Principal®

Information Memorandum
17 June 2025

Principal Global Securitised Credit Bond Fund

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

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

This Information Memorandum Issue No. 1 for the Principal Global Securitised Credit Bond Fund is dated 17 June 2025.

The Fund was constituted on 5 May 2025.

The Securities Commission Malaysia has not authorised or recognised the Fund and a copy of this Information Memorandum has not been registered with the Securities Commission Malaysia.

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

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

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

THE 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 Malaysia and the Fund, which is a wholesale fund. This Information Memorandum outlines in general the information you need to know about the Fund and is intended for the exclusive use by prospective Sophisticated Investors (as defined herein) who should ensure that all information contained herein remains confidential. The Fund is established as a multi-class fund 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 call our Customer Care Centre during business hour at (03) 7723 7260 or WhatsApp at +6016 299 9792 between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Fridays.

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 this 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.

INVESTORS SHOULD BE AWARE THAT THE CAPITAL OF THE FUND WILL BE ERODED WHEN THE FUND DECLARES DISTRIBUTION OUT OF CAPITAL AS THE DISTRIBUTION IS ACHIEVED BY FORGOING THE POTENTIAL FOR FUTURE CAPITAL GROWTH AND THIS CYCLE MAY CONTINUE UNTIL ALL CAPITAL IS DEPLETED.

DEFINITIONS

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

Application Fee	-	Preliminary charge on each investment.
AUD	-	Australian Dollar.
Business Day	-	Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and/or banks in Kuala Lumpur and/or Selangor are open for business. In respect of the Target Fund, it means a day on which banks are open for normal banking business in Luxembourg (excluding Saturdays and Sundays). ***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 Management Company declares a non-Dealing Day. This information will be communicated to you via our website at* ***www.principal.com.my***.
CIMB Group	-	CIMB Group Sdn. Bhd.
CIS	-	Collective investment scheme.
Class	-	Any class of units representing similar interest in the assets of the Fund.
Class AUD-Hedged	-	The Class issued by the Fund denominated in AUD that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and AUD.
Class GBP-Hedged	-	The Class of units issued by the Fund denominated in GBP that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and GBP.
Class JPY-Hedged	-	The Class issued by the Fund denominated in JPY that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and JPY.
Class MYR	-	The Class issued by the Fund denominated in MYR.
Class MYR-Hedged	-	The Class issued by the Fund denominated in MYR that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and MYR.
Class SGD-Hedged	-	The Class issued by the Fund denominated in SGD that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and SGD.
Class USD	-	The Class issued by the Fund denominated in USD.
CMSA	-	Capital Markets and Services Act 2007.
Commencement Date	-	The next Business Day immediately following the end of the initial offer period of the respective Class.
Deed	-	The principal and all supplemental deed in respect of the Fund made between us and the Trustee, in which Unit holders agree to be bound by the provisions of the Deed.
Deposit	-	As per the definition of “deposit” in the Financial Services Act 2013 and “Islamic deposit” in the Islamic Financial Services Act 2013.
Distributor(s)	-	Any relevant persons and bodies appointed by Principal Malaysia from time to time, who are responsible for selling units of the Fund, including Principal Distributors and IUTAs.
ESG	-	Environmental, social and governance factors which can be considered as non-financial performance indicators which include ethical, sustainable and corporate government issues.
Fund or GSCB	-	Principal Global Securitised Credit Bond Fund.
GBP	-	Great Britain Pound.
GLOLA	-	Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC.
HSBC Group	-	HSBC Holdings plc, its subsidiaries, related bodies corporate, associated entities and undertakings and any of their branches.
IMS	-	Investment Management Standards issued by the Federation of Investment Managers Malaysia.
Information Memorandum	-	Refers to the information memorandum in respect of the Fund and includes any supplemental information memorandum or replacement information memorandum, as the case may be.
IUTA	-	Refers to “Institutional Unit Trust Schemes Adviser”, a corporation registered with the Federation of Investment Managers Malaysia and authorised to market and distribute unit trust schemes of another party.
JPY	-	Japanese Yen.
LPD	-	Latest Practicable Date, i.e. 31 March 2025, in which all information provided herein, shall remain current and relevant as at such date.

Management Fee	-	A percentage of the NAV of the Class that is paid to us for managing the portfolio of the Fund.
MCR	-	Multi-class ratio, being the apportionment of the NAV of each Class over the Fund's NAV based on the size of each Class. The MCR is calculated by dividing the NAV of the respective Class by the NAV of the Fund before income and expenses for the day. The apportionment is expressed as a ratio and calculated as a percentage.
MYR	-	Malaysian Ringgit.
NAV	-	Net Asset Value.
NAV of the Class	-	The NAV of the Fund attributable to a Class at the same valuation point.
NAV of the Fund	-	The value of all the Fund's assets less the value of all the Fund's liabilities, at the point of valuation. For the purpose of computing the annual Management Fee and annual Trustee Fee, the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day.
NAV per unit	-	The NAV attributable to a Class divided by the number of units in circulation for that Class, at the valuation point.
OTC	-	Over-the-counter.
PFG	-	Principal Financial Group, Inc..
Principal Distributors	-	Refers to the authorised unit trust scheme consultants registered with Principal Malaysia.
Principal Malaysia, the Manager, we or us	-	Principal Asset Management Berhad.
RSP	-	Regular Savings Plan.
SC	-	Securities Commission Malaysia.
SFDR	-	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector as amended, supplemented, consolidated, superseded or otherwise modified from time to time. The Target Fund is classified as Article 8. See Section 1.5 of the Target Fund Prospectus for further details.
SGD	-	Singapore Dollar.
Sophisticated Investor	-	Refers to investors as we determine as qualified or eligible to invest in the Fund and that fulfil any laws, rules, regulations, 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: (i) is determined to be a sophisticated investor under the SC's Guidelines on Categories of Sophisticated Investors, as amended from time to time; or (ii) acquires any unlisted capital market product specified under the GLOLA where the consideration is not less than MYR250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise, and/or any other category(ies) of investors as may be permitted by the SC from time to time. ***Note**: For more information, please refer to our website at www.principal.com.my for the current and/or updated definition and categories of "Sophisticated Investor".*
Special Resolution	-	A resolution passed by a majority of not less than three-fourth (3/4) of the Unit holders of the Fund or a Class, as the case may be, voting at a meeting of Unit holders duly convened and held in accordance with the provisions of the Deed.
Switching Fee	-	A charge that may be levied when switching is done from one fund or class to another.
Target Fund	-	HSBC Global Investment Funds – Global Investment Grade Securitised Credit Bond.
Target Fund Company	-	HSBC Global Investment Funds.
Target Fund Management Company	-	HSBC Investment Funds (Luxembourg) S.A.
Target Fund Investment Manager	-	HSBC Global Asset Management (UK) Limited.
Target Fund Prospectus	-	Refers to the prospectus in respect of the Target Fund and includes any supplemental prospectus, addendum or replacement prospectus, as the case may be. The Target Fund Prospectus is available for download at **www.assetmanagement.hsbc.com/fundinfo.**.
Transfer Fee	-	A nominal fee levied for each transfer of units from one 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 authorised pursuant to directive 2009/65/EC, as amended.
Unit holder	-	The registered holder for the time being of a unit of any Class including persons jointly registered.
US/USA	-	United States of America.
USD	-	United States Dollar.

Withdrawal Penalty	-	A penalty levied upon withdrawal under certain terms and conditions (if applicable).

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

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1. FUND INFORMATION

1.1. PRINCIPAL GLOBAL SECURITISED CREDIT BOND FUND

Fund Category/Type	:	Feeder fund/ Income & Growth
Fund Objective	:	The Fund aims to provide long term total return through investments in one (1) CIS. *We will require your approval if there is any material change to the Fund's investment objective.*
Benchmark	:	Nil.
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 37 for information on the distribution payment.

Base Currency and Classes

The base currency of the Fund is USD.

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

Under the Deed, Unit holders of each Class shall have the same rights and obligations. Each Class may be different in terms of currency denomination, fees and charges, and hence, will have its respective NAV per unit, denominated in its respective currency taking into account the aforementioned features. Although the Fund has multiple Classes, 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 **www.principal.com.my**. When in doubt, you should consult professional advisers for a better understanding of the multi-class structure before investing in the Fund.

Initial Offer Period and Initial Offer Price

Name of Class	Launch Date*	Initial offer period	Initial offer price per unit
Class AUD-Hedged	17 June 2025	Up to 14 days	AUD 1.0000
Class JPY-Hedged	Effective Date[1]	1 day which is on the Effective Date	JPY 100.0000
Class MYR	17 June 2025	Up to 14 days	MYR 1.0000
Class MYR-Hedged	17 June 2025	Up to 14 days	MYR 1.0000
Class SGD-Hedged	17 June 2025	Up to 14 days	SGD 1.0000
Class USD	17 June 2025	Up to 14 days	USD 1.0000
Class GBP-Hedged	17 June 2025	Up to 14 days	GBP 1.0000

** We have the discretion to determine the launch date, which shall be the same date as stated above or such other date as may be determined by us.*

<u>Note 1</u>: The Effective Date will be a date to be advised in the future through the issuance of a supplemental information memorandum.

*For more details, you may contact our Customer Care Centre or Distributors; or visit our website at **www.principal.com.my**.*

Investment Policy and Strategy

The Fund is a feeder fund that invests at least 85% of its NAV in the Target Fund, a fund established on 31 May 2013 managed by the Target Fund Management Company. The Fund may also invest up to 15% of its NAV in liquid assets for liquidity purposes and derivatives for the sole purpose of hedging arrangement.

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

We do not employ risk management strategy on the portfolio of the Target Fund. However, the Target Fund Investment Manager will employ a risk management process in respect of the Target Fund that enables the Target Fund Investment Manager to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Target Fund. Please refer to section 2 for more information on the Target Fund. We will employ risk management strategy at the Fund level, where we will continuously monitor the objective, performance and suitability of the Target Fund to ensure that it is in line with the objective of the Fund. If we are of the opinion that the Target Fund no longer meets the Fund's objective, we may, with your approval, replace the Target Fund with another CIS that is in line with the Fund's objective. In such circumstances, we will redeem our investment in the Target Fund and invest in another CIS on a staggered basis for a smooth transition, if the Target Fund imposes any conditions in relation to redemption of units or if the manager of the newly identified target fund exercises its discretion to apply anti-dilution levy* in relation to the applications for units. Thus, the time frame required to perform the transition will depend on such conditions, if any, imposed by the Target Fund as well as any conditions associated with a dilution adjustment that may be made by the newly identified target fund. Hence during the transition period, the Fund's investments may differ from the stipulated objective, investment strategies and/or investment restrictions and limits.

Currently, the Fund invests in AM2 share class of the Target Fund, which is a share class denominated in USD launched on 29 May 2018. The Fund may change its entire investment into another class of the Target Fund (which must be denominated in the same currency) if we are of the opinion that the change is in the interest of the Unit holders. If we wish to effect such change, we will seek concurrence from the Trustee and you will be notified before implementation.

The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk.

The liquidity risk management that we have put in place is as follows:
- Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level.
- Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Unit holders. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Unit holders' withdrawal requests.
- If needed, the Fund may obtain cash financing for the purpose of meeting withdrawal requests and for short-term bridging requirements.
- Suspension of withdrawal requests due to exceptional circumstances. During the suspension period, withdrawal requests will not be accepted, and in the event we had earlier accepted the withdrawal requests prior to the suspension being declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. The action to suspend withdrawal requests from Unit holders shall be exercised only as a last resort by the Manager.

Please refer to Section 2.4 and Section 4.11 for more information.

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

1.2. PERMITTED INVESTMENTS

The Fund will invest in the following investments:

- One (1) CIS (local or foreign);
- Liquid assets comprising of Deposits and money market instruments;
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps for the purpose of hedging; and
- Any other form of investments as may be determined by the Manager from time to time that is in line with the Fund's objective.

1.3. INVESTMENT RESTRICTIONS AND LIMITS

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

CIS: The Fund must invest at least 85% of its NAV in one (1) CIS.

Liquid Assets and Derivatives: The Fund may invest up to 15% of its NAV in liquid assets and derivatives (for hedging purposes). The Fund may, with the concurrence of the Trustee, hold more than 15% 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 GLOLA for the Fund.

1.5. FINANCING

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

1.6. SECURITIES LENDING

Not applicable to the Fund.

1.7. RISK FACTORS

1.7.1 GENERAL RISKS OF INVESTING IN A FUND

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

Returns and capital not guaranteed
The investment of the fund is subject to market fluctuations and its inherent risk. There is **NO GUARANTEE** on the investment which includes your investment capital and returns, nor any assurance that the fund's objective will be achieved. You should also note that the fund is neither a capital guaranteed fund nor a capital protected fund. However, we reduce this risk by ensuring diligent management of the assets of the fund based on a structured investment process.

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

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

Manager risk
This risk refers to the day-to-day management of the fund by the manager which will impact the performance of the fund. For example, investment decisions undertaken by the manager, as a result of any non-compliance with internal policies, investment mandate, the deed, relevant laws or guidelines due to factors such as human error or weaknesses in operational processes and systems, may adversely affect the performance of the fund.

Financing risk
This risk occurs when you obtain financing to finance your investment. The inherent risk of investing with money obtained from financing includes you being unable to service the financing payments. In the event units are used as collateral and if the prices of units fall below a certain level due to market conditions, you may be required to pay additional amount on top of your existing instalment. If you fail to do so within the time prescribed, your units may be sold at an unfavourable price and the proceeds thereof will be used towards the settlement of your financing.

Please note that financing is not encouraged. The manager does not provide financing for the purchase of units of the fund.

Liquidity risk
Liquidity risk refers to the ability to sell and convert the units or shares held in the CIS into cash. This may be affected by the liquidity policy applied by the CIS (e.g. suspension of the CIS), which may negatively impact the fund and unit holders may experience delay in the withdrawal process.

1.7.2 SPECIFIC RISKS RELATED TO THE FUND

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

As for a hedged Class, the hedged 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.

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

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

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 the country. Such risks include adverse changes in the country's laws and regulations and foreign investments policies. These factors may have an adverse impact on the price of the Target Fund and consequently the Fund.

1.7.3 RISKS ASSOCIATED WITH INVESTMENTS IN THE TARGET FUND

As the Fund invests predominantly in the Target Fund, the Fund also assumes the risks associated with the Target Fund, which include but not limited to the following. The risk disclosure in relation to the Target Fund was excerpted from the Target Fund Prospectus.

Market Risk
There is no guarantee in respect of repayment of principal and the value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Target Fund Company. In particular, the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies.

Emerging Markets
Because of the special risks associated with investing in Emerging Markets, sub-funds which invest in such securities should be considered speculative. Investors in such sub-funds are advised to consider carefully the special risks of investing in Emerging Market securities. Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade.

Brokerage commissions, custodial services and other costs relating to investment in Emerging Markets generally are more expensive than those relating to investment in more developed markets. Lack of adequate custodial systems in some markets may prevent investment in a given country or may require a sub-fund to accept greater custodial risks in order to invest, although the depositary bank will endeavour to minimise such risks through the appointment of correspondents that are international, reputable and creditworthy financial institutions. In addition, such markets have different settlement and clearance procedures. In certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. The inability of a sub-fund to make intended securities purchases due to settlement problems could cause the sub-fund to miss attractive investment opportunities. Inability to dispose of a portfolio security caused by settlement problems could result either in losses to a sub-fund due to subsequent declines in value of the portfolio security or, if a sub-fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

The risk also exists that an emergency situation may arise in one or more developing markets as a result of which trading of securities may cease or may be substantially curtailed and prices for a sub-fund's securities in such markets may not be readily available.

Investors should note that changes in the political climate in Emerging Markets may result in significant shifts in the attitude to the taxation of foreign investors. Such changes may result in changes to legislation, the interpretation of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties. The effect of such changes can be retrospective and can (if they occur) have an adverse impact on the investment return of shareholders in any sub-fund so affected. Investors in Emerging Markets sub-funds should be aware of the risk associated with investment in Russian equity securities. Markets are not always regulated in Russia and, at the present time, there are a relatively small number of brokers and participants in these markets and when combined with political and economic uncertainties this may temporarily result in illiquid equity markets in which prices are highly volatile.

The relevant sub-funds will therefore only invest up to 10% of their net asset value directly in Russian equity securities (except if they are listed on the MICEX - RTS Exchange in Russia and any other Regulated Markets in Russia which would further be recognised as such by the Luxembourg supervisory authority) while the sub-funds will invest in American, European and Global Depositary Receipts, respectively ADRs, EDRs or GDRs, where underlying securities are issued by companies domiciled in the Russian Federation and then trade on a Regulated Market outside Russia, mainly in the USA or Europe. By investing in ADRs, EDRs and GDRs, the sub-funds expect to be able to mitigate some of the settlement risks associated with the investment policy, although other risks, e.g. the currency risk exposure, shall remain.

The sub-funds' investments are spread among a number of industries however the Brazil, Russia, India and China (including Hong Kong SAR) markets are comprised of significant weightings in the natural resources sectors. This means that the sub-fund's investments may be relatively concentrated in these sectors and the performance of the sub-fund could be sensitive to movements in these sectors. Risks of sector concentration are outlined below. In selecting companies for investment, a company's financial strength, competitive position, profitability, growth prospects and quality of management will typically be evaluated.

Interest Rate Risk
A sub-fund that invests in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

Credit Risk
A sub-fund, which invests in bonds and other fixed income securities, is subject to the risk that issuers may not make payments on such securities. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Sub-funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

Foreign Exchange Risk
Because a sub-fund's assets and liabilities may be denominated in currencies different to the base currency, the sub-fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the base currency and other currencies. Changes in currency exchange rates may influence the value of a sub-fund's shares in the Target Fund Company, the dividends or interest earned and the gains and losses realised. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions.

If the currency in which a security is denominated appreciates against the base currency, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

A sub-fund may engage in foreign currency transactions in order to hedge against currency exchange risk, however there is no guarantee that hedging or protection will be achieved. This strategy may also limit the sub-fund from benefiting from the performance of a sub-fund's securities if the currency in which the securities held by the sub-fund are denominated rises against the base currency. In case of a hedged class, (denominated in a currency different from the Base Currency), this risk applies systematically.

Counterparty Risk
The Target Fund Company on behalf of a sub-fund may enter into transactions in over-the-counter markets, which will expose the sub-fund to the credit of its counterparties and their ability to satisfy the terms of such contracts.
For example, the Target Fund Company on behalf of the sub-fund may enter into repurchase agreements, securities lending, forward contracts, options and swap arrangements or other derivative techniques, each of which expose the sub-fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In addition, some fixed income structures such as asset backed securities can incorporate swap contracts that involve counterparty risk. In the event of a bankruptcy or insolvency of a counterparty, the sub-fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Target Fund Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights.
There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred. Derivative contracts such as direct swap contracts or swap contracts embedded in other fixed income structures entered into by the Target Fund Company on behalf of a sub-fund on the advice of the Target Fund Investment Adviser involve credit risk that could result in a loss of the sub-fund's entire investment as the sub-fund may be fully exposed to the credit worthiness of a single approved counterparty where such an exposure will be collateralised.

The Target Fund Company employs a variety of mechanisms to manage and mitigate counterparty risk including but not limited to the following:
1. Counterparty approval using external credit ratings and/or a credit review consisting of three years' worth of audited financial accounts;
2. Counterparties are also reviewed at least annually to ensure that they remain appropriate for the requirements of the business. Counterparties are monitored on a continual basis and any adverse information concerning the credit worthiness of approved counterparties is considered as a matter of urgency;
3. Counterparty exposures are monitored on a daily basis by a function independent of the front office;

Exposures may also be managed through a collateral and margining arrangement supported by appropriate and legally enforceable trading agreements.

External Data Provider Risk
To meet the stated investment objectives, the Target Fund Company, the Target Fund Management Company and/or Target Fund Investment Adviser (together "the Parties") may rely on financial, economic and other data made available by companies, index providers, governmental agencies, rating agencies, exchanges, professional services firms, central banks or other third party providers (the "external data providers"). This data can have a material effect on the investment positions taken on behalf of sub-funds. However, the Parties do not generally have the ability to independently verify any such financial, economic and other data and are therefore dependent on the integrity of both the external data providers and the processes by which any such data is generated. The sub-funds could incur unexpected costs as a result of external data provider failures of, or substantial inaccuracy in, the generation of such data. The Parties, acting in good faith, will not be held liable for any losses incurred by the sub-funds as a result such failures and inaccuracies.

Sovereign Risk
Certain developing countries and certain developed countries are especially large debtors to commercial banks and foreign governments. Investment in debt obligations ("Sovereign Debt") issued or guaranteed by governments or their agencies ("governmental entities") of such countries involves a high degree of risk. In certain countries, governmental entities, for the purpose of risks related to Sovereign Debt may additionally include local, regional, provincial, state, or municipal governments and government entities that issue debt obligations.

The governmental entity that controls the repayment of Sovereign Debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the social and political constraints to which a governmental entity may be subject. A sub-fund may suffer significant losses when there is a default of Sovereign Debt issuers.

Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their Sovereign Debt. Holders of Sovereign Debt, including a sub-fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. There is no bankruptcy proceeding by which Sovereign Debt on which a governmental entity has defaulted may be collected in whole or in part.

Where a sub-fund may have investment exposure to Europe in the context of its investment objective and strategy, in light of the fiscal conditions and concerns on Sovereign Debt of certain European countries as well as the potential exit of certain countries from the EU, such a sub-fund may be subject to a number of risks arising from a potential crisis in Europe. The risks are present both in respect of direct investment exposure (for example if the sub-fund holds a security issued by a sovereign issuer and that issuer suffers a downgrade or defaults) and indirect investment exposure, such as the sub-fund facing an increased amount of volatility, liquidity, price and currency risk associated with investments in Europe.
Should any country cease using the Euro as its local currency or should a collapse of the Eurozone monetary union occur, such countries may revert back to their former (or another) currency, which may lead to additional performance, legal and operational risks to the sub-fund and may ultimately negatively impact the value of the sub-fund. The performance and value of the sub-fund may potentially be adversely affected by any or all of the above factors, or there may be unintended consequences in addition to the above arising from the potential European crisis that adversely affect the performance and value of the sub-fund.
Any debt issued or guaranteed by local, regional, provincial, state, or municipal governments or governmental entities may not be guaranteed by, or otherwise linked to, the national or central government of the country in which it is located. Such debt, while linked to the overall Sovereign Risk of the country in which it has been issued, may be subject to its own unique and additional risks due to each issuer’s local, regional, state, provincial, or municipal legal, political, business, or social structure and framework. In addition, international and local sources of financing, including assistance from the central or federal government, may be or become unavailable which may have an adverse effect on the ability of the relevant local or regional government or municipality to service its debt obligations.

There is no guarantee that an active trading market for local, regional, provincial, state or municipal debt obligations will develop or is maintained, which could negatively affect the price of the debt obligation. A sub-fund may therefore be prevented from buying or selling the debt obligation at times when it might be in the interest of the sub-fund to do so. These cases may ultimately negatively impact the net asset value of the sub-fund.

Risks Associated with Government or Central Banks' Intervention
Changes in regulation or government policy leading to intervention in the currency and interest rate markets (e.g. restrictions on capital movements or changes to the way in which a national currency is supported such as currency de-pegging) may adversely affect some financial instruments and the performance of the sub-funds of the Company.

Non-Investment Grade Debt / Unrated Debt
A sub-fund which invests in Non-Investment Grade or unrated fixed-income securities carries higher credit risk (default risk and downgrade risk), liquidity risk and market risk than a sub-fund that invests in investments in Investment Grade fixed-income securities.

Credit risk is greater for investments in fixed-income securities that are rated below Investment Grade or unrated fixed-income securities which are not of comparable quality with Investment Grade securities. It is more likely that income or capital payments may not be made when due. Thus the risk of default is greater. The amounts that may be recovered after any default may be smaller or zero and the sub-fund may incur additional expenses if it tries to recover its losses through bankruptcy or other similar proceedings.

Adverse economic events may have a greater impact on the prices of Non-Investment Grade and unrated fixed-income securities. Investors should therefore be prepared for greater volatility than for Investment Grade fixed-income securities, with an increased risk of capital loss, but with the potential of higher returns.
The market liquidity for Non-Investment Grade and unrated fixed-income securities can be low and there may be circumstances in which there is no liquidity of for these securities, making it more difficult to value and/or sell these securities. As a result of significant redemption applications received over a limited period in a sub-fund invested in Non-Investment Grade or unrated fixed-income securities, the Board of Directors may invoke the procedure permitting the deferral of shareholder redemptions (See Target Fund Prospectus Section “Gating and Deferral of Redemption” in Section 2.4. “How to Sell Shares” for further information).

High Yield Debt
A sub-fund which invests in high yield fixed-income securities carries higher credit risk (default risk and downgrade risk), liquidity risk and market risk than a sub-fund that invests in Investment Grade fixed-income securities.

High yield fixed income securities include fixed income securities rated below Investment Grade (i.e. Non-Investment Grade) and higher yielding fixed income securities rated Investment Grade but of comparable credit quality to Non-Investment Grade rated securities.

Credit risk is greater for investments in high yield fixed-income securities than for Investment Grade securities. It is more likely that income or capital payments may not be made when due. Thus the risk of default is greater. The amounts that may be recovered after any default may be smaller or zero and the sub-fund may incur additional expenses if it tries to recover its losses through bankruptcy or other similar proceedings.

Adverse economic events may have a greater impact on the prices of high yield fixed-income securities. Investors should therefore be prepared for greater volatility than for Investment Grade fixed-income securities, with an increased risk of capital loss, but with the potential of higher returns.

The market liquidity for high yield securities can be low and there may be circumstances in which there is no liquidity for these securities, making it more difficult to value and/or sell these securities. As a result of significant redemption applications received over a limited period in a sub-fund invested in high yield fixed-income securities, the Board of Directors may invoke the procedure permitting the deferral of shareholder redemptions (See Target Fund Prospectus Section 2.4. "Gating and Deferral of Redemption").

Convertible Securities

Convertible securities are fixed income securities, preferred stocks or other securities that may be converted or exchanged (by the holder or by the issuer) into shares of the underlying common stock (or cash or securities of equivalent value) at a stated price or rate. They will at least have similar interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight debt investments. The convertible bond market value tends to reflect the market price of the common stock of the issuing company when that stock price approaches or is greater than the conversion price of the convertible security, consequently convertible securities are exposed to greater volatility than a straight bond investment. Convertible securities tend to be subordinated to other debt securities issued by the same issuer. The difference between the conversion value and the price of convertible securities will vary over time depending on changes in the value of the underlying common stocks and interest rates. Consequently, the issuer's convertible securities generally entail less risk than its common stock but more risk than its debt obligations.

Callable Bonds

Callable Bonds entail a call risk resulting in the possibility that an issuer may exercise its right to redeem a fixed income security earlier than expected (at a date planned in the schedule of callable dates). The redemption of a callable bond having a higher than average yield may cause a decrease in the sub-fund's yield.

Volatility

The price of a financial derivative instrument can be very volatile. This is because a small movement in the price of the underlying security, index, interest rate or currency may result in a substantial movement in the price of the financial derivative instrument. Investment in financial derivative instruments may result in losses in excess of the amount invested.

Futures and Options

Under certain conditions, the Company may use options and futures on securities, indices and interest rates, as described in Target Fund Prospectus Section 3.2. "Sub-Fund Details" and Appendix 2. "Restrictions on the Use of Techniques and Instruments" for the purpose of investment, hedging and efficient portfolio management. In addition, where appropriate, the Target Fund Company may hedge market and currency risks using futures, options or forward foreign exchange contracts.

Transactions in futures 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 investor. 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 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 seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller 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 seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Credit Default Swaps

Credit default swaps may trade differently from the funded securities of the reference entity. In adverse market conditions, the basis (difference between the spread on bonds and the spread on credit default swaps) can be significantly more volatile.

Total Return Swaps

A sub-fund may utilise Total Return Swaps to, inter alia, replicate the exposure of an index or to swap the performance of one or more instruments into a stream of fixed or variable rate cash-flows. In such cases, the counterparty to the transaction will be a counterparty approved and monitored by the Target Fund Management Company or the Target Fund Investment Adviser. At no time will a counterparty in a transaction have discretion over the composition or the management of the sub-fund's investment portfolio or over the underlying asset of the Total Return Swap.

OTC Financial Derivative Transactions
In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, Total Return Swaps and certain options on currencies are generally traded) than of transactions entered into on organized exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with OTC financial derivative transactions. Therefore, a sub fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that a sub fund will sustain losses. The Target Fund Company will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of these measures, the Target Fund Company may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that a sub-fund will not sustain losses as a result.
From time to time, the counterparties with which the Target Fund Company effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Company might be unable to enter into a desired transaction in currencies, credit default swaps or Total Return Swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange traded instruments, forward, spot and option contracts on currencies do not provide the Target Fund Investment Adviser with the possibility to offset the Target Fund Company's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Target Fund Company may be required, and must be able, to perform its obligations under the contracts.

Securities Lending and Repurchase Transactions
To the extent that the Target Fund Company uses any of the techniques and instruments set out in Appendix 2. Of the Target Fund Prospectus “Restrictions on the Use of Techniques and Instruments”, their use may involve certain risks and there can be no assurance that the objective sought to be obtained from such use will be achieved.
In relation to reverse repurchase transactions, investors must notably be aware that (a) in the event of the failure of the counterparty with which cash of a sub-fund has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (b) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the sub-fund to meet redemption requests, security purchases or, more generally, reinvestment; and that (c) reverse repurchase transactions will, as the case may be, further expose a sub-fund to risks similar to those associated with optional or forward derivative financial instruments, which risks are further described in other sections of the Target Fund Prospectus.
In relation to repurchase transactions and Securities Lending transactions, investors must notably be aware that (a) if the borrower of securities lent by a sub-fund fail to return these there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (b) in case of reinvestment of cash collateral such reinvestment may yield a sum less than the amount of collateral to be returned; and that (c) delays in the return of securities on loans may restrict the ability of a sub-fund to meet delivery obligations under security sales or payment obligations arising from redemptions requests.

Liquidity risk
Liquidity risk exists within most financial products including the investments held by the sub-funds. This means that a delay may occur in receiving sales proceeds from the investments held by a sub-fund, and those proceeds may be less than recent valuations used to determine the Net Asset Value per Share. This risk is greater in exceptional market conditions or when large numbers of investors are trying to sell their investments at the same time. In such circumstances, the receipt of sale proceeds may be delayed and/or take place at lower prices.
This may impact the ability of the sub-funds to immediately meet the redemption requests received from the shareholders.

Prohibited Securities
In accordance with the Luxembourg law of 4 June 2009 ratifying the Oslo Convention of 3 December 2008 relating to cluster munition and HSBC Asset Management policy, the Target Fund Company will not invest in securities of certain companies (please refer to Appendix 3. of the Target Fund Prospectus “Additional Restrictions” for further details). As this policy aims to prohibit investment in certain securities, investors should be aware that this reduces the investment universe and prevents the sub-funds from benefitting from any potential returns from these companies.

Corporate Actions
Investors should note that as a result of corporate actions relating to a company in which a sub-fund is invested, a sub-fund may be required or have the option to accept cash, underlying or newly issued securities which may not be part of its core investment universe as described in its investment objective (such as, but not limited to, equities for a bond sub-fund). Those securities may have a value less than the original investment made by the sub-fund. Under such circumstances, the relevant security may not be expressly covered by the relevant sub-fund’s investment policy and the returns generated from the investment may not adequately compensate the sub-fund for the risks assumed.

Taxation
All sub-funds within the Target Fund Company will be subject to taxation. In particular:
• the proceeds from the sale of securities in some markets or the receipt of any distributions or other income may be, or may become, subject to tax, levies, duties or other fees or charges imposed by the authorities in that market including withholding tax; and
• the sub-fund's investments may be subject to specific taxes or charges imposed by authorities in some markets.
Taxation could give rise to certain risks, particularly in countries where tax law and practice is not clearly established. It is possible that the current interpretation of the law or understanding of practice might change, or that the law might be changed with

retrospective effect. This may mean that the sub-fund could become subject to additional taxation in countries where it is not anticipated either at the date of the Target Fund Prospectus or when investments are made, valued or disposed of.

Foreign Taxes
The Target Fund Company may be liable to taxes (including withholding taxes) on income earned and capital gains arising on its investments in countries outside its country of domicile. The Target Fund Company may not be able to benefit from a reduction in the rate of any foreign tax by virtue of the double taxation treaties between its country of domicile and other countries. The Target Fund Company may not, therefore, be able to reclaim any foreign withholding tax suffered by it in particular countries. If this position changes and the Target Fund Company obtains a repayment of foreign tax, the money received will be paid into the sub-fund. The benefit of the repayment received will be allocated to the then existing Shareholders at the time the repayment is made.

Tax Liability in New Jurisdictions
When a sub-fund invests in a jurisdiction where tax law and practice is not clearly established, no account will be made to any shareholder for any payment made in good faith to a fiscal authority for taxes or other charges of the company or relevant sub-fund even if it is later found that these payments need not or ought not have been made.
Conversely, where there is uncertainty as to the tax liability, the sub-fund would adhere to best practice, or common market practice in the absence of established best practice. This may subsequently be challenged, for example where there is the lack of a developed mechanism for practical and timely payment of taxes. This could result in the sub-fund paying taxes relating to previous years. In these circumstances, any related interest or late filing penalties will be charged to the sub-fund. Any late paid taxes will normally be debited to the sub-fund at the point the decision to accrue the liability in the sub-fund accounts is made, and will be borne by investors in the sub-fund at that time.

Treatment of Tax by Index Providers
Shareholders should be aware that the performance of sub-funds, as compared to a Reference Benchmark, may be adversely affected in circumstances where the assumptions about tax made by the relevant index provider in their index calculation methodology, differ to the actual tax treatment of the underlying securities in the Reference Benchmark held within sub-funds.

Withholding Tax
The Target Fund Company may be subject to withholding or other taxes on income and/or gains arising from its investment portfolio. Where the Company invests in securities that are not subject to withholding or other taxes at the time of acquisition, there can be no assurance that tax may not be imposed in the future as a result of any change in applicable laws, treaties, rules or regulations or their interpretation. The Target Fund Company may not be able to recover any such tax and so any change could have an adverse effect on the Net Asset Value of the sub-fund.
The Target Fund Company (or its representative) may file claims on behalf of the sub-funds to recover withholding tax on distribution and interest income (if any) received from issuers in certain countries where a withholding tax reclaim is possible.
Whether or when a sub-fund will receive a withholding tax refund is within the control of the tax authorities of the relevant countries. Where the Target Fund Company expects to recover withholding tax for a sub-fund based on a continuous assessment of the likelihood of recovery, the Net Asset Value of that sub-fund will generally include an accrual for this tax refund.
The Target Fund Company continues to evaluate tax developments to assess the potential impact on the likelihood of recovery. If the likelihood of receiving refunds materially decreases, for example due to a change in tax regulation or approach, accruals in the relevant sub-fund's Net Asset Value for any refunds may need to be written down partially or in full, which will adversely affect that sub-fund's Net Asset Value. Investors in that sub-fund at the time an accrual is written down will bear the impact of any resulting reduction in Net Asset Value regardless of whether they were investors during the accrual period. Conversely, if the sub-fund receives a tax refund that has not been previously accrued, investors in the sub-fund at the time the claim is successful will benefit from any resulting increase in the sub-fund's Net Asset Value.

Cyber Security Risk
Security breaches of computer systems used by the Target Fund Company's service providers in respect of the Target Fund Company's activities (such as the Target Fund Management Company, the Target Fund Investment Adviser, the Administration Agent, the Depositary Bank and sub-custodians) have the potential to cause financial losses and costs for the Target Fund Company, for example by disrupting or preventing trading or interfering with the administrative systems used in relation to the Company. While the Target Fund Company's service providers have established business continuity and disaster recovery plans and other systems and procedures organising technical security to minimise the impact of attempted security breaches, investors must be aware that the risk of losses to the Target Fund Company and its sub-funds cannot be totally eliminated.

Operational Risk
The Target Fund Company's operations (including investment management) are carried out by the service providers mentioned in the Target Fund Prospectus. In the event of a bankruptcy or insolvency of a service provider, investors could experience delays (for example, delays in the processing of subscriptions, conversions and redemption of Shares) or other disruptions.

Legal Risk
There is a risk that it may not be possible to enforce agreements entered into by the Target Fund Company due to bankruptcy or a dispute as to the interpretation of the agreement. There is also a risk that legal agreements in respect of certain derivative transactions and Securities Lending transactions entered into by the Target Fund Company on behalf of a sub-fund may be terminated due, for instance, to bankruptcy of the counterparty or a change in tax law. The sub-fund may incur a loss as a result.

Custody Risk
Assets of the Target Fund Company are safe kept by the Depositary Bank and shareholders are exposed to the risk of the Depositary Bank not being able to fully meet its obligation to restitute in a short time frame all of the assets of the Target Fund Company in the case of bankruptcy of the Depositary Bank. The assets of the Target Fund Company will be identified in the Depositary Bank's books as belonging to the Company. Securities held by the Depositary Bank will be segregated from other

assets of the Depositary Bank which mitigates 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.

Currency Hedged Share Classes

The Target Fund Company offers Currency Hedged Share Classes across a range of sub-funds as described in Target Fund Prospectus Section 1.3. "Description of Share Classes", sub-section "Currency Hedged Share Classes".

Investors should be aware that the implementation of Currency Hedged Share Classes by the Administration Agent (or other appointed parties) is a passive currency hedge and will be implemented regardless of currency fluctuations between the Reference Currency of the Currency Hedged Share Class and the Base Currency of the relevant sub-fund. Furthermore, this passive currency hedging is separate from the various strategies the Target Fund Investment Advisers may seek to implement at a sub-fund level to manage currency risks within each sub-fund.

There can be no assurance or guarantee that the Administration Agent or other appointed parties will be able to successfully implement passive currency hedging for Currency Hedged Share Classes at any time or at all. Investors should note that although the aim is to maintain at the time of the Target Fund Prospectus a hedge ratio from 99.5% to 100.5% there may be occasions when the hedge ratio falls outside these parameters which may be due to factors which cannot be controlled such as investor trade activity, volatility in the NAV per Share and/or currency volatility.

Movements in currency exchange rates can materially impact investment returns and investors should ensure they fully understand the difference between investment in Currency Hedged Share Classes versus investment in those Share Classes which are neither Portfolio Currency Hedged nor Base Currency Hedged (i.e. those Share Classes denominated in the Base Currency of the sub-fund as well as Reference Currency Share Classes).

Currency Hedged Share Classes are not recommended for investors whose Home Currency is different to the Reference Currency of the Currency Hedged Share Class. Investors who choose to convert their Home Currency to the Reference Currency of a Currency Hedged Share Class and subsequently invest in such a Share Class should be aware that they may be exposed to higher currency risks and may suffer material losses as a result of exchange rate fluctuations between the Reference Currency of the Currency Hedged Share Class and their Home Currency.

Any transaction costs and gains or losses from currency hedging shall be accrued to and therefore reflected in the NAV per Share of the relevant Currency Hedged Share Class. Currency Hedged Share Classes will be hedged irrespective of whether the target currency is declining or increasing in value.

The main financial derivative instruments used in the passive currency hedging process are forward foreign exchange contracts.

Cross-Class Liability Risk

Multiple Share Classes may be issued in relation to a sub-fund, with particular assets and liabilities of a sub-fund attributable to particular Share Classes.

For instance, sub-funds offering Currency Hedged Share Classes will have assets and liabilities related to the hedge which are attributable to the relevant Currency Hedged Share Classes. Moreover, these assets and liabilities may be denominated in various currencies introducing currency risk.

Given that there is no legal segregation of liabilities between Share Classes, there may be a remote risk that, under certain circumstances, currency hedging transactions in relation to a Currency Hedged Share Class could result in liabilities which might affect the Net Asset Value of the other Share Classes of the same sub-fund.

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

Pandemic Risk

An outbreak of an infectious disease, pandemic or any other serious public health concern could occur in any jurisdiction in which a sub-fund may invest, leading to changes in regional and global economic conditions and cycles which may have a negative impact on the Company's investments and consequently its Net Asset Value. Any such outbreak may also have an adverse effect on the wider global economy and/or markets which may negatively impact a sub-fund's investments more generally. In addition, a serious outbreak of infectious disease may also be a force majeure event under contracts that the Company has entered into with counterparties thereby relieving a counterparty of the timely performance of the services such counterparties have contracted to provide to the sub-funds (the nature of the services will vary depending on the agreement in question). In a worst case scenario, this may result with the sub-funds being delayed in calculating their Net Asset Value, processing dealing in Shares, undertaking independent valuations of the sub-funds or processing trades in respect of the sub-funds.

ESG Scoring Risk

The Target Fund Company and the Target Fund Investment Adviser may rely on third parties to provide ESG scoring data where relevant. Therefore, the Target Fund Company is subject to certain operational and data quality risks associated with reliance on third party service providers and data sources. ESG data provided by third parties may not always be reliable, consistent or available and this may impact on a sub-fund's ability to accurately assess sustainability risks and effectively promote environmental and social characteristics, where relevant.

Chinese Markets Risk
Investing in Emerging Markets such as the People's Republic of China (PRC) subjects the sub-fund to a higher level of market risk than investments in a developed country. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, settlement risk, greater risk of market shut down and more governmental limitations on foreign investment than those typically found in developed markets.

Investors should be aware that for more than 50 years, the Chinese government has adopted a planned economic system. Since 1978, the Chinese government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy. Such reforms have resulted in significant economic growth and social progress.

On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. There can be no assurance that such exchange rate will not fluctuate widely against the United States Dollars, Hong Kong Dollars or any other foreign currency in the future. Any appreciation of RMB will increase the value of any dividends that the sub-fund may receive from its PRC investments and the value of investments, which will be reported in the currency, and vice versa.

Many of the economic reforms in China are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on investment in the companies in China.

The national regulatory and legal framework for capital markets and joint stock companies in China is not well developed when compared with those of developed countries.

The Shanghai and Shenzhen securities markets and the China Interbank Bond Market are all in the process of development and change. In addition, securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange and the government or the regulators may also implement policies that may affect the financial markets. This may lead to trading volatility, difficulty in the settlement and recording of transactions and difficulty in interpreting and applying the relevant regulations when trading China A-shares/B-shares. All these may have a negative impact on a sub-fund.

Under the prevailing tax policy in China, there are certain tax incentives available to foreign investment. There can be no assurance, however, that the aforesaid tax incentives will not be abolished in the future.

Investments in China will be sensitive to any significant change in political, social or economic policy in China. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.
The Chinese government's control of currency conversion and future movements in exchange rates may adversely affect the operations and financial results of the companies invested in by the sub-funds, and the abilities of such companies to make payment of dividends declared in respect of the shares in the China companies.

Accounting and Reporting Standards
PRC companies are required to follow PRC accounting standards and practice which, to a certain extent, follow international accounting standards. However, the accounting, auditing and financial reporting standards and practices applicable to PRC companies may be less rigorous, and there may be significant differences between financial statements prepared by accountants following the PRC accounting standards and practice and those prepared in accordance with international accounting standards. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors which may result in non-disclosure of certain material information of the investee entities the Target Fund Investment Adviser invest in for the account of the sub-fund.
As the disclosure and regulatory standards in China are less stringent than in more developed markets, there might be substantially less publicly available information about Chinese issuers. Therefore, disclosure of certain material information may not be made, and less information may be available to the Target Fund Investment Adviser and other investors.

Taxation in the PRC
The Target Fund Investment Adviser may decide to make or not to make any tax provisions in respect of a sub-fund. Even if tax provisions are made, such provisions may be more than or less than a sub-fund's actual PRC tax liabilities and it is possible that such tax provisions made by the Target Fund Investment Adviser may be insufficient. In case of a difference between a sub-fund's provision for taxes and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from the sub-fund's assets (as the case may be). As a result, the income from, and/or the performance of, the relevant sub-fund may be affected/ adversely affected and the impact/degree of impact on individual Shareholders of the sub-fund may vary, depending on factors such as the level of the sub-fund's provision for taxes (if any) and the amount of the difference at the relevant time and when the relevant Shareholders subscribed for and/or redeemed their Shares in the sub-fund.

Any tax provision, if made by the Target Fund Investment Adviser, will be reflected in the NAV of the relevant sub-fund at the time of debit or refund and thus will only impact on Shares which remain in such sub-fund at that time. Shares which are redeemed prior to such time will not be affected by any debit of insufficient tax provisions. Likewise, such Shares will not benefit from any refund of excess tax provisions. Investors should note that no Shareholders who have redeemed their Shares in a sub-fund before the distribution of any excess provision shall be entitled to claim in whatsoever form any part of the withholding amounts distributed to the sub-fund, which amount would be reflected in the value of Shares in the sub-fund. In the event the Target Fund Investment Adviser considers it necessary to adopt any tax provision (whether in respect of the PRC Enterprise Corporate Income Tax Law or any other applicable tax regulation/laws in the PRC) on a retrospective basis, the prevailing and/or future NAV of the sub-fund may be negatively impacted. The magnitude of such potential negative impact on the performance of the relevant sub-fund may not correspond to the gains over an investor’s holding period due to the retrospective nature.

The Target Fund Investment Adviser will review and make adjustments to its tax provision policy as and when it considers necessary from time to time and as soon as practicable upon issuance of further notices or clarification issued by the PRC tax authority in respect of the application of the PRC Enterprise Corporate Income Tax and/or any other applicable tax regulations/laws and the respective implementation rules.

There is a possibility that the current tax laws, rules, regulations and practice in Mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. A sub-fund could become subject to additional taxation that is not anticipated as at the date hereof or when the relevant investments are made, valued or disposed of. Any increased tax liabilities on the relevant sub-fund may adversely affect the sub-fund's net assets and may reduce the income from, and/or the value of, the relevant investments in the sub-fund.

Corporate Income Tax ("CIT") - Currently, in respect of debt securities, except for interests derived from government bonds and local government bonds which are exempt from PRC CIT, a 10% withholding income tax is technically payable on interests derived from fixed income instruments issued and borne by PRC resident corporate entities (including those issued and borne by foreign enterprises but deemed as PRC tax resident) by a foreign investor which is deemed as a non-resident enterprise without permanent establishment in China for PRC CIT purposes. The entity distributing such interests is required to withhold such tax. If the foreign corporate investor is a tax resident of a country that has signed a tax treaty with China with a reduced treaty rate on interest income, it may submit a self-claim form (called record filing form Information Reporting Form for Non-resident Taxpayer Claiming Treaty Benefits) when filing the tax return by itself or through a withholding agent to enjoy the reduced PRC CIT rate under the tax treaty however, this is subject to post-submission review and discretion by the in-charge PRC tax authority.

Pursuant to Caishui [2016] N0. 36 ("Circular 36" which provides the detailed implementation guidance on the further rollout of the VAT reform to sectors such as construction, real estate, financial services and lifestyle services), interest income derived from bonds issued by PRC resident companies should technically be subject to 6% VAT plus surcharges from 1 May 2016, unless specifically exempted. Interest received from PRC government bonds and local government bonds are exempt from VAT.

Before the full transformation of business tax to value-added tax reform) ("BT" to "VAT" reform), there was a lack of clarity under BT regulations but the State Taxation Administration of the People's Republic of China ("STA") has interpreted that such interest income should be technically subject to 5% BT. However, in practice, the PRC tax authorities did not enforce the collection of BT. Under the VAT regime, Circular 36 provides that the PRC payer of such interest shall withhold VAT when paying such interest to non-resident recipients. However, in practice, the PRC payers have not withheld VAT and the PRC tax authorities have not enforced the collection of VAT on such interest. In November 2018, the Ministry of Finance ("MOF") and the STA jointly issued [Caishui [2018] No. 108] ("Circular 108") which provides that foreign institutional investors are exempted from Mainland China CIT and VAT in respect of bond interest income received from 7 November 2018 to 6 November 2021 from investments in the Mainland China onshore bond market. Then in November 2021 MOF and STA issued Public Notice ("PN") 34 to extend the tax exemption to 31 December 2025.

Capital gains - There are no specific tax rules governing the PRC CIT on capital gains derived by foreign investors from the trading of debt securities in the PRC.

On 8 November 2017, the People's Bank of China ("PBOC") released Operational Procedures for "Overseas Institutional Investors to Enter China's Interbank Bond Market" under which capital gains realized by overseas institutional investors through China Interbank Bond Market (CIBM) direct scheme is temporarily exempt from CIT.

In relation to trading debt securities via Bond Connect, no specific rule or guidance has currently been issued by the PRC tax authorities on the tax treatment. Consequently, the tax treatment is even less certain and so, in the absence of such specific rules, the expectation is that the PRC CIT treatment (or any other tax treatment) will be governed by the general tax provisions of the existing PRC domestic tax legislation.

Based on the current interpretation of the STA and professional tax advice, the Target Fund Company does not intend to provide for any PRC CIT in respect of the capital gains derived by a sub-fund from disposal of debt securities in the PRC. In light of the uncertainty on the CIT treatment on capital gains on debt securities trading in the PRC and for the purpose of meeting this potential tax liability of a sub-fund for capital gains from debt securities in the PRC, the Target Fund Management Company reserves the right to provide for CIT (or any other tax) on such gains or income and withhold the tax from the account of a sub-fund based on new developments and interpretation of the relevant regulations (after taking professional tax advice).

Pursuant to Circular 36, gains realised from the trading of marketable securities in the PRC would generally be subject to VAT at 6% plus local surcharge, unless specifically exempted. Pursuant to Caishui [2016] NO. 70, which is a supplementary notice to Circular 36, gains realised by overseas institutional investors recognized by the PBOC from the trading of CIBM bonds are exempt from VAT.

VAT Surcharges - If VAT is payable on interest income and/or capital gains, there are also surcharges (which include city construction and maintenance tax, education surcharge, local education surcharge) to be charged on top of the 6% VAT payable. There may also be other levies imposed in some locations. Pursuant to the new PRC Urban Maintenance and Construction Tax Law and MOF STA PN [2021] 28, the VAT Surcharges (e.g. Urban Maintenance and Construction Tax, Educational Surcharge and Local Educational Surcharge) is no longer levied on the amount of VAT payable by an overseas entity starting since 1 September 2021. Therefore, no VAT surcharges on the debt securities interest/capital gain VAT (if any) is paid by overseas investors.

Particular Risks of Investment in China A Shares

Certain sub-funds may invest in securities or instruments which have exposure to the Chinese market. A sub-fund may have direct access to certain eligible China A Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (the "Stock Connects").

MOF, SAT and the China Securities Regulatory Commission ("CSRC") jointly released Caishui [2014] No.81 dated 31 October 2014 defining that dividends from A-share investments by investors from the Hong Kong market are not subject to the differentiation tax policies based on the shareholding period for the time being, but subject to a 10% CIT withholding by the listed company before HKSCC is able to provide details on identities and shareholding periods of investors to the CSDCC from 17 November 2014. However, investors from the Hong Kong market may apply to the relevant tax authorities for tax relief in respect of dividend payments under any applicable bilateral treaties/arrangements on the avoidance of double taxation signed between the PRC and their resident jurisdictions. The same circular (Caishui [2014] No. 81) grants temporary exemption from CIT and BT for the gains arising from the sale of A-shares of a company listed on the Shanghai Stock Exchange and traded through Shanghai-Hong Kong Stock Connect, effective 17 November 2014. Circular 36 grants temporary VAT exemption on gains arising by Hong Kong market investors from trading A-shares listed on the Shanghai Stock Exchange and traded through the Shanghai-Hong Kong Stock Connect. On 5 November 2016, MOF, STA and CSRC jointly issued Caishui [2016] No. 127, which provides that since 5 December 2016, Hong Kong market investors are temporarily subject to CIT on dividends from the relevant A-shares of a company listed on the Shenzhen Stock Exchange and traded through the Shenzhen-Hong Kong Stock Connect at a rate of 10%., but are temporarily exempted from CIT and VAT on the gains arising from trading such A-shares.

Both circulars (Caishui [2014] No. 81 and Caishui [2016] No. 127) provide that title transfer of shares by Hong Kong market investors under China Connect because of a sale, inheritance or gift is subject to stamp duty in mainland China. Circular Caishui [2016] No. 127 also provides that stamp duty on covered short selling is temporarily exempted, and this is applicable to Hong Kong market investors through both Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. MOF and STA jointly released Announcement [2023] No.39 dated 27 August 2023 stated that sale of shares or share based Depository Receipts (DRs) in national security exchanges are subject to halved Stamp Duty starting from 28 August 2023. The Stamp duty is 0.1% of market value of shares traded before 28 August 2023, and reduced to 0.05% with effective from 28 August 2023.
A sub-fund may have exposure to China A Shares indirectly via investments in other collective investment schemes that invest primarily in China A Shares and other financial instruments, such as structured notes, participation notes, equity-linked notes, and derivative instruments, where the underlying assets consist of securities issued by companies quoted on regulated markets in China, and/or the performance of which is linked to the performance of securities issued by companies quoted on regulated markets in China. Investing in the securities markets of China is subject to emerging market risks as well as China-specific risks. The stock markets in China are emerging markets which are undergoing rapid growth and changes. This may lead to trading volatility, difficulties in settlement and in interpreting and applying the relevant regulations. In addition, there is a lower level of regulation and enforcement activity in these securities markets compared to more developed international markets. There also exists control on foreign investment in China and limitations on repatriation of invested capital. Less audited information may be available in respect of companies and enterprises located in China. Such legal and regulatory restrictions or limitations may have an adverse effect on the liquidity and performance of a sub-fund’s investments in the Chinese market due to factors such as sub-fund repatriation and dealing restrictions. The securities industry in China is relatively young, and the value of the investments may be affected by uncertainties arising from political and social developments in China or changes in Chinese law or regulations. A sub-fund may be subject to withholding and other taxes imposed under Chinese tax law or regulations. Investors should be aware that their investments may be adversely affected by changes in Chinese tax law and regulations, which may apply with retrospective effect and which are constantly in a state of flux and will change constantly over time.

A sub-fund is also subject to counterparty risk associated with the issuer of financial instruments that invest in or are linked to the performance of China A Shares. A sub-fund may suffer substantial loss if there is any default by the issuer of such financial instruments. In addition, such investments may be less liquid as they may be traded over-the-counter and there may be no active market for such investments.

Investments in China A Shares through other collective investment schemes and other financial instruments, (such as structured notes, participation notes, equity-linked notes), and derivative instruments issued by third parties in RMB will be exposed to any fluctuation in the exchange rate between the Base Currency of a sub-fund and the RMB in respect of such investments. There is no assurance that RMB will not be subject to devaluation. Any devaluation of RMB could adversely affect a sub-fund’s investments that are denominated in RMB. RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The Chinese government’s policies on exchange control and repatriation restrictions are subject to change, and the value of the relevant sub-fund’s investments may be adversely affected.

A sub-fund may invest in China A-shares Access Products (CAAPs). Issuers of CAAPs may deduct various charges, expenses or potential liabilities from the prices of the CAAPs (including but not limited to any actual or potential tax liabilities determined by the CAAPs issuer at its discretion) and such deductions are not normally refundable. CAAPs may not be listed and are subject to the terms and conditions imposed by an issuer. These terms may lead to delays in implementing the Target Fund Investment Adviser’s investment strategy. Investment in CAAPs can be less liquid as there may not be an active market in the CAAPs. In order to liquidate investments, a sub-fund relies upon the counterparty issuing the CAAPs to quote a price to unwind any part of the CAAPs. An investment in a CAAPs is not an investment directly in the underlying investments (such as shares) themselves. An investment in a CAAPs does not entitle the holder of such instrument to the beneficial interest in the shares nor to make any claim against the company issuing the shares. A sub-fund will be subject to credit risk of the issuers of the CAAPs invested by a sub-fund. A Sub-Fund may suffer a loss if the issuer of a CAAP invested in by a sub-fund becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties.

Bond Connect
Since July 2017, Bond Connect was established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS") and Hong Kong Exchanges and Clearing Limited (amongst others). Bond Connect is governed by rules and regulations as promulgated by the People’s Republic of China (“PRC”) authorities. As at the date of this Prospectus, the rules and regulations that a sub-fund, intending to trade through Bond Connect, must abide by include:

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

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

There are no specific rules or guidelines issued by the mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in CIBM by eligible foreign institutional investors via Bond Connect. The relevant sub-fund's tax liabilities for trading in CIBM via Bond Connect is uncertain.

RMB Currency and Exchange Risk
Investors should be aware of the fact that the Chinese Renminbi (RMB) is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. Currently, the RMB is traded in two markets: one in Mainland China, and one outside Mainland China (primarily in Hong Kong SAR). The RMB traded in Mainland China is not freely convertible and is subject to exchange controls and certain requirements by the government of Mainland China. The RMB traded outside Mainland China, on the other hand, is freely accessible to any person or entity for any purpose.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' Home Currency will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in a sub-fund.

Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

In calculating the value of the investments denominated in RMB, the Target Fund Investment Adviser will normally apply as appropriate the exchange rate for RMB traded outside or in Mainland China. The rate of the RMB traded outside Mainland China may be at a premium or discount to the exchange rate for RMB traded in Mainland China and there may be significant bid and offer spreads.

Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

In addition, there may be liquidity risk associated with RMB products, especially if such investments may not have an active secondary market and their prices subject to significant bid and offer spread.

China Interbank Bond Market
The China bond market is made up of the Interbank Bond Market and the exchange listed bond market. The China Interbank Bond Market ("CIBM") is an Over-The-Counter ("OTC") market, executing the majority of the Chinese onshore bond trading. The main securities traded on the CIBM include government bonds, central bank papers, policy bank bonds and corporate bonds.

The Target Fund may invest in bonds traded on the CIBM via the Bond Connect (as defined below) and/or the CIBM Initiative (as defined below).

CIBM Initiative
Since February 2016, PBOC has permitted foreign institutional investors to invest in the CIBM (the "CIBM Initiative") subject to complying with the applicable rules and regulations as promulgated by the PRC authorities, i.e., PBOC and SAFE. As at the date of the Target Fund Prospectus, the rules and regulations that a sub-fund, intending to trade through the CIBM initiative, must abide by include:
Appointing an onshore settlement agent who will be responsible for making relevant filings and account opening with relevant authorities.
Generally only repatriating cash out of the PRC in a currency ratio approximately proportionate to the currency ratio of remitted cash into the PRC.

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

In addition to risks regarding the Chinese market and risks related to investments in RMB, investments in the CIBM are subject to the following additional risks:

Market and Liquidity Risks
Market volatility and potential lack of liquidity due to low trading volumes of certain debt securities may result in prices of certain debt securities traded on the CIBM to fluctuate significantly. The sub-funds investing in the CIBM are therefore subject to liquidity and volatility risks and may suffer losses in trading PRC bonds. The bid and offer spreads of the prices of such PRC bonds may be large, and the relevant sub-funds may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

Chinese Local Credit Rating Risk
The sub-fund may invest in securities the credit ratings of which are assigned by Chinese local credit rating agencies. However, the rating criteria and methodology used by such agencies may be different from those adopted by most of the established international credit rating agencies. Therefore, such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies.

Investors should be cautious when they refer to ratings assigned by Chinese local credit agencies, noting the differences in rating criteria mentioned above. If assessments based on credit ratings do not reflect the credit quality of and the risks inherent in a security, investors may suffer losses, possibly greater than originally envisaged.

Counterparty and Settlement Risk
To the extent that a sub-fund invests in the CIBM, the sub-fund may also be exposed to risks associated with settlement procedures and default of counterparties.

There are various transaction settlement methods in the CIBM, such as the delivery of security by the counterparty after receipt of payment by the sub-fund; payment by the sub-fund after delivery of security by the counterparty, or simultaneous delivery of security and payment by each party. Although the Target Fund Investment Adviser may endeavour to negotiate terms which are favourable to the sub-fund (e.g. requiring simultaneous delivery of security and payment), there is no assurance that settlement risks can be eliminated. Where its counterparty does not perform its obligations under a transaction, the sub-fund will sustain losses. The counterparty which has entered into a transaction with the sub-fund may default on its obligation to settle the transaction by delivery of the relevant security or by payment for value.

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

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

Quasi-Government / Local Government Bond Risk
The sub-fund may invest in securities issued by PRC quasi-government organizations. Investors should note that the repayment of debts issued by such organizations is typically not guaranteed by the PRC central government.

In 2014, the State Council approved debt issuance on a pilot basis covering local governments of a number of municipalities and provinces. Under the relevant PRC regulations, a local government covered in the pilot scheme will be able to issue debt securities directly, and the obligation of repayment rests with such local government. This is different from the debt issuance model in the past where the Ministry of Finance issues debts on behalf of local governments. Investors should note that debt securities under the pilot scheme are not guaranteed by the PRC central government. If there is a default by the local government issuing such debt securities, the sub-fund will suffer losses as a result of investing in such securities.

Although the pilot scheme provides an alternative platform for local governments to raise funds, it should be noted that local governments have also taken on debts in other forms, including issuing urban investment bonds through local government financing vehicles.

Worsening financial conditions may lead to a default in the local government's debt obligations.

Under the relevant PRC regulations, a local government may conduct debt issuance up to the limit prescribed by the State Council for the current year. Further, a local government is required to arrange for credit rating for the debts by a credit rating agency. Investors should note the limits of credit ratings in general and the relevant risks regarding credit ratings given by PRC local credit rating agencies.

Urban Investment Bonds Risk
The sub-funds may invest in bonds issued by PRC local government financing vehicles (LGFVs), i.e. also known as "urban investment bonds". This may subject the sub-fund to additional risks.

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

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

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

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

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

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

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

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

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

Regulatory Risk
The CIBM is also subject to regulatory risks. The People's Bank of China and the China Central Depositary & Clearing Co. may impose additional requirements on account opening or the trading / settlement flows of CIBM and therefore the CIBM account opening may be a prolonged process and also trading / settlement of CIBM may be subject to regulatory changes from time to time. As a result, the sub-funds' ability to invest in the CIBM could be limited and the sub-funds maybe disadvantaged. Alternatively, the sub-funds which are already invested in the CIBM could potentially suffer from material losses if the trading and/or settlement rules are changed.

Asset Backed Securities and Mortgage Backed Securities
The Target Fund may invest their net assets in or gain exposure to Asset Backed Securities ("ABS") and/or Mortgage Backed Securities ("MBS") (including To-Be-Announced securities ("TBAs")) to gain exposure to MBS as follows:

- Global Investment Grade Securitised Credit Bond, Global Securitised Credit Bond and Global High Yield Securitised Credit Bond: up to 100%
- US Dollar Bond: up to 50%
- Global Bond, Global Bond Total Return, Global Short Duration Bond and Strategic Duration and Income Bond: up to 30%
- Global Corporate Bond, Global High Income Bond, Global ESG Corporate Bond, Ultra Short Duration Bond and ESG Short Duration Credit Bond: up to 20%
- US Income Focused: up to 15%
- Asia Bond, Asia ESG Bond, Global High Yield ESG Bond Euro Bond, Euro Bond Total Return, Global Emerging Markets Multi-Asset Income, Global Government Bond, Global Green Bond, Global High Yield Bond, Global Lower US Short Duration High Yield Bond, Multi-Strategy Target Return, Singapore Dollar Income Bond, US High Yield Bond: up to 10%

In general, ABS and MBS are debt securities with interest and capital payments backed by a pool of financial assets such as mortgages and loans, with collateral backing often provided by physical assets such as residential or commercial property. Some ABS is supported by unsecured loan cash flows without physical asset backing. ABS and MBS securities may become less liquid and/or volatile in certain circumstances and are subject to risks detailed in Target Fund Prospectus Section 1.4. "General Risk Considerations", including market risk, interest rate risk, credit risk, counterparty risk, non-investment grade credit risk and liquidity risk, in addition to the further risks detailed below.

MBS generally refers to mortgage securities issued by US government-sponsored enterprises such as the Federal Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac). ABS usually refers to privately sponsored asset backed securities. The main categories are Residential Mortgage Backed Securities (RMBS), Commercial Mortgage Backed Securities (CMBS), Collateralised Loan Obligations (CLO) and Consumer ABS (for example credit cards, auto loans and student debt). In a typical ABS deal, the securities are separated into tranches which have different rights. The senior tranches usually receive the loan repayments first and the junior tranches absorb the first losses. To compensate for the higher capital risk, the junior holders are paid a higher rate of interest than the senior note holders.

RMBS represent interests in pools of residential mortgage loans secured by the underlying residential property. Some loans may be prepaid at any time. The collateral underlying CMBS generally consists of mortgage loans secured by income-producing property, such as shopping centres, office buildings, industrial or warehouse properties, hotels, rental apartments, nursing homes, senior living centres and self-storage properties.

The investment characteristics of MBS and ABS differ from traditional debt securities. The major difference is that the principal is often paid in stages and may be fully repaid at any time because of the terms of the underlying loans. This variability in timing of cash flows makes estimates of future asset yield and weighted average life uncertain.

The broad ABS market also includes synthetic Collateralised Debt Obligations (CDO). These usually have shorter maturities, typically five years, and are referenced to debt obligations or other structured finance securities.

Prepayment Risk and Extension Risk
The frequency at which prepayments occur on loans underlying MBS/ABS will be affected by a variety of factors including interest rates as well as economic, demographic, tax, social, legal and other factors. Generally, fixed rate mortgage obligors often prepay their mortgage loans when prevailing mortgage rates fall below the interest rates on fixed-rate mortgage loans (subject to mortgage finance availability and no material change in the value of the property or borrowers' credit worthiness). Conversely, rising interest rates may lead to extension risk as individual mortgage holders are less likely to exercise prepayment options. Both prepayment risk and extension risk may negatively impact the returns of the sub-funds. A change in the prepayment rate may negatively impact the net asset value of the sub-funds.

Subordinated Risk
Investments in subordinated ABS involve greater risk of default and loss than the senior classes of the issue or series. ABS deals are structured into tranches such that holders of the most junior securities absorb losses before more senior tranches. When losses have been absorbed by the most junior tranche, the next most junior tranche will absorb subsequent losses. Investors in junior tranches can carry high capital risk and may face a complete loss.

Capital Value Risk
The rate of defaults and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those arising in the property location, the borrower's equity in the mortgaged property and the financial circumstances of the borrower. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process, and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

Most commercial mortgage loans underlying MBS are full recourse obligations of the borrower which is usually a Special Purpose Vehicle (SPV). If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related MBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of MBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related MBS. Revenues from the assets underlying such MBS may be retained by the borrower and the return on investment may be used to make payments to others, maintain insurance coverage, pay taxes or pay maintenance costs. Such diverted revenue is generally not recoverable without a court appointed receiver to control collateral cash flow.

Where a loan originator has assigned specific loans to an ABS structure and the originator has faced financial difficulties, creditors of the originator have sometimes challenged the validity of the assigned loans. Such challenges can weaken the asset backing for ABS securities.

Economic Risk
Performance of a commercial mortgage loan depends primarily on the net income generated by the underlying mortgaged property. The market value of a commercial property similarly depends on its income-generating ability. As a result, income generation will affect both the likelihood of default and the severity of losses with respect to a commercial mortgage loan. Any decrease in income or value of the commercial real estate underlying an issue of CMBS could result in cash flow delays and losses on the related issue of CMBS.

The value of the real estate which underlies mortgage loans is subject to market conditions. Changes in the real estate market may adversely affect the value of the collateral and thereby lower the value to be derived from a liquidation. In addition, adverse changes in the real estate market increase the probability of default, as the incentive of the borrower to retain equity in the property declines.

Re-financing Risk
Mortgage loans on commercial and residential properties often are structured so that a substantial portion of the loan principal is not amortised over the loan term but is payable at maturity and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and saleability of the real estate. Therefore, the unavailability of real estate financing may lead to default.

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

2. TARGET FUND INFORMATION

2.1. ABOUT HSBC GLOBAL INVESTMENT FUNDS – GLOBAL INVESTMENT GRADE SECURITISED CREDIT BOND

HSBC Global Investment Funds is an open-ended investment company as a *société anonyme* qualifying as a *Société d'Investissement à Capital Variable* with multiple sub-funds incorporated in the Grand Duchy of Luxembourg and qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS) complying with the provisions of Part I of the 2010 Law. Each sub-fund corresponds to a distinct part of assets and liabilities. It exists for an unlimited period.

The Board of Directors is responsible for the overall investment policy, objectives and management of the Target Fund Company and its sub-funds.

The Board of Directors has appointed HSBC Investment Funds (Luxembourg) S.A. as management company to be responsible on a day-to-day basis under the supervision of the Board of Directors, for providing administration, marketing, investment management and advice services in respect of all sub-funds.

The Target Fund Management Company has delegated the administration functions to the Administration Agent and registrar and transfer agency functions to the Registrar and Transfer Agent.

The Target Fund Management Company has delegated the marketing functions to the Distributors and the investment management services to the Target Fund Investment Adviser.

The Target Fund Management Company was incorporated on 26 September 1988 as a société anonyme under the laws of the Grand Duchy of Luxembourg and is registered with the register of commerce and companies under the number B28 888. Its articles of incorporation are deposited with the register of commerce and companies. The Target Fund Management Company is authorised by the Commission de Surveillance du Secteur Financier (CSSF) as a management company subject to Chapter 15 of the 2010 Law. The share capital of the Target Fund Management Company is GBP 1,675,000.00 and will be increased to comply at all times with article 102 of the 2010 Law.

Pursuant to an agreement between the Target Fund Company, the Target Fund Management Company and the Depositary Bank (the “Depositary Services Agreement”) and for the purposes of and in compliance with the 2010 Law and applicable regulations, the Depositary Bank has been appointed as depositary of the Target Fund Company.

The Target Fund Depositary Bank is the Luxembourg branch of HSBC Continental Europe, a public limited company incorporated pursuant to the laws of France with company registration number 775 670 284 RCS Paris. HSBC Continental Europe is a wholly owned subsidiary of HSBC Holdings plc. The Target Fund Depositary Bank’s registered office is located at 18 Boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg and the principal business activity of the Target Fund Depositary Bank is the provision of financial services, including depositary services. HSBC Continental Europe is supervised by the European Central Bank, as part of the Single Supervisory Mechanism, the French Prudential Supervisory and Resolution Authority (l’Autorité de Contrôle Prudentiel et de Résolution) as the French national competent authority and the French Financial Markets Authority (l’Autorité des Marchés Financiers) for the activities carried out over financial instruments or in financial markets. When providing services to Luxembourg undertakings for collective investment, the Depositary Bank is subject to the supervision of the CSSF.

This Information Memorandum describes the features of the Target Funds in accordance with the Target Fund Prospectus and we recommend this document should be read in conjunction with the Target Fund Prospectus and the relevant key investor information document. We take all reasonable efforts to ensure the accuracy that the disclosure in this Information Memorandum in relation to the Target Fund, including obtaining the confirmation from the Target Fund Management Company. 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 Target Fund Prospectus, the Target Fund Prospectus shall prevail.

Investment objective and policy of the Target Fund

The Target Fund aims to provide long term total return by investing in a portfolio of Investment Grade securitised credit (“Securitised Credit”), while promoting ESG characteristics within the meaning of Article 8 of SFDR.

The Target Fund may also invest in other fixed income instruments issued globally denominated in a range of currencies, including but not limited to, corporate bonds, securities issued or guaranteed by governments, government agencies and supranational bodies of these securities may be located in any country.

The Target Fund includes the identification and analysis of an issuers’ ESG credentials (“ESG Credentials”) as an integral part of the investment decision making process to, to help assess risks and potential returns.

ESG Credentials may include, but are not limited to:

- environmental and social factors, including but not limited to physical risks of climate change and fair servicing and origination policies and practices, that may have a material impact on a security issuer’s financial performance and valuation
- corporate governance practices that ensure transparent allocation of collateral cash flows and promote long term sustainable value creation.

The Target Fund targets investment in securitised credit with a low and medium, HSBC proprietary, Securitised Credit ESG risk assessment score (“ESG Risk Assessment Score”). A lower ESG Risk Assessment Score signifies lower ESG driven investment risk. This is determined through a combination of ESG Credentials as mentioned above, ESG factors most relevant to each Securitised Credit subsector and structural features of the specific security. For example, Securities backed by auto loans have a higher environmental score due to environmental risks of certain engine types. However, this score can be reduced by superior ESG Credentials and structural features.

Issuers considered for inclusion within Target Fund will be subject to Excluded Activities in accordance with HSBC Asset Management’s Responsible Investment Policies, which may change from time to time. More information is provided in Target Fund Prospectus section 1.5. “Integration of sustainability risks into investment decisions and SFDR principles” sub-section HSBC Asset Management Responsible Investment Policies.

ESG Credentials, Excluded Activities and the need for enhanced due diligence may be identified and analysed by using, but not exclusively, HSBC’s Proprietary ESG Materiality Framework and ratings, fundamental qualitative research and corporate engagement. When assessing issuers’ ESG score and/or rating or their involvement in Excluded Activities, the Target Fund Investment Adviser may rely on expertise, research and information provided by financial and non-financial data providers.

Securitised Credit comprises Asset Backed Securities (“ABS”) as well as Commercial Mortgage Backed Securities (“CMBS”), Collateralised Loan Obligations (“CLO”) and Residential Mortgage Backed Securities (“RMBS”).

The Target Fund invests in normal market conditions a minimum of 90% of its net assets in Securitised Credit. The underlying exposures of Securitised Credit include, but are not limited to, mortgages (residential and commercial), auto loans, corporate loans, bonds, credit cards, student loans and other receivables. The Target Fund’s investments in Securitised Credit will be restricted to securities rated, at the time of purchase, at least BBB- or equivalent as measured by one or more of the independent rating agencies such as Moody's or Standard & Poor's.

In the event that the Target Fund receives a large subscription it may temporarily invest in cash, cash instruments, money market instruments and/or short-dated fixed income securities issued by governments in developed markets.

The Target Fund may achieve its investment policy and limits by investing up to 10% of its net assets in units or shares of UCITS and other open-ended funds (including other sub-funds of HSBC Global Investment Funds).

The Target Fund may hold equity securities (including but not limited to warrants, common stock and preferred stock) received as a result of or in connection with a corporate action (including but not limited to bankruptcy or restructuring) affecting existing portfolio holdings.

The Target Fund may also invest in bank deposits, money market instruments or money market funds for treasury purposes.

Investment in onshore Chinese fixed income securities include, but are not limited to, onshore fixed income securities denominated in RMB, issued within the People’s Republic of China (“PRC”) and traded on the China Interbank Bond Market (“CIBM”). The Target Fund may invest in the CIBM either through Bond Connect and/or the CIBM Initiative. The Target Fund may invest up to 10% of its net assets in onshore Chinese bonds issued by, amongst other, municipal and local governments, companies and policy banks.

The Target Fund may use financial derivative instruments for hedging purposes and efficient portfolio management purposes. The Target Fund may also use, but not extensively, financial derivative instruments for investment purposes. The financial derivative instruments the Target Fund is permitted to use include, but are not limited to, futures, options, swaps (such as credit default swaps) and foreign exchange forwards (including non-deliverable forwards). Financial derivative instruments may also be embedded in other instruments in which the Target Fund may invest.

The Target Fund 's primary currency exposure is to the US Dollar. The Target Fund may also have exposure to other currencies but hedged into US Dollars.

Benchmark of the Target Fund
The Target Fund is actively managed and is not constrained by a benchmark

Base Currency of the Target Fund
USD

Distribution Policy of the Target Fund
The Fund invests in AM2 share class of the Target Fund which will pay monthly dividend distributions.

It is intended that the share class will declare a dividend based upon the estimated annualised yield of the Target Fund's underlying portfolio which is attributable to the share class.

The Target Fund Management Company will review the estimated annualised yield at least semi-annually. However, the Target Fund Management Company may decide, at its discretion, to make adjustments to the dividend rate at any time to reflect changes in the estimated annualised yield of the Target Fund's portfolio.

Investors should be aware that this dividend policy may pay out dividends gross of fees and expenses1 and may pay out dividends gross of withholding taxes. The estimate of the Target Fund's underlying portfolio yield will not necessarily equal the income received by the share class and may result in distribution of both realised and unrealised capital gains, if any, and capital attributable to such shares. Distribution of capital represents a withdrawal of part of an investor's original investment.
Such distributions may result in a reduction of the NAV per Share over time and the NAV per Share may fluctuate more than other share classes.

2.2. INVESTMENT RESTRICTIONS AND GUIDELINES

For this section, the following definitions apply:

Eligible State	-	Any Member State of the EU or any other state in Eastern and Western Europe, Asia, Africa, Australia, North America, South America and Oceania.
EU	-	European Union.
Member State	-	A Member State of the European Union. The States that are contracting parties to the Agreement creating the European Economic Area other than the Member States of the European Union, within the limits set forth by this Agreement and related acts, are considered as equivalent to Member States of the European Union.
Other Eligible UCI	-	An open-ended Undertaking for Collective Investment within the meaning of Article 1 paragraph (2) points a) and b) of Directive 2009/65/EC and complying with the following: a. it is authorised under laws which provide that it is subject to supervision considered by the CSSF to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured; b. the level of protection for its unitholders is equivalent to that provided for unitholders 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 Directive 2009/65/EC, as amended; c. its business is reported in semi-annual and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period; d. no more than 10% of its assets can, according to its management regulations or instruments of incorporation, be invested in aggregate in units of other UCITS or other UCIs. Closed-ended are not considered as other Eligible UCIs, but may qualify as transferable securities.
Regulated Market	-	A regulated market as defined in Article 4 (21) of directive 2014/65/EU of 15 May 2014 on markets in financial instruments (Directive 2014/65/EU), namely a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with Title III of Directive 2014/65/EU and any other market which is regulated, operates regularly and is recognised and open to the public in an Eligible State.
Transferable securities	-	Shares and other securities equivalent to shares, bonds and other debt instruments and any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange, excluding techniques and instruments relating to transferable securities and money market instruments.
UCITS	-	An Undertaking for Collective Investment in Transferable Securities authorised pursuant to directive 2009/65/EC, as amended.

The Target Fund Company shall be regarded as a separate UCITS for the purposes of this section.

I. (1) The Target Fund Company may invest in:

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

b) transferable securities and money market instruments dealt in on another market in a Member State which is regulated, operates regularly and open to the public;

c) transferable securities and money market Instruments admitted to official listing on a stock exchange in a non-Member State of the European Union or dealt in on another market in a non-Member State of the European Union which is regulated, operates regularly and is recognised and open to the public provided that the choice of the stock exchange or market has been provided for in the constitutional documents of the Target Fund Company;

d) recently issued transferable securities and money market instruments, provided that 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 and is recognised and open to the public, provided that the choice of the stock exchange or the markets has been provided for in the constitutional documents of the Target Fund Company and such admission is secured within one year of the issue;

e) units of UCITS and/or other Eligible UCIs, whether situated in a Member State or not, provided that: -

- such other Eligible UCIs have been authorised under the laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in European Community law, and that cooperation between authorities is sufficiently ensured,
- the level of protection for unitholders in such other Eligible UCIs is equivalent to that provided for unitholders 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 Directive 2009/65/EC, as amended,
- the business of such other Eligible UCIs is reported in semi-annual and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
- no more than 10% of the assets of the UCITS or of the other Eligible UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other Eligible UCIs;

f) 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 a Member State or if the registered office of the credit institution is situated in a third country provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in European Community law;

g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in subparagraphs a), b) and c) above and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:

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

and/or

h) money market instruments other than those dealt in on a regulated market and defined in the Glossary of the Target Fund Prospectus, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, a non-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 Member States belong, or
- issued by an undertaking any securities of which are dealt in on Regulated Markets referred to in subparagraphs a), b) or c) above, or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by the European Community law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by European Community law, or
- issued by other bodies belonging to the 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 ten million euro (Euro 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity which, 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 securitisation vehicles which benefit from a banking liquidity line.

(2) In addition, the Target Fund Company may invest a maximum of 10% of the net assets of any sub-fund in transferable securities or money market instruments other than those referred to under paragraph (1) above.

II. The Target Fund Company may hold ancillary liquid assets.

III. a) (i) The Target Fund Company will invest no more than 10% of the net assets of any sub-fund in transferable securities or money market instruments issued by the same issuing body.

(i) The Target Fund Company may not invest more than 20% of the net assets of any sub-fund in deposits made with the same body. The risk exposure of a sub-fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in paragraph I. (1) f) above or 5% of its net assets in other cases.

b) Moreover, where the Target Fund Company holds on behalf of a sub-fund investments in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of such sub fund, the total of all such investments must not account for more than 40% of the total net assets of such sub-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 a), the Target Fund Company shall not combine, where this would lead to investing more than 20% of its assets in a single body, any of the following for each sub-fund:

- investments in Transferable Securities or Money Market Instruments issued by that body,
- deposits made with that body, or
- exposures arising from OTC derivative transactions undertaken with that body

c) The limit of 10% laid down in sub-paragraph a) (i) above is increased to a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by a Member State, its public local authorities, or by another Eligible State or by public international bodies of which one or more Member States are members.

d) The limit of 10% laid down in sub-paragraph a) (i) is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

If a sub-fund invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the net assets of the sub-fund.

e) The transferable securities and money market instruments referred to in paragraphs c) and d) shall not be included in the calculation of the limit of 40% in paragraph b).

The limits set out in paragraphs a), b), c) and d) may not be aggregated and, accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or in financial derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any sub- fund's net assets.

Target Fund Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this Section III.

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

f) Notwithstanding the above provisions, the Target Fund Company is authorised to invest up to 100% of the net assets of any sub-fund, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by any Member State, by one or more of its local authorities or agencies, a non-Member State of the EU or by another Member State of the Organisation for Economic Co-operation and Development (OECD), Singapore or any member state of the Group of Twenty or by public international bodies of which one or more Member States of the EU are members, provided that such sub-fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such sub-fund.

IV. a) Without prejudice to the limits laid down in Section V., the limits provided in Section III. are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a sub-fund is to replicate the composition of a certain stock or bond index which is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant sub-fund's investment policy.

b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

V. a) The Target Fund Company may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.

b) The Target Fund Company may acquire no more than:
- 10% of the non-voting shares of the same issuer;
- 10% of the debt securities of the same issuer;
- 10% of the Money Market Instruments of the same issuer.

c) These limits under second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the money market instruments or the net amount of the instruments in issue cannot be calculated.

The provisions of paragraph V. shall not be applicable to transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities or by any other Eligible State, or issued by public international bodies of which one or more Member States of the EU are members.

These provisions are also waived as regards shares held by the Target Fund Company in the capital of a company incorporated in a non-Member State of the EU 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 a holding represents the only way in which the Target Fund Company can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the third country of the EU complies with the limits laid down in paragraphs III., V. and VI. a), b), and c).

VI. a) The Target Fund Company may acquire units of the UCITS and/or other Eligible UCIs referred to in paragraph I. (1) e), provided that no more than 10% of a sub-fund's net assets be invested in the units of UCITS or other Eligible UCIs or in one single sub-fund of such UCITS or other Eligible UCI (including Target Sub-Funds as defined in Section VII below), unless otherwise provided in Target Fund Prospectus Section 3.2. “Sub-Fund Details”.

b) The underlying investments held by the UCITS or other Eligible UCIs in which the Target Fund Company invests do not have to be considered for the purpose of the investment restrictions set forth in Section III. above.

c) Where the Target Fund Company invests in shares or units of UCITS (including other sub-funds of the Target Fund Company) and/or other Eligible UCIs that are managed directly or indirectly by the Target Fund Management Company itself or a company with which it is linked by way of common management or control or by way of a direct or indirect stake of more than 10% of the capital or votes, then there will be no duplication of management, subscription or repurchase fees between the Target Fund Company and the UCITS and/or other Eligible UCIs into which the Target Fund Company invests. In derogation of this, if the Target Fund Company invests in shares of HSBC ETFs PLC, then there may be duplication of management fees for any sub-funds. The Target Fund Company will indicate in its annual report the total management fees charged both to the relevant sub-fund and to HSBC ETFs PLC.

If any sub-fund's investments in UCITS and other Eligible UCIs constitute a substantial proportion of the sub-fund's assets, the total management fee (excluding any performance fee, if any) charged both to such sub-fund itself and the other UCITS and/or other Eligible UCIs concerned shall not exceed 3.00% of the relevant assets. The Target Fund Company will indicate in its annual report the total management fees charged both to the relevant sub-fund and to the UCITS and other Eligible UCIs in which such sub-fund has invested during the relevant period.

d) The Target Fund Company may acquire no more than 25% of the units of the same UCITS or other Eligible 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.

e) To the extent that, pursuant to Target Fund Prospectus Section 3.2. “Sub-Fund Details”, a sub-fund may invest more than 10% of its net assets in the units of UCITS or other Eligible UCIs or in one single such UCITS or other Eligible UCIs (including Target Sub-Funds), the following will apply:

- The sub-fund may acquire units of the UCITS and/or other Eligible UCIs referred to in paragraph I (1) e), provided that no more than 20% of the sub-fund's net assets be invested in the units of a single UCITS or other Eligible UCI.
- For the purpose of the application of the investment limit, each compartment of a UCITS and/or UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.
- Investments made in units of other Eligible UCIs may not in aggregate exceed 30% of the net assets of the sub-fund.

VII. A sub-fund (the “Investing Sub-Fund”) may subscribe, acquire and/or hold securities to be issued or issued by one or more sub-funds of the Target Fund Company (each a “Target Sub-Fund”) without the Target Fund Company being subject to the requirements of the 1915 Law with respect to the subscription, acquisition and/or the holding by a company of its own shares; under the condition however that:

a) The Investing Sub-Fund may not invest more than 10% of its net asset value in a single Target Sub-Fund, this limit being increased to 20% if the Investing Sub-Fund is permitted, pursuant to Section 3.2. “Sub-Fund Details”, to invest more than 10% of its net assets in the units of UCITS or other Eligible UCIs or in one single such UCITS or other Eligible UCIs;

b) The Target Sub-Fund(s) do(es) not, in turn, invest in the Investing Sub-Fund invested in this (these) Target Sub-Fund(s);

c) The investment policy(ies) of the Target Sub-Fund(s) whose acquisition is contemplated does not allow such Target Sub-Fund(s) to invest more than 10% of its(their) net asset value in UCITS and other Eligible UCIs;

d) Voting rights, if any, attaching to the Shares of the Target Sub-Fund(s) held by the Investing Sub-Fund are suspended for as long as they are held by the Investing Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports;

e) In any event, for as long as these securities are held by the Investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Target Fund Company for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law; and

f) There is no duplication of management/subscription or repurchase fees between those at the level of the Investing Sub-Fund(s).

VIII. The Target Fund Company shall ensure for each sub-fund that the global exposure relating to derivative instruments does not exceed the net assets of the relevant sub-fund.

The exposure 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 subparagraphs.

If the Target Fund Company invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in paragraph III above. When the Target Fund Company invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in Section III.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph VIII.

IX. a) The Target Fund Company may not borrow for the account of any sub-fund amounts in excess of 10% of the net assets of that sub-fund, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Target Fund Company may acquire foreign currencies by means of back-to-back loans.

b) The Target Fund Company may not grant loans to or act as guarantor on behalf of third parties.
This restriction shall not prevent the Target Fund Company from (i) acquiring transferable securities, money market instruments or other financial instruments referred to in paragraph I. (1) e), g) and h) which are not fully paid, and (ii) performing permitted Securities Lending activities, that shall not be deemed to constitute the making of a loan.

c) The Target Fund Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.

d) The Target Fund Company may not acquire movable or immovable property.

e) The Target Fund Company may not acquire either precious metals or certificates representing them.

X. a) The Target Fund Company need not comply with the limits laid down in the above mentioned investment restrictions when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created sub-funds may derogate from paragraphs III., IV. and VI. a), b) and c) for a period of six months following the date of their creation.

b) If the limits referred to in paragraph a) are exceeded for reasons beyond the control of the Target Fund Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its shareholders.

2.3. RISK MANAGEMENT PROCESS

The Target Fund Management Company, on behalf of the Target Fund Company, will employ a risk-management process which enables it, together with the Target Fund Investment Adviser of the relevant sub-fund, to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each sub-fund. The Target Fund Investment Adviser of the relevant sub-fund will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

Upon request of an investor, the Target Fund Investment Adviser will provide to the Target Fund Management Company for provision to the relevant investor supplementary information relating to the quantitative limits that apply in the risk management of each sub-fund, the methods chosen to this end and the recent evolution of the risks and yields of the main categories of instruments.

Responsibility of the Risk Management Team of the Target Fund Investment Adviser
The Target Fund Management Company, responsible for the risk management of the Target Fund Company, has delegated the day to day implementation to the risk management team of the Target Fund Investment Adviser. They are in charge of the implementation of risk control procedures for the sub-funds they manage. This team will collaborate with the investment team of the Target Fund Investment Adviser to determine various control limits in order to match the risk profile and strategy of the sub-funds. The Target Fund Management Company will supervise these risk management functions and will receive appropriate reports.
When the Target Fund Investment Adviser invests, on behalf of the sub-fund it manages, in different types of assets pursuant to the investment objective, it will follow the risk management and control mechanism as described in the risk management procedure of the Target Fund Management Company.

Commitment Approach
The commitment approach is generally calculated by converting the derivative contract into the equivalent position in the underlying asset embedded in that derivative, based on the market value of the underlying. Purchased and sold financial derivative instruments may be netted in accordance to guidelines 10/788 issued by Committee of European Securities Regulators (CESR) in order to reduce global exposure. Beyond these netting rules and after application of hedging rules, it is not allowed to have a negative commitment on a financial derivative instrument to reduce overall exposure and as such, risk exposure numbers will always be positive or zero.

Liquidity Risk Management Policy
The Target Fund Management Company has established a liquidity risk management policy which forms part of the Target Fund Management Company's risk management policy with the aim to enable it to identify, monitor, manage and mitigate the liquidity risks of the sub-funds and to ensure that the liquidity risk profile of the investments of the sub-funds will facilitate compliance with the sub-funds' obligation to meet redemption requests. Such policy, combined with the governance framework in place and the liquidity management tools of the Target Fund Management Company, also seeks to achieve fair treatment of shareholders and safeguard the interests of the remaining or existing shareholders in case of sizeable redemptions or subscriptions.

The Target Fund Management Company's liquidity risk management policy takes into account the investment strategy, the dealing frequency, the underlying assets' liquidity (and whether they are priced at fair value) and the ability to defer redemptions in compliance with the Target Fund Prospectus.

The liquidity risk management policy also involves monitoring the profile of investments held by the sub-funds on an on-going basis with the aim to ensure that such investments are appropriate to the redemption policy as stated in Target Fund Prospectus Section 2.4. "How to sell shares" and Section 3.2. "Sub-Fund Details" as the case may be. Further, the liquidity risk management policy includes details on periodic stress testing carried out to manage the liquidity risk of the sub-funds in times of exceptional market conditions.

The Target Fund Management Company's risk management function is independent from the investment portfolio management function and is responsible for performing monitoring of the sub-funds' liquidity risk in accordance with the Target Fund Management Company's liquidity risk management policy. Exceptions on liquidity risk related issues are escalated to the Target Fund Management Company's management committee and/or UCITS Risk Oversight Committee with appropriate actions properly documented.

The Target Fund Management Company may employ one or more tools to manage liquidity risks including, but not limited to:
1. Limiting the number of Shares redeemed for a sub-fund on any Dealing Day to 10% or more of the net asset value of any sub-fund (subject to the conditions under the heading entitled "Gating and Deferral of Redemption" in Target Fund Prospectus Section 2.4. "How to Sell Shares");
2. Applying an anti-dilution mechanism with the aim to mitigate the effect of transaction costs on the Net Asset Value per Share of a sub-fund incurred by significant net subscriptions or redemptions as outlined under the heading "Anti-Dilution Mechanism" of Target Fund Prospectus Section 2.8. "Prices of Shares and Publication of Prices and NAV";
3. Declaring, upon consulting the Board of Directors via a written resolution, a suspension of the determination of the Net Asset Value per Share of a sub-fund as outlined in Target Fund Prospectus Section 2.7. "Suspension of the Calculation of the Net Asset Value and Issue, Allocation, Conversion, Redemption and Repurchase of Shares";
4. Accepting transfers in kind; and/or making use of an overdraft facility up to 10% of the Net Asset Value as described in Target Fund Prospectus Appendix 1. "General Investment Restrictions".

Risk Monitoring Systems
Appropriate tools and systems are utilised to monitor different areas of risk, including counterparty risk, market risk, liquidity risk, concentration risk and operational risks.

Procedure for Counterparty Approval
Systematic procedures are in place to select and approve counterparties, and to monitor the exposure to various counterparties.

Investment Breach Reporting
In case of any investment breach, an "escalation process" up to the Target Fund Management Company will be triggered to inform relevant parties in order for necessary actions to be taken.

2.4. TEMPORARY SUSPENSION OF DEALINGS

The Target Fund Management Company, on behalf of the Target Fund Company and having regard to the best interest of the shareholders of the Class/sub-fund, may suspend the calculation of the Net Asset Value per Share relating to any Class/sub-funds and/or the issue, allocation, conversion, redemption and repurchase of Shares relating to any sub-fund as well as the right to convert Shares relating to a Class of one sub-fund into Shares of another sub-fund (or to a Class of that sub-fund) (as per Target Fund Prospectus Section 2.5. "How to convert between Sub-Funds / Classes"):

(i) during any period when any market(s) or stock exchange(s), which is the principal market(s) or stock exchange(s) on which a material part of the investments (e.g. 20% or above) of the relevant sub-fund for the time being are quoted, is closed, or during which dealings are substantially restricted or suspended;
(ii) during the existence of any state of affairs which constitutes an emergency as a result of which disposal of investments of the relevant sub-fund by the Target Fund Company is not possible;
(iii) during any breakdown in the means of communication normally employed in determining the price of any of the relevant sub-fund's investments or the current prices on any market or stock exchange;
(iv) during any period when remittance of monies which will or may be involved in the realisation of, or in the repayment for any of the relevant sub-fund's investments is not possible;
(v) if the Target Fund Company or any sub-fund or Class is being or may be wound up on, or following the date on which notice is given (i) of the general meeting of shareholders at which a resolution to wind up the Target Fund Company or the sub-fund or Class is to be proposed or (ii) to wind-up the Target Fund Company or Sub-Fund or Class if such decision is taken by the Board of Directors;
(vi) during any period when in the opinion of the Board of Directors there exist circumstances outside the control of the Target Fund Company where it would be impracticable or unfair towards the shareholders to continue dealing in Shares of any sub-fund of the Target Fund Company;
(vii) during any period when the determination of the net asset value per share of underlying investment funds representing a material part of the assets of the relevant sub-fund is suspended;
(viii) during any period when the publication of an index, underlying of a financial derivative instrument representing a material part of the assets of the relevant sub-fund is suspended;
(ix) in the case of a merger, if the Board of Directors deems this to be justified for the protection of the shareholders;
(x) during any other circumstance or circumstances where a failure to do so might result in the Target Fund Company or its shareholders incurring any liability to taxation or suffering other pecuniary disadvantages or other detriment which the Target Fund Company or its shareholders might not otherwise have suffered;
(xi) for any other reason the prices of the investments held or contracted for the account of that sub-fund cannot, in the opinion of the Board of Directors, reasonably, promptly or fairly be ascertained; or
(xii) during the suspension of the issue, allocation and redemption of shares of, or the right to convert shares of, or the calculation of the net asset value of a fund qualifying as master UCITS in accordance with the applicable Luxembourg laws and regulations in which the relevant sub-fund invests.

The Target Fund Company may cease the issue, allocation, conversion, redemption and repurchase of the Shares forthwith upon the occurrence of an event causing it to enter into liquidation or upon the order of the CSSF.
In accordance with the 2010 Law, the issue and redemption of Shares shall be prohibited:
(i) during the period where the Target Fund Company has no depositary; and
(ii) where the Depositary Bank is put into liquidation or declared bankrupt or seeks an arrangement with the creditors, a suspension of payment or a controlled management or is the subject of similar proceedings

Shareholders who have requested conversion, redemption or repurchase of their Shares will be promptly notified in writing of any such suspension and termination thereof.

Conversion, redemption and repurchase requests shall be revocable by the shareholder in the event of a suspension of the calculation of the net asset value.

2.5. ANTI-DILUTION MECHANISMS

When investors buy or sell shares in a sub-fund, the Target Fund Investment Adviser may need to buy or sell the underlying investments within the sub-fund. Without an anti-dilution mechanism to take account of these transactions, all shareholders in the sub-fund would pay the associated costs of buying and selling these underlying investments. These transaction costs can include, but are not limited to, bid-offer spreads, brokerage and taxes on transactions.

There are two anti-dilution mechanisms available to each sub-fund, a pricing adjustment and an anti-dilution levy, both mechanisms aim to protect shareholders in a sub-fund.

Details of which anti-dilution mechanism is in operation on a particular sub-fund can be obtained from the Target Fund Management Company. Should the Target Fund Company decide to change the anti-dilution mechanism in operation for a particular sub-fund (i.e. from a pricing adjustment to an anti-dilution levy or vice versa), prior approval will be sought from relevant regulators (where required) and affected investors will receive at least one month's prior written notification.

2.6. PRICING ADJUSTMENT

The pricing adjustment aims to mitigate the effect of transactions costs on the Net Asset Value per Shares of a sub-fund incurred by significant net subscriptions or redemptions. The Target Fund Company may either employ a full or a partial swing pricing adjustment mechanism and as set out for the relevant sub-funds below.

Partial swing pricing adjustment
The partial swing pricing adjustment mechanism has three main components:
1. A threshold rate
2. A buy adjustment rate
3. A sell adjustment rate

These components may be different for each sub-fund.

The Target Fund Company uses a partial swing pricing adjustment which means that the pricing adjustment is triggered when the difference between subscriptions and redemptions, as a percentage of the sub-fund's Net Asset Value, exceeds the threshold on any particular Dealing Day. The Net Asset Value of the sub-fund will be adjusted up or down using the adjustment rates (buy adjustment rate for net subscriptions or sell adjustment rate for net redemptions).

Until the threshold rate is triggered, no pricing adjustment is applied and the transaction costs will be borne by the sub-fund. This will result in a dilution (reduction in the Net Asset Value per Share) to existing shareholders.

For the avoidance of doubt, it is clarified that fees other than the sales charge will continue to be calculated on the basis of the unadjusted Net Asset Value.

The adjustment of the Net Asset Value per Share will apply equally to each Class of Share in a specific sub-fund on any particular Dealing Day. The pricing adjustment is applied to the capital activity at the level of a sub-fund and does therefore not address the specific circumstances of each individual investor transaction.
If it is in the interests of shareholders, when the net capital inflows or outflows in a sub-fund exceeds a predefined threshold agreed from time to time by the Board of Directors, the Net Asset Value per Share may be adjusted in order to mitigate the effects of transaction costs. Under normal market conditions, this adjustment will not exceed 2%. However, it may be significantly higher during exceptional market conditions such as periods of high volatility, reduced asset liquidity and market stress. The current adjustment rates for each sub-fund are available on HSBC Asset Management's website in the Fund Centre at **www.assetmanagement.hsbc.com**.

The pricing adjustment rates are reviewed on at least a quarterly basis by the relevant investment management team and agreed with the local risk team. The swing threshold rates are reviewed on at least a yearly basis. Recommendations to adjust the pricing adjustment rates and thresholds are made through the respective Pricing/Valuation committee and submitted to the Target Fund Management Company for consideration and review. In the event that the proposal is accepted, the Target Fund Management Company will implement at the changes at the next available opportunity. Changes to the swing threshold rates require additional approval from the Board of Directors before implementation.

Where net capital inflows in Brazil Equity exceed a predefined threshold, the Net Asset Value per Share may be adjusted by a maximum of 7% to additionally mitigate the effects of a financial transactions tax (“IOF”) payable in Brazil.

When applied to sub-funds with a fixed distribution yield or stated target yield, the partial swing pricing adjustment may also factor in the potential portfolio yield dilution.

Full swing pricing adjustment
In relation to Corporate Euro Bond Fixed Term 2027, the Target Fund Company will employ a full swing pricing adjustment from the moment the sub-fund is closed to subscriptions.

The full pricing adjustment operates in a similar manner as the partial pricing adjustment described above, however does not operate a threshold rate. Instead, the Net Asset Value of the sub-fund will be adjusted up or down in response to capital activity on any particular Dealing Day, irrespective of its size.

When applied to sub-funds with a fixed distribution yield or stated target yield the full swing pricing adjustment may also factor in the potential portfolio yield dilution

2.7. ANTI-DILUTION LEVY

The anti-dilution levy aims to mitigate the effect of transactions costs on the Net Asset Value of a sub-fund incurred by net subscriptions or redemptions.
The anti-dilution levy has three main components:
1. A threshold rate
2. A buy rate
3. A sell rate

These components may be different for each sub-fund.

The anti-dilution levy is triggered when the difference between subscriptions and redemptions, as a percentage of the sub-fund's Net Asset Value, exceeds the threshold on any particular Dealing Day. In the case of net capital inflows, the anti-dilution levy will be deducted from each subscription amount and accordingly reduce the number of Shares received by an investor or, in the case of net capital outflows, will be deducted from each redemption amount and accordingly reduce the redemption proceeds received by an investor.

The amount of the anti-dilution levy may be reduced or waived at the discretion of the Board of Directors.

The anti-dilution levy may be up to a maximum of 2% in order to mitigate the effects of transaction costs.

When applied to sub-funds with a fixed distribution yield or stated target yield, the adjustment rate may also factor in the potential portfolio yield dilution.

Until the threshold rate is triggered, no anti-dilution levy is applied and the transaction costs will be borne by the sub-fund. This will result in a dilution (reduction in the Net Asset Value per Share) to existing shareholders.

Investors should note that sub-distributors may levy the sales charge (if any) on an investor's full subscription and may not take into account the application of an anti-dilution levy.

2.8. FEES CHARGED BY THE TARGET FUND

FEES/EXPENSES	
Management Fee (%)	0.90
Operating, Administrative and Servicing Expenses (%)	0.25

Note: *The total expense ratio 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.*

3. FEES, CHARGES AND EXPENSES

3.1. CHARGES

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

3.1.1. Application Fee

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

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

	Class ABC (Denominated in USD)	Class XYZ (Denominated in MYR)
Investment amount	USD 10,000	MYR 10,000
NAV per unit	USD 1.0000	MYR 1.0000
Application Fee (NAV per unit)	3.00%	3.00%
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 3.00% = USD 0.0300	= MYR 1.0000 x 3.00% = MYR 0.0300
Total Application Fee	= 10,000 units x USD 0.0300 **= USD 300.00**	= 10,000 units x MYR 0.0300 **= MYR 300.00**

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

3.1.2. Withdrawal Penalty

Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund. Please refer to the Annexure of the respective Class for further information.

3.1.3. Dilution Fee

Nil.

3.1.4. Switching Fee

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

3.1.5. Transfer Fee

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

3.2. FEES AND EXPENSES

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

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

3.2.1. Management Fee

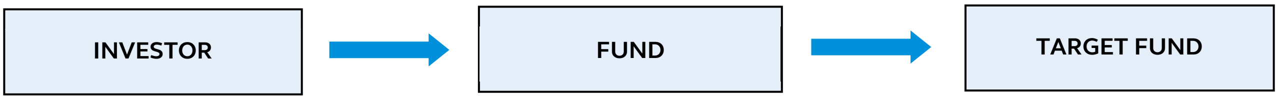
Please note that the Management Fee is charged to the respective Class at the Class level, based on the NAV of the Class. Please refer to the Annexure of the respective Class for further information. The Management Fee shall be accrued daily and paid monthly.

Below is an illustration on how the Management Fee is calculated, assuming the below Management Fee of 1.35% per annum and the NAV of USD 150 million each for both Class ABC and Class XYZ:-

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
Management Fee	1.35% per annum	1.35% 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 1.35%/365 = USD 5,547.94	= USD 150 million x 1.35%/365 = USD 5,547.94

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

Please note that although at least 85% of the Fund's NAV will be invested in another CIS, no additional management fee will be charged to the investor.



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. There will not be double charging of the Management Fee. Please refer to "Fees charged by the Target Fund" section at page 28 for details on the Target Fund's management fee.*

3.2.2. Trustee Fee

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

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

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

Trustee Fee for the Fund	*= 0.03% per annum*
Trustee Fee for the day	*= NAV of the Fund x annual Trustee Fee rate for the Fund (%) /365 days*
	= USD 300 million x 0.03% / 365
	= USD 246.58

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

3.2.3. Other costs of investing in a feeder fund

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

3.2.4. Other expenses

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

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

- any proceedings, arbitration or other dispute concerning the Fund, Class or any asset, including proceedings against the Trustee or the Manager, or commenced by either of them for the benefit of the Fund or that Class (except to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed out of the Fund);
- remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund, unless we decide to bear the same;
- expenses incurred in the printing of and postage of the annual and quarterly (if any) reports, including the purchase of stationery;
- (where the custodial function is delegated by the Trustee to a foreign sub-custodian), charges or fees paid to the foreign sub-custodian;
- all costs and/or expenses associated with the distributions and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or distribution warrant or telegraphic transfer;
- cost of obtaining experts opinion by the Trustee and us for the benefit of the Fund or Class;
- costs, fees and expenses incurred in relation to the subscription, renewal and/or licensing of the performance benchmark for the Fund; and
- costs of printing and dispatching to Unit holders the accounts of the Fund, tax certificates, distribution warrants, notices of meeting of Unit holders, newspaper advertisement and such other similar costs as may be approved by the Trustee.

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

3.2.5. 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. All expenses of the Fund will generally be apportioned to each Class based on the MCR except for those that are related to the specific Class only, such as, the costs and/or benefits from currency hedging of the respective Classes and the costs of Unit holders meeting held in relation to the respective Class. If in doubt, you should consult professional advisers for a better understanding.

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

You should note that we may, for any reason at any time, where applicable, waive or reduce the amount of any fees (except the Trustee Fee) or other charges payable by you in respect of the Fund, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, 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 from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebate or shared commission will be directed to the account of the Fund.

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

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

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

All fees and charges payable by you and/or the Fund are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in this 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, expenses and/or transaction information from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee, communicate to you and/or seek your approval on the amendments to the fees, charges, expenses and/or transaction information.

4. TRANSACTION INFORMATION

4.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUND

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

- **CIS**
  The value of the unlisted CIS (i.e. the Target Fund) shall be determined by reference to the last published repurchase or redemption price for the Target Fund.

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

- **Money market instruments**
  Investment in money market instruments such as negotiable instrument of deposits and commercial papers are valued each day by reference to the value of such investments and the interests accrued thereon for the relevant period. Instruments such as MYR-denominated commercial papers are valued on a daily basis using the fair value prices quoted by a Bond Pricing Agency registered with the SC.

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

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

4.2. UNIT PRICING

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

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

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

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

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

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

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

4.2.1. Multi-class Ratio (MCR)

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

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

	Fund (USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Fund before income and expenses	185,942,897.00	173,342,897.00	12,600,000.00
% MCR	100%	(1) 93.22%	(1) 6.78%
Add: Income	30,000.00	(2) 27,967.12	(2) 2,032.88
Less: Expenses	(10,000.00)	(2) (9,322.37)	(2) (677.63)
Benefits or costs of hedging (if any)	900.00	900.00	-
NAV of the Fund before Management Fee and Trustee Fee	185,963,797.00	173,362,441.75	12,601,355.25
		1.35% p.a.	1.35% p.a.
Less: Management Fee	(6,878.12)	(6,412.04)	(466.08)
	0.03% p.a.		
Less: Trustee fee	(152.85)	(142.49)	(10.36)
NAV of the Fund	185,956,766.03	173,355,887.22	12,600,878.81
Units in circulation	200,000,000.00 units	170,000,000.00 units	30,000,000.00 units
NAV per unit		**1.0197**	**0.4200**
Currency exchange rate		N/A	(USD/MYR) 0.3000
NAV per unit		**USD 1.0197**	**MYR 1.4000**

	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	185,956,766.03	173,355,887.22	12,600,878.81
(3) *Net subscription amount*	1,300,000.00	1,000,000.00	300,000.00
Closing NAV	187,256,766.03	174,355,887.22	12,900,878.81
Units in circulation	201,694,966.30 units	170,980,680.59 units	30,714,285.71 units
NAV per unit		**1.0197**	**0.4200**
Currency exchange rate		N/A	(USD/MYR) 0.3000
NAV per unit		**USD 1.0197**	**MYR 1.4000**

Note :

(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 / 185,942,897.00	12,600,000 x 100 / 185,942,897
	= 93.22%	= 6.78%

(2) Apportionment based on MCR is as follows:

	(USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
Add: Income	30,000.00	MCR x Income	MCR x Income
		= Income for Class ABC	= Income for Class XYZ

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

(3) Net subscription amount

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
Net subscription amount	USD 1,000,000.00	MYR 1,000,000.00
NAV per unit	USD 1.0197	MYR 1.4002
Number of units	980,680.59 units	714,285.71 units
Currency exchange rate	N/A	(USD/MYR) 0.3000
Net subscription amount*	USD 1,000,000	USD 300,000

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

4.3. INCORRECT PRICING

We shall take immediate remedial action to rectify any incorrect valuation and/or pricing of the Class. Where such error has occurred, we shall reimburse the money in the following manner:
a) in the event of over valuation and/or pricing, we shall reimburse:
   (i) the Class for any withdrawal of units; and/or
   (ii) you, if you have purchased units of the Class at a higher price; or
b) in the event of under valuation and/or pricing, we shall reimburse:
   (i) the Class for any subscription of units; and/or
   (ii) you, if you have withdrawn units of the Class at a lower price.

Notwithstanding the above, unless the Trustee otherwise directs, we shall make the reimbursement only where an incorrect pricing:
a) is equal to or more than 0.50% of the NAV per unit; and
b) results in a sum total of MYR10.00 (or in the case of a foreign currency Class, 10.00 denominated in the foreign currency denomination of the Class) or more to be reimbursed to a Unit holder for each sale or withdrawal transaction.

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

4.4. INVESTING

4.4.1. Who can invest?

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

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

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

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

4.4.2. How to invest?

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

You may make a payment:

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

4.4.3. Regular Savings Plan ("RSP")

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

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

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

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

You should not make any payment directly or indirectly to any individual agent or employee of the Manager or issue a cheque in the name of an individual agent or employee of the Manager when purchasing this 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, you may not exercise all the rights ordinarily conferred to a Unit holder (e.g. the right to call for Unit holders' meetings and the right to vote at a Unit holders' meeting).

4.5. MINIMUM INVESTMENTS

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

4.5.1. Processing an application

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

4.6. MINIMUM WITHDRAWALS

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

4.6.1. Processing a withdrawal

If we receive a complete withdrawal request by 4:00 p.m. on a Business Day, we will process it using the NAV per unit for that Business Day. If we receive the withdrawal request after 4:00 p.m. on a Business Day, we will process it using the NAV per unit for the next Business Day. The amount that you will receive is calculated by the withdrawal value less the Withdrawal Penalty, if any.

Under normal circumstances, you will be paid in the currency of the Class (e.g. Class USD Unit holders will be paid in USD) within seven (7) Business Days upon our receipt of the complete withdrawal request. You will have to bear the applicable bank fees and charges, if any.

You should note that the time taken to pay the withdrawal proceeds to you (i.e. seven (7) Business Days) may be extended/delayed if:

(i) There is temporary suspension of dealings at the Target Fund [Note 1];
(ii) The dealings of the Fund are temporarily suspended by us [Note 2];or
(iii) There are any unforeseen circumstances that caused a delay in us receiving redemption proceeds from the Target Fund, subject to concurrence from the Trustee.

Should any of the above events occur, we may not be able to pay the withdrawal proceeds to you within seven (7) Business Days. However, we will pay the withdrawal proceeds to you within five (5) Business Days subsequent to our receipt of redemption proceeds from the Target Fund.

Note 1: *The dealings of the Target Fund may be suspended under the circumstances as described under "Temporary suspension of dealings" section on page 26.*

Note 2: *We may temporarily suspend the dealing in units of the Classes or Fund, subject to the GLOLA and/or the Deed as described under "Temporary Suspension" section on page 37.*

Please refer to the respective sections for more information. Please consult your professional advisers for better understanding.

4.7. MINIMUM BALANCE

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

4.8. COOLING-OFF PERIOD

Individual Sophisticated Investors have six (6) Business Days after your initial investment (i.e. the date the complete application is received and accepted by us or our Distributors) to reconsider its appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased or prevailing NAV per unit at the point of cooling-off (whichever is lower) ("Refund amount"). We will pay the Refund amount including the Application Fee (if any) to you in the currency of the respective Class within seven (7) Business Days from the date we receive the completed documentations. If there are unforeseen circumstances that caused a delay in receiving the cooling-off proceeds from the Target Fund, we will pay to you the Refund amount within five (5) Business Days of the receipt of the Refund amount from the Target Fund. 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 or a person registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.

4.9. SWITCHING

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

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

4.9.1. Processing a switch

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

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

4.10. TRANSFER FACILITY

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

4.11. TEMPORARY SUSPENSION

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

4.12. DISTRIBUTION PAYMENT

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

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

If units are issued as a result of the reinvestment of a distribution or other circumstance after you have withdrawn your investment from the Class, those additional units will then be withdrawn and the proceeds will be paid to you. You should note that distribution payments, if any, will be made in the respective currency for the Class(es). As such, the distribution amount may be different for each Class as a result of exchange rate movement between the base currency of the Fund and the denominated currency of the Class(es). The distribution will be paid into your bank account (which shall be in the respective currency of the Class(es)) in our records (at your cost and expense).

The Fund may distribute from realised income, realised capital gains, unrealised income, unrealised capital gains, capital or a combination of any of the above. Distributions are at our discretion and are not guaranteed, and the making of any distribution does not imply that further distributions will be made and we reserve the right to vary the frequency and/or amount of distributions. Distribution out of capital is to allow the Fund the ability to distribute income according to the Fund's defined frequency or to pursue the investment objective of the Fund. The effects of making distribution out of capital has a risk of eroding the capital of the Fund.

Distribution out of capital represent a return or withdrawal of part of the amount of your original investment and/or capital gains attributable to the original investment and will result in a reduction in the NAV per unit of the Classes and reduce the capital available for future investment and capital growth. Future capital growth may therefore be constrained and the value of future returns would be diminished.

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

4.13. UNCLAIMED MONEYS

Any moneys payable to you which remain unclaimed after two (2) years as prescribed by the Unclaimed Moneys Act 1965 ("UMA"), will be surrendered to the Registrar of Unclaimed Moneys by us in accordance with the requirements of the UMA. Thereafter, all claims need to be made by you with the Registrar of Unclaimed Moneys.

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

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

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

5. ADDITIONAL INFORMATION

5.1. FINANCIAL YEAR-END

31 May.

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.

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

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 IUTA.

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

Subject to the provision set out below, the Fund and/or any of the Classes may be terminated or wound-up without the need to seek Unit holders' prior approval as proposed by us with the consent of the Trustee (whose consent shall not be unreasonably withheld) upon the occurrence of any of the following events, by giving not less than one (1) month' notice in writing to the Unit holders as hereinafter provided (i) if any law shall be passed which renders it illegal or (ii) if in our reasonable opinion it is impracticable or inadvisable to continue the Fund and/or Class. A Class may be terminated by Unit holders if a Special Resolution is passed at a Unit holders' meeting of that Class to terminate or wind-up that Class provided always that such termination or winding-up of that Class does not materially prejudice the interest of any other Class in that Fund.

5.4. RIGHTS, LIABILITIES AND LIMITATIONS OF UNIT HOLDERS

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

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

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

Rights

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

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

Liabilities

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

Limitations

You cannot:

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

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

5.5. DOCUMENTS AVAILABLE FOR INSPECTION

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

- The Deed, if any;
- This Information Memorandum and supplementary or replacement information memorandum, if any;
- The latest annual and quarterly reports of the Fund, which includes the audited financial statements of the Fund (where available) for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of launch of the Fund; and
- Material contracts or documents disclosed in this Information Memorandum; and
- The audited financial statements of the Manager for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement.

5.6. POTENTIAL CONFLICTS OF INTERESTS AND RELATED-PARTY TRANSACTIONS

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

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

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

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

Distributors may be our related party. We will ensure that any arrangement made with the Distributors will be at arm's length.

The 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 and/or managed by the related party of the Trustee (e.g. placement of monies, transferable securities, CIS, etc);
(2) where the Fund is being distributed by the related party of the Trustee as IUTA;

(3) where the assets of the Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (i.e. Trustee's delegate); and
(4) where the Fund obtains financing and hedging facilities as permitted under the SC's 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 corporation, or any of our officers or directors, may invest in the Fund. Our directors will receive no payments from the Fund other than distributions that they may receive as a result of investment in the Fund. No fees other than the ones set out in this Information Memorandum have been paid to any promoter of the Fund, or the Trustee (either to become a trustee or for other services in connection with the Fund), or us for any purpose.

5.8. EMPLOYEES' SECURITIES DEALINGS

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

6. THE MANAGER

6.1. ABOUT PRINCIPAL ASSET MANAGEMENT BERHAD

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

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

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

6.1.1. Designated person responsible for fund management function

Name:	Wong Loke Chin
Designation:	Chief Investment Officer, Fixed Income – Malaysia
Experience:	Wong Loke Chin is a seasoned portfolio manager with more than 29 years of relevant experience in managing domestic fixed income investments for retail, institutional, corporate and insurance clients. He has also gained more than 12 years of experience in managing global fixed income investment for institutional investor. Loke Chin joined Principal Malaysia in January 2005 from CIMB's Debt Markets and Derivatives Department where he managed fixed income portfolios of institutional clients. Prior to joining CIMB in year 2001, he has with him more than 6 years' experience in fixed income investment within the insurance industry. Loke Chin is a member of the Financial Markets Association Malaysia. He obtained his fund manager's representative license in January 2005.
Qualifications:	Bachelor of Commerce from University of New South Wales, Australia

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

7. THE TRUSTEE

7.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

HSBC (Malaysia) Trustee Berhad (the "Trustee") 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 Level 19, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur.

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

Duties and Responsibilities of the Trustee

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit holders. In performing these functions, the Trustee has to exercise all due care, diligence and vigilance and is required to act in accordance with the provisions of the Deed, the CMSA and the GLOLA. Apart from being the legal owner of the Fund's assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, the CMSA and the GLOLA. 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 (including personal data of the Unit holders, where applicable) for the purposes of performing its duties and obligations in accordance to the Deed, the CMSA, the GLOLA 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.

Trustee's Delegate

The Trustee has appointed The Hongkong and Shanghai Banking Corporation Ltd as custodian of both the local and foreign assets of the Fund. For quoted and unquoted local investments of the Fund, the assets are held through HSBC Bank Malaysia Berhad and/or HSBC Nominees (Tempatan) Sdn Bhd. The Hongkong and Shanghai Banking Corporation Ltd is a wholly owned subsidiary of HSBC Holdings Plc, the holding company of the HSBC Group. The custodian's comprehensive custody and clearing services cover traditional settlement processing and safekeeping as well as corporate related services including cash and security reporting, income collection and corporate events processing. All investments are registered in the name of the Trustee 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 including central securities depositories or clearing and/or settlement systems in any circumstances.

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.

Trustee's Statement of Responsibility

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

ANNEXURE – CLASS AUD-HEDGED

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

CLASS INFORMATION

	Class AUD-Hedged	Page
Currency denomination	AUD	
Distribution policy	Depending on the level of income (if any), the Class will distribute part or all of its distributable income on a monthly basis. ***Note**: The Fund may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.*	37

FEES & CHARGES

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

Charges	Class AUD-Hedged	Page
Application Fee	Up to 3.00% of the NAV per unit.	29
Withdrawal Penalty	Up to 1.00% of the NAV per unit. Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund.	29
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 will be charged a Switching Fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose AUD35 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	29
Transfer Fee	A maximum of AUD15 may be charged for each transfer.	29
Other charges payable directly by you when purchasing or withdrawing units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Fees	Class AUD-Hedged	Page
Management Fee	Up to 1.35% per annum of the NAV of the Class.	30
Trustee Fee	Up to 0.03% per annum of the NAV of the Fund (including local custodian fees but excluding foreign sub-custodian fees and charges).	30
Fund expenses	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class. Examples of relevant expenses are audit fee and tax agent's fee.	30
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	30

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

TRANSACTION INFORMATION

	Class AUD-Hedged	Page
Minimum initial investment	AUD1,000 or such other amount as we may decide from time to time.	35
Minimum additional investment	AUD100 or such other amount as we may decide from time to time.	35
Minimum withdrawal	100 units or such other number of units as we may decide from time to time.	35
Minimum balance	100 units or such other number of units as we may decide from time to time.	36
Regular Savings Plan	Currently, RSP is not available for this Class.	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 applicable to the Class; o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and o the Withdrawal Penalty of the Class (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; 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.	36
Transfer facility	We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	37

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

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

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

All fees and charges payable by you and/or the Fund are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by you and/or the Fund 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, expenses and/or transaction information from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you and/or seek your approval on the amendments to the fees, charges, expenses and/or transaction information.

ANNEXURE – CLASS JPY-HEDGED

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

CLASS INFORMATION

	Class JPY-Hedged	Page
Currency denomination	JPY	
Distribution policy	Depending on the level of income (if any), the Class will distribute part or all of its distributable income on a monthly basis. ***Note***: *The Fund may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.*	37

FEES & CHARGES

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

Charges	Class JPY-Hedged	Page
Application Fee	Up to 3.00% of the NAV per unit.	29
Withdrawal Penalty	Up to 1.00% of the NAV per unit. Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund.	29
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 will be charged a Switching Fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose JPY3,500 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	29
Transfer Fee	A maximum of JPY2,000 may be charged for each transfer.	29
Other charges payable directly by you when purchasing or withdrawing units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Fees	Class JPY-Hedged	Page
Management Fee	Up to 1.35% per annum of the NAV of the Class.	30
Trustee Fee	Up to 0.03% per annum of the NAV of the Fund (including local custodian fees but excluding foreign sub-custodian fees and charges).	30
Fund expenses	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class. Examples of relevant expenses are audit fee and tax agent's fee.	30
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	30

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

	Class JPY-Hedged	Page
Minimum initial investment	JPY5,000 or such other amount as we may decide from time to time.	35
Minimum additional investment	JPY3,500 or such other amount as we may decide from time to time.	35
Minimum withdrawal	35 units or such other number of units as we may decide from time to time.	35
Minimum balance	35 units or such other number of units as we may decide from time to time.	36
Regular Savings Plan	Currently, RSP is not available for this Class.	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 applicable to the Class; o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and o the Withdrawal Penalty of the Class (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; 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.	36
Transfer facility	We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	37

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

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

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

All fees and charges payable by you and/or the Fund are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by you and/or the Fund 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, expenses and/or transaction information from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you and/or seek your approval on the amendments to the fees, charges, expenses and/or 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 PFG, CIMB Group and the Trustee do not guarantee the repayment of your capital.

CLASS INFORMATION

	Class MYR	Page
Currency denomination	MYR	
Distribution policy	Depending on the level of income (if any), the Class will distribute part or all of its distributable income on a monthly basis. ***Note**: The Fund may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.*	37

FEES & CHARGES

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

Charges	Class MYR	Page
Application Fee	Up to 3.00% of the NAV per unit.	29
Withdrawal Penalty	Up to 1.00% of the NAV per unit. Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund.	29
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 will be charged a Switching Fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose MYR100 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	29
Transfer Fee	A maximum of MYR50 may be charged for each transfer.	29
Other charges payable directly by you when purchasing or withdrawing units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Fees	Class MYR	Page
Management Fee	Up to 1.35% per annum of the NAV of the Class.	30
Trustee Fee	Up to 0.03% per annum of the NAV of the Fund (including local custodian fees but excluding foreign sub-custodian fees and charges).	30
Fund expenses	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class. Examples of relevant expenses are audit fee and tax agent's fee.	30
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	30

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

TRANSACTION INFORMATION

	Class MYR	Page
Minimum initial investment	MYR1,000 or such other amount as we may decide from time to time.	35
Minimum additional investment	MYR100 or such other amount as we may decide from time to time.	35
Minimum withdrawal	100 units or such other number of units as we may decide from time to time.	35
Minimum balance	100 units or such other number of units as we may decide from time to time.	36
Regular Savings Plan	RSP is available. The RSP allows you to make regular monthly investments of MYR100 or more, directly from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is MYR1,000 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 applicable to the Class; o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and o the Withdrawal Penalty of the Class (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; 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.	36
Transfer facility	We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	37

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

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

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

All fees and charges payable by you and/or the Fund are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by you and/or the Fund 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, expenses and/or transaction information from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you and/or seek your approval on the amendments to the fees, charges, expenses and/or transaction information.

ANNEXURE – CLASS MYR-HEDGED

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

CLASS INFORMATION

	Class MYR-Hedged	Page
Currency denomination	MYR	
Distribution policy	Depending on the level of income (if any), the Class will distribute part or all of its distributable income on a monthly basis. ***Note**: The Fund may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.*	37

FEES & CHARGES

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

Charges	Class MYR-Hedged	Page
Application Fee	Up to 3.00% of the NAV per unit.	29
Withdrawal Penalty	Up to 1.00% of the NAV per unit. Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund.	29
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 will be charged a Switching Fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose MYR100 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	29
Transfer Fee	A maximum of MYR50 may be charged for each transfer.	29
Other charges payable directly by you when purchasing or withdrawing units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Fees	Class MYR-Hedged	Page
Management Fee	Up to 1.35% per annum of the NAV of the Class.	30
Trustee Fee	Up to 0.03% per annum of the NAV of the Fund (including local custodian fees but excluding foreign sub-custodian fees and charges).	30
Fund expenses	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class. Examples of relevant expenses are audit fee and tax agent's fee.	30
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	30

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

TRANSACTION INFORMATION

	Class MYR-Hedged	Page
Minimum initial investment	MYR1,000 or such other amount as we may decide from time to time.	35
Minimum additional investment	MYR100 or such other amount as we may decide from time to time.	35
Minimum withdrawal	100 units or such other number of units as we may decide from time to time.	35
Minimum balance	100 units or such other number of units as we may decide from time to time.	36
Regular Savings Plan	RSP is available. The RSP allows you to make regular monthly investments of MYR100 or more, directly from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is MYR1,000 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 applicable to the Class; o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and o the Withdrawal Penalty of the Class (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; 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.	36
Transfer facility	We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	37

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

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

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

All fees and charges payable by you and/or the Fund are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by you and/or the Fund 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, expenses and/or transaction information from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you and/or seek your approval on the amendments to the fees, charges, expenses and/or transaction information.

ANNEXURE – CLASS SGD-HEDGED

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

CLASS INFORMATION

	Class SGD-Hedged	Page
Currency denomination	SGD	
Distribution policy	Depending on the level of income (if any), the Class will distribute part or all of its distributable income on a monthly basis. ***Note**: The Fund may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.*	37

FEES & CHARGES

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

Charges	Class SGD-Hedged	Page
Application Fee	Up to 3.00% of the NAV per unit.	29
Withdrawal Penalty	Up to 1.00% of the NAV per unit. Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund.	29
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 will be charged a Switching Fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose SGD35 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	29
Transfer Fee	A maximum of SGD15 may be charged for each transfer.	29
Other charges payable directly by you when purchasing or withdrawing units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Fees	Class SGD-Hedged	Page
Management Fee	Up to 1.35% per annum of the NAV of the Class.	30
Trustee Fee	Up to 0.03% per annum of the NAV of the Fund (including local custodian fees but excluding foreign sub-custodian fees and charges).	30
Fund expenses	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class. Examples of relevant expenses are audit fee and tax agent's fee.	30
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	30

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

TRANSACTION INFORMATION

	Class SGD-Hedged	Page
Minimum initial investment	SGD1,000 or such other amount as we may decide from time to time.	35
Minimum additional investment	SGD100 or such other amount as we may decide from time to time.	35
Minimum withdrawal	100 units or such other number of units as we may decide from time to time.	35
Minimum balance	100 units or such other number of units as we may decide from time to time.	36
Regular Savings Plan	Currently, RSP is not available for this Class.	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 applicable to the Class; o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and o the Withdrawal Penalty of the Class (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; 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.	36
Transfer facility	We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	37

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

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

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

All fees and charges payable by you and/or the Fund are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by you and/or the Fund 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, expenses and/or transaction information from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you and/or seek your approval on the amendments to the fees, charges, expenses and/or transaction information.

ANNEXURE – CLASS USD

This section is only a summary of the salient information about Class USD. You should read and understand the entire 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 PFG, CIMB Group and the Trustee do not guarantee the repayment of your capital.

CLASS INFORMATION

	Class USD	Page
Currency denomination	USD	
Distribution policy	Depending on the level of income (if any), the Class will distribute part or all of its distributable income on a monthly basis. ***Note***: *The Fund may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.*	37

FEES & CHARGES

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

Charges	Class USD	Page
Application Fee	Up to 3.00% of the NAV per unit.	29
Withdrawal Penalty	Up to 1.00% of the NAV per unit. Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund.	29
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 will be charged a Switching Fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose USD35 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	29
Transfer Fee	A maximum of USD15 may be charged for each transfer.	29
Other charges payable directly by you when purchasing or withdrawing units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Fees	Class USD	Page
Management Fee	Up to 1.35% per annum of the NAV of the Class.	30
Trustee Fee	Up to 0.03% per annum of the NAV of the Fund (including local custodian fees but excluding foreign sub-custodian fees and charges).	30
Fund expenses	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class. Examples of relevant expenses are audit fee and tax agent's fee.	30
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	30

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

TRANSACTION INFORMATION

	Class USD	Page
Minimum initial investment	USD1,000 or such other amount as we may decide from time to time.	35
Minimum additional investment	USD100 or such other amount as we may decide from time to time.	35
Minimum withdrawal	100 units or such other number of units as we may decide from time to time.	35
Minimum balance	100 units or such other number of units as we may decide from time to time.	36
Regular Savings Plan	Currently, RSP is not available for this Class.	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 applicable to the Class; o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and o the Withdrawal Penalty of the Class (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; 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.	36
Transfer facility	We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	37

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

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

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

All fees and charges payable by you and/or the Fund are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by you and/or the Fund 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, expenses and/or transaction information from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you and/or seek your approval on the amendments to the fees, charges, expenses and/or transaction information.

ANNEXURE – CLASS GBP-HEDGED

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

CLASS INFORMATION

	Class GBP-HEDGED	Page
Currency denomination	GBP	
Distribution policy	Depending on the level of income (if any), the Class will distribute part or all of its distributable income on a monthly basis. ***Note**: The Fund may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.*	37

FEES & CHARGES

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

Charges	Class GBP-HEDGED	Page
Application Fee	Up to 3.00% of the NAV per unit.	29
Withdrawal Penalty	Up to 1.00% of the NAV per unit. Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund.	29
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 will be charged a Switching Fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose GBP35 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	29
Transfer Fee	A maximum of GBP15 may be charged for each transfer.	29
Other charges payable directly by you when purchasing or withdrawing units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Fees	Class GBP-HEDGED	Page
Management Fee	Up to 1.35% per annum of the NAV of the Class.	30
Trustee Fee	Up to 0.03% per annum of the NAV of the Fund (including local custodian fees but excluding foreign sub-custodian fees and charges).	30
Fund expenses	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class. Examples of relevant expenses are audit fee and tax agent's fee.	30
Other fees payable indirectly by you when investing in the Fund	Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level.	30

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

TRANSACTION INFORMATION

	Class GBP-HEDGED	Page
Minimum initial investment	GBP1,000 or such other amount as we may decide from time to time.	35
Minimum additional investment	GBP100 or such other amount as we may decide from time to time.	35
Minimum withdrawal	100 units or such other number of units as we may decide from time to time.	35
Minimum balance	100 units or such other number of units as we may decide from time to time.	36
Regular Savings Plan	Currently, RSP is not available for this Class.	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 applicable to the Class; o the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and o the Withdrawal Penalty of the Class (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; 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.	36
Transfer facility	We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	37

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

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

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

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

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