee wholly and exclusively in the performance of its duties;</p> <p>f. the expenses of or incidental to the preparation of deeds supplemental to the Trust Deed;</p> <p>g. the expenses of holding meetings of unitholders and of giving notices to unitholders;</p> <p>h. the costs and expenses of obtaining and maintaining a listing for the Units of the Target Fund on any stock exchange or exchanges selected by the Target Manager and approved by the trustee and/or in obtaining and maintaining any approval or authorisation of the Target Fund or in complying with any undertaking given, or agreement entered into in connection with, or any rules governing such listing, approval or authorisation; and</p> <p>i. without prejudice to the generality of the foregoing, all costs incurred in publishing the Issue Price/Redemption Price of Units of the Target Fund, all costs of preparing, printing and distributing all statements, accounts and reports pursuant to the provisions of the Trust Deed (including the auditors' fees and trustee's fee), the expenses of preparing and printing any offering document, and any other expenses, deemed by the Target Fund Manager, after consulting the trustee, to have been incurred in compliance with or in connection with any change in or introduction of any law or regulation or directive (whether or not having the force of law) of any governmental or other regulatory authority or with the provisions of any code relating to unit trusts.</p> <p>The total expense ratio of the Target Fund for 31 March 2019 is 1.47%</p>
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Note: All information provided herein with regards to the Target Fund is based on the information stated in the prospectus, disclosure document or explanatory memorandum of the Target Fund dated December 2019.

We take all reasonable efforts to ensure the accuracy that the disclosure in this Information Memorandum in relation to the Target Fund, including obtaining the confirmation from the manager of the Target Fund. However, in the event of any inconsistency or ambiguity in relation to the disclosure, including any word or phrase used in this Information Memorandum regarding the Target Fund as compared to the Explanatory Memorandum shall prevail.

3. FEES, CHARGES AND EXPENSES

3.1. CHARGES

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

3.1.1. Application Fee

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

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

	Class ABC (Denominated in USD)	Class XYZ (Denominated in MYR)
Investment amount	USD 10,000	MYR 10,000
NAV per unit	USD 1.0000	MYR 1.0000
Application Fee (NAV per unit)	5.50%	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 0.0550	= MYR 1.0000 x 5.50% = MYR 0.0550
Total Application Fee	= 10,000 units x USD 0.0550 = USD 550.00	= 10,000 units x MYR 0.0550 = MYR 550.00

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

3.1.2. Withdrawal Fee

Nil.

3.1.3. Dilution Fee

Nil.

3.1.4. Switching Fee

Switching is treated as a withdrawal from a Class and an investment into another Class or Principal Malaysia's Fund (or its class). As such, you will be charged a Switching Fee equal to the difference (if any) between the Application Fee of the Class 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, you may be charged administrative fee for each switch. Please refer to the Annexure of the respective Class for further information.

3.1.5. Transfer Fee

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

3.2. FEES AND EXPENSES

All fees and expenses of the Fund will generally be apportioned to each Class currently available for sale based on the MCR except for Management Fee and those that are related to the specific Class only, such as, the cost of Unit holders meeting held in relation to the respective Class. If in doubt, you should consult professional advisers for better understanding.

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

3.2.1. Management Fee

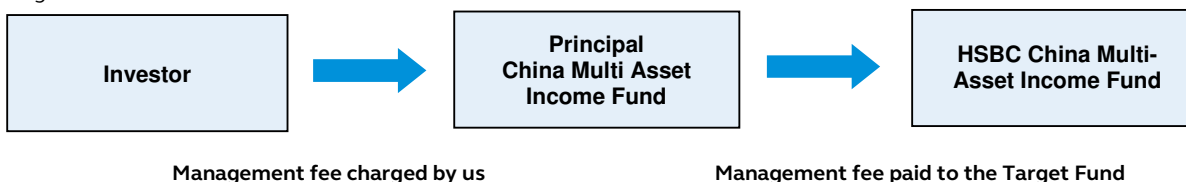
Please note that the Management Fee is charged to the respective Class at the Class level, based on the NAV of the Class. Please refer to the Annexure of the respective Class for further information. The Management Fee shall be accrued daily and paid monthly.

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

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

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

Please note that although at least 95% of the Fund's NAV will be invested in another CIS, no additional Management Fee will be charged to the investor.



Note: The Management Fee will only be charged once at the Fund level. The management fee charged by the Target Fund will be paid out of the Management Fee charged at the Fund level.

As this Fund will invest in units of the Target Fund, there is management fee incurred by the Target Fund which will be rebated back to the Fund to ensure that there will not be double charging of the Management Fee. Please refer to "Fees charged by the Target Fund" section at page 28 for details on the Target Fund's management fee.

3.2.2. Trustee Fee

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

The Trustee Fee is 0.04% per annum for the Fund.

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

Trustee Fee for the Fund = 0.04% per annum
 Trustee Fee for the day = NAV of the Fund x annual Trustee Fee rate for the Fund (%) / 365 days
 = USD 300 million x 0.04% / 365
 = USD 328.77

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

3.2.3. Other costs of investing in a feeder fund

As the Fund will invest in units of the Target Fund, there are other fees and expenses incurred by the Target Fund which is set out in detail under "Fees charged by the Target Fund" section at page 28.

3.2.4. Other expenses

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

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

- termination of the Fund or Class and the retirement or removal of the Trustee or the Manager and the appointment of a new trustee or manager;
- any proceedings, arbitration or other dispute concerning the Fund, Class or any asset, including proceedings against the Trustee or the Manager, or commenced by either of them for the benefit of the Fund or that Class (except to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed out of the Fund);
- remuneration and out of pocket expenses of the independent members of the investment committee and/or the members of the shariah committee or advisers (if any) of the Fund, unless we decide otherwise to bear the same;
- expenses incurred in the printing of and postage of the annual and interim (if any) reports, including the purchase of stationery;
- (where the custodial function is delegated by the Trustee to a foreign sub-custodian), charges or fees paid to the foreign sub-custodian;
- all costs and/or expenses associated with the distributions and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer; and
- cost of obtaining experts opinion by the Trustee and us for the benefit of the Fund or Class.

We and the Trustee are required to ensure that any fees or charges payable are reasonable and in accordance with the Deed which stipulates the maximum rate in percentage terms that can be charged. We will ensure that there is no double charging of management fee to be incurred by you when you invest in the Fund. All expenses of the Fund will generally be apportioned to each Class based on the MCR except for those that are related to the specific Class only, such as, the cost of Unit holders meeting held in relation to the respective Class. If in doubt, you should consult professional advisers for better understanding.

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

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

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.

3.3. REBATES AND SOFT COMMISSIONS

We and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Fund unless the soft commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Fund. All dealings with brokers are executed on best available terms.

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

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

As this is a feeder fund, you are advised that you will be subjected to higher fees arising from the layered investment structure.

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

4. TRANSACTION INFORMATION

4.1. VALUATION OF PERMITTED INVESTMENTS

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

- **CIS**
The value of any investment in CIS which are quoted on an approved exchange shall be calculated daily in the same manner as other listed securities described above. When investing in unlisted collective investment schemes, the value shall be determined by reference to the last published repurchase/redemption NAV per unit for that CIS.
- **Money market instruments**
Money market instruments such as negotiable instrument of deposits and commercial papers shall be valued by reference to the quotes provided by independent and reputable pricing source(s), which is deemed fair value, includes but not limited to Bond Pricing Agency (“BPA”) registered by the Securities Commission. Where the quotes are provided by financial institutions, the valuation of the money market instruments will be based on the average of bid and offer prices quoted by three (3) independent and reputable financial institutions of similar standing at the close of trading, based on the methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.
- **Deposits**
The value of Deposits shall be determined each day by reference to the principal value of such permitted investments and the accrued income thereon for the relevant period.
- **Derivatives**
The value of unlisted Derivatives will be determined by the financial institution that issued the instrument and that value will be the fair value as determined in good faith by us on methods or basis which have been verified by the auditor and approved by the Trustee.

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

If the value of the Fund’s assets is denominated in a foreign currency, the assets are translated on a daily basis to USD based on the bid foreign exchange rate quoted by either Reuters or Bloomberg, at UK time 4:00 p.m. (Malaysian time 11:00 p.m. or 12:00 a.m.) at the same day, or such other time as we may determine or as per the Investment Management Standards issued by the FIMM.

4.2. UNIT PRICING

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

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

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

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

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

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

The valuation of the Fund is in the base currency i.e. USD. As such, all the assets and liabilities of each Class will be converted

into USD for valuation purposes. The foreign exchange rate used for this purpose shall be the bid exchange rate quoted by Bloomberg or Reuters at UK time 4:00 p.m. on the same day (Malaysia time 11:00 p.m. or 12:00 a.m.), or such other time as we may determine or as per 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.

Multi-class Ratio (MCR)

MCR is the apportionment of the NAV of each Class over the Fund's NAV based on the size of each Class. The MCR is calculated by dividing the NAV (in USD) of the respective Class by the NAV of the Fund before income and expenses for the day. The apportionment is expressed as a ratio and calculated as a percentage.

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

	Fund (USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Fund before income and expenses	185,942,897	173,342,897	12,600,000
% MCR	100%	⁽¹⁾ 93.22%	⁽¹⁾ 6.78%
Add: Income	30,000	⁽²⁾ 27,966	⁽²⁾ 2,034
Less: Expenses	(10,000)	⁽²⁾ (9,322)	⁽²⁾ (678)
Benefits or costs of hedging (if any)		-	900
NAV of the Fund before Management Fee and Trustee Fee	185,963,797	173,361,541	12,602,256
Less: Management Fee	- (9,170)	1.80% p.a. (8,549)	1.80% p.a. (621)
Less: Trustee Fee	0.04% p.a. (204)	- (190)	- (14)
NAV of the Fund	185,954,423	173,352,802	12,601,621
Units in circulation	205,000,000 units	170,000,000 units	35,000,000 units
NAV per unit		1.0197	0.3600
Currency exchange rate		N/A	(MYR/USD) 4.00
NAV per unit		USD 1.0197	MYR 1.4400

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

Note:

⁽¹⁾ MCR computation

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
$\frac{\text{NAV of the Class} \times 100}{\text{NAV of the Fund before income and expenses}}$	$\frac{173,342,897 \times 100}{185,942,897}$	$\frac{12,600,000 \times 100}{185,942,897}$
	= 93.22%	= 6.78%

⁽²⁾Apportionment based on MCR is as follows:

	(USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
Add: Income	30,000	MCR x Income = Income for Class ABC = 93.22% x USD 30,000 = USD 27,966	MCR x Income = Income for Class XYZ = 6.78% x USD 30,000 = USD 2,034
Less: Expenses	(10,000)	MCR x Expenses = Expenses for Class ABC = 93.22% x USD 10,000 = USD 9,322	MCR x Expenses = Expenses for Class XYZ = 6.78% x USD 10,000 = USD 678

⁽³⁾ Creation of units

	Class ABC (Denominated in USD)	Class XYZ (Denominated in MYR)
Creation of units	USD 1,000,000	MYR 1,000,000
NAV per unit	USD 1.0197	MYR 1.4400
Number of units	980,680.59 units	694,444.44 units
Currency exchange rate	N/A	(MYR/USD) 4.00
Creation of units	USD 1,000,000	USD 250,000

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

4.3. INCORRECT PRICING

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

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

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

- a) is equal or more than 0.50% of the NAV per unit; and
- b) results in a sum total of USD10.00 (or the same value in the respective Class currency) or more to be reimbursed to a Unit holder for each sale or withdrawal transaction.

We shall have the right to amend, vary or revise the aforesaid limits from time to time.

4.4. INVESTING

4.4.1. Who can invest?

The Fund shall only be offered or marketed to Sophisticated Investor.

You are eligible to invest in the Fund if you are a Sophisticated Investor who is:

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

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

Further, if we become aware of a US person (i.e. someone who has a USA address (permanent or mailing)) or US entity (i.e. a corporation, trust, partnership or other entity created or organised in or under the laws of the United States or any state thereof or any estate or trust the income of which is subject to United States Federal Income Tax regardless of source) holding units in the Fund, we will issue a notice to that Unit holder requiring him/her to, within thirty (30) days, either withdraw the units or transfer the units to a non-US person or non-US entity.

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

4.4.2. How to invest?

You may invest through any of our Distributors or our head office after completing the relevant application forms and attaching a copy of your identity card, passport or any other identification document. We may request for additional supporting document(s) or information from you. On the application form, please indicate clearly the amount you wish to invest in the Fund. We may introduce other mode of investment from time to time, subject to the approval of the relevant authorities.

You may invest:

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

4.4.3. Regular Savings Plan ("RSP")

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

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

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

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

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

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

4.5. MINIMUM INVESTMENTS

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

4.5.1. Processing an application

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

4.6. MINIMUM WITHDRAWALS

The minimum withdrawal amount for each Class may differ and may be determined by us from time to time, unless you are withdrawing your entire investment. Please refer to the Annexure of the respective Class for further information. You may withdraw by completing a redemption form and sending it to the relevant Distributor or our head office. There is no restriction on the frequency of withdrawals. We will transfer the withdrawal proceeds to your bank account (or foreign currency bank account, as the case may be) provided by you. If we wish to increase the minimum withdrawals, we will consult with the Trustee and you will be notified of such changes before implementation.

4.6.1. Processing a withdrawal

If we receive a complete withdrawal request by 4:00 p.m. on a Business Day, we will process it using the NAV per unit for that Business Day. If we receive the withdrawal request after 4:00 p.m. on a Business Day, we will process it using the NAV per unit

for the next Business Day. The amount that you will receive is calculated by the withdrawal value less the Withdrawal Fee, if any. Under normal circumstances, you will be paid in the currency of the Class (e.g. Class USD will be paid in USD) within ten (10) days. You will have to bear the applicable bank fees and charges, if any

You should note that the time taken to pay the withdrawal proceeds to you (i.e. ten (10) days) may be extended/delayed if:

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

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

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

Note 2: The Target Fund Manager may limit the number of units redeemed on any dealing day to 10% of the total number of units in issue of the Target Fund. In such event, units of the Target Fund may be redeemed on a pro rata basis and any part of a redemption request to which affect is not given by reason of this will be treated as if a request has been made in respect of the next dealing day and all following dealing day until the original request has been satisfied in full.

Please refer to the "Restrictions on Redemption" section at page 28 for more information. If in doubt, please consult your professional advisers.

4.7. MINIMUM BALANCE

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

4.8. COOLING-OFF PERIOD

You have six (6) Business Days after your initial investment (i.e. from the date the application form is received and accepted by us or any of our Distributors) to reconsider the appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased. We will refund the investment amount including Application Fee (if any) to you in the currency of the respective Class within ten (10) days from the date we receive the complete documentations. Please note that the cooling-off right is only given to first time investor investing with us or our Distributors. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any of our Distributors are not entitled to the cooling-off right.

4.9. SWITCHING

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

To switch, simply complete a switch request form and send to the relevant Distributor or our head office. Currently, there is no restriction on the frequency of switches. However, we have the discretion to allow or to reject any switching into (or out of) the Fund or Class, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform).

4.9.1. Processing a switch

We process a switch as a withdrawal from one fund or class and an investment into another fund or class within Principal Malaysia's fund. 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., the switch out will be processed using the NAV per unit for the next Business Day.

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

4.10. TRANSFER FACILITY

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

4.11. TEMPORARY SUSPENSION

We and the Trustee may temporarily suspend the dealing in units of the Class or Fund, subject to the requirement in the SC Guidelines and/or the Deed. Please note that during the suspension period, there will be no NAV per unit available and hence, we will not accept any transactions for the applications, withdrawals, switches and/or transfers of units. If we have earlier accepted your request for withdrawals and switches of units, please note that there may be delay in processing those transactions and you will be notified accordingly. You will also be notified once the suspension is lifted.

4.12. DISTRIBUTION PAYMENT

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

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

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

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

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

4.13. UNCLAIMED MONEYS

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

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

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

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

5. ADDITIONAL INFORMATION

5.1. FINANCIAL YEAR-END

31 October.

5.2. INFORMATION ON YOUR INVESTMENT

We will send you the following:

- Monthly statement of your account showing details of transactions and distributions (if any); and
- Quarterly report and audited annual report showing snapshots of the Fund and details of the portfolio for the respective period reported. Both the quarterly report and the audited annual report will be sent to you within two (2) months of the end of the period reported.

The Fund's annual report is available upon request.

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

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

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

5.4. RIGHTS, LIABILITIES AND LIMITATIONS OF UNIT HOLDER

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

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

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

Rights

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

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

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

Liabilities

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

Limitations

You cannot:

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

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

5.5. DOCUMENTS AVAILABLE FOR INSPECTION

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

- The Deed;
- Information Memorandum and supplementary or replacement information memorandum, if any;
- The latest annual and interim reports of the Fund;
- Material contracts or documents referred to in this Information Memorandum;
- The audited financial statements of the Manager and the Fund (where applicable) for the current financial year and for the last three (3) financials years or if less than three (3) years, from the date of incorporation or commencement; and
- The Explanatory Memorandum dated December 2014 and any supplementary or replacement explanatory memorandum, if any.

5.6. POTENTIAL CONFLICTS OF INTERESTS AND RELATED-PARTY TRANSACTIONS

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

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

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

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

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

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

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

The Target Fund Manager, Target Fund Investment Adviser, Target Fund's trustee, and Trustee are members of the HSBC Group and are ultimately owned by the HSBC Holding plc.

In addition to the abovementioned, there may be related party transaction 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 (Trustee's delegate); and
- 4) where the Fund obtains financing from the related party of the Trustee.

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

Subject to any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit holder or enter into any contract or transaction with each other, the Fund or any 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.

5.7. INTERESTS IN THE FUND

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

5.8. EMPLOYEES' SECURITIES DEALINGS

We have in place a policy contained in our Rules of Business Conduct, which regulates our employees' securities dealings. All of our employees are required to declare their securities trading annually to ensure that there is no potential conflict of interest between the employees' securities trading and the execution of the employees' duties to us and our customers.

6. THE MANAGER

6.1. ABOUT PRINCIPAL ASSET MANAGEMENT BERHAD

Principal Malaysia holds a Capital Markets Services License for fund management and dealing in securities restricted to unit trust under the CMSA and specialises in managing and operating unit trusts for investors, both institutional and retail. Principal Malaysia's responsibilities include managing investment portfolios by providing fund management services to insurance companies, pension funds, unit trust companies, corporations and government institutions in Malaysia. In addition, Principal Malaysia is an approved private retirement scheme provider in Malaysia. It originally commenced its operations as a unit trust company in November 1995. As at LPD, Principal Malaysia has more than 23 years of experience in the unit trust industry. The shareholders of the company are PIA and CIMB Group.

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

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

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

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

As at LPD, there is no litigation or arbitration proceedings 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.

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

6.1.1. Designated person responsible for fund management function

Name:	Patrick Chang Chian Ping
Designation:	Chief Investment Officer (CIO), Malaysia & Chief Investment Officer, Equities, ASEAN Region
Experience:	Patrick Chang joined Principal Malaysia on 22 February 2016 and currently holds the positions of CIO, Malaysia and CIO Equities, ASEAN Region effective 1 October 2018. He comes with more than 18 years of experience in asset management and is backed by numerous ASEAN awards from Malaysian pension funds in 2013 and 2015. He was previously the Head of ASEAN equities at BNP Paribas Investment Partners, Malaysia where he oversees ASEAN equities for both Malaysian and offshore clients from 2012. Prior to that, he served as Senior Vice President for Principal Malaysia where he specialized in Malaysia, ASEAN and Asia specialist funds. He also worked as a portfolio manager at Riggs and Co International Private Banking in London specializing in managing global ETF portfolios and holds the Capital Markets Services Representative License.
Qualifications:	MSc Finance from City University Business School and BSc Accounting and Financial Analysis from University of Warwick, UK.

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

7. THE TRUSTEE

7.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

HSBC (Malaysia) Trustee Berhad (193701000084 (1281-T)) is a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at 13th Floor, Bangunan HSBC, South Tower, No. 2, Leboh Ampang, 50100 Kuala Lumpur.

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

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit Holders of the Fund. In 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 redemption, the Trustee's responsibility is discharged once it has paid the redemption amount to the Manager.

7.1.1. Trustee's statement of disclaimer

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

7.1.2. Anti-Money Laundering and Anti-Terrorism Financing Provisions

The Trustee has in place 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.

7.1.3. Consent to Disclosure

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

7.1.4. Trustee's delegate

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

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

7.1.5. Material Litigation and Arbitration

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

7.1.6. Trustee's statement of responsibility

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

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

ANNEXURE – CLASS MYR

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

CLASS INFORMATION

Class MYR		Page
Currency denomination	MYR	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	38

FEEES & CHARGES

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

Charges	Class MYR	Page
Application Fee	Principal Distributors : Up to 6.50% of the NAV per unit. IUTAs : Up to 5.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	30
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's funds (or its class). As such, you will 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 funds (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's funds (or its class) to be switched into has a lower Application Fee. In addition, we may impose RM100 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	30
Transfer Fee	A maximum of MYR 50 may be charged for each transfer.	30
Other charges payable directly by you when purchasing or withdrawing units	Any applicable bank charges and other bank fees incurred as a result of an investment or redemption will be borne by you.	

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

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

Charges	Class MYR	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	30
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	31
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	30
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, Unit holders are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	31

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

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

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

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

TRANSACTION INFORMATION

	Class MYR	Page
Minimum initial investment	MYR 10,000 or such other amount as we may decide from time to time.	36
Minimum additional investment	MYR 5,000 or such other amount as we may decide from time to time.	36
Minimum withdrawal	5,000 units or such other number of units as we may decide from time to time.	36
Minimum balance	10,000 units or such other number of units as we may decide from time to time.	37
Regular Savings Plan	RSP is available. It allows you to make regular monthly investments of RM 500 or more, direct from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is RM10,000 or such other amount as we may decide from time to time.	
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class that you intend to switch out; ○ the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and ○ the Switching Fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	37
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	37
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	37

Note: You may request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. For increase in the amount or units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.

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

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

ANNEXURE – CLASS SGD

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

CLASS INFORMATION

Class SGD		Page
Currency denomination	SGD	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	38

FEEES & CHARGES

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

Charges	Class SGD	Page
Application Fee	Principal Distributors : Up to 6.50% of the NAV per unit. IUTAs : Up to 5.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	30
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's funds (or its class). As such, you will 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 funds (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's funds (or its class) to be switched into has a lower Application Fee. In addition, we may impose SGD 35 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	30
Transfer Fee	A maximum of SGD 15 may be charged for each transfer.	30
Other charges payable directly by you when purchasing or withdrawing units	Any applicable bank charges and other bank fees incurred as a result of an investment or redemption will be borne by you.	

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

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

Charges	Class SGD	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	30
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	31
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	30
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, Unit holders are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	31

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

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

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

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

TRANSACTION INFORMATION

	Class SGD	Page
Minimum initial investment	SGD 5,000 or such other amount as we may decide from time to time.	36
Minimum additional investment	SGD 1,000 or such other amount as we may decide from time to time.	36
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	36
Minimum balance	5,000 units or such other number of units as we may decide from time to time.	37
Regular Savings Plan	Currently, RSP is not available.	
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class that you intend to switch out; ○ the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and ○ the Switching Fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	37
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	37
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	37

Note: You may request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. For increase in the amount or units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.

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

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

ANNEXURE – CLASS USD

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

CLASS INFORMATION

Class USD		Page
Currency denomination	USD	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	38

FEES & CHARGES

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

Charges	Class USD	Page
Application Fee	Principal Distributors : Up to 6.50% of the NAV per unit. IUTAs : Up to 5.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	30
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's funds (or its class). As such, you will 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 funds (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's funds (or its class) to be switched into has a lower Application Fee. In addition, we may impose USD 35 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	30
Transfer Fee	A maximum of USD 15 may be charged for each transfer.	30
Other charges payable directly by you when purchasing or withdrawing units	Any applicable bank charges and other bank fees incurred as a result of an investment or redemption will be borne by you.	

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

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

Charges	Class USD	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	30
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	31
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	30
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, Unit holders are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	31

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

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

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

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

TRANSACTION INFORMATION

	Class USD	Page
Minimum initial investment	USD 5,000 or such other amount as we may decide from time to time.	36
Minimum additional investment	USD 1,000 or such other amount as we may decide from time to time.	36
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	36
Minimum balance	5,000 units or such other number of units as we may decide from time to time.	37
Regular Savings Plan	Currently, RSP is not available.	
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class that you intend to switch out; ○ the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and ○ the Switching Fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	37
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	37
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	37

Note: You may request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. For increase in the amount or units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.

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

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

ANNEXURE – CLASS AUD-HEDGED

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

CLASS INFORMATION

Class AUD-Hedged		Page
Currency denomination	AUD	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	38

FEES & CHARGES

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

Charges	Class AUD-Hedged	Page
Application Fee	Up to 5.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	30
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's funds (or its class). As such, you will 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 funds (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's funds (or its class) to be switched into has a lower Application Fee. In addition, we may impose AUD 35 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	30
Transfer Fee	A maximum of AUD 15 may be charged for each transfer.	30
Other charges payable directly by you when purchasing or withdrawing units	Any applicable bank charges and other bank fees incurred as a result of an investment or redemption will be borne by you.	

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

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

Charges	Class AUD-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	30
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	31
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	30
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, Unit holders are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	31

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

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

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

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

TRANSACTION INFORMATION

	Class AUD-Hedged	Page
Minimum initial investment	AUD 5,000 or such other amount as we may decide from time to time.	36
Minimum additional investment	AUD 1,000 or such other amount as we may decide from time to time.	36
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	36
Minimum balance	5,000 units or such other number of units as we may decide from time to time.	37
Regular Savings Plan	Currently, RSP is not available.	
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class that you intend to switch out; ○ the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and ○ the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	37
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	37
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	37

Note: You may request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. For increase in the amount or units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.

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

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

ANNEXURE – CLASS MYR-HEDGED

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

CLASS INFORMATION

Class MYR-Hedged		Page
Currency denomination	MYR	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	38

FEES & CHARGES

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

Charges	Class MYR-Hedged	Page
Application Fee	Principal Distributors : Up to 6.50% of the NAV per unit. IUTAs : Up to 5.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	30
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's funds (or its class). As such, you will 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 funds (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's funds (or its class) to be switched into has a lower Application Fee. In addition, we may impose MYR 100 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	30
Transfer Fee	A maximum of MYR 50 may be charged for each transfer.	30
Other charges payable directly by you when purchasing or withdrawing units	Any applicable bank charges and other bank fees incurred as a result of an investment or redemption will be borne by you.	

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

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

Charges	Class MYR-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	30
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	31
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	30
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, Unit holders are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	31

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

We may, for any reason at any time, where applicable, waive or reduce the amount of any fees (except the Trustee Fee) or other charges payable by you in respect of the Fund, either generally (for all Sophisticated Investors) or specifically (for any particular

Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) and for any period or periods of time at our absolute discretion.

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

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

TRANSACTION INFORMATION

	Class MYR-Hedged	Page
Minimum initial investment	MYR 10,000 or such other amount as we may decide from time to time.	36
Minimum additional investment	MYR 5,000 or such other amount as we may decide from time to time.	36
Minimum withdrawal	5,000 units or such other number of units as we may decide from time to time.	36
Minimum balance	10,000 units or such other number of units as we may decide from time to time.	37
Regular Savings Plan	RSP is available. It allows you to make regular monthly investments of RM 500 or more, direct from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is RM10,000 or such other amount as we may decide from time to time.	
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class that you intend to switch out; ○ the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and ○ the Switching Fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	37
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	37
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	37

Note: You may request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. For increase in the amount or units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.

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

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

ANNEXURE – CLASS RMB-HEDGED

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

CLASS INFORMATION

Class RMB-Hedged		Page
Currency denomination	RMB	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	38

FEES & CHARGES

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

Charges	Class RMB-Hedged	Page
Application Fee	Up to 5.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	30
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's funds (or its class). As such, you will 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 funds (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's funds (or its class) to be switched into has a lower Application Fee. In addition, we may impose RMB 100 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	30
Transfer Fee	A maximum of RMB 50 may be charged for each transfer.	30
Other charges payable directly by you when purchasing or withdrawing units	Any applicable bank charges and other bank fees incurred as a result of an investment or redemption will be borne by you.	

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

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

Charges	Class RMB-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	30
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	31
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	30
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, Unit holders are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	31

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

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

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

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

TRANSACTION INFORMATION

	Class RMB-Hedged	Page
Minimum initial investment	RMB 10,000 or such other amount as we may decide from time to time.	36
Minimum additional investment	RMB 5,000 or such other amount as we may decide from time to time.	36
Minimum withdrawal	5,000 units or such other number of units as we may decide from time to time.	36
Minimum balance	10,000 units or such other number of units as we may decide from time to time.	37
Regular Savings Plan	Currently, RSP is not available.	
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class that you intend to switch out; ○ the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and ○ the Switching Fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	37
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	37
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	37

Note: You may request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. For increase in the amount or units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.

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

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

ANNEXURE – CLASS SGD-HEDGED

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

CLASS INFORMATION

Class SGD-Hedged		Page
Currency denomination	SGD	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion.	38

FEES & CHARGES

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

Charges	Class SGD-Hedged	Page
Application Fee	Up to 5.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	30
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's funds (or its class). As such, you will 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 funds (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's funds (or its class) to be switched into has a lower Application Fee. In addition, we may impose SGD 35 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	30
Transfer Fee	A maximum of SGD 15 may be charged for each transfer.	30
Other charges payable directly by you when purchasing or withdrawing units	Any applicable bank charges and other bank fees incurred as a result of an investment or redemption will be borne by you.	

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

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

Charges	Class SGD-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	30
Trustee Fee	0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	31
Fund expenses	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	30
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, Unit holders are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	31

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

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

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

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

TRANSACTION INFORMATION

	Class SGD-Hedged	Page
Minimum initial investment	SGD 5,000 or such other amount as we may decide from time to time.	36
Minimum additional investment	SGD 1,000 or such other amount as we may decide from time to time.	36
Minimum withdrawal	1,000 units or such other number of units as we may decide from time to time.	36
Minimum balance	5,000 units or such other number of units as we may decide from time to time.	37
Regular Savings Plan	Currently, RSP is not available.	
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class that you intend to switch out; ○ the minimum balance required (after the switch) for the Class that you intend to switch out, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and ○ the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	37
Transfer facility	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.	37
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right.	37

Note: You may request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. For increase in the amount or units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.

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

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

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