Information Memorandum
14 January 2020

Principal Global Dividend Maximiser Fund

(formerly known as CIMB-Principal Global Dividend Maximiser 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 GLOBAL DIVIDEND MAXIMISER FUND DATED 11 MAY 2015, THE FIRST SUPPLEMENTAL INFORMATION MEMORANDUM DATED 30 NOVEMBER 2015 AND SECOND SUPPLEMENTAL INFORMATION MEMORANDUM DATED 27 FEBRUARY 2018.

This Information Memorandum for the Principal Global Dividend Maximiser Fund is dated 14 January 2020.

This Fund was constituted on 30 April 2015.

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.

In alliance with CIMB

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 Global Dividend Maximiser Fund ("Fund"), which is wholesale fund. This Information Memorandum outlines in general the information you need to know about the Fund and is intended for the exclusive use by prospective Sophisticated Investors (as defined herein) who should ensure that all information contained herein remains confidential. The Fund is established with a multi-class structure and has more than one (1) class.

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

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

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notices, legislations or statutes for the time being in force, as may be amended, varied, modified, updated, superseded and/or re-enacted from time to time.

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

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

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

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DEFINITIONS

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

Application Fee	-	Preliminary charge on each investment.
Business Day	-	Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and banks in Kuala Lumpur and/or Selangor are open for business. In respect of the Target Fund, it means a week day on which banks are normally open for business in Luxembourg. ***Note:*** *We may declare certain Business Days to be a non-Business Day if the jurisdiction of the Target Fund declares a non-business day and/or if the Target Fund's manager declares a non-dealing day. This information will be communicated to you via our website at* ***http://www.principal.com.my****.*
CIMB Group	-	CIMB Group Sdn. Bhd.
CIS	-	Refers to collective investment scheme.
Class	-	Any Class of units representing similar interests in the assets of the Fund.
Class AUD	-	The Class of units issued by the Fund denominated in AUD.
Class MYR	-	The Class of units issued by the Fund denominated in MYR.
Class SGD	-	The Class of units issued by the Fund denominated in SGD.
Class USD	-	The Class of units issued by the Fund denominated in USD.
CMSA	-	Capital Markets and Services Act 2007.
Company	-	Schroder International Selection Fund.
CSSF	-	Commission de Surveillance du Secteur Financier, a public institution which supervises the professionals and products of the Luxembourg financial sector.
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.*
Distributor	-	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.
EU	-	European Union.
FIMM	-	Federation of Investment Managers Malaysia.
Fund or GMAX	-	Principal Global Dividend Maximiser Fund *(formerly known as CIMB-Principal Global Dividend Maximiser Fund).*
Information Memorandum	-	Refers to this Information Memorandum in respect of the Fund and includes any addendum to the 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.
Long term	-	Refers to a period of ten (10) years or more.
Management Company	-	Refers to the management company of the Company, i.e. Schroder Investment Management (Europe) S.A.
Management Fee	-	A percentage of the NAV of the Fund that is paid to the Manager for managing the portfolio of the Fund.
MCR	-	Multi-class ratio, being the apportionment of the NAV of each Class over the Fund's NAV based on the size of each Class. The MCR is calculated by dividing the NAV (USD) of the respective Class by the NAV of the Fund before income and expenses for the day, save and except any benefits or costs of hedging (if any) and/or charges for a Class shall be allocated to that Class only. The apportionment is expressed as a ratio and calculated as a percentage.
Medium term	-	Refers to a period of three (3) years or more.
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 (if any) and annual Trustee Fee (if any), the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day. The NAV of a Class is the NAV of the Fund attributable to a Class at the same valuation point
NAV per unit	-	The NAV attributable to a Class of units divided by the number of units in circulation for that Class, at the valuation point.
OTC	-	Over-the-counter.
PIA	-	Principal International (Asia) Ltd.

PFG	-	Principal Financial Group and its affiliates.
Principal Distributors	-	Refers to the unit trust scheme consultants of Principal Malaysia.
Principal Malaysia or the Manager	-	Principal Asset Management Berhad *(formerly known as CIMB-Principal Asset Management Behad)*.
RM or MYR	-	Ringgit Malaysia.
SC	-	Securities Commission Malaysia.
SC Guidelines	-	SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.
Shareholder	-	Refers to the shareholders of the Target Fund. As such, when the Fund invests in the Target Fund, the Fund is a Shareholder of the Target Fund.
SICAV	-	Société d'Investissement à Capital Variable; an investment company with variable capital.
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.*
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 Schroder International Selection Fund Global Dividend Maximiser.
Transfer Fee	-	A nominal fee levied for each transfer of units from one (1) Unit holder to another.
Trustee	-	HSBC (Malaysia) Trustee Berhad.
Trustee Fee	-	A percentage of the NAV of the Fund that is paid to the Trustee for its services rendered as trustee for the Fund.
UCITS	-	An "undertaking for collective investment in transferable securities" within the meaning of points a) and b) of Article 1(2) of the UCITS IV Directive.
UCI	-	An "undertaking for collective investment" within the meaning of Article 2 (2) of the Law.
UCITS Directive		Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended, on the coordination of laws, regulations and administrative provisions relating to UCITS.
Unit holder	-	The registered holder for the time being of a unit of any Class including persons jointly so registered.
US	-	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.*

1. FUND INFORMATION

1.1. PRINCIPAL GLOBAL DIVIDEND MAXIMISER FUND

Fund Category/Type	:	Wholesale Fund (Feeder Fund) / Income and capital growth
Investment Objective	:	The Fund aims to provide income* and potential capital growth to investors through investments in one collective investment scheme, which invests in equities or equity related securities worldwide. ** All distributions (if any) will be automatically reinvested into additional units in the Class at the NAV per unit of the Class on the distribution date (the number of units is rounded using the normal rounding policy to two decimal places), unless written instructions to the contrary are communicated by you to us. Please refer to page 38 under "Distribution of the Fund" for more information.* *Any material changes to the objective of the Fund would require your approval.*
Benchmark	:	The Fund adheres to the benchmark of the Target Fund for performance comparison purpose. The benchmark of the Target Fund may be found in the Key Investor Information Document (KIID) of the Target Fund, which is available on **https://www.schroders.com/en/lu**.
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 distribution payment.
Base Currency	:	USD

Classes of the Fund

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

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

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

Name of Class	Launch date	Initial offer period	Initial offer price per unit
Class AUD	30 November 2015	N/A	AUD1.0000
Class MYR	11 May 2015	N/A	MYR 1.0000
Class SGD	30 November 2015	N/A	SGD 1.0000
Class USD	11 May 2015	N/A	USD 1.0000

Investment policy and principal investment strategy

The Fund is a feeder fund that invests at least 95% of its NAV into the Target Fund. The Fund may also invest in liquid asset for liquidity purpose.

In order to achieve its objective, the Fund will invest at least 95% of its NAV in the Schroder International Selection Fund Global Dividend Maximiser (the "Target Fund"); a SICAV domiciled in Luxembourg and established on the 13 July 2007. The Fund will invest in Class A of the Target Fund, which is a share class denominated in USD with income distribution. The Fund will also maintain up to a maximum of 5% of its NAV in liquid assets.

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 adopt a temporary defensive position for the Fund in response to adverse market, economic and/or any other conditions to allow the Fund to mirror the performance of the Target Fund in either bullish or bearish market condition. However, the defensive strategies may be implemented at the Target Fund level subject to Schroders' view on markets and strategy. You should note that Schroders may or may not choose to adopt the temporary defensive position; this will in turn impact the performance of the Fund.

We do not employ risk management strategy on the portfolio of the Target Fund. the risk management strategies and techniques employed will be at the Target Fund level whereby the fund manager of the Target Fund employs a risk management process which combines financial techniques and instruments to manage at any time the risk of various positions and their contribution to the overall risk of the Target Fund's portfolio.

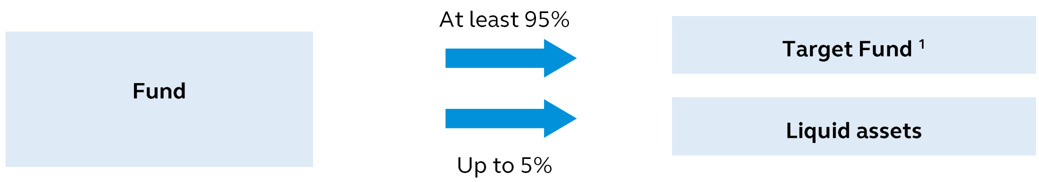
If, in our opinion, the Target Fund no longer meets the Fund's investment objective, and/or when acting in the best interests of Unit holders, we may replace the Target Fund with another CIS that is consistent with the investment objective and investment strategies of this Fund, subject to the approval of the Unit holders.

The switch to another CIS may be performed on a staggered basis to facilitate a smooth transition. This is applicable should the Target Fund impose any conditions in relation to redemption of units or if the manager of the newly identified target fund exercises its discretion to apply dilution adjustment in relation to 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 level. Hence during the transition period, the Fund's investment may differ from the stipulated investment objective, investment strategies and/or investment restrictions and limits.

Note: *Dilution adjustment 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. The adjustment is intended to be used to ensure that all investors in the Target Fund are treated equitably by allocating transaction costs to the investors whose transactions give rise to those costs.*

Information on the Target Fund

Target Fund	:	Schroder International Selection Fund Global Dividend Maximiser
Class	:	Class A Distribution USD
Company	:	Schroder International Selection Fund
Management Company	:	Schroder Investment Management (Luxembourg) S.A.
Investment Manager	:	Schroder Investment Management Limited
Regulatory authority	:	Commission de Surveillance du Secteur Financier



[1] *Presently, the Target Fund is the Schroder International Selection Fund Global Dividend Maximiser.*

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

Subject to the Deed, the investment policy for the Fund and the requirements of the SC and any other regulatory body, we have the absolute discretion as to how the assets of the Fund are to be invested. The following types of investments permitted for the Fund, which are in line with the Fund's objective, include but are not limited to:
- One CIS (local or foreign);
- Liquid assets such as Deposits and money market instruments with licensed domestic and foreign financial institutions;
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps for hedging purposes; and
- Any other form of investments as may be determined by us from time to time that is in line with the Fund's objective.

1.3. INVESTMENT RESTRICTIONS AND LIMITS

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

CIS: The Fund must be invested in one (1) CIS.

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

1.4. APPROVALS AND CONDITIONS

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

1.5. BORROWINGS OR FINANCING

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

1.6. SECURITIES LENDING

Not applicable to the Fund.

1.7. RISK FACTORS

1.7.1. GENERAL RISKS OF INVESTING IN A CIS

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

Returns not guaranteed
The investment of the fund is subject to market fluctuations and its inherent risk. There is **NO GUARANTEE** on the investment returns, nor any assurance that the fund's investment objective will be achieved.

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

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

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

1.7.2. SPECIFIC RISKS RELATED TO THE FUND

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

As for a hedged Class, the Class itself provides mitigation to the currency risk arising from the difference between the currency denomination of the Class and the base currency of the Fund. While we aim to fully hedge the currency risk for a hedged Class, you should note that it may not entirely eliminate currency risk. In addition, you should note that, as a result of hedging, a hedged Class will not be able to enjoy the full benefits of the currency movement in the event of a favourable movement of the currency denomination of the hedged Class against the base currency of the Fund. You should also note that hedging incurs costs, in which will impact the NAV of a hedged Class.

Manager risk
The Fund invests into a CIS managed by another manager, i.e. the Target Fund. Therefore, the Target Fund's 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 invest 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 an alternative CIS that is consistent with the objective of this Fund, subject to your approval.

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

1.7.3. SPECIFIC RISKS RELATED TO THE TARGET FUND

The following section was excerpted from the information stated in the prospectus of the Target Fund dated December 2019.

For this section, the following definitions apply:

Depository	:	J.P. Morgan Bank Luxembourg S.A., acting as depositary bank and fund administrator.
EU	:	European Union.
Investment Fund(s)	:	A UCITS or other UCI in which the Target Fund may invest, as determined in the investment rules described in Appendix I of the Target Fund's Prospectus.
MMFR	:	Money Market Fund Regulations; the regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on Money Market Funds, as it may be amended or supplemented from time to time.
Money Market Funds	:	An undertaking for collective investment authorised in accordance with the MMFR subject to specific provisions disclosed in Appendix III of the Target Fund's Prospectus.
Reference Currency	:	The currency in which a share class of the Target Fund is offered to investors.
Target Fund's Prospectus	:	Refers to prospectus of the Target Fund dated December 2019.

General Risks
Past performance is not a guide to future performance and Shares, other than Shares of Money Market Funds, should be regarded as a medium to long-term investment. The value of investments and the income generated by them may go down as well as up and Shareholders may not get back the amount originally invested. Where the Target Fund's Currency varies from the investor's home currency, or where the Target Fund's Currency varies from the currencies of the markets in which the Target Fund invests, there is the prospect of additional loss (or the prospect of additional gain) to the investor greater than the usual risks of investment.

Investment Objective Risk
Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult or even impossible to achieve. There is no express or implied assurance as to the likelihood of achieving the investment objective for a Target Fund.

Regulatory Risk
The Company is domiciled in Luxembourg and investors should note that all the regulatory protections provided by their local regulatory authorities may not apply. Additionally the Target Fund will be registered in non-EU jurisdictions. As a result of such registration the Target Fund may be subject, without any notice to the shareholders in the Target Fund concerned, to more restrictive regulatory regimes. In such cases the Target Fund will abide by these more restrictive requirements. This may prevent the Target Fund from making the fullest possible use of the investment limits.

Business, Legal and Tax Risks
In some jurisdictions the interpretation and implementation of laws and regulations and the enforcement of shareholders' rights under such laws and regulations may involve significant uncertainties. Furthermore, there may be differences between accounting and auditing standards, reporting practices and disclosure requirements and those generally accepted internationally. The Target Fund may be subject to withholding and other taxes. Tax law and regulations of any jurisdiction are frequently reviewed and may be changed at any time, in certain cases with retrospective effect. The interpretation and applicability of tax law and regulations by tax authorities in some jurisdictions are not consistent and transparent and may vary from jurisdiction to jurisdiction and/or region to region. Any change in taxation legislation could affect the value of the investments held by and the performance of the Target Fund.

Geographic Areas
Funds that focus on a particular industry or geographic area are subject to the risk factors and market factors which affect this particular industry or geographic area, including legislative changes, changes in general economic conditions and increased competitive forces. This may result in a greater volatility of the Net Asset Value of the Shares of the relevant Fund. Additional risks may include greater social and political uncertainty and instability; and natural disasters.

Risk of Suspension of Share Dealings
Investors are reminded that in certain circumstances their right to redeem or switch Shares may be suspended (see Section 2.5, "Suspensions or Deferrals" of the Target Fund's Prospectus).

Interest Rate Risk
The values of bonds and other debt instruments usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the values of existing debt instruments, and rising interest rates generally reduce the value of existing debt instruments. Interest rate risk is generally greater for investments with long durations or maturities. Some investments give the issuer the option to call or redeem an investment before its maturity date. If an issuer calls or redeems an investment during a time of declining interest rates, the Target Fund might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates.

Credit Risk
The ability, or perceived ability, of an issuer of a debt security to make timely payments of interest and principal on the security will affect the value of the security. It is possible that the ability of the issuer to meet its obligation will decline substantially during the period when the Target Fund owns securities of that issuer, or that the issuer will default on its obligations. An actual or perceived deterioration in the ability of an issuer to meet its obligations will likely have an adverse effect on the value of the issuer's securities.

If a security has been rated by more than one nationally recognised statistical rating organisation the Target Fund's Investment Manager may consider the highest rating for the purposes of determining whether the security is investment grade. The Target Fund will not necessarily dispose of a security held by it if its rating falls below investment grade, although the Target Fund's Investment Manager will consider whether the security continues to be an appropriate investment for the Target Fund. The Target Fund's Investment Manager considers whether a security is investment grade only at the time of purchase. The Target Fund will invest in securities which will not be rated by a nationally recognised statistical rating organisation, but the credit quality will be determined by the Target Fund's Investment Manager. Credit risk is generally greater for investments issued at less than their face values and required to make interest payments only at maturity rather than at intervals during the life of the investment.

Credit rating agencies base their ratings largely on the issuer's historical financial condition and the rating agencies' investment analysis at the time of rating. The rating assigned to any particular investment does not necessarily reflect the issuer's current financial condition, and does not reflect an assessment of an investment's volatility and liquidity. Although investment grade investments generally have lower credit risk than investments rated below investment grade, they may share some of the risks of lower-rated investments, including the possibility that the issuers may be unable to make timely payments of interest and principal and thus default.

Liquidity Risk
Liquidity risk exists when particular investments are difficult to purchase or sell. The Target Fund's investment in illiquid securities may reduce the returns of the Target Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Investments in foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Illiquid securities may be highly volatile and difficult to value.

Inflation/Deflation Risk
Inflation is the risk that the assets or income from a Target Fund's investments may be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Target Fund's portfolio could decline. Deflation risk is the risk that prices throughout the economy may decline over time. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of the Target Fund's portfolio.

Derivatives Risk
For the Target Fund that uses derivatives to meet its specific investment objective, there is no guarantee that the performance of the derivatives will result in a positive effect for the Target Fund and its Shareholders. The Target Fund may incur costs and fees in connection with total return swaps, contracts for difference or other derivatives with similar characteristics, upon entering into these instruments and/or any increase or decrease of their notional amount. The amount of these fees may be fixed or variable. Information on costs and fees incurred by the Target Fund in this respect, as well as the identity of the recipients and any affiliation they may have with the Depositary, the Investment Manager or the Management Company, if applicable, may be available in the annual report.

Warrants Risk
When the Target Fund invests in warrants, the price, performance and liquidity of such warrants are typically linked to the underlying stock. However, the price, performance and liquidity of such warrants will generally fluctuate more than the underlying securities because of the greater volatility of the warrants market. In addition to the market risk related to the volatility of warrants, the Target Fund investing in synthetic warrants, where the issuer of the synthetic warrant is different to that of the underlying stock, is subject to the risk that the issuer of the synthetic warrant will not perform its obligations under the transactions which may result in the Target Fund, and ultimately its Shareholders, suffering a loss.

Credit Default Swap Risk
A credit default swap allows the transfer of default risk. This allows the Target Fund to effectively buy insurance on a reference obligation it holds (hedging the investment), or buy protection on a reference obligation it does not physically own in the expectation that the credit will decline in quality. One party, the protection buyer, makes a stream of payments to the seller of the protection, and a payment is due to the buyer if there is a credit event (a decline in credit quality, which will be predefined in the agreement between the parties). If the credit event does not occur the buyer pays all the required premiums and the swap terminates on maturity with no further payments. The risk of the buyer is therefore limited to the value of the premiums paid. In addition, if there is a credit event and the Target Fund does not hold the underlying reference obligation, there may be a market risk as the Target Fund may need time to obtain the reference obligation and deliver it to the counterparty. Furthermore, if the counterparty becomes insolvent, the Target Fund may not recover the full amount due to it from the counterparty. The market for credit default swaps may sometimes be more illiquid than the bond markets. The Company will mitigate this risk by monitoring in an appropriate manner the use of this type of transaction.

Futures, Options and Forward Transactions Risk
The Target Fund may use options, futures and forward contracts on currencies, securities, indices, volatility, inflation and interest rates for hedging and investment purposes.

Transactions in futures may carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the Target Fund. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

Transactions in options may also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the Target Fund is fixed, the Target Fund may sustain a loss well in excess of that amount. The Target Fund will also be exposed to the risk of the purchaser exercising the option and the Target Fund will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the Target Fund holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Forward transactions and purchasing options, in particular those traded over-the-counter and not cleared through a central counterparty, have an increased counterparty risk. If a counterparty defaults, the Target Fund may not get the expected payment or delivery of assets. This may result in the loss of the unrealised profit.

Credit Linked Note Risk

A credit linked note is a debt instrument which assumes both credit risk of the relevant reference entity (or entities) and the issuer of the credit linked note. There is also a risk associated with the coupon payment; if a reference entity in a basket of credit linked notes suffers a credit event, the coupon will be re-set and is paid on the reduced nominal amount. Both the residual capital and coupon are exposed to further credit events. In extreme cases, the entire capital may be lost. There is also the risk that a note issuer may default.

Equity Linked Note Risk

The return component of an equity linked note is based on the performance of a single security, a basket of securities or an equity index. Investment in these instruments may cause a capital loss if the value of the underlying security decreases. In extreme cases the entire capital may be lost. These risks are also found in investing in equity investments directly. The return payable for the note is determined at a specified time on a valuation date, irrespective of the fluctuations in the underlying stock price. There is no guarantee that a return or yield on an investment will be made. There is also the risk that a note issuer may default.

The Target Fund may use equity linked notes to gain access to certain markets, for example emerging and less developed markets, where direct investment is not possible. This approach may result in the following additional risks being incurred – lack of a secondary market in such instruments, illiquidity of the underlying securities, and difficulty selling these instruments at times when the underlying markets are closed.

Insurance Linked Securities Risk

Insurance linked securities may incur severe or full losses as a result of insurance events such as natural, man-made or other catastrophes. Catastrophes can be caused by various events, including, but not limited to, hurricanes, earthquakes, typhoons, hailstorms, floods, tsunamis, tornados, windstorms, extreme temperatures, aviation accidents, fires, explosions and marine accidents. The incidence and severity of such catastrophes are inherently unpredictable, and the Target Fund's losses from such catastrophes could be material. Any climatic or other event which might result in an increase in the likelihood and/or severity of such events (for example, global warming leading to more frequent and violent hurricanes) could have a material adverse effect on the Target Fund. Although the Target Fund's exposure to such events will be diversified in accordance with its investment objective, a single catastrophic event could affect multiple geographic zones and lines of business or the frequency or severity of catastrophic events could exceed expectations, either of which could have a material adverse effect on the Target Fund's Net Asset Value.

General Risk associated with OTC Transactions

Instruments traded in OTC markets may trade in smaller volumes, and their prices may be more volatile than instruments principally traded on exchanges. Such instruments may be less liquid than more widely traded instruments. In addition, the prices of such instruments may include an undisclosed dealer mark-up which the Target Fund may pay as part of the purchase price.

In general, there is less government regulation and supervision of transactions in OTC markets than of transactions entered into on organised exchanges. OTC derivatives are executed directly with the counterparty rather than through a recognised exchange and clearing house. Counterparties to OTC derivatives are not afforded the same protections as may apply to those trading on recognized exchanges, such as the performance guarantee of a clearing house.

The principal risk when engaging in OTC derivatives (such as non-exchange traded options, forwards, swaps or contracts for difference) is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations as required by the terms of the instrument. OTC derivatives may expose the Target Fund to the risk that the counterparty will not settle a transaction in accordance with its terms, or will delay the settlement of the transaction, because of a dispute over the terms of the contract (whether or not bona fide) or because of the insolvency, bankruptcy or other credit or liquidity problems of the counterparty. Counterparty risk is generally mitigated by the transfer or pledge of collateral in favour of the Target Fund. The value of the collateral may fluctuate, however, and it may be difficult to sell, so there are no assurances that the value of collateral held will be sufficient to cover the amount owed to the Target Fund.

The Target Fund may enter into OTC derivatives cleared through a clearinghouse that serves as a central counterparty. Central clearing is designed to reduce counterparty risk and increase liquidity compared to bilaterally-cleared OTC derivatives, but it does not eliminate those risks completely. The central counterparty will require margin from the clearing broker which will in turn require margin from the Target Fund. There is a risk of loss by the Target Fund of its initial and variation margin deposits in the event of default of the clearing broker with which the Target Fund has an open position or if margin is not identified and correctly report to the – Target Fund, in particular where margin is held in an omnibus account maintained by the clearing broker with the central counterparty. In the event that the clearing broker becomes insolvent, the Target Fund may not be able to transfer or "port" its positions to another clearing broker.

EU Regulation No 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation, or "EMIR"), which came into force on 16 August 2012, introduces uniform requirements in respect of OTC derivatives transactions by requiring certain "eligible" OTC derivatives transactions to be submitted for clearing to regulated central clearing counterparties and by mandating the reporting of certain details of derivatives transactions to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty credit risk in respect of OTC derivatives contracts which are not subject to mandatory clearing. These requirements include the exchange of margin and, where initial margin is exchanged, its segregation by the parties, including by the Company.

While many of the obligations under EMIR have come into force, as at the date of the Target Fund Prospectus the requirement to submit certain OTC derivatives transactions to central clearing counterparties ("CCPs") and the margin requirements for non-cleared OTC derivatives transactions are subject to a staggered implementation timeline. It is not yet fully clear how the OTC derivatives market will adapt to the new regulatory regime. Accordingly, it is difficult to predict the full impact of EMIR on the Company, which may include an increase in the overall costs of entering into and maintaining OTC derivatives contracts. Prospective investors and Shareholders should be aware that the regulatory changes arising from EMIR and other similar regulations such as the Dodd-Frank Wall Street Reform and Consumer Protection Act may in due course adversely affect the Target Fund's ability to adhere to its investment policy and achieve its investment objective.

Investors should be aware that the regulatory changes arising from EMIR and other applicable laws requiring central clearing of OTC derivatives may in due course adversely affect the ability of the Target Fund to adhere to their respective investment policies and achieve their investment objective.

Investments in OTC derivatives may be subject to the risk of differing valuations arising out of different permitted valuation methods. Although the Company has implemented appropriate valuation procedures to determine and verify the value of OTC derivatives, certain transactions are complex and valuation may only be provided by a limited number of market participants who may also be acting as the counterparty to the transactions. Inaccurate valuation can result in inaccurate recognition of gains or losses and counterparty exposure.

Unlike exchange-traded derivatives, which are standardized with respect to their terms and conditions, OTC derivatives are generally established through negotiation with the other party to the instrument. While this type of arrangement allows greater flexibility to tailor the instrument to the needs of the parties, OTC derivatives may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if the agreement is deemed not to be legally enforceable or not documented correctly. There also may be a legal or documentation risk that the parties may disagree as to the proper interpretation of the terms of the agreement. However, these risks are generally mitigated, to a certain extent, by the use of industry-standard agreements such as those published by the International Swaps and Derivatives Association (ISDA).

Counterparty Risk
The Company conducts transactions through or with brokers, clearing houses, market counterparties and other agents. The Company will be subject to the risk of the inability of any such counterparty to perform its obligations, whether due to insolvency, bankruptcy or other causes.

The Target Fund may invest in instruments such as notes, bonds or warrants the performance of which is linked to a market or investment to which the Target Fund seeks to be exposed. Such instruments are issued by a range of counterparties and through its investment the Target Fund will be subject to the counterparty risk of the issuer, in addition to the investment exposure it seeks.

The Target Fund will only enter into OTC derivatives transactions, including swap agreements, with first class institutions which are subject to prudential supervision and specialising in these types of transactions. In principle, the counterparty risk for such derivatives transactions entered into with first class institutions should not exceed 10% of the Target Fund's net assets when the counterparty is a credit institution or 5% of its net assets in other cases. However, if a counterparty defaults, the actual losses may exceed these limitations.

Specific Risk relating to Collateral Management
Counterparty risk arising from investments in OTC financial derivative instruments and securities lending transactions, repurchase agreements and buy-sell back transactions is generally mitigated by the transfer or pledge of collateral in favour of the Target Fund. However, transactions may not be fully collateralised. Fees and returns due to the Target Fund may not be collateralised. If a counterparty defaults, the Target Fund may need to sell non-cash collateral received at prevailing market prices. In such a case the Target Fund could realise a loss due, inter alia, to inaccurate pricing or monitoring of the collateral, adverse market movements, deterioration in the credit rating of issuers of the collateral or illiquidity of the market on which the collateral is traded. Difficulties in selling collateral may delay or restrict the ability of the Target Fund to meet redemption requests.

The Target Fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Target Fund to the counterparty as required by the terms of the transaction. The Target Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Target Fund.

OTC Derivative Clearing Risk
The Target Fund's OTC derivatives transactions may be cleared prior to the date on which the mandatory clearing obligation takes effect under EMIR in order to take advantage of pricing and other potential benefits. OTC derivatives transactions may be cleared under the "agency" model or the "principal-to principal" model. Under the principal-to-principal model there is usually one transaction between the Target Fund and its clearing broker and another back-to-back transaction between the clearing broker and the central clearing counterparty ("CCP") whereas under the agency model there is one transaction between the

Target Fund and the CCP. It is expected that many of the Target Fund's OTC derivatives transactions which are cleared will be under the "principal-to-principal" model. However, the following risks are relevant to both models unless otherwise specified.

The CCP will require margin from the clearing broker which will in turn require margin from the Target Fund. The Target Fund's assets posted as margin will be held in an account maintained by the clearing broker with the CCP. Such account may contain assets of other clients of the clearing broker (an "omnibus account") and if so, in the event of a shortfall, the assets of the Target Fund transferred as margin may be used to cover losses relating to such other clients of the clearing broker upon a clearing broker or CCP default.

The margin provided to the clearing broker by the Target Fund may exceed the margin that the clearing broker is required to provide to the CCP, particularly where an omnibus account is used. The Target Fund will be exposed to the clearing broker in respect of any margin which has been posted to the clearing broker but not posted to and recorded in an account with the CCP. In the event of the insolvency or failure of the clearing broker, the Target Fund's assets posted as margin may not be as well protected as if they had been recorded in an account with the CCP.

The Target Fund will be exposed to the risk that margin is not identified to the Target Fund while it is in transit from the Target Fund's account to the clearing broker's account and onwards from the clearing broker's account to the CCP. Such margin could, prior to its settlement, be used to offset the positions of another client of the clearing broker in the event of a clearing broker or CCP default.

A CCP's ability to identify assets attributable to a particular client in an omnibus account is reliant on the correct reporting of such client's positions and margin by the relevant clearing broker to that CCP. The Target Fund is therefore subject to the operational risk that the clearing broker does not correctly report such positions and margin to the CCP. In such event, margin transferred by the Target Fund in an omnibus account could be used to offset the positions of another client of the clearing broker in that omnibus account in the event of a clearing broker or CCP default.

In the event that the clearing broker becomes insolvent, the Target Fund may be able to transfer or "port" its positions to another clearing broker. Porting will not always be achievable. In particular, under the principal-to-principal model, where the Target Fund's positions are within an omnibus account, the ability of the Target Fund to port its positions is dependent on the timely agreement of all other parties whose positions are in that omnibus account and so porting may not be achieved. Where porting is not achieved, the Target Fund's positions may be liquidated and the value given to such positions by the CCP may be lower than the full value attributed to them by the Target Fund. Additionally, there may be a considerable delay in the return of any net sum due to the Target Fund while insolvency proceedings in respect of the clearing broker are ongoing.

If a CCP becomes insolvent, subject to administration or an equivalent proceeding or otherwise fails to perform, the Target Fund is unlikely to have a direct claim against the CCP and any claim will be made by the clearing broker. The rights of a clearing broker against the CCP will depend on the law of the country in which the CCP is established and other optional protections the CCP may offer, such as the use of a third party custodian to hold the Target Fund's margin. On the failure of a CCP, it is likely to be difficult or impossible for positions to be ported to another CCP and so transactions will likely be terminated. In such circumstances, it is likely that the clearing broker will only recover a percentage of the value of such transactions and consequently the amount the Target Fund will recover from the clearing broker will be similarly limited. The steps, timing, level of control and risks relating to that process will depend on the CCP, its rules and the relevant insolvency law. However, it is likely that there will be material delay and uncertainty around when and how much assets or cash, if any, the clearing broker will receive back from the CCP and consequently the amount the Target Fund will receive from the clearing broker.

Custody Risk
Assets of the Company are safe kept by the Depositary and investors are exposed to the risk of the Depositary not being able to fully meet its obligation to restitute in a short time frame all of the assets of the Company in the case of bankruptcy of the Depositary. The assets of the Company will be identified in the Depositary's books as belonging to the Company. Securities held by the Depositary will be segregated from other assets of the Depositary which mitigates but does not exclude the risk of non restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non restitution in case of bankruptcy. The Depositary does not keep all the assets of the Company itself but uses a network of sub-custodians which are not part of the same group of companies as the Depositary. Investors are exposed to the risk of bankruptcy of the sub-custodians in the same manner as they are to the risk of bankruptcy of the Depositary.

The Target Fund may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Target Fund that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances where the Depositary will have no liability.

Smaller Companies Risk
The Target Fund which invests in smaller companies may fluctuate in value more than other funds. Smaller companies may offer greater opportunities for capital appreciation than larger companies, but may also involve certain special risks. They are more likely than larger companies to have limited product lines, markets or financial resources, or to depend on a small, inexperienced management group. Securities of smaller companies may, especially during periods where markets are falling, become less liquid and experience short- term price volatility and wide spreads between dealing prices. They may also trade in the OTC market or on a regional exchange, or may otherwise have limited liquidity.

Consequently investments in smaller companies may be more vulnerable to adverse developments than those in larger companies and the Fund may have more difficulty establishing or closing out its securities positions in smaller companies at prevailing market prices. Also, there may be less publicly available information about smaller companies or less market interest in the securities, and it may take longer for the prices of the securities to reflect the full value of the issuers' earning potential or assets.

Portfolio Concentration Risk
Although the strategy of the Target Fund of investing in a limited number of assets has the potential to generate attractive returns over time, the Target Fund which invests in a concentrated portfolio of securities may tend to be more volatile than a Fund which invests in a more broadly diversified range of securities. If the assets in which such Target Fund invests perform poorly, the Target Fund could incur greater losses than if it had invested in a larger number of assets.

Technology Related Companies Risk
Investments in the technology sector may present a greater risk and a higher volatility than investments in a broader range of securities covering different economic sectors. The equity securities of the companies in which the Target Fund may invest are likely to be affected by world-wide scientific or technological developments, and their products or services may rapidly fall into obsolescence. In addition, some of these companies offer products or services that are subject to governmental regulation and may, therefore, be adversely affected by governmental policies. As a result, the investments made by the Target Fund may drop sharply in value in response to market, research or regulatory setbacks.

Lower Rated, Higher Yielding Debt Securities Risk
The Target Fund may invest in lower rated, higher yielding debt securities, which are subject to greater market and credit risks than higher rated securities. Generally, lower rated securities pay higher yields than more highly rated securities to compensate investors for the higher risk. The lower ratings of such securities reflect the greater possibility that adverse changes in the financial condition of the issuer, or rising interest rates, may impair the ability of the issuer to make payments to holders of the securities. Accordingly, an investment in the Target Fund is accompanied by a higher degree of credit risk than is present with investments in higher rated, lower yielding securities.

Property and Real Estate Companies Securities Risk
The risks associated with investments in securities of companies principally engaged in the real estate industry include: the cyclical nature of real estate values; risks related to general and local economic conditions; overbuilding and increased competition; increases in property taxes and operating expenses; demographic trends and variations in rental income; changes in zoning laws; casualty or condemnation losses; environmental risks; regulatory limitations on rents; changes in neighbourhood values; related party risks; changes in the appeal of properties to tenants; increases in interest rates; and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the Target Fund's investments.

The real estate market has, at certain times, not performed in the same manner as equity and bond markets. As the real estate market frequently performs, positively or negatively and without any correlation to the equity or bond markets, these investments may affect the performance of the Target Fund a positive or a negative manner manner.

Mortgage Related and Other Asset Backed Securities Risks
Mortgage-backed securities, including collateralized mortgage obligations and certain stripped mortgage-backed securities represent a participation in, or are secured by, mortgage loans. Asset-backed securities are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include such items as motor vehicles instalment sales or instalment loan contracts, leases of various types of real and personal property and receivables from credit card agreements.

Traditional debt investments typically pay a fixed rate of interest until maturity, when the entire principal amount is due. By contrast, payments on mortgage-backed and many asset-backed investments typically include both interest and partial payment of principal. Principal may also be prepaid voluntarily, or as a result of refinancing or foreclosure. The Target Fund may have to invest the proceeds from prepaid investments in other investments with less attractive terms and yields. As a result, these securities may have less potential for capital appreciation during periods of declining interest rates than other securities of comparable maturities, although they may have a similar risk of decline in market value during periods of rising interest rates. As the prepayment rate generally declines as interest rates rise, an increase in interest rates will likely increase the duration, and thus the volatility, of mortgage-backed and asset-backed securities. In addition to interest rate risk (as described above), investments in mortgage-backed securities composed of sub-prime mortgages may be subject to a higher degree of credit risk, valuation risk and liquidity risk (as described above). Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of the security's price to changes in interest rates. Unlike the maturity of a fixed income security, which measures only the time until final payment is due, duration takes into account the time until all payments of interest and principal on a security are expected to be made, including how these payments are affected by prepayments and by changes in interest rates.

The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited. Some mortgage-backed and asset backed investments receive only the interest portion or the principal portion of payments on the underlying assets. The yields and values of these investments are extremely sensitive to changes in interest rates and in the rate of principal payments on the underlying assets. Interest portions tend to decrease in value if interest rates decline and rates of repayment (including prepayment) on the underlying mortgages or assets increase; it is possible that the Target Fund may lose the entire amount of its investment in an interest portion due to a decrease in interest rates. Conversely, principal portions tend to decrease in value if interest rates rise and rates of repayment decrease. Moreover, the market for interest portions and principal portions may be volatile and limited, which may make them difficult for the Target Fund to buy or sell.

The Target Fund may gain investment exposure to mortgage-backed and asset-backed investments by entering into agreements with financial institutions to buy the investments at a fixed price at a future date. The Target Fund may or may not take delivery of the investments at the termination date of such an agreement, but will nonetheless be exposed to changes in the value of the underlying investments during the term of the agreement.

Initial Public Offerings Risk
The Target Fund may invest in initial public offerings, which frequently are smaller companies. Such securities have no trading history, and information about these companies may only be available for limited periods. The prices of securities involved in initial public offerings may be subject to greater price volatility than more established securities.

Risk Associated with Debt Securities Issued Pursuant to Rule 144A under the Securities Act of 1933
SEC Rule 144A provides a safe harbour exemption from the registration requirements of the Securities Act of 1933 for resale of restricted securities to qualified institutional buyers, as defined in the rule. The advantage for investors may be higher returns due to lower administration charges. However, dissemination of secondary market transactions in rule 144A securities is restricted and only available to qualified institutional buyers. This might increase the volatility of the security prices and, in extreme conditions, decrease the liquidity of a particular rule 144A security.

Emerging and Less Developed Markets Securities Risk
Investing in emerging markets and less developed markets securities poses risks different from, and/or greater than, risks of investing in the securities of developed countries. These risks include; smaller market-capitalisation of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible repatriation of investment income and capital. In addition, foreign investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalisation or the creation of government monopolies. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging and less developed countries.

Although many of the emerging and less developed market securities in which the Target Fund may invest are traded on securities exchanges, they may trade in limited volume and may encounter settlement systems that are less well organized than those of developed markets. Supervisory authorities may also be unable to apply standards that are comparable with those in developed markets. Thus there may be risks that settlement may be delayed and that cash or securities belonging to the Target Fund may be in jeopardy because of failures of or defects in the systems or because of defects in the administrative operations of counterparties. Such counterparties may lack the substance or financial resources of similar counterparties in a developed market. There may also be a danger that competing claims may arise in respect of securities held by or to be transferred to the Fund and compensation schemes may be non-existent or limited or inadequate to meet the Target Fund's claims in any of these events.

Additional risks of emerging market securities may include: greater social, economic and political uncertainty and instability; more substantial governmental involvement in the economy; less governmental supervision and regulation; unavailability of currency hedging techniques; companies that are newly organised 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 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.

For specific risks related to holding Chinese shares, please refer to “Risks Relating to Investments in the China Market” later in this section.

Specific Risks Linked to Securities Lending and Repurchase Transactions
Securities lending and repurchase transactions involve certain risks. There is no assurance that the Target Fund will achieve the objective for which it entered into a transaction.

Repurchase transactions might expose the Target Fund to risks similar to those associated with optional or forward derivative financial instruments, the risks of which are described in other sections of the Target Prospectus. Securities loans may, in the event of a counterparty default or an operational difficulty, be recovered late and only in part, which might restrict the Target Fund's ability to complete the sale of securities or to meet redemption requests.

The Target Fund's exposure to its counterparty will be mitigated by the fact that the counterparty will forfeit its collateral if it defaults on the transaction. If the collateral is in the form of securities, there is a risk that when it is sold it will realise insufficient cash to settle the counterparty's debt to the Target Fund or to purchase replacements for the securities that were lent to the counterparty. In the latter case, the Target Fund's tri-party lending agent will indemnify the Target Fund against a shortfall of cash available to purchase replacement securities but there is a risk that the indemnity might be insufficient or otherwise unreliable. In the event that the Target Fund reinvests cash collateral in one or more of the permitted types of investment that are described under Appendix I Investment Restrictions "5. Management of Collateral" of the Target Fund’s Prospectus, there is a risk that the investment will earn less than the interest that is due to the counterparty in respect of that cash and that it will return less than the amount of cash that was invested. There is also a risk that the investment will become illiquid, which would restrict the Target Fund's ability to recover its securities on loan, which might restrict the Target Fund's ability to complete the sale of securities or to meet redemption requests.

Underwriting or Sub-Underwriting
The Target Fund may acquire securities in which it is permitted to invest in pursuit of its investment objective and policy through underwriting or sub-underwriting. There is a risk for the Target Fund to incur a loss if the market price of the stocks of the sub-underwriting participation falls below the price fixed in advance at which the Target Fund committed to buy them.

Potential Conflicts of Interest
The Investment Managers and Schroders may effect transactions in which the Investment Managers or Schroders have, directly or indirectly, an interest which may involve a potential conflict with the Investment Managers' duty to the Company. Neither the Investment Managers nor Schroders shall be liable to account to the Company for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions nor will the Investment Managers' fees, unless otherwise provided, be abated. The Investment Managers will ensure that such transactions are effected on terms which are not less favourable to the Company than if the potential conflict had not existed. Such potential conflicting interests or duties may arise because the Investment Managers or Schroders may have invested directly or indirectly in the Company. The prospect of the performance fee may lead the Investment Managers to make investments that are riskier than would otherwise be the case. In carrying out its functions, the Depositary shall act honestly, fairly, professionally, independently and solely in the interest of the Company and the investors of the Company. The Depositary shall not carry out activities with regard to the Company that may create conflicts of interest between the Company, the investors in the Company, the Management Company and the Depositary unless the Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks, and the potential conflicts of interest are properly identified, managed, monitored and disclosed to investors of the Company.

Investment Funds
The Target Fund may invest all or substantially all of their assets in Investment Funds, unless otherwise disclosed, the investment risks identified in these section will apply whether the Target Fund invests directly, or indirectly through Investment Funds, in the assets concerned. The investments of the Target Fund in Investment Funds may result in an increase of total operating, administration, depositary and management fees/expenses. However the Investment Managers will seek to negotiate a reduction in management fees and any such reduction will be for the sole benefit of the Target Fund.

Exchange Rates
The Reference Currency of the Target Fund is not necessarily the investment currency of the Target Fund concerned. Investments are made in investment funds in currencies that, in the view of the Investment Managers, best benefit the performance of the Target Funds. Shareholders investing in the Target Fund having a Reference Currency that is different from their own should be aware that exchange rate fluctuations could cause the value of their investment to diminish or increase.

Fixed Income Securities
The value of fixed income securities held by Target Funds generally will vary upon changes in interest rates and such variation may affect Share prices of Target Funds investing in fixed income securities.

Equity Securities
Where a Target Fund invests in equity or equity-related investments, the values of equity securities may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities.

Private Equity
Investments which grant an exposure to private equity involve additional risks compared to those resulting from traditional investments. More specifically, private equity investments may imply exposure to less mature and less liquid companies. The value of financial instruments which grant exposure to private equity may be impacted in a similar manner as direct investments in private equity.

Commodities
Investments which grant an exposure to commodities involve additional risks compared to those resulting from traditional investments. More specifically:
– political, military and natural events may influence the production and trading of commodities and, as a consequence, negatively influence financial instruments which grant exposure to commodities;
– terrorism and other criminal activities may have an influence on the availability of commodities and therefore also negatively impact financial instruments which grant exposure to commodities.

The performance of commodities, precious metals and commodity futures also depends on the general supply situation of the respective goods, the demand for them, the expected output, extraction and production as well as the expected demand, and can for this reason be especially volatile.

Tax efficiency for Shareholders
Post-tax returns to Shareholders are dependent on the local tax rules in the Shareholders' place of tax residence (see section 3.4 Taxation for comments on taxation generally of the Target Fund's Prospectus).

In certain countries, such as Austria and the United Kingdom, tax rules exist that may lead to larger proportions of the investment return from funds of funds being taxed in the hands of Shareholders at a higher rate than would be the case for single strategy funds.

These tax rules may be activated if the investments selected by the Investment Manager for the funds of funds are regarded as not meeting certain tests laid down by the tax authorities in the Shareholders' country of residence.

In the United Kingdom, returns from investments that are "non-reporting funds" may be treated as being entirely income, and therefore reportable as income by the fund of funds. Thus a greater proportion of the Shareholders' return from the fund of funds would be treated as income, rather than capital, and taxed accordingly at rates that are currently higher than for capital gains.

The Investment Manager of the fund of funds will endeavor to select investments that do qualify as "reporting funds", in order to minimise the impact of these local tax rules for Shareholders. However, it is possible that such investments are not available to meet certain strategic aims of the Investment Manager, and in that case it may happen that "non-reporting funds" have to be acquired.

The Investment Manager will undertake all necessary reporting as required under local tax rules to enable Shareholders to compute their tax liability in accordance with the rules.

Convertible Securities Risk
Convertible securities are typically bonds or preferred stocks that may be converted into a specific number of shares of the issuing company's stock at a specified conversion price.

Convertible securities combine investment characteristics and risks of equities and bonds. Depending on the value of the underlying stock, the convertible security will behave more like a stock or like a bond.

When the price of the underlying stock exceeds the conversion price, the convertible security generally behaves more like a stock and will be more sensitive to changes in equity securities. When the price of the underlying stock is lower than the conversion price, the convertible security generally behaves more like a bond and will be more sensitive to changes in interest rates and in credit spreads.

Given the benefit provided by the potential conversion, convertible securities generally offer lower yields than nonconvertible securities of similar quality.

They also can be of lower credit quality and tend to be less liquid than traditional non-convertible securities. Lower credit quality debt securities are generally subject to greater market, credit and default risk compared to more highly rated securities.

Contingent Convertible Securities Risk
Contingent convertible securities are typically debt instruments which may be converted into the issuer's equity or be partly or wholly written off if a predefined trigger event occurs. The terms of the bond will set out specific trigger events and conversion rates. Trigger events may be outside of the issuer’s control. A common trigger event is the decrease in the issuer’s capital ratio below a given threshold. Conversion may cause the value of the investment to fall significantly and irreversibly, and in some cases even to zero.

Coupon payments on certain contingent convertible securities may be entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

Contrary to typical capital hierarchy, contingent convertible securities investors may suffer a loss of capital before equity holders.

Most contingent convertible securities are issued as perpetual instruments which are callable at pre-determined dates. Perpetual contingent convertible securities may not be called on the pre-defined call date and investors may not receive return of principal on the call date or at any date.

There are no widely accepted standards for valuing contingent convertible securities. The price at which bonds are sold may therefore be higher or lower than the price at which they were valued immediately before their sale.

In certain circumstances finding a ready buyer for 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.

Sovereign Risk
There is a risk that governments or their agencies may default or not completely fulfil their obligations. In addition, there is no bankruptcy proceeding for sovereign debt securities on which money to pay the obligations of sovereign debt securities may be collected in whole or in part. As a consequence of this, holders of sovereign debt securities may be requested to participate in the rescheduling of sovereign debt securities and to extend further loans to the issuers of sovereign debt securities.

Hedging Risk
The Target Fund may (directly or indirectly) employ hedging by taking long and short positions in related instruments. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of such portfolio positions or prevent losses if the values of such positions decline. Hedging transactions may limit the opportunity for gain if the value of the portfolio position should increase. In the event of an imperfect correlation between a position in a hedging instrument and the portfolio position that it is intended to protect, the desired protection may not be obtained, and a Target Fund may be exposed to risk of loss. In addition, it is not possible to hedge fully or perfectly against any risk, and hedging entails its own costs.

Synthetic Short Selling Risk
The Target Fund may use financial derivative instruments to implement synthetic short positions. If the price of the instrument or market which the Target Fund has taken a short position on increases, then the Target Fund will incur a loss in relation to the increase in price from the time that the short position was entered into plus any premiums and interest paid to a counterparty. Therefore, taking short positions involves the risk that losses may be exaggerated, potentially losing more money than the actual cost of the investment.

Risks Relating to Investments in the China Market
Investors may also be subject to risks specific to the China market. Any significant change in mainland China's political, social or economic policies may have a negative impact on investments in the China market. The regulatory and legal framework for capital markets in mainland China may not be as well developed as those of developed countries. Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency. Investors should also be aware that changes in mainland China's taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments in the Target Fund.

In particular, the taxation position of foreign investors holding Chinese shares has historically been uncertain. Transfers of A and B shares of People's Republic of China (PRC) resident companies by foreign corporate shareholders are subject to a 10% capital gains withholding tax, although the tax has not been collected in the past, and uncertainties remain over the timing, any retrospective impact, and the calculation method. Subsequently, the PRC tax authorities announced in November 2014 that gains on the transfer of shares and other equity investments in China by foreign investors would be subject to a 'temporary' exemption from capital gains withholding tax. There was no comment about the duration of this temporary exemption. No accruals are being made for gains realised post-17 November 2014 pending further developments. The situation is being kept under review for indications of any change in market practice or the release of further guidance from the PRC authorities, and accruals for PRC capital gains withholding tax may recommence without notice upon the release of such guidance if the Directors and their advisors believe this is appropriate.

PRC corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by foreign investors (including the Target Funds) on trading of China A-Shares via the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. However, foreign investors are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant in-charge PRC tax authorities by the listed companies. For investors who are tax residents of a jurisdiction which has concluded a tax treaty with the PRC, such investors may apply for a refund of the PRC withholding income tax overpaid if the relevant tax treaty provides for a lower PRC withholding income tax on dividends for a lower dividend tax rate, such investors may apply to the tax authority for a refund of the differences.

China - Risks Regarding RQFII Status and RQFII Quota
Investors should note that the Investment Managers' RQFII status may be suspended or revoked and that this may adversely affect the Company's performance by requiring the Company to dispose of its securities holdings.

Investors should note that there can be no assurance that the Investment Managers will continue to maintain their RQFII status or to make available their RQFII quota. Investors should also note that the Company may not be allocated a sufficient portion of the RQFII quota from the Investment Managers to meet all applications for subscription into the Company and that redemption requests may not be processed in a timely manner due to adverse changes in relevant laws or regulations. The Company may not have exclusive use of the entire RQFII quota granted by the State Administration of Foreign Exchange (SAFE) to the Investment Managers, as the Investment Managers may in their discretion allocate the RQFII quota which may otherwise have been available to the Company to other products. Such restrictions may result in a rejection of subscription applications and a suspension of dealings of the Company. In extreme circumstances, the Company may incur significant losses due to the insufficiency of the RQFII quota, its limited investment capabilities, or its inability to fully implement or pursue its investment objective or strategy, due to RQFII investment restrictions, the illiquidity of the Chinese domestic securities market, and/or delay or disruption in the execution of trades or in the settlement of trades.

RQFII quotas are generally granted to RQFIIs (such as the Investment Managers). The rules and restrictions under RQFII regulations generally apply to the Investment Managers (in their capacity as a RQFII) as a whole and not simply to the investments made by the Company. SAFE is vested with the power to impose regulatory sanctions if the RQFII or the RQFII custodian (i.e. in the Company's case, being the China Custodian) violates any provision of the applicable rules and regulations issued by SAFE ("SAFE Rules"). Any violations could result in the revocation of the RQFII's quota or other regulatory sanctions and may adversely impact the portion of the Investment Managers' RQFII quota made available for investment by the Company.

China - Repatriation and Liquidity Risks
There are currently no restrictions on repatriation of proceeds out of China for Target Funds invested in onshore securities. There is however no assurance that repatriation will not be subject to stricter rules and restrictions due to a change in the current regulations. This may impact the liquidity of the Target Fund and its ability to meet redemption requests upon demand.

China Interbank Bond Market Risks
The on-shore China bond market mainly consists of the interbank bond market and the exchange listed bond market. The CIBM is an OTC market established in 1997. Currently, more than 90% of CNY bond trading activity takes place in the CIBM, and the main products traded in this market include government bonds, enterprise bonds, policy bank bonds, and medium term notes.

The CIBM is in a stage of development and internationalisation. Market volatility and potential lack of liquidity due to low trading volume may result in prices of certain debt securities traded on such market fluctuating significantly. The Target Fund investing in such market are therefore subject to liquidity and volatility risks and may suffer losses in trading on-shore China bonds. In particular, the bid and offer spreads of the prices of on-shore China bonds may be large, and the Target Fund may therefore incur significant trading and realisation costs when selling such investments. To the extent that a Target Fund transacts in the CIBM in on-shore China, the Target Fund may also be exposed to risks associated with settlement procedures and default of counterparties. 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. The CIBM is also subject to regulatory risks.

China Bond Connect
The Target Fund can, in accordance with their investment policy, invest in the CIBM via the Bond Connect (as described below).

The Bond Connect is an initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS"), China Central Depositary & Clearing Co., Ltd, Shanghai Clearing House, Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Under the prevailing regulations in Mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the CIBM through the northbound trading of the Bond Connect ("Northbound Trading Link"). There will be no investment quota for the Northbound Trading Link.

Pursuant to the prevailing regulations in mainland China an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the People's Bank of China (currently recognised onshore custody agents are the China Securities Depository & Clearing Co., Ltd and Interbank Clearing Company Limited). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

For investments via the Bond Connect, the relevant filings, registration with the People's Bank of China and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the Target Fund is subject to the risks of default or errors on the part of such third parties.

Investing in the CIBM via the Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. If 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 adversely affected. In such event, the Target Fund’s ability to achieve its investment objective will be negatively affected.

There is no specific written guidance by the mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in the CIBM by eligible foreign institutional investors via the Bond Connect.

Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
The Target Fund which can invest in China may invest in China AShares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect programmes (the “Stock Connect”) subject to any applicable regulatory limits. The Stock Connect is a securities trading and clearing linked programme developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), the Hong Kong Securities Clearing Company Limited ("HKSCC"), Shanghai Stock Exchange or Shenzhen Stock Exchange, and China Securities Depository and Clearing Corporation Limited ("ChinaClear") with an aim to achieve mutual stock market access between mainland China and Hong Kong. The Stock Connect allows foreign investors to trade certain Shanghai Stock Exchange or Shenzhen Stock Exchanges listed China A-Shares through their Hong Kong based brokers.

The Target Fund seeks to invest in the domestic securities markets of the PRC may use the Stock Connect, in addition to the QFII and RQFII schemes and, thus, are subject to the following additional risks:

General Risk: The relevant regulations are untested and subject to change. There is no certainty as to how they will be applied which could adversely affect the Target Fund. The Stock Connect requires use of new information technology systems which may be subject to operational risk due to its crossborder nature. If the relevant systems fail to function properly, trading in Hong Kong and Shanghai/Shenzhen markets through Stock Connect could be disrupted.

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

Legal/Beneficial Ownership: Where securities are held in custody on a cross-border basis, there are specific legal/ beneficial ownership risks linked to compulsory requirements of the local Central Securities Depositaries, HKSCC and ChinaClear.

As in other emerging and less developed markets, the legislative framework is only beginning to develop the concept of legal/formal ownership and of beneficial ownership or interest in securities. In addition, HKSCC, as nominee holder, does not guarantee the title to Stock Connect securities held through it and is under no obligation to enforce title or other rights associated with ownership on behalf of beneficial owners. Consequently, the courts may consider that any nominee or custodian as registered holder of Stock Connect securities would have full ownership thereof, and that those Stock Connect securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently the Target Fund and the Depositary cannot ensure that the Target Fund’s ownership of these securities or title thereto is assured.

To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depositary and the Target Fund will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Target Fund suffer losses resulting from the performance or insolvency of HKSCC.

In the event ChinaClear defaults, HKSCC's liabilities under its market contracts with clearing participants will be limited to assisting clearing participants with claims. HKSCC will act in good faith to seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or the liquidation of ChinaClear. In this event, the Target Fund may not fully recover its losses or its Stock Connect securities and the process of recovery could also be delayed.

Operational Risk: The HKSCC provides clearing, settlement, nominee functions and other related services of the trades executed by Hong Kong market participants. PRC regulations which include certain restrictions on selling and buying will apply to all market participants. In the case of sale, predelivery of shares are required to the broker, increasing counterparty risk. Because of such requirements, the Target Fund may not be able to purchase and/or dispose of holdings of China A-Shares in a timely manner.

Quota Limitations: The Stock Connect is subject to quota limitations which may restrict the Target Fund's ability to invest in China A-Shares through the Stock Connect on a timely basis.

Investor Compensation: The Target Fund will not benefit from local investor compensation schemes. Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. There may be occasions when it is a normal trading day for the PRC market but the Target Fund cannot carry out any China A-Shares trading. The Target Fund may be subject to risks of price fluctuations in China A-Shares during the time when Stock Connect is not trading as a result.

Investment Risk: securities traded via Shenzhen-Hong Kong Stock Connect may be smaller companies which are subject to Smaller Companies Risk as detailed earlier in these section.

1.7.4. ADDITIONAL RISK ASSOCIATED WITH THE INVESTMENT PORTFOLIO OF THE TARGET FUND

Risk associated with distribution
Unlike the Fund which can only make distributions from realised gains, the Target Fund may make distributions out of capital and/or unrealised capital gains. Such distributions may reduce the funds or monies available for the Target Fund to generate potential capital gains, i.e. opportunity loss. Furthermore, if the distribution is being paid out of the capital, the NAV of the Target Fund will be reduced, and consequently, the Fund's NAV will also be reduced. The Target Fund endeavours to consider this impact before such distributions are made.

Distributions are made out of capital and/or unrealised only when the Target Fund have insufficient income. However, in its consideration, the Target Fund will take into account future income stream from its investments such as periodic coupon payments bonds and/or dividend payments from dividend yielding stocks anticipated for the near future. However, Unit holders should note that such income are subject to credit risk and may not be certain. Dividends may be paid out of capital and further reduce the Target Fund's NAV. Dividends paid out of capital could be taxed as income in certain jurisdictions.

Nevertheless, the Target Fund is not designed to make distributions out of capital on an ongoing basis. Thus, where the yield of the Target Fund compress to a rate that the Target Fund's manager deemed far from the distribution payout rate, the portfolio structure of such payout rate will be reviewed and adjusted accordingly. Such adjustment may include changing the frequency of the distributions or non-payment of distributions. Should there be no distribution made by the Target Fund or there is a change in the frequency of the distributions of the Target Fund, the Fund may be unable to make distribution to the Unit holders or may not be able to make distribution to the Unit holders at the frequency as determined by the Fund's manager. Investors who are in doubt should consult their professional advisers for better understanding of this risk.

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

2. TARGET FUND INFORMATION

2.1. ABOUT SCHRODER INTERNATIONAL SELECTION FUND ("COMPANY")

Schroder International Selection Fund (the "Company") is an umbrella open-ended investment company with limited liability, organised as a "société anonyme" under the laws of the Grand Duchy of Luxembourg and qualifies as a SICAV under Part 1 of the Law. The Company was incorporated on 5 December 1968 and its articles of association of the Company were published in the Mémorial; the official gazette of Luxembourg, on 16 December 1968. The articles of association of the Company were last amended on 11 October 2011. The Company is registered under Number B-8202 with the "Registre de Commerce et des Sociétés", where the articles of association have been filed and available for inspection. The Company exists for an indefinite period.

The Company operate separate funds, each of which is represented by one or more classes of shares. The funds are distinguished by their specific investment policy or any other specific features. The Company constitutes a single legal entity, but the assets of each fund shall be invested for the exclusive benefit of the shareholders of the corresponding fund and the assets of a specific fund are solely accountable for the liabilities, commitments and obligations of that fund.

The Schroder International Selection Fund Global Dividend Maximiser (the "Target Fund") is a fund under the Company which was established on 13 July 2007. The legislation governing the establishment and operation of the Target Fund is Luxembourg legislation.

The directors of the Company have appointed Schroder Investment Management (Luxembourg) S.A. as its management company to perform investment management, administration and marketing functions. Schroder Investment Management (Luxembourg) S.A. is regulated by the Commission de Surveillance du Secteur Financier ("CSSF"). Schroder Investment Management (Luxembourg) S.A. was incorporated as a "société anonyme" in Luxembourg on 23 August 1991 and has an issued share capital of EUR 12,867,092.98. Schroder Investment Management (Luxembourg) S.A. has been authorized as a management company under Chapter 15 of the Law and, as such, provides collective portfolio management services to undertakings for collective investment.

Schroder Investment Management (Luxembourg) S.A. is also acting as a management company for three other Luxembourg domiciled Société d'Investissement à Capital Variable: Schroder GAIA, Schroder Special Situations Fund and Schroder Alternative Solutions.

The foreign jurisdiction from where the Target Fund originates and name of the regulator responsible for regulating the Target Fund and the parties responsible for the Target Fund:

Jurisdiction	:	Grand Duchy of Luxembourg
Name of Regulator	:	CSSF
Investment Manager	:	Schroder Investment Management Limited

2.2. ABOUT SCHRODER INTERNATIONAL SELECTION FUND GLOBAL DIVIDEND MAXIMISER ("TARGET FUND")

Investment objective and investment strategies

To provide income by investing in equities or equity related securities of companies worldwide.

At least two-thirds of the Target Fund's assets (excluding cash) will invest in equities or equity related securities worldwide, which are selected for their income and capital growth potential. To enhance the yield of the Target Fund the Investment Manager selectively sells short dated call options over individual securities held by the Target Fund, generating extra income by agreeing strike prices above which potential capital growth is sold.

The Target Fund may invest directly in China B-Shares and China H-Shares and may invest up to 10% of its assets in China A-Shares through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

The Target Fund is managed with reference to material environmental, social and governance factors. This means issues such as climate change, environmental performance, labour standards or board composition that could impact a company's value may be considered in the assessment of companies.

The Target Fund may also invest in financial derivative instruments for the purposes of efficient portfolio management. The Target Fund may also hold cash on deposit.

Benchmark

This share class is managed with reference to the MSCI World TR Net. The manager invests on a discretionary basis and is not limited to investing in accordance with the composition of this benchmark.

Distribution Policy

For Class A Distribution USD of the Target Fund, it pays a quarterly distribution at a fixed rate of 7% per annum of the value per share. The distribution policy is kept under review.

Specific Risks of the Target Fund

Please refer to page 6 of the Information Memorandum.

2.3. INVESTMENT AND BORROWING RESTRICTIONS OF THE TARGET FUND

The investment restrictions imposed by Luxembourg law must be complied by the Target Fund. Those restrictions in section 1(D) below are applicable to the Company as a whole.

The following section was excerpted from the information stated in the prospectus or disclosure document of the Target Fund dated December 2019.

For this section, the following definitions apply:

CSSF	:	Commission de Surveillance du Secteur Financier (Luxembourg Financial Sector Supervisory Authority)
EU	:	European Union
Law	:	the law on undertakings for collective investment dated 17 December 2010, as amended from time to time
Regulations	:	the Las as well as any present or future related Luxembourg laws or implementing regulations, circulars and CSSF's positions
UCITS	:	an "undertaking for collective investment in transferable securities" within the meaning of points a) and b) of Article 1(2) of the UCITS Directive
UCI	:	an "undertaking for collective investment" within the meaning of Article 2(2) of the Law
UCITS Directive	:	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended, on the coordination of laws, regulations and administrative provisions relating to UCITS

The investment restrictions imposed by Luxembourg law must be complied by the Target Fund. Those restrictions in section below are applicable to the Company as a whole.

1. Investment in transferable securities and liquid assets

(A) The Company will invest in:

(1) transferable securities in and money market instruments admitted to or dealt in on a regulated market; and/or

(2) recently issued transferable securities and money market instruments, provided that
- (I) the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another regulated market which operates regularly, is recognized and open to the public and,
- (II) such admission is secured within one year of the issue; and/or

(3) units of UCITS and/or of other UCI, whether situated in an EU member state or not, provided that:
- (I) such other UCIs have been authorized under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU UCI Law, and that cooperation between authorities is sufficiently ensured,
- (II) the level of protection for shareholders in such other UCIs is equivalent to that provided for shareholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS IV Directive,
- (III) the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
- (IV) no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs; and/or

(4) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is an EU member state or, if the registered office of the credit institution is situated in a non-EU member state, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU UCI Law; and/or

(5) derivative including equivalent cash-settled instruments, dealt on a regulated market, and/or derivative dealt OTC, provided that:

(I) the underlying consists of securities covered by this section 1(A), financial indices, interest rates, foreign exchange rates or currencies, in which the Target Fund may invest according to their investment objective;
(II) the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
(III) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative,

and/or

(6) money market instruments other than those dealt in on a regulated market, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such investments are:
(I) issued or guaranteed by a central, regional or local authority or by a central bank or an EU member state, the European central bank, the EU or the European investment bank, a non-EU member state or, in case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EU member states belong, or
(II) issued by an undertaking any securities of which are dealt in on regulated markets, or
(III) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined in EU UCI Law, or
(IV) issued by other bodies belonging to categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR10,000,000 and which presents and publishes its annual accounts in accordance with the Directive 2013/34/EU, in an entity, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitization vehicles which benefit from a banking liquidity line.

In addition, the Company may invest a maximum of 10% of the NAV of the Target Fund in transferable securities or money market instruments other than those referred to under (A)(1), (A)(2) and (A)(6) above.

(7) Under the conditions and within the limits laid down by the Law, the Company may, to the widest extent permitted by the Luxembourg laws and regulations (i) create the Target Fund qualifying either as a feeder UCITS or as a master UCITS, (ii) convert the Target Fund into a feeder UCITS, or (iii) change the master UCITS of any of its feeder UCITS.

A feeder UCITS shall invest at least 85% of its assets in the units of another master UCITS. A feeder UCITS may hold up to 15% of its assets in one or more of the following:
- ancillary liquid assets in accordance to paragraph B below;
- financial derivative instruments, which may be used only for hedging purposes.

For the purposes of compliance with section 3 below, the feeder UCITS shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under the above paragraph, (b) with either:
- the master UCITS actual exposure to derivative instruments in proportion to the feeder UCITS investment into the master UCITS; or
- the master UCITS potential maximum global exposure to derivative instruments provided for in the master UCITS management regulations or instruments of incorporation in proportion to the feeder UCITS investment into the master UCITS.

(A) The Target Fund may hold ancillary liquid assets. Liquid assets used to back-up derivative exposure are not considered as ancillary liquid assets.

(B) (1) The Target Fund may invest no more than 10% of its NAV in transferable securities or money market instruments issued by the same issuing body (and in the case of structured financial instruments embedding derivative instruments, both the issuer of the structured financial instruments and the issuer of the underlying securities). The Target Fund may not invest more than 20% of its new assets in deposits made with the same body. The risk exposure to a counterparty of the Target Fund in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in paragraph 1(A) (4) above or 5% of its net assets in other cases.

(2) Furthermore, where the Target Fund holds investments in transferable securities and money market instruments of any issuing body which individually exceed 5% of the NAV of the Target Fund, the total value of such investments must not account for more than 40% of the NAV of the Target Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph (C) (1), the Target Fund may not combine:
- investments in transferable securities or money market instruments issued by,
- deposits made with, and/or
- exposures arising from OTC derivative transactions undertaken with

a single body in excess of 20% of its new assets.

(3) The limit of 10% laid down in paragraph (C)(1) above shall be 35% in respect of transferable securities or money market instruments which are issued or guaranteed by an EU member state, its local authorities or by an eligible state or by public international bodies of which one or more EU member states are members.

(4) The limit of 10% laid down in paragraph (C)(1) above shall be 25% in respect of debt securities which are issued by highly rated credit institutions having their registered office in an EU member state and which are subject to law to a special public supervision for the purpose of protecting the holders of such debt securities, provided that the amount resulting from the issue of such debt securities are invested, pursuant to applicable provisions of the law, in assets which are sufficient to cover the liabilities arising from such debt securities during the whole period of validity thereof and which are assigned to the preferential repayment of capital and accrued interest in the case of a default by such issuer.

(5) If the Target Fund invests more than 5% of its assets in the debt securities referred to in the sub-paragraph above and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of the Target Fund.

(6) The transferable securities and money market instruments referred to in paragraphs (C)(3) and (C)(4) are not included in the calculation of the limit of 40% referred to in paragraph (C)(2).

The limits set out in paragraphs (C)(1), (C)(2), (C)(3) and (C)(4) above may not be aggregated and, accordingly, the value of investments in transferable securities and money market instruments issued by the same body, in deposits or derivative instruments made with this body, effected in accordance with paragraphs (C)(1), (C)(2), (C)(3) and (C)(4) may not, in any event, exceed a total of 35% of the Target Fund's NAV.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 2013/34/EU or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph (C).

The Target Fund may cumulatively invest up to 20% of its net assets in transferable securities and money market instruments within the same group.

(7) Without prejudice to the limits laid down in paragraph (D), the limits laid down in this paragraph (C) shall be 20% for investments in shares and/or bonds issued by the same body when the aim of the Target Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the CSSF, provided
- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

The limit laid down in the sub-paragraph above is raised to 35% where it proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant provided that investment up to 35% is only permitted for a single issuer.

(8) Where the Target Fund has invested in accordance with the principle of risk spreading in transferable securities or money market instruments issued or guaranteed by an EU member state, by its local authorities or by an eligible state or by public international bodies of which one or more EU member states are members, the Company may invest 100% of the NAV of the Target Fund in such securities provided that the Target Fund must hold securities from at least six different issues and the value of securities from any one issue must not account for more than 30% of the NAV of the Target Fund.

(C) (1) The Company may not normally acquire shares carrying voting rights which would enable the Company to exercise significant influence over the management of the issuing body.

(2) The Target Fund may acquire no more than (a) 10% of the non-voting shares of any single issuing body, (b) 10% of the value of debt securities of any single issuing body, (c) 10% of the money market instruments of the same issuing body. However, the limits laid down in (b) and (c)above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments or the net amount of securities in issue cannot be calculated.

The limits set out in paragraph (D)(1) and (2) above shall not apply to:
(1) transferable securities and money market instruments issued or guaranteed by an EU member state or its local authorities;
(2) transferable securities and money market instruments issued or guaranteed by any other eligible state;
(3) transferable securities and money market instruments issued by public international bodies of which one or more EU member states are members; or
(4) shares held in the capital of a company incorporated in a non-EU member state which invests its assets mainly in the securities of issuing bodies having their registered office in that state where, under the legislation of that state, such holding represents the only way in which the Target Fund's assets may invest in the securities of the issuing bodies of that state, provided, however, that such company in its investment policy complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the Law.

(D) The Target Fund may not invest more than 10% of its net assets in units of UCITS or other UCIs, unless otherwise specified in Appendix III, and funds identified as feeder UCITS as provided in the investment objective and policy in Appendix III. In addition, except for funds identified as feeder UCITS, the following limits shall apply:
(1) If the Target Fund is allowed to invest more than 10% of its net assets in units of UCITS and/or UCIs, the Target Fund may not invest more than 20% of its net assets in units of a single UCITS or other UCI. Investments made in units of UCIs other than UCITS may not, in aggregate, exceed 30% of the net assets of a Target Fund.
(2) When the Target Fund invests in the units of other UCITS and/or other UCIs linked to the Company by common management or control, or by a direct or indirect holding of more than 10% of the capital or the voting rights, or managed by a management company linked to the investment manager, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such other UCITS and/or UCIs. In respect of the Target Fund's investments in UCITS and other UCIs linked to the Company as described in the preceding paragraph, there shall be no management fee charged to that portion of the assets of the relevant Target Fund. The Company will indicate in its annual report the total management fees charged both to the Target Fund and to the UCITS and other UCIs in which the Target Fund has invested during the relevant period.
(3) The Target Fund may acquire no more than 25% of the units of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple sub-funds, this restriction is applicable by reference to all units issued by the UCITS/UCI concerned, all sub-funds combined.
(4) The underlying investments held by the UCITS or other UCIs in which the Target Fund invest do not have to be considered for the purpose of the investment restrictions set forth under section 1(C) above.

(E) The Target Fund (the investing fund) may subscribe, acquire and/or hold securities to be issued or issued by one or more funds (each a target fund) without the Company being subject to the requirements of the UCI Law of 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding company by a company of its own shares, under the condition however that:
(1) the target fund(s) do(es) not, in turn, invest in the investing fund invested in this(these) target fund(s); and
(2) no more than 10% of the assets that the target fund(s) whose acquisition is contemplated may be invested in units of other target funds; and
(3) voting rights, if any, attaching to the shares of the target fund(s) are suspended for as long they are held by the investing fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
(4) in any event, for as long as these securities are held by the investing fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the UCI Law.

2. Investment in other assets

(A) The Company will neither make investments in precious metals, commodities or certificates representing these. In addition, the Company will not enter into derivative instruments on precious metals or commodities. This does not prevent the Company from gaining exposure to precious metals or commodities by investing into financial instruments backed by precious metals or commodities or financial instruments whose performance is linked to precious metals or commodities.

(B) The Company will not purchase or sell real estate or any option, right or interest therein, provided the Company may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

(C) The Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in sections 1(A)(3), (5) and (6).

(D) The Company may not borrow for the account of the Target Fund, other than amounts which do not in aggregate exceed 10% of the NAV of the Target Fund, and only as a temporary measure. For the purpose of this restriction back to back loans are not considered to be borrowings.

(E) The Company will not mortgage, pledge, hypothecate or otherwise encumber as security for indebtedness any securities held for the account of the Target Fund, except as may be necessary in connection with the borrowings mentioned in paragraph (D) above, and then such mortgaging, pledging, or hypothecating may not exceed 10% of the NAV of the Target Fund. In connection with swap transactions, option and forward exchange or futures transactions the deposit of securities or other assets in a separate account shall not be considered a mortgage, pledge or hypothecation for this purpose.

(F) The Company may acquire securities in which it is permitted to invest in pursuit of its investment objective and policy through underwriting or sub-underwriting.

(G) The Company will on a fund by fund basis comply with such further restrictions as may be required by the regulatory authorities in any country in which the shares are marketed.

3. Financial derivative instruments

As specified in section 1(A)(5) above, the Company may in respect of the Target Fund invest in derivative .

The Company shall ensure that the global exposure of the Target Fund relating to derivative does not exceed the total net assets of the Target Fund. The Target Fund's overall risk exposure shall consequently not exceed 200% of its total net assets. In addition, this overall risk exposure may not be increased by more than 10% by means of temporary borrowings (as referred to in section 2(D) above) so that it may not exceed 210% of the Target Fund's total net assets under any circumstances.

The global exposure relating to derivative is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following sub-paragraphs.

The Target Fund may invest, as a part of its investment policy and within the limits laid down in section 1(A)(7) and section 1(C)(5), in derivative provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in sections 1(C)(1) to (7).

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of these restrictions. Transferable securities or money market instrument backed by other assets are not deemed to embed a derivative.

The Target Fund may use derivatives for investment purposes and for hedging purposes, within the limits of the Regulations. Under no circumstances shall the use of these instruments and techniques cause the Target Fund to diverge from its investment policy or objective. The risks against which the Target Fund could be hedged may be, for instance, market risk, foreign exchange risk, interest rates risk, credit risk, volatility or inflation risks.

The Target Fund may invest in financial derivative instruments that are traded OTC including, without limitation, total return swaps, contracts for difference or other financial derivative instruments with similar characteristics, in accordance with the conditions set out in Appendix I and the investment objective and policy of the Target Fund. Such OTC derivatives shall, to the extent capable of being held in custody, be safekept by the depositary.

A total return swap is an agreement in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses.

Total return swaps entered into by a Target Fund may be in the form of funded and/or unfunded swaps. An unfunded swap means a swap where no upfront payment is made by the total return receiver at inception. A funded swap means a swap where the total return receiver pays an upfront amount in return for the total return of the reference asset and can therefore be costlier due to the upfront payment requirement.

All revenue arising from total return swaps, net of direct and indirect operational costs and fees, will be returned to each Fund.

Agreements on OTC derivatives

A Target Fund may enter into agreements on OTC derivatives. The counterparties to any OTC derivatives transactions, such as total return swaps, contracts for difference or other derivatives with similar characteristics, entered into by a Target Fund, are selected from a list of counterparties approved by the management company. The counterparties will be institutions which are either credit institutions with a registered office in an EU Member State or investment firm, which are authorised under the MiFID directive or an equivalent set of rules or are recognised financial institutions and subject to prudential supervision, with, at trade inception, a rating of BBB/Baa2 or its equivalent for global or domestic Systemically Important Financial Institutions (SIFI) or A- or its equivalent if not SIFI. The list of approved counterparties may be amended by the management company. The identity of the counterparties will be disclosed in the annual report of the Company.

Since the counterparties with which the Target Fund enter into total return swaps do not assume any discretion over the Target Fund's investments (including the reference assets, if any), no approval of the counterparties is required for any transactions relating to the investments of the Target Fund.

Unless specified otherwise in Appendix III, the global exposure relating to derivatives will be calculated using a commitment approach. Target Fund applying a Value-at-Risk (VaR) approach to calculate their global exposure will contain an indication thereto in Appendix III.

Global exposure
The Target Fund's global exposure is limited to the total net value of its portfolio.

Commitment Approach
Under the commitment approach, derivative positions are converted into equivalent positions in the underlying asset, using market price or future price or notional value when more conservative.

VaR approach
VaR reports will be produced and monitored on a daily basis based on the following criteria:
– 1 month holding period;
– 99% unilateral confidence interval;

– at least a one year effective historical observation period (250 days) unless market conditions require a shorter observation period; and
– parameters used in the model are updated at least quarterly.

Stress testing will also be applied at a minimum of once per month.

VaR limits are set using an absolute or relative approach.

Absolute VaR approach
The absolute VaR approach is generally appropriate in the absence of an identifiable reference portfolio or benchmark, for example with absolute return funds. Under the absolute VaR approach a limit is set as a percentage of the Net Asset Value of the Target Fund. The absolute VaR limit of a Fund has to be set at or below 20% of its Net Asset Value. This limit is based upon a 1 month holding period and a 99% unilateral confidence interval.

Relative VaR approach
The relative VaR approach is used for Target Fund where a VaR benchmark reflecting the investment strategy which the Target Fund is pursuing is defined. Under the relative VaR approach a limit is set as a multiple of the VaR of a benchmark or reference portfolio. The relative VaR limit of a fund has to be set at or below twice the VaR of the Target Fund's VaR benchmark. Information on the specific VaR benchmark used are disclosed in Appendix III hereunder.

4. Use of techniques and instruments relating to transferable securities and money market instruments

Techniques and instruments (including, but not limited to, securities lending, repurchase agreements and reverse repurchase agreements) relating to transferable securities and money market Instruments may be used by the Target Fund for the purpose of efficient portfolio management and where this is in the best interest of the Target Fund and in line with its investment objective and investor profile.

To the extent permitted by and within the limits prescribed by the Regulations and in particular (i) the CSSF Circular 08/356 relating to the use of financial techniques and instruments (as may be amended, supplemented or replaced from time to time) and (ii) the CSSF circular 14/592 relating to ESMA Guidelines on ETFs and other UCITS issues, the Target Fund may for the purpose of generating additional capital or income or for reducing its costs or risks, enter as purchaser or seller into optional or non-optional repurchase or reverse repurchase transactions and engage in securities lending transactions.

The Company will, for the time being, not enter into repurchase and reverse repurchase agreements nor engage in securities lending transactions. Should the Company decide to use such techniques and instruments in the future, the Company will update this prospectus accordingly and will comply with the Regulations and in particular CSSF Circular 14/592 relating to ESMA guidelines on ETFs and other UCITS issues and Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse.

Securities lending

Should the Company engage in securities lending, the Target Fund will only engage in securities lending transactions with first class institutions specialising in these types of transactions and which are subject to prudential supervision considered by the CSSF to be equivalent to that laid down in EU law.

The Target Fund must ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.

In respect of securities loans, the Target Fund will ensure that its counterparty delivers and each day maintains collateral of at least the market value of the securities lent. Such collateral must be in the form of cash or securities that satisfy the requirements of the Regulations. Such collateral shall comply with the requirements set out in section 5. "Management of Collateral" below.

Reverse repurchase and repurchase agreements

Should the Company engage in reverse repurchase and repurchase agreements, the Target Fund will only enter into reverse repurchase and repurchase agreements with counterparties which are subject to prudential supervision rules considered by the CSSF as equivalent to that laid down in EU law.

If the Target Fund enters into a reverse repurchase agreement, the Target Fund shall ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement.

If the Target Fund enters into a repurchase agreement, the Target Fund shall ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.

Fixed-term repurchase and reverse repurchase agreement that do not exceed seven days shall be considered as arrangements on terms that allow the assets to be recalled at any time by the Target Fund.

The Target Fund shall ensure that the level of its exposure to repurchase and reverse repurchase agreements is such that it is able to comply at all times with its redemption obligations.

5. Management of collateral

The risk exposures to a counterparty arising from OTC derivative transactions and efficient portfolio management techniques shall be combined when calculating the counterparty risk limits provided for in section 1(C) above.

Collateral received for the benefit of a Target Fund may be used to reduce its counterparty risk exposure if it complies with the conditions set out in applicable laws and regulations. Where a Target Fund enters into OTC derivatives transactions and efficient portfolio management techniques, all collateral used to reduce counterparty risk exposure shall comply with the following criteria at all times:

(A) Any collateral received other than cash shall 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 price that is close to pre-sale valuation. Collateral received shall also comply with the provisions in section 1(D) above.

(B) Collateral received shall be valued on at least a daily basis. Assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place.

(C) Collateral received shall be of high quality.

(D) The collateral received shall be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.

(E) Collateral shall be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Target Fund receives from a counterparty of efficient portfolio management and over-the-counter derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its NAV. When the Target Fund is exposed to different counterparties, the different baskets of collateral shall be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation, a Fund may be fully collateralised in different transferable securities and Money Market Instruments issued or guaranteed by a Member State of the EU, one or more of its local authorities, Eligible State or a public international body to which one or more of the local Member States of the EU belong. In that case the Fund must receive securities from at least six different issues, but securities from any single issue shall not account for more than 30% of the Net Asset Value of the Fund.

(F) Where there is a title transfer, the collateral received shall be held by the depositary or one of its correspondents to which the depositary has delegated the custody of such collateral. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

(G) Collateral received shall be capable of being fully enforced by the Target Fund at any time without reference to or approval from the counterparty, and where applicable, collateral received should also comply with the control limits set out in this section.

(H) Subject to the above conditions, permitted forms of collateral include: (1) cash and cash equivalents, including short-term bank certificates and Money Market Instruments; (2) government bonds with any maturity issued by countries including but not limited to the UK, the USA, France and Germany with no minimum rating. Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate haircuts which will be determined for each asset class based on the haircut policy adopted by the Management Company.

(I) Non-cash collateral received shall not be sold, re-invested or pledged.

(J) Cash collateral that isn't received on behalf of currency hedged share classes shall only be:
(1) placed on deposit with entities as prescribed in section 1(A)(6) above;
(2) invested in high-quality government bonds;
(3) used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Target Fund is able to recall at any time the full amount of cash on accrued basis;
(4) invested in short-term money market funds as defined in the "ESMA Guidelines on a Common Definition of European Money Market Funds", issued by ESMA (CESR/10-049) As amended from time to time or in money market funds as defined in MMFR, once applicable.

Re-invested cash collateral shall be diversified in accordance with the diversification requirements applicable to non-cash collateral as set out above. Re-investment of cash collateral involves certain risks for a Target Fund, as described in Appendix II.20

Collateral policy

Collateral received by the Target Fund shall predominantly be limited to cash and government bonds.

Haircut policy

The following haircuts for collateral in OTC transactions are applied by the management company (the management company reserves the right to vary this policy at any time in which case the prospectus will be updated accordingly):

Eligible collateral	Remaining maturity	Valuation percentage
Cash	N/A	100%
Government bonds	One year or under	98%
	More than one year up to and including five years	97%
	More than five years up to and including ten years	95%
	More than ten years up to and including thirty years	93%
	More than thirty years up to and including forty years	90%
	More than forty years up to and including fifty years	87%

6. Risk management process

The Company will employ a risk management process which enables it with the investment manager to monitor and measure at any time the risk of the positions, the use of efficient portfolio management techniques, the management of collateral and their contribution to the overall risk profile of the Target Fund. The Company or the investment manager will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative.

Upon request of an investor, the management company will provide supplementary information relating to the quantitative limits that apply in the risk management of the Target Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments. This supplementary information includes the VaR levels set for the Target Fund using such risk measure.

The risk management framework is available upon request from the Company's registered office.

7. Miscellaneous

(A) The Company may not make loans to other persons or act as a guarantor on behalf of third parties provided that for the purpose of this restriction the making of bank deposits and the acquisition of such securities referred to in paragraphs 1(A)(1), (2), (3) and (4) or of ancillary liquid assets shall not be deemed to be the making of a loan and that the Company shall not be prevented from acquiring such securities above which are not fully paid.

(B) The Company need not comply with the investment limit percentages when exercising subscription rights attached to securities which form part of its assets.

(C) The management company, the investment managers, the distributors, depositary and any authorised agents or their associates may have dealings in the assets of the Company provided that any such transactions are effected on normal commercial terms negotiated at arm's length and provided that each such transaction complies with any of the following:
(1) a certified valuation of such transaction is provided by a person approved by the directors as independent and competent;
(2) the transaction has been executed on best terms, on and under the rules of an organised investment exchange; or
(3) where neither (1) or (2) is practical;
(4) where the directors are satisfied that the transaction has been executed on normal commercial terms negotiated at arm's length.

(D) Target Fund registered in Taiwan are restricted in the percentage of the Target Fund that can be invested in securities traded on the security markets of the People's Republic of China. These limits may be amended from time to time by the Financial Supervisory Commission in Taiwan.

(E) Target Fund registered in Hong Kong as an Eligible Collective Investment Scheme under the Capital Investment Entrant Scheme will be subject to certain investment restrictions including having to have certain minimum exposure to the permissible investment assets as specified by the relevant authorities in Hong Kong from time to time. The list of permissible investment assets are published on the website of Hong Kong Immigration Department.

(F) In the case of certain the Target Fund, more than 25% or at least 51% of the Net Asset Value of the Target Fund shall be continuously invested in equity participations pursuant to German tax requirements. Please refer to section 3.4 (German Taxation) of this Prospectus for further details.

2.4. DILUTION AND DILUTION ADJUSTMENT

Dilution

The Target Fund is single priced and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of their underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or switches in and out of the Target Fund. This is known as dilution. In order to counter this and to protect Shareholders' interests, the management company of the Target Fund will apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the management company of the Target Fund will make adjustments in the calculations of the NAV per share, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

Dilution adjustment

In the usual course of business the application of a dilution adjustment will be triggered mechanically and on a consistent basis.

The need to make a dilution adjustment will depend upon the net value of subscriptions, switches and redemptions received by a Target Fund for each dealing day. The management company therefore reserves the right to make a dilution adjustment where a Target Fund experiences a net cash movement which exceeds a threshold set by the directors from time to time of the previous Dealing Day's total NAV.

The management company of the Target Fund may also make a discretionary dilution adjustment if, in its opinion, it is in the interest of existing Shareholders to do so.

Where a dilution adjustment is made, it will increase the NAV per share when there are net inflows into the Target Fund and decrease the NAV per share when there are net outflows. The NAV per share of each share class in the Target Fund will be calculated separately but any dilution adjustment will, in percentage terms, affect the NAV per share of each share class identically.

As dilution is related to the inflows and outflows of money from the Target Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the management company of the Target Fund will need to make such dilution adjustments.

Because the dilution adjustment for the Target Fund will be calculated by reference to the costs of dealing in the underlying investments of the Target Fund, including any dealing spreads, which can vary with the market conditions, this means that the amount of the dilution adjustments can vary over time but will not exceed 2% of the Target Fund's NAV.

The directors of the Company are authorized to apply other appropriate valuation principles for the assets of the Target Fund and/or assets of a given share class if the aforesaid valuation methods appear impossible or inappropriate due to extraordinary circumstances or events.

2.5. SUSPENSIONS OR DEFERRALS

(A) The Company reserves the right not to accept instructions to redeem on any one dealing day more than 10% of the total value of shares in issue of the Target Fund. In these circumstances, the directors of the Company may declare that the redemption of part or all shares in excess of 10% for which a redemption has been requested will be deferred until the next dealing day and will be valued at the NAV per share prevailing on that dealing day. On such dealing day, deferred requests will be dealt with in priority to later requests and in the order that requests were initially received by the management company.

(B) The Company reserves the right to extend the period of payment of redemption proceeds to such period, not exceeding thirty calendar days, as shall be necessary to repatriate proceeds of the sale of investments in the event of impediments due to exchange control regulations or similar constraints in the markets in which a substantial part of the assets of the Target Fund are invested or in exceptional circumstances where the liquidity of the Target Fund is not sufficient to meet the redemption requests.

(C) The Company may suspend or defer the calculation of the NAV per share of any share class in the Target Fund and the issue and redemption of any shares in the Target Fund; as well as the right to switch shares of any share class in any fund into shares of the same share class of the same fund or any other fund:

(1) during any period when any of the principal stock exchanges or any other regulated market on which any substantial portion of the Company's investments of the relevant share class for the time being are quoted, is closed, or during which dealings are restricted or suspended; or

(2) during any period when the determination of the NAV per share of and/or the redemptions in the underlying investment funds representing a material part of the assets of the relevant fund is suspended; or

(3) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of investments of the Target Fund by the Company is impracticable; or

(4) during any breakdown in the means of communication normally employed in determining the price or value of any of the Company's investments or the current prices or values on any market or stock exchange; or

(5) during any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of such shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of such shares cannot in the opinion of the directors of the Company be effected at normal rates of exchange; or

(6) if the Company or the Target Fund is being or may be wound-up or merged on or following the date on which notice is given of the meeting of Shareholders at which a resolution to wind up the Company or the Target Fund is proposed; or

(7) if the directors of the Company have determined that there has been a material change in the valuations of a substantial proportion of the investments of the Company attributable to a particular share class in the preparation or use of a valuation or the carrying out of a later or subsequent valuation; or

(8) during any other circumstance or circumstances where a failure to do so might result in the Company or its shareholders incurring any liability to taxation or suffering other pecuniary disadvantages or other detriment.

(D) The suspension of the calculation of the NAV per share of the Target Fund or share class shall not affect the valuation of other funds or share classes, unless these funds or share classes are also affected.

(E) During a period of suspension or deferral, a Shareholder may withdraw his request in respect of any shares not redeemed, by notice in writing received by the management company before the end of such period.

The shareholders of the Company will be informed of any suspension or deferral as appropriate.

Note: Investors should note that if the Fund's redemption request is deferred or suspended by the Target Fund, there may be a delay in the repayment of proceeds to the Unit holders. Please refer to page 36 on "Processing a withdrawal" for more information.

2.6. FEES CHARGED BY THE TARGET FUND (CLASS A)

Fees/Expenses	%
Initial charge	Up to 5.00% (as a % of total subscription amount). ***Note:*** *There is no initial charge incurred by the Fund as the initial charge imposed by the Target Fund is waived.*
Management fee	Up to 1.50% per annum of the NAV of the Target Fund. ***Note:*** *The management fee charged by the Target Fund will be paid out of the Management Fee charged by 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.*
Redemption charge	Nil.
Performance fee	Nil.
Other expenses	The Company will pay all charges and expenses incurred in the operation of the Company including, without limitation, taxes, expenses for legal and auditing services, brokerage, governmental duties and charges, settlement costs and bank charges, stock exchange listing expenses and fees due to supervisory authorities in various countries, including the costs incurred in obtaining and maintaining registrations so that the shares of the Company may be marketed in different countries; expenses incurred in the issue, switch and redemption of shares and payment of dividends, registration fees, insurance, interest and the costs of computation and publication of share prices and postage, telephone, facsimile transmission and the use of other electronic communication; costs of printing proxies, statements, share certificates or confirmations of transactions, shareholders' reports, prospectuses and supplementary documentation, explanatory brochures and any other periodical information or documentation.

Note: *All information provided herein with regards to the Target Fund is based on the information stated in the prospectus or disclosure document of the Target Fund dated December 2019. However, in the event of any inconsistency or ambiguity in relation to the disclosure, including any word or phrase used in this Information Memorandum regarding the Target Fund as compared to the Prospectus, the Prospectus shall prevail.*

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 in each Class.

3.1.1. Application Fee

When applying unit of the 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.

	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 = Investment amount / NAV per unit	= USD 10,000.00 / USD 1.0000 = 10,000 units	= MYR 10,000.00 / MYR 1.0000 = 10,000 units
Application Fee per unit = NAV per unit x Application Fee (%)	= USD 1.0000 x 5.50% = 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. 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 Fees of the Class to be switched out and the Application Fee of the other Class or Principal Malaysia's fund (or its class) to be switched into. Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, you may be charged an administration fee for every switch. Please refer to the Annexure of the respective Class for further information.

3.1.4. Transfer Fee

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

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 above.

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 those that is related to the specific Class only, such as, the cost of Unit holders meeting held in relation to the respective Class. If in doubt, investors should consult their professional advisers for better understanding.

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

3.2.1. Management Fee

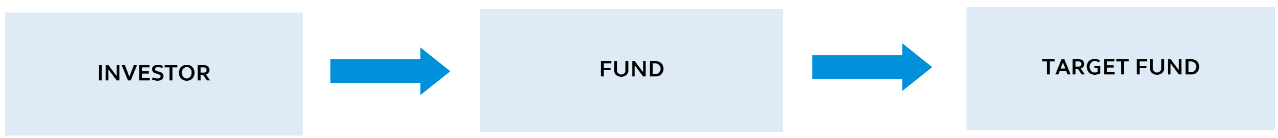
Please note that the Management Fee is charged to the respective Class at the Class level, based on the NAV of the Class. Please refer to the Annexure of the respective Class for further information. The Management Fee shall be accrued daily based on the NAV of the Fund and paid monthly.

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 may be invested in another CIS, no additional Management Fees will be charged to you.



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

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

As this Fund will invest in units of the Target Fund, there is management fee incurred by the Target Fund 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 29 for details on the Target Fund's management fee.

3.2.2. Trustee Fee

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

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

Trustee Fee for the Fund	*= 0.04% per annum*
Trustee Fee for the day	*= NAV of the Fund x annual Trustee Fee rate for the Fund (%) /365 days*
	= USD 300 million x 0.04% / 365
	= USD 328.76

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

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 above.

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 charges indirectly incurred by the Target Fund which is set out in detail under the section "Fees charged by the Target Fund" at page 29.

3.2.4. Other expenses

The Deed also provides for payment of other expenses. The major expenses recoverable directly from the Fund include:

- expenses incurred in the sale, purchase, insurance, and any other dealings of investments including commissions or fees paid to brokers (if any);

- 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 accounts;
- costs involved with external specialists approved by the Trustee in investigating and evaluating any proposed investment;
- (where the foreign custodial function is delegated by the Trustee), charges or fees paid to the sub-custodian;
- expenses incurred in the printing of, purchasing of stationery and postage for the annual and interim (if any) reports;
- remuneration and out of pocket expenses of the independent members of the investment committee we decide to bear the same;
- tax and other duties imposed by the government and other authorities (if any), and bank fees;
- the engagement of valuers, advisers and contractors of all kinds;
- preparation and audit of the taxation returns and accounts of the Fund;
- tax agent's and auditor's fees, and expenses;
- valuation fees for any investments of the Fund paid to independent valuers for the benefit of the Fund;
- costs incurred in modifying the Deed for the benefit of Unit holders;
- termination of the Fund and the retirement or removal of the Trustee or Management Company and the appointment of a new trustee or management company;
- any proceedings, arbitration or other dispute concerning the Fund or any asset, including proceedings against the Trustee or the Management Company, or commenced by either of them for the benefit of the Fund (except to the extent that legal costs incurred for the defense of either of them are ordered by the court not to be reimbursed out of the Fund);
- costs of obtaining experts opinion by the Trustee and the Management Company for the benefit of the Fund;
- cost of convening and holding meetings of Unit holders (other than those meetings convened for the benefit of ours or the Trustee's); and
- all costs, bank charges and expenses related to income distributions of the Fund; for example, postage and printing of all cheques and statements to Unit holders of the Fund 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.

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

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

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 the investor in respect of the Fund, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) and for any period or periods of time at our absolute discretion.

3.3. REBATES AND SOFT COMMISSIONS

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

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

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

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

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

4. TRANSACTION INFORMATION

4.1. VALUATION OF 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 the unlisted CIS i.e. Target Fund shall be determined by reference to the last published repurchase or redemption price for the Target Fund.

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

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

- **Derivatives**
  The value of unlisted derivatives will be determined by the financial institution that issued the instrument and that value will be the fair value as determined in good faith by us on methods or basis which have been verified by the auditor and approved by the Trustee.

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

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

4.2. UNIT PRICING

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

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

We will carry out the valuation of the Classes for each Business Day on the next Business Day (T+1) by 4:00pm. This is to cater for currency translation of the foreign securities or instruments to USD based on the bid exchange rate quoted by Bloomberg/Reuters at UK time 4:00 p.m. Malaysia time 11:00 p.m. or 12:00 a.m.) on the same day, or such other time as stipulated in the Investment Management Standards issued by the FIMM.

The NAV per unit for a Business Day is available on our website at **http://www.principal.com.my** by 7.30 p.m. on next Business Day (T+1).

The Fund must be valued at least once every Business Day. The method of determining NAV per unit 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.

Multi-class Ratio (MCR)

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

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

	Fund (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
	-	***1.80% p.a.***	***1.80% p.a.***
Less: Management Fee	(9,170)	(8,549)	(621)
	0.04% p.a.	-	-
Less: Trustee Fee	(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**

[1] *MCR computation*

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Class x 100 / NAV of the Fund before income and expenses	173,342,897 x 100 / 185,942,897 = 93.22%	12,600,000 x 100 / 185,942,897 = 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 be 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 foregoing, unless the Trustee otherwise directs, we shall make the reimbursement only where an incorrect pricing:

i) is equal or more than 0.50% of the NAV per unit; and
ii) 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

Who can invest?

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

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

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

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

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

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 the Distributors as the case may be);
- directly from your bank account (or foreign currency bank account, as the case may be) held with Distributors, where applicable; or
- 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 and/or the manner in which such payment is to be made may be subject further to such limit(s), restriction(s) and/or terms and conditions as may be imposed by us and/or the relevant authorities from time to time.

Regular Savings Plan

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

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

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

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

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

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

4.5. MINIMUM INVESTMENTS

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

Processing an application

If we receive a valid application by 4:00 p.m. on a Business Day, we will process it using the NAV per unit for that Business Day. If we receive the application after 4:00 p.m. on a Business Day, it will be processed using the NAV per unit for the next Business Day. Incomplete applications will not be processed until we have received all the necessary information. The number of units you will receive will be rounded down to two (2) decimal places.

4.6. 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. Withdrawals can be made from the Class by completing a withdrawal request form and sending it to the relevant Distributor or our head office. There is no restriction on the frequency of withdrawals. All withdrawal proceeds will be transferred to the Unit holder's bank account and/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.

Processing a withdrawal

If we receive a valid 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, it will be processed using the NAV per unit for the next Business Day.

If you request a specific amount in e.g. USD for Class USD the number of units will be calculated by dividing the requested amount in USD by the NAV per unit, and the number of units will be rounded down to two (2) decimal places. The amount that you will receive is calculated by the withdrawal value less the Withdrawal Fee, if any. That amount will be paid in the currency of the Class (e.g. Class USD will be paid in USD) within ten (10) days of receipt of the complete withdrawal request. You will have to bear the applicable bank fees and charges, if any.

You should note that the time taken to pay the withdrawal proceeds to you (i.e. 10 days) may be extended or delayed if:
(i) the Target Fund is suspended*; or
(ii) the redemption request of the Target Fund is deferred; or
(iii) the payment of the redemption proceeds is extended (the Target Fund may impose such extension for up to thirty (30) business days).

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's manager.

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

Please refer to page 28 for more information on suspensions and deferrals of the Target Fund. If in doubt, you should 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 number of units specified for that Class, further investments will be required until the balance of the investment is restored to at least the stipulated minimum balance. Otherwise, we can withdraw the entire investment and forward the proceeds to you.

4.8. SWITCHING

Switching is available between the Classes of the Fund or between a Class and other Principal Malaysia's Funds (or its classes), which should be denominated in the same currency. You may contact our **Customer Care Centre** at **(03) 7718 3000** for 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 or a group of Sophisticated Investors or investments made via any digital platform).

4.9. TRANSFER FACILITY

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

4.10. COOLING-OFF PERIOD

You have six (6) Business Days after your initial investment (i.e. from the date the application form is received and accepted by us or any of our Distributors) to reconsider the appropriateness and suitability of 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 the 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 our Distributors are not entitled to the cooling-off rights.

4.11. TEMPORARY SUSPENSION

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

4.12. DISTRIBUTION OF THE FUND

For Classes which distribution policy is to distribute income, distribution will be made depending on the level of income that the Fund generates. The payment of distributions, if any, will vary from period to period depending on interest rates, market conditions and the performance of the Fund.

However, pursuant to the Deed, we have the right to make provisions for reserves in respect of distribution of the Fund. If the distribution 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.

All units held at the end of the distribution period will be entitled to distribution. Each unit will receive the same distribution for a distribution period regardless of when those units were purchased. The distribution amount to be received by you is in turn calculated by multiplying the total number of units held by you in the Class by the cent per unit distribution amount. On the distribution date, the NAV per unit will adjust accordingly.

All distributions (if any) will be automatically reinvested into additional units in the Class at the NAV per unit on the distribution date (the number of units is rounded using the normal rounding policy to two decimal places), unless written instructions to the contrary are communicated by you to us and in which case that you shall have first furnished to us your bank account and/or foreign currency bank account (as the case may be) into which all distribution payment shall be paid (at your cost and expense). 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 automatically withdrawn by us if the number of units are below the minimum balance and the proceeds will be paid to you.

Distribution payments will be made in respective currencies for that Class. As such for each Class, the distribution will be paid into the your bank account and/or foreign currency bank account as the case may be (which shall be in the currency of that specific Class) in our record (at your cost and expense).

You should note that the Target Fund may pay distributions out of capital and unrealised gains. Please refer to page 18 for more information on its risk. If in doubt, you should consult their professional advisers for better understanding.

4.13. UNCLAIMED MONIES

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

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

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

5. ADDITIONAL INFORMATION

5.1. FINANCIAL YEAR-END

30 November.

5.2. INFORMATION ON YOUR INVESTMENT

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

The Fund's annual report is available upon request.

Please take note that if your investments are made through the 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

The Fund and/or any of the Class may be terminated as proposed by us with the consent of the Trustee (which consent shall not be unreasonably withheld) by giving not less than three (3) months' notice in writing to the Unit holders as hereinafter provided:
(i) if any law shall be passed which renders it illegal or in our opinion impracticable or inadvisable to continue the Trust; or
(ii) if in our reasonable opinion that it is impracticable or inadvisable to continue the Trust.

The Fund and/or any of the Classes shall be terminated by us if a Special Resolution is passed at a Unit holders' meeting to terminate or wind-up the Fund and/or any of the Classes.

5.4. RIGHTS, LIABILITIES AND LIMITATIONS OF UNIT HOLDER

Money invested by you in the Fund will purchase a number of units, which represents the 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.

Rights

As a Unit holder, you have the right, among others, to:
- inspect the Register, free of charge, at any time at our registered office, and obtain such information pertaining to your units as permitted under the Deed and SC Guidelines;
- receive the distribution of the Fund (if any), participate in any increase in the capital value of the units and to other rights and privileges as set out in the Fund's Deed;
- call for Unit holders' meetings under the following circumstances;
  (i) to consider the most recent financial statements of the Fund;
  (ii) to require the retirement or removal of the Manager or 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; and
- receive annual reports or any other reports of the Fund.

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

Liabilities

(i) Your liability is limited to the purchase price per unit and Application Fee (if any) paid or agreed to be paid for a unit. You need not indemnify the Trustee or us if there is a deficiency in the assets of the Fund to meet the claim of any creditor of the Trustee or ours in respect of the Fund.
(ii) Our recourse and the recourse of the Trustee and any creditor is limited to the assets of the Fund.

Limitations

You cannot:
(i) interfere with any rights or powers of ours and/or Trustee under the Deed;
(ii) exercise a right in respect of an asset of the Fund or lodge a caveat or other notice affecting the asset of the Fund or otherwise claim any interest in the asset of the Fund; or
(iii) require the asset of the Fund to be transferred to you.

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

5.5. DOCUMENTS AVAILABLE FOR INSPECTION

You may inspect copies of 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;
- Material contracts or documents referred to in this Information Memorandum, if any;
- The audited financial statements of the Manager 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;
- The latest annual and interim reports of the Fund, which includes the audited financial statements of the Fund (where available) for the current financial year and for the last three (3) financials years or if less than three (3) years, from the date of launch of the Fund; and
- The Schroder International Selection Fund prospectus dated December 2019.

5.6. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST

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

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

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

Director / Shareholder	Position	Shareholding (Direct / Indirect)	Name of corporation
CIMB Group Sdn Bhd	Shareholder	Direct	Principal Islamic Asset Management Sdn Bhd *(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 PFG provided that the transactions are effected at market prices and are conducted at arm's lengths.

Trustee

As the Trustee and service provider for the Fund, there may be related party transactions involving or in connection with the Fund in the following events:
1) where the Fund invests in instrument(s) offered by the related party of the Trustee (e.g. placement of monies, structured products, etc);
2) where the Fund is being distributed by the related party of the Trustee;
3) where the assets of the Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of that Fund (Trustee's delegate); and
4) where the Fund obtains financing as permitted under the SC Guidelines, from the related party of the Trustee.

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

Subject to the above and any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any unit holder or enter into any contract or transaction with each other, the Fund or any unit holder or retain for its own benefit any profits or benefits derived from any such contract or transaction or act in the same or similar capacity in relation to any other scheme.

5.7. INTERESTS IN THE FUND

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

5.8. EMPLOYEES' SECURITIES DEALINGS

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

6. THE MANAGER

6.1. ABOUT PRINCIPAL ASSET MANAGEMENT BERHAD

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

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

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

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

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

6.1.1. Designated person responsible for fund management function

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

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

7. THE TRUSTEE

7.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

HSBC (Malaysia) Trustee Berhad (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 trusts and has been appointed as trustee for unit trust funds, exchange traded funds, wholesale funds and funds under private retirement scheme.

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit holders of the Fund. In performing these functions, the Trustee has to exercise all due care, diligence and vigilance and is required to act in accordance with the provisions of the Deed, CMSA and the SC Guidelines. Apart from being the legal owner of the Fund's assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, CMSA and the SC Guidelines. In respect of monies paid by an investor for the application of units, the Trustee's responsibility arises when the monies are received in the relevant account of the Trustee for the Fund and in respect of redemption, the Trustee's responsibility is discharged once it has paid the redemption amount to the Manager.

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

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

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

7.1.1. Trustee's delegate

The Trustee has appointed the Hongkong and Shanghai Banking Corporation Ltd as the custodian of both the local and foreign assets of the Fund. For quoted and unquoted local investments of the Fund, the assets are held through their nominee company, HSBC Nominees (Tempatan) Sdn Bhd 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 for the Fund or to the order of the Trustee. The custodian acts only in accordance with instructions from the Trustee. The Trustee shall be responsible for the acts and omissions of its delegate as though they were its own acts and omissions.

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

7.1.2. Trustee's Disclosure of Material Litigation

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

7.1.3. Trustee's Statement of Responsibility

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

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 AUD

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

CLASS INFORMATION

Class AUD		Page
Currency denomination	AUD	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion. 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.	31

FEES & CHARGES

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

Charges	Class AUD	Page
Application Fee	**Principal Distributor** : Up to 6.50% of the NAV per unit. **IUTAs** : Up to 5.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	24
Switching Fee	Switching is treated as a withdrawal from the Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose AUD35 administrative fee for every switch made out of Principal Malaysia's funds. You may negotiate to lower the Switching Fee and/or administrative fees. We also have the discretion to waive the Switching Fee and/or administrative fees.	24
Transfer Fee	A maximum of AUD15 may be charged for each transfer.	24
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or redemption will be borne by the investor.	

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.

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

Charges	Class AUD	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	25
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	25
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.	26
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual custodian fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, custodian fees and transaction fees charged at the Target Fund level.	26

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.

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

TRANSACTION INFORMATION

	Class AUD	Page
Minimum initial investment	AUD 10,000 or such other amount as we may decide from time to time.	30
Minimum additional investment	AUD 5,000 or such other amount as we may decide from time to time.	30
Minimum withdrawal	5,000 units or such other number of units as we may decide from time to time.	30
Minimum balance	10,000 units or such other number of units as we may decide from time to time.	31
Regular Savings Plan	Currently, RSP is not available.	35
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o 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 o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	31
Transfer facility	We may, at our absolute discretion, allow Unit holders to transfer their units to an eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time. We may refuse to register any transfer of a unit at our absolute discretion.	31
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 rights.	31

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

There are fees and charges involved and investors 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

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

CLASS INFORMATION

Class MYR		Page
Currency denomination	MYR	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion. 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.	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	Page
Application Fee	**Principal Distributor** : Up to 6.50% of the NAV per unit. **IUTAs** : Up to 5.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	24
Switching Fee	Switching is treated as a withdrawal from the Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose MYR100 administrative fee for every switch made out of Principal Malaysia's funds. You may negotiate to lower the Switching Fee and/or administrative fees. We also have the discretion to waive the Switching Fee and/or administrative fees.	24
Transfer Fee	A maximum of RM50 may be charged for each transfer.	24
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or redemption will be borne by the investor.	

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.

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

Charges	Class MYR	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	25
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	25
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.	26
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual custodian fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, custodian fees and transaction fees charged at the Target Fund level.	26

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.

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

TRANSACTION INFORMATION

	Class MYR	Page
Minimum initial investment	RM 10,000 or such other amount as we may decide from time to time.	30
Minimum additional investment	RM 5,000 or such other amount as we may decide from time to time.	30
Minimum withdrawal	5,000 units or such other number of units as we may decide from time to time.	30
Minimum balance	10,000 units or such other number of units as we may decide from time to time.	31
Regular Savings Plan	RSP is available. It allows you to make regular monthly investments of RM500 or more, direct from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is RM10,000 or such other amount as we may decide from time to time.	35
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o 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 o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	31
Transfer facility	We may, at our absolute discretion, allow Unit holders to transfer their units to an eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time. We may refuse to register any transfer of a unit at our absolute discretion.	31
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 rights.	31

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

There are fees and charges involved and investors 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 the CIMB Group, the PFG 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. 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.	31

FEES & 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 Distributor** : Up to 6.50% of the NAV per unit. **IUTAs** : Up to 5.50% of the NAV per unit.	23
Withdrawal Fee	Nil.	23
Switching Fee	Switching is treated as a withdrawal from the Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose MYR100 administrative fee for every switch made out of Principal Malaysia's funds. You may negotiate to lower the Switching Fee and/or administrative fees. We also have the discretion to waive the Switching Fee and/or administrative fees.	23
Transfer Fee	A maximum of SGD15 may be charged for each transfer.	24
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by the investor.	

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.

This table describes the charges 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 Fund.	24
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	24
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.	25
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual custodian fees and transaction fees of the Target Fund. As such, Unit holders are indirectly bearing the dilution adjustment, custodian fees and transaction fees charged at the Target Fund level.	25

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.

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

TRANSACTION INFORMATION

	Class SGD	Page
Minimum initial investment	SGD 10,000 or such other amount as we may decide from time to time.	29
Minimum additional investment	SGD 5,000 or such other amount as we may decide from time to time.	29
Minimum withdrawal	5,000 units or such other number of units as we may decide from time to time.	29
Minimum balance	10,000 units or such other number of units as we may decide from time to time.	30
Regular Savings Plan	Currently, RSP is not available.	35
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o 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 o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	30
Transfer facility	We may, at our absolute discretion, allow Unit holders to transfer their units to an eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time. We may refuse to register any transfer of a unit at our absolute discretion.	30
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 rights.	30

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

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

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

ANNEXURE – CLASS USD

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

CLASS INFORMATION

Class USD		Page
Currency denomination	USD	
Distribution policy	Quarterly, depending on the availability of realised income and/or realised gains and at our discretion. 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.	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 Distributor** : Up to 6.50% of the NAV per unit. **IUTAs** : Up to 5.50% of the NAV per unit.	30
Withdrawal Fee	Nil.	24
Switching Fee	Switching is treated as a withdrawal from the Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose USD35 administrative fee for every switch made out of Principal Malaysia's funds. You may negotiate to lower the Switching Fee and/or administrative fees. We also have the discretion to waive the Switching Fee and/or administrative fees.	24
Transfer Fee	A maximum of USD15 may be charged for each transfer.	24
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or redemption will be borne by the investor.	

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.

This table describes the charges 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.	25
Trustee Fee	Up to 0.04% per annum of the NAV of the Fund (including local custodian fees and charges but excluding foreign sub-custodian fees and charges).	25
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.	26
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual custodian fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, custodian fees and transaction fees charged at the Target Fund level.	26

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.

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

TRANSACTION INFORMATION

	Class USD	Page
Minimum initial investment	USD 10,000 or such other amount as we may decide from time to time.	30
Minimum additional investment	USD 5,000 or such other amount as we may decide from time to time.	30
Minimum withdrawal	5,000 units or such other number of units as we may decide from time to time.	30
Minimum balance	10,000 units or such other number of units as we may decide from time to time.	31
Regular Savings Plan	Currently, RSP is not available.	35
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: ▪ for switching out of the Class: o the minimum withdrawal amount applicable to the Class that you intend to switch out; o 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 o the Withdrawal Fee of the Class that you intend to switch out (if any); ▪ for switching into the Class: o the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class that you intend to switch into; and o the Switching Fee applicable for the proposed switch (if any). You may negotiate to lower the amount for your switch with us or our Distributors.	31
Transfer facility	We may, at our absolute discretion, allow Unit holders to transfer their units to an eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time. We may refuse to register any transfer of a unit at our absolute discretion.	31
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 rights.	31

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

There are fees and charges involved and investors 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.

Principal Asset Management Berhad (304078-K)
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