

## Prospectus

3 July 2023

# Principal Greater China Equity Fund

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

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

**THIS IS A REPLACEMENT PROSPECTUS. THIS PROSPECTUS IS ISSUED TO REPLACE AND/OR SUPERSEDE THE MASTER PROSPECTUS DATED 17 APRIL 2020 FOR PRINCIPAL GREATER CHINA EQUITY FUND.**

This Prospectus Issue No. 2 for the Principal Greater China Equity Fund is dated 3 July 2023.

This Fund was constituted on 27 April 2007.

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

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

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

# ABOUT THIS DOCUMENT

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

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

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notices or legislations, statutes for the time being in force, as may be amended, varied, modified, updated, superseded and/ or re-enacted from time to time.

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

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

## PROSPECTUS DETAILS

Issue No.	2
Prospectus Date	3 July 2023

## RESPONSIBILITY STATEMENTS

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

## STATEMENTS OF DISCLAIMER

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

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

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

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

## ADDITIONAL STATEMENTS

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

# DEFINITIONS

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

Application Fee	- Preliminary charge on each investment.
ASEAN	- Association of Southeast Asian Nations.
AUD	- Australian Dollar.
BNM	- Bank Negara Malaysia.
Business Day	- Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and/or banks in Kuala Lumpur and/or Selangor are open for business. <b>Note:</b> We may declare certain Business Days to be a non-Business Day if the jurisdiction of the Target Fund declares a non-business day and/or if the Target Fund's manager declares a non-dealing day.
CIMB Group	- CIMB Group Sdn. Bhd.
CIS	- Collective Investment Schemes.
Class	- Any class of units representing similar interest in the assets of the Fund.
Class MYR	- The Class issued by the Fund denominated in Malaysian Ringgit.
Class USD	- The Class issued by the Fund denominated in USD.
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 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 RMB-Hedged	- The Class issued by the Fund denominated in RMB that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and RMB.
CMSA	- Capital Markets and Services Act 2007.
Deed	- The principal deed and all supplemental deed in respect of the Fund made between us and the Trustee, in which Unit holders agree to be bound by the provisions of the Deed.
Deposits	- As per the definition of "deposit" in the Financial Services Act 2013 and "Islamic deposit" in the Islamic Financial Services Act 2013. <b>Note:</b> To exclude structured deposits.
Distributor	- Any relevant persons and bodies appointed by Principal Malaysia from time to time who are responsible for selling units of the Fund, including Principal Distributors and IUTAs.
Eligible Market	- An exchange, government securities market or an OTC market that is regulated by a regulatory authority of that jurisdiction, that is open to the public or to a substantial number of market participants, and on which financial instruments are regularly traded.
EPF	- Employees Provident Fund.
EPF-MIS	- EPF Members Investment Scheme.
Fund or GCE	- Refers to Principal Greater China Equity Fund.
GUTF	- Guidelines on Unit Trust Funds issued by the SC.
IMS	- Investment Management Standards issued by the Federation of Investment Managers Malaysia.
IUTAs	- Refers to Institutional Unit Trust Scheme Adviser, a corporation registered with Federation of Investment Managers Malaysia and authorised to market and distribute unit trust schemes of another party.
LPD	- Latest Practicable Date i.e. 30 April 2023, in which all information provided herein shall remain current and relevant as at such date.
Long-term	- Refers to a period of five (5) years or more.
MARC	- Malaysian Rating Corporation Berhad.
Management Fee	- A percentage of the NAV of the Class that is paid to the Manager for managing the portfolio of the Fund.
MCR	- Multi-class ratio, being the apportionment of the NAV of each Class over the Fund's NAV based on the size of each Class. The MCR is calculated by dividing the NAV (in USD) of the respective Class by the NAV of the Fund before income and expenses for the day save and except for Management Fee and those that is related to the specific Class only. The apportionment is expressed as a ratio and calculated as a percentage.
MSCI	- Morgan Stanley Capital International.
MYR	- Malaysian Ringgit.
NAV	- Net Asset Value.

NAV of the Fund	- The value of all Fund's assets less the value of all the Fund's liabilities, at the point of valuation. For the purpose of computing the annual Management Fee (if any) and annual Trustee Fee (if any), the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day. The NAV of a Class is the NAV of the Fund attributable to a Class at the same valuation point.
NAV per unit	- The NAV attributable to a Class divided by the number of units in circulation for that Class, at the valuation point.
OTC	- Over-the-counter.
PFG	- Principal Financial Group Inc..
Principal Distributors	- Refers to the authorised unit trust scheme consultants of Principal Malaysia.
Principal Malaysia or the Manager	- Principal Asset Management Berhad.
Prospectus	- Refers to this document issued by us describing the details of the Fund.
RMB	- Refers to the Offshore Renminbi, i.e. CNH.
RSP	- Regular Savings Plan.
SC	- Securities Commission Malaysia.
SGD	- Singapore Dollar.
Switching Fee	- A charge that may be levied when switching is done from one (1) fund or class to another.
Target Fund	- The CIS that the Fund invests predominantly in. Currently, it refers to Schroder ISF (International Selection Fund) Greater China.
Target Fund Company	- Schroder International Selection Fund.
Target Fund Investment Manager	- Schroder Investment Management (Hong Kong) Limited
Transfer Fee	- A nominal fee levied for each transfer of units from one (1) Unit holder to another.
Trustee	- HSBC (Malaysia) Trustee Berhad.
Trustee Fee	- A percentage of the NAV of the Fund that is paid to the Trustee for its services rendered as trustee for the Fund.
UCI	- An "undertaking for collective investment" within the meaning of points (a) and (b) of Article 1(2) of the UCITS IV Directive.
UCITS	- An "undertaking for collective investment in transferable securities" within the meaning of points (a) and (b) of Article 1(2) of the UCITS IV Directive.
UCITS IV Directive	- Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended, on the coordination of laws, regulations and administrative provisions relating to UCITS.
UK	- United Kingdom.
Unit holder	- The registered holder for the time being of a unit of the Fund including persons jointly so registered.
USA	- United States of America.
USD	- United States Dollar.
Withdrawal Fee	- A charge levied upon withdrawal under certain terms and conditions (if applicable).

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

# CORPORATE DIRECTORY

## **The Manager**

Principal Asset Management Berhad

### **Business address**

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

### **Registered address**

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

### **Customer Care Centre**

Ground Floor Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur MALAYSIA  
Tel : (03) 7723 7260  
Fax : (03) 7718 3003  
Whatsapp : (6016) 299 9792

### **Website**

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

### **E-mail**

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

## **The Trustee**

HSBC (Malaysia) Trustee Berhad

### **Business/Registered address**

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

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

# TABLE OF CONTENTS

DEFINITIONS .....	ii
CORPORATE DIRECTORY .....	iv
<b>1. FUND INFORMATION .....</b>	<b>1</b>
1.1. PRINCIPAL GREATER CHINA EQUITY FUND .....	1
1.2. PERMITTED INVESTMENTS .....	2
1.3. INVESTMENT RESTRICTIONS AND LIMITS .....	2
1.4. APPROVALS AND CONDITIONS .....	3
1.5. FINANCING .....	3
1.6. SECURITIES LENDING .....	3
1.7. RISK FACTORS .....	4
<b>2. TARGET FUND INFORMATION .....</b>	<b>8</b>
2.1. ABOUT SCHRODER ISF GREATER CHINA (“TARGET FUND”) .....	8
2.2. INVESTMENT RESTRICTIONS OF THE TARGET FUND .....	9
2.3. REDEMPTION PROCEEDS .....	15
2.4. SUSPENSION OR DEFERRALS .....	16
2.5. DILUTION .....	16
2.6. SPECIFIC RISKS OF THE TARGET FUND .....	17
2.7. FEES CHARGED BY THE TARGET FUND (A Shares) .....	17
<b>3. FEES, CHARGES AND EXPENSES .....</b>	<b>18</b>
3.1. CHARGES .....	18
3.2. FEES AND EXPENSES .....	19
3.3. REBATES AND SOFT COMMISSIONS .....	20
<b>4. TRANSACTION INFORMATION .....</b>	<b>22</b>
4.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUND .....	22
4.2. UNIT PRICING .....	22
4.3. INCORRECT PRICING .....	25
4.4. INVESTING .....	25
4.5. MINIMUM INVESTMENTS .....	27
4.6. MINIMUM WITHDRAWALS .....	27
4.7. MINIMUM BALANCE .....	27
4.8. COOLING-OFF PERIOD .....	27
4.9. SWITCHING .....	28
4.10. TRANSFER FACILITY .....	28
4.11. TEMPORARY SUSPENSION .....	28
4.12. DISTRIBUTION PAYMENT .....	29
4.13. UNCLAIMED MONEYS .....	29
<b>5. ADDITIONAL INFORMATION .....</b>	<b>30</b>
5.1. FINANCIAL YEAR-END .....	30
5.2. INFORMATION ON YOUR INVESTMENT .....	30
5.3. DEED .....	30
5.4. DOCUMENTS AVAILABLE FOR INSPECTION .....	30
5.5. CONSENT .....	31
5.6. POTENTIAL CONFLICTS OF INTERESTS AND RELATED PARTY TRANSACTIONS .....	31
5.7. INTERESTS IN THE FUND .....	32
5.8. EMPLOYEES’ SECURITIES DEALINGS .....	32
<b>6. THE MANAGER .....</b>	<b>33</b>
6.1. ABOUT PRINCIPAL ASSET MANAGEMENT BERHAD .....	33
<b>7. THE TRUSTEE .....</b>	<b>34</b>
7.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD .....	34
<b>8. SALIENT TERMS OF DEED .....</b>	<b>35</b>
8.1. RIGHTS, LIABILITIES AND LIMITATION OF UNIT HOLDERS .....	35
8.2. MAXIMUM FEES AND CHARGES AND EXPENSES PERMITTED BY THE DEED .....	35
8.3. RETIREMENT, REMOVAL OR REPLACEMENT OF THE MANAGER .....	36
8.4. RETIREMENT, REMOVAL OR REPLACEMENT OF THE TRUSTEE .....	36
8.5. TERMINATION OF THE FUND OR CLASS(ES) .....	37
8.6. MEETINGS OF UNIT HOLDERS .....	37
<b>9. TAXATION REPORT .....</b>	<b>39</b>
<b>10. DISTRIBUTORS OF THE FUND .....</b>	<b>44</b>
10.2. OUR BRANCHES .....	44
10.3. PRINCIPAL DISTRIBUTORS .....	44
10.4. IUTA .....	46
<b>ANNEXURE - CLASS MYR .....</b>	<b>47</b>

ANNEXURE - CLASS USD.....	50
ANNEXURE - CLASS MYR-HEDGED.....	53
ANNEXURE - CLASS SGD-HEDGED .....	56
ANNEXURE - CLASS AUD-HEDGED.....	59
ANNEXURE - CLASS RMB-HEDGED.....	62

# 1. FUND INFORMATION

## 1.1. PRINCIPAL GREATER CHINA EQUITY FUND

<b>Fund Category/Type</b>	: Feeder Fund / Growth.
<b>Fund Objective</b>	: Aims to achieve medium to long-term capital growth primarily through investment in a portfolio of equity securities with exposure to the Greater China region consisting of the People's Republic of China, Hong Kong SAR and Taiwan. <i>We will require your approval if there is any material change to the Fund's objective.</i>
<b>Benchmark</b>	: The Fund adheres to the benchmark of the Target Fund, ie. MSCI Golden Dragon Index. <b>Note:</b> <i>The benchmark is for performance comparison only. Information on the benchmark can be obtained from <a href="http://www.principal.com.my">www.principal.com.my</a>.</i>
<b>Distribution Policy</b>	: The distribution policy of each of the Class may differ. Please refer to the Annexure of the respective Class for more information. You may also refer to page 29 for information on the distribution payment.
<b>Launch date</b>	: 12 June 2007.

### 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](http://www.principal.com.my). When in doubt, you should consult professional advisers for better understanding of the multi-class structure before investing in the Fund.

Name of Class	Launch Date
Class MYR	12 June 2007
Class USD	20 April 2020
Class MYR-H	20 April 2020
Class SGD-H	20 April 2020
Class AUD-H	20 April 2020
Class RMB-H	20 April 2020

### Investment Policy and Principal Investment Strategy

The Fund is a feeder fund that invests at least 95% of the Fund's NAV in the Schroder ISF Greater China, a fund of the Schroder International Selection Fund, an open-ended investment company registered in Luxembourg. Information on Schroder ISF Greater China is detailed below.

The asset allocation strategy for this Fund is as follows:

- at least 95% of the Fund's NAV will be invested in the Schroder ISF Greater China; and
- up to 5% of the Fund's NAV will be invested in liquid assets for liquidity purposes.

The investment strategy adheres to the GUTF pertaining to feeder funds.

This Target Fund invests primarily in equity securities of the People's Republic of China, Hong Kong SAR and Taiwan companies; hence, investment risk is expected to be higher than a globally diversified fund. Nevertheless, the Target Fund's highly disciplined portfolio constructions used will serve to ensure that investment risk levels are appropriate. In addition, the Fund may be hedged against the USD should the circumstances warrant it to hedge against adverse currency movements.

The risk management strategies and techniques employed will be at the Target Fund level whereby the fund manager of the Target Fund employs a risk management process which combines financial techniques and instruments to manage at any time the risk of various positions and their contribution to the overall risk of the Target Fund's portfolio.



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

- Regular review by the designated fund manager on the Fund's investment portfolio 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 unitholders. 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 unitholders' withdrawal requests.
- Suspension of withdrawal requests due to exceptional circumstances (being the Target Fund). During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. The action to suspend withdrawal requests from Unit holders shall be exercised only as a last resort by the Manager.

*Note: Please refer to Section 2.3 and Section 4.11. for more information.*

In light that the Fund is a feeder fund, we do not adopt a temporary defensive position for the Fund in response to adverse market, economic and/or any other conditions as this will allow the Fund to mirror the Target Fund's performance, which best tracks the performance of the Target Fund in either bullish or bearish market conditions.

If, in our opinion, the Schroder ISF Greater China no longer meets the Fund's investment objective, and/or when acting in your best interests, we may replace the Schroder ISF Greater China with another target fund that is consistent with the objective of this Fund, subject to your approval. The switch to another target fund may be performed on a staggered basis to facilitate a smooth transition. This is applicable should the Schroder ISF Greater China impose any conditions in relation to withdrawal of units or if the manager of the newly identified target fund exercises its discretion to apply a dilution fee\* in relation to applications for units. Thus, the time frame required to perform the transition will depend on such conditions, if any, imposed by the Schroder ISF Greater China as well as any conditions associated with a dilution fee\* that may be charged at the newly identified target fund level. Hence during the transition period, the Fund's investment may differ from the stipulated investment strategies.

\* *Dilution fee refers to the dilution adjustment and/or anti-dilution levy that serves as an allowance for fiscal and other charges that is added to the net asset value per unit to reflect the costs of investing application moneys in underlying assets of the Target Fund. The dilution fee is intended to be used to ensure that all investors in the Target Fund are treated equitably by allocating transaction costs to the investors whose transactions give rise to those costs.*

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

## 1.2. PERMITTED INVESTMENTS

Subject to the Deed, the investment policy for the Fund and the requirements of the SC and any other regulatory body, we have the absolute discretion as to how the assets of the Fund are to be invested. Under the Deed and provided always that there are no inconsistencies with the objectives of the Fund, the Fund can invest in a wide range of securities, including but are not limited to those as set out below.

- One CIS (local or foreign) provided it is not a fund-of-funds or a feeder fund or any sub-fund of an umbrella fund which is a fund-of-funds or a feeder fund;
- Deposits and money market instruments;
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps for hedging purposes; and
- Any other form of investments as may be permitted by the SC from time to time that is in line with the Fund's objectives.

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

## 1.3. INVESTMENT RESTRICTIONS AND LIMITS

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

**CIS:** The Fund must invest at least 85% of its NAV in units or shares of one (1) CIS provided that the CIS complies within the categories stipulated in the GUTF. The target fund must not be a fund-of-funds or a feeder fund or any sub-fund of an umbrella scheme which is a fund-of-funds or a feeder fund.

**Liquid assets and derivative:** The Fund may invest up to 15% of its NAV in the following permitted investments:

- Deposits  
Placement in short-term Deposits.
- Money market instruments  
Money market instruments that are dealt in or under the rules of an Eligible Market, and whose residual maturity does not exceed 12 months. The Fund's investments in money market instruments must not exceed 10% of the instruments

issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size.

- For investments in derivatives (for hedging purpose):
  - the Fund's global exposure from derivatives positions should not exceed the Fund's NAV;
  - the exposure to the underlying assets must not exceed the investment spread limits stipulated in the GUTF;
  - the maximum exposure of the Fund's OTC derivative transaction with the counter-party calculated based on the method below must not exceed 10% of the Fund's NAV;
  - the counter-party of an OTC derivative is a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories); and
  - where the underlying instrument of a derivative is a commodity, such derivative must be settled in cash at all times.

Calculation of exposure to counterparty of OTC derivatives

- (a) The exposure to a counterparty of an OTC derivative must be measured based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults and not on the basis of the notional value of the OTC derivative.
- (b) The total exposure to a single counterparty is calculated by summing the exposure arising from all OTC derivative transactions entered into with the same counterparty

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

Commitment approach

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

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

Netting arrangements

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

The Fund may net positions between:

- (a) derivatives on the same underlying constituents, even if the maturity dates are different; or
- (b) derivatives and the same corresponding underlying constituents, if those underlying constituents are transferable securities, money market instruments, or units or shares in collective investment schemes.

Hedging arrangements

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

The marked-to-market value of transferable securities, money market instruments, or units or shares in collective investment schemes involved in hedging arrangements may be taken into account to reduce the exposure of the Fund to derivatives.

The hedging arrangement must:

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

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

#### **1.4. APPROVALS AND CONDITIONS**

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

#### **1.5. FINANCING**

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

#### **1.6. SECURITIES LENDING**

Where practicable, the Fund may participate in the lending of securities within the meaning of the Guidelines on Securities Borrowing and Lending issued by the SC when we find it appropriate to do so with a view of generating additional income for the Fund with an acceptable degree of risk.

The lending of securities is permitted under the Deed and must comply with the above mentioned as well as with the relevant rules and directives issued by Bursa Malaysia Securities Berhad, Bursa Malaysia Depository Sdn. Bhd., Bursa Malaysia Securities Clearing Sdn. Bhd.

## 1.7. RISK FACTORS

### 1.7.1. GENERAL RISKS OF INVESTING IN A UNIT TRUST FUND

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

#### **Returns and capital not guaranteed**

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

#### **Market risk**

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

#### **Inflation risk**

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

#### **Manager risk**

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

#### **Liquidity risk**

Liquidity risk refers to the ability to sell and convert the units held in the CIS into cash. This may be affected by the liquidity policy applied by the CIS (e.g. suspension during exceptional circumstances), which may negatively impact the Fund and Unit holders may experience delay in the withdrawal process.

#### **Financing risk**

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

### 1.7.2. SPECIFIC RISKS RELATED TO THE FUND

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

#### **Currency risk**

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

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

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

##### Currency risk at the Class level

You should also be aware that currency risk is applicable to Class(es) (e.g. Class MYR) which is in a different currency than the base currency of the Fund. 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 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.

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

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

#### **1.7.3. SPECIFIC RISKS RELATED TO THE TARGET FUND**

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

##### **Liquidity risk**

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

##### **Counterparty risk**

The Target Fund Company conducts transactions through or with brokers, clearing houses, market counterparties and other agents. The Target Fund Company will be subject to the risk of the inability of any such counterparty to perform its obligations, whether due to insolvency, bankruptcy or other causes. The Target Fund may invest in instruments such as notes, bonds or warrants the performance of which is linked to a market or investment to which the Target Fund seeks to be exposed. Such instruments are issued by a range of counterparties and through its investment the Target Fund will be subject to the counterparty risk of the issuer, in addition to the investment exposure it seeks. The Target Fund will only enter into OTC derivatives transactions, including swap agreements, with first class institutions which are subject to prudential supervision and specialising in these types of transactions. In principle, the counterparty risk for such derivatives transactions entered into with first class institutions should not exceed 10% of the relevant Target Fund's net assets when the counterparty is a credit institution or 5% of its net assets in other cases. However, if a counterparty defaults, the actual losses may exceed these limitations.

##### **Exchange rates**

The reference currency of the Target Fund (i.e. USD) is not necessarily the investment currency of the Target Fund concerned. Investments are made in investment funds in currencies that, in the view of the investment managers, best benefit the performance of the Target Fund. Target Fund shareholders investing in the Target Fund having a reference currency that is different from their own should be aware that exchange rate fluctuations could cause the value of their investment to diminish or increase.

##### **Equity Securities**

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

##### **Risks Relating to Investments in the China Market**

Investors may also be subject to risks specific to the China market. Any significant change in mainland China's political, social or economic policies may have a negative impact on investments in the China market. The regulatory and legal framework for capital markets in mainland China may not be as well developed as those of developed countries. Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency. Investors should also be aware that changes in mainland China's taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments in the Target Fund. In particular, the taxation position of foreign investors holding Chinese shares has historically been uncertain. Transfers of A and B shares of People's Republic of China (PRC) resident companies by foreign corporate shareholders are subject to a 10% capital gains withholding tax, although the tax has not been collected in the past, and uncertainties remain over the timing, any retrospective impact, and the calculation method. Subsequently, the PRC tax authorities announced in November 2014 that gains on the transfer of shares and other equity investments in China by foreign investors would be subject to a 'temporary' exemption from capital gains withholding tax. There was no comment about the duration of this temporary exemption. No accruals are being made for gains realised post-17 November 2014 pending further developments. The situation is being kept under review for indications of any change in market

practice or the release of further guidance from the PRC authorities, and accruals for PRC capital gains withholding tax may recommence without notice upon the release of such guidance if the Directors and their advisors believe this is appropriate. PRC corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by foreign investors (including the Target Fund) on trading of China A-Shares via the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. However, foreign investors are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant in-charge PRC tax authorities by the listed companies. For investors who are tax residents of a jurisdiction which has concluded a tax treaty with the PRC, such investors may apply for a refund of the PRC withholding income tax overpaid if the relevant tax treaty provides for a lower PRC withholding income tax on dividends for a lower dividend tax rate, such investors may apply to the tax authority for a refund of the differences.

#### **China – Risks regarding RQFII status and RQFII Quota**

Investors should note that the investment managers' RQFII status may be suspended or revoked and that this may adversely affect the Target Fund Company's performance by requiring the Target Fund Company to dispose of its securities holdings. Investors should note that there can be no assurance that the investment managers will continue to maintain their RQFII status or to make available their RQFII quota. Investors should also note that the Company may not be allocated a sufficient portion of the RQFII quota from the investment managers to meet all applications for subscription into the Company and that redemption requests may not be processed in a timely manner due to adverse changes in relevant laws or regulations. The Target Fund Company may not have exclusive use of the entire RQFII quota granted by the State Administration of Foreign Exchange (SAFE) to the investment managers, as the investment managers may in their discretion allocate the RQFII quota which may otherwise have been available to the Target Fund Company to other products. Such restrictions may result in a rejection of subscription applications and a suspension of dealings of the Target Fund Company. In extreme circumstances, the Target Fund Company may incur significant losses due to the insufficiency of the RQFII quota, its limited investment capabilities, or its inability to fully implement or pursue its investment objective or strategy, due to RQFII investment restrictions, the illiquidity of the Chinese domestic securities market, and/or delay or disruption in the execution of trades or in the settlement of trades. RQFII quotas are generally granted to RQFIIs (such as the investment managers). The rules and restrictions under RQFII regulations generally apply to the investment managers (in their capacity as a RQFII) as a whole and not simply to the investments made by the Target Fund Company. SAFE is vested with the power to impose regulatory sanctions if the RQFII or the RQFII custodian (i.e. in the Company's case, being the China custodian) violates any provision of the applicable rules and regulations issued by SAFE ("SAFE Rules"). Any violations could result in the revocation of the RQFII's quota or other regulatory sanctions and may adversely impact the portion of the investment managers' RQFII quota made available for investment by the Target Fund Company.

#### **China - Repatriation and Liquidity Risks**

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

#### **Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect**

All funds which can invest in China may invest in China A-Shares through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect programmes (the "Stock Connect") subject to any applicable regulatory limits. The Stock Connect is a securities trading and clearing linked programme developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), the Hong Kong Securities Clearing Company Limited ("HKSCC"), Shanghai Stock Exchange or Shenzhen Stock Exchange, and China Securities Depository and Clearing Corporation Limited ("ChinaClear") with an aim to achieve mutual stock market access between mainland China and Hong Kong. The Stock Connect allows foreign investors to trade certain Shanghai Stock Exchange or Shenzhen Stock Exchanges listed China A-Shares through their Hong Kong based brokers. The Target Fund seeking to invest in the domestic securities markets of the PRC may use the Stock Connect, in addition to the QFII and RQFII schemes and, thus, are subject to the following additional risks:

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

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

**Legal/Beneficial Ownership:** Where securities are held in custody on a cross-border basis, there are specific legal/beneficial ownership risks linked to compulsory requirements of the local Central Securities Depositories, HKSCC and ChinaClear. As in other emerging and less developed markets, the legislative framework is only beginning to develop the concept of legal/formal ownership and of beneficial ownership or interest in securities. In addition, HKSCC, as nominee holder, does not guarantee the title to Stock Connect securities held through it and is under no obligation to enforce title or other rights associated with ownership on behalf of beneficial owners. Consequently, the courts may consider that any nominee or custodian as registered holder of Stock Connect securities would have full ownership thereof, and that those Stock Connect securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently the Target Fund and the Depository cannot ensure that the Target Fund ownership of these securities or title thereto is assured. To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depository and the Target Fund will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Target Fund suffer losses resulting from the performance or insolvency of HKSCC. In the event ChinaClear defaults, HKSCC's liabilities under its market contracts with clearing participants will be limited to assisting clearing participants with claims. HKSCC will act in good faith to seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or the liquidation of ChinaClear.

In this event, the Target Fund may not fully recover its losses or its Stock Connect securities and the process of recovery could also be delayed.

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

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

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

**Investment Risk:** securities traded via Shenzhen-Hong Kong Stock Connect may be smaller companies which are subject to Smaller Companies Risk as detailed in the Appendix II of the Target Fund prospectus.

The Target Fund may invest in the Small and Medium Enterprise ("SME") board, Science, Technology and Innovation board ("STAR Board") of the Shanghai Stock Exchange ("SSE") and/ or the ChiNext market of the Shenzhen Stock Exchange ("SZSE") via the Shenzhen Hong Kong Stock Connect. Investments in the SME board, STAR Board, and/or ChiNext market may result in significant losses for the Target Fund and its investors. The following additional risks apply:

**Higher fluctuation on stock prices:** Listed companies on the SME board, STAR Board and/or ChiNext market are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the main board of the SZSE or SSE as relevant.

**Over-valuation risk:** Stocks listed on the SME board, STAR Board and/or ChiNext market may be overvalued and such exceptionally high valuation may not be sustainable. Stock prices may be more susceptible to manipulation due to fewer circulating shares.

**Differences in regulations:** The rules and regulations regarding companies listed on ChiNext market and/or the STAR Board market are less stringent in terms of profitability and share capital than those in the main boards and SME board.

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

**Concentration Risk (applicable to STAR Board):** The STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments by the Target Fund in the STAR Board may be concentrated in a small number of stocks and subject a Fund to higher concentration risk.

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

## 2. TARGET FUND INFORMATION

### 2.1. ABOUT SCHRODER ISF GREATER CHINA (“TARGET FUND”)

Schroder International Selection Fund (the "Target Fund Company") is an umbrella structured open-ended investment company with limited liability in Luxembourg, organized as a “société anonyme” and qualifies as a Société d'Investissement à Capital Variable (“SICAV”) under Part I of the law on undertakings for collective investment dated 17 December 2010, as amended (“Law”). The Target Fund Company operates separate Funds, each of which is represented by one or more Share Classes. The Funds are distinguished by their specific investment policy or any other specific features. The Target Fund Company constitutes a single legal entity, but the assets of each fund shall be invested for the exclusive benefit of the shareholders of the corresponding fund and the assets of a specific fund are solely accountable for the liabilities, commitments and obligations of that fund.

The Schroder International Selection Fund Greater China (“Schroder ISF Greater China” or the “Target Fund”) is a fund under the Target Fund Company which was launched in 28 March 2002. The legislation governing the establishment and operation of the Target Fund is Luxembourg legislation.

The directors of the Target Fund Company have appointed Schroder Investment Management (Europe) S.A. as its management company to perform investment management, administration and marketing functions. Schroder Investment Management (Europe) S.A. is regulated by the Commission de Surveillance du Secteur Financier (“CSSF”). Schroder Investment Management (Europe) S.A. was incorporated as a "Société Anonyme" in Luxembourg on 23 August 1991 and has an issued and fully paid up share capital of EUR 12,867,092.98. Schroder Investment Management (Europe) S.A. has been authorized as a management company under Chapter 15 of the law of undertakings for collective investment dated 17 December 2010, as amended and, as such, provides collective portfolio management services to undertakings for collective investment.

Schroder Investment Management (Europe) S.A. has delegated its investment management functions to Schroder Investment Management (Hong Kong) Limited (“Target Fund Investment Manager”) as the investment manager of the Target Fund. The Target Fund Investment Manager is regulated by the Securities and Futures Commission of Hong Kong. The Target Fund Investment Manager has been managing CIS and discretionary funds in Hong Kong SAR for more than 30 years. J.P. Morgan SE, Luxembourg Branch has been appointed as depositary of the Target Fund Company.

Jurisdiction	:	Grand Duchy of Luxembourg
Name of Regulator	:	Commission de Surveillance du Secteur Financier
Fund Manager	:	Schroder Investment Management (Europe) S.A.
Depositary	:	J.P. Morgan SE, Luxembourg Branch

#### Share Class

The Target Fund offers different types of share classes. The Fund will be investing in A shares of the Target Fund.

Inception Date:	28 March 2002
Base Currency:	USD

#### Investment Objective and Investment Strategies of the Target Fund

The Target Fund aims to provide capital growth in excess of the MSCI Golden Dragon (Net TR) index after fees have been deducted over a three to five year period by investing in equity and equity related securities of People’s Republic of China, Hong Kong SAR and Taiwan companies.

The Target Fund is actively managed and invests at least two-thirds of its assets in equity and equity related securities of companies in People’s Republic of China, Hong Kong SAR and Taiwan. The Fund may invest directly in China B-Shares and China HShares and may invest less than 50% of its assets (on a net basis) directly or indirectly (for example via participatory notes) in China AShares through:

- Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect,
- The Renminbi Qualified Institutional Investor (RQFII) Scheme;
- Shares listed on the STAR Board and the ChiNext; and
- Regulated Markets.

The Fund may use derivatives with the aim of reducing risk or managing the Fund more efficiently. The Fund may also invest in money market instruments and hold cash.

#### Benchmark

MSCI Golden Dragon Index Net TR.

#### Dividend Policy

The Target Fund invests in A Accumulation share Class, this share class does not distribute dividends

## 2.2. INVESTMENT RESTRICTIONS OF THE TARGET FUND

The investment restrictions below are applicable to the Target Fund Company as a whole and must be complied with by the Target Fund.

### 2.2.1. INVESTMENT RESTRICTIONS

The investment restrictions imposed by Luxembourg law must be complied with by the Target Fund. Those restrictions in paragraph 1(D) below are applicable to the company as a whole. If you need more information, kindly visit their website at [www.schroders.lu](http://www.schroders.lu)

#### 1. Investment in transferable securities and liquid assets

(A) The Target Fund Company will invest in:

- (1) transferable securities and money market instruments admitted to or dealt in on a regulated market; and/or
- (2) recently issued transferable securities and money market instruments, provided that
  - (I) the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another regulated market which operates regularly, is recognized and open to the public and,
  - (II) such admission is secured within one year of the issue; and/or
- (3) units of UCITS and/or of other UCI, whether situated in an European Union member state or not, provided that:
  - (I) such other UCIs have been authorized under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in European Union UCI Law, and that cooperation between authorities is sufficiently ensured,
  - (II) the level of protection for shareholders in such other UCIs is equivalent to that provided for shareholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive,
  - (III) the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
  - (IV) no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs; and/or
- (4) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a country which is an European Union member state or, if the registered office of the credit institution is situated in a non-European Union member state, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in European Union UCI Law; and/or
- (5) derivatives, including equivalent cash-settled instruments, dealt on a regulated market, and/or derivatives dealt OTC, provided that:
  - (I) the underlying consists of securities covered by this section 1(A), financial indices, interest rates, foreign exchange rates or currencies, in which the Target Fund may invest according to their investment objective;
  - (II) the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
  - (III) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Target Fund Company's initiative,and/or
- (6) money market instruments other than those dealt in on a regulated market, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such investments are:
  - (I) issued or guaranteed by a central, regional or local authority or by a central bank or an European Union member state, the European central bank, the European Union or the European investment bank, a non-European Union 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 European Union member states belong, or
  - (II) issued by an undertaking any securities of which are dealt in on regulated markets, or
  - (III) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined in European Union UCI Law, or
  - (IV) issued by other bodies belonging to categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10,000,000 and which presents and publishes its annual accounts in accordance with the directive 2013/34/European Union, 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.

- (7) In addition, the Target Fund Company may invest a maximum of 10% of the NAV of the Target Fund in transferable securities or money market instruments other than those referred to under A(1), A(2) and A(6) above.
- (8) Under the conditions and within the limits laid down by the Law, the Target Fund Company may, to the widest extent permitted by the Luxembourg laws and regulations (i) create the Target Fund qualifying either as a feeder UCITS or as a master UCITS, (ii) convert the Target Fund into a feeder UCITS, or (iii) change the master UCITS of any of its feeder UCITS.

A feeder UCITS shall invest at least 85% of its assets in the units of another master UCITS. A feeder UCITS may hold up to 15% of its assets in one or more of the following:

- ancillary liquid assets in accordance to paragraph B below;
- derivatives, which may be used only for hedging purposes.

For the purposes of compliance with section 3 below, the feeder UCITS shall calculate its global exposure related to derivatives by combining its own direct exposure under the above paragraph, (b) with either:

- the master UCITS actual exposure to derivatives in proportion to the feeder UCITS investment into the master UCITS; or
- the master UCITS potential maximum global exposure to derivatives provided for in the master UCITS management regulations or instruments of incorporation in proportion to the feeder UCITS investment into the master UCITS.

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

(C)

- (1) The Target Fund may invest no more than 10% of its NAV in transferable securities or money market instruments issued by the same issuing body (and in the case of structured financial instruments embedding derivatives instruments, both the issuer of the structured financial instruments and the issuer of the underlying securities). The Target Fund may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure to a counterparty of the Target Fund in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in paragraph 1(A)(4) above or 5% of its net assets in other cases.
- (2) Furthermore, where the Target Fund holds investments in transferable securities and money market instruments of any issuing body which individually exceed 5% of the NAV of the Target Fund, the total value of such investments must not account for more than 40% of the NAV of the Target Fund.

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

Notwithstanding the individual limits laid down in paragraph (C) (1), the Target Fund may not combine:

- investments in transferable securities or money market instruments issued by,
- deposits made with, and/or
- exposures arising from OTC derivative transactions undertaken with a single body in excess of 20% of its net assets.

- (3) The limit of 10% laid down in paragraph (C)(1) above shall be 35% in respect of transferable securities or money market instruments which are issued or guaranteed by an European Union member state, its local authorities or by an eligible state or by public international bodies of which one or more European Union member states are members.
- (4) The limit of 10% laid down in paragraph (C)(1) above shall be 25% in respect of debt securities which are issued by highly rated credit institutions having their registered office in an European Union member state and which are subject to law to a special public supervision for the purpose of protecting the holders of such debt securities, provided that the amount resulting from the issue of such debt securities are invested, pursuant to applicable provisions of the law, in assets which are sufficient to cover the liabilities arising from such debt securities during the whole period of validity thereof and which are assigned to the preferential repayment of capital and accrued interest in the case of a default by such issuer.
- (5) If the Target Fund invests more than 5% of its assets in the debt securities referred to in the sub-paragraph above and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of the Target Fund.
- (6) The transferable securities and money market instruments referred to in paragraphs (C)(3) and (C)(4) are not included in the calculation of the limit of 40% referred to in paragraph (C)(2).

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

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

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

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

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

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

Subject to having due regard to the principle of risk spreading, the Target Fund need not comply with the limits set out in this paragraph (C) for a period of 6 months following the date of its launch.

(D)

- (1) The Target Fund Company may not normally acquire shares carrying voting rights which would enable the Target Fund Company to exercise significant influence over the management of the issuing body.
- (2) The Target Fund may acquire no more than (a) 10% of the non-voting shares of any single issuing body, (b) 10% of the value of debt securities of any single issuing body, (c) 10% of the money market instruments of the same issuing body. However, the limits laid down in (b) and (c) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments or the net amount of securities in issue cannot be calculated.

The limits set out in paragraph (D)(1) and (2) above shall not apply to:

- (1) transferable securities and money market instruments issued or guaranteed by an European Union member state or its local authorities;
- (2) transferable securities and money market instruments issued or guaranteed by any other eligible state;
- (3) transferable securities and money market instruments issued by public international bodies of which one or more European Union member states are members; or
- (4) shares held in the capital of a company incorporated in a non-European Union member state which invests its assets mainly in the securities of issuing bodies having their registered office in that state where, under the legislation of that state, such holding represents the only way in which the Target Fund's assets may invest in the securities of the issuing bodies of that state, provided, however, that such company in its investment policy complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the Law.

- (E) The Target Fund may not invest more than 10% of its net assets in units of UCITS or UCIs with the exception of the multi manager funds and funds identified as feeder UCITS as provided for in the investment objective. In addition, the following limits shall apply:

- (1) If the Target Fund is allowed to invest more than 10% of its net assets in units of UCITS and/or UCIs, the Target Fund may not invest more than 20% of its net assets in units of a single UCITS or other UCI. Investments made in units of UCIs other than UCITS may not, in aggregate, exceed 30% of the net assets of the Target Fund.
- (2) When the Target Fund invests in the units of other UCITS and/or other UCIs linked to the Target Fund Company by common management or control, or by a direct or indirect holding of more than 10% of the capital or the voting rights, or managed by a management company linked to the investment manager, no subscription or redemption fees may be charged to the Target Fund Company on account of its investment in the units of such other UCITS and/or UCIs. In respect of the Target Fund's investments in UCITS and other UCIs linked to the Target Fund Company as described in the preceding paragraph, there shall be no management fee charged to that portion of the assets of the relevant fund. The Target Fund Company will indicate in its annual report the total management fees charged both to the relevant fund and to the UCITS and other UCIs in which the Target Fund has invested during the relevant period.

- (3) The Target Fund may acquire no more than 25% of the units or shares of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units or shares in issue cannot be calculated. In case of a UCITS or other UCI with multiple sub-funds, this restriction is applicable by reference to all units or shares issued by the UCITS/UCI concerned, all sub-funds combined.
  - (4) The underlying investments held by the UCITS or other UCIs in which the Target Fund invests do not have to be considered for the purpose of the investment restrictions set forth under section 1(C) above.
- (F) The Target Fund (the investing fund) may subscribe, acquire and/or hold securities to be issued or issued by one or more funds (each a target fund) without the Target Fund Company being subject to the requirements of the Law of 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding company by a company of its own shares, under the condition however that:
- (1) the target fund(s) do(es) not, in turn, invest in the investing fund invested in this(these) target fund(s); and
  - (2) no more than 10% of the assets that the target fund(s) whose acquisition is contemplated may be invested in units of other target funds; and
  - (3) voting rights, if any, attaching to the shares of the target fund(s) are suspended for as long they are held by the investing fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
  - (4) in any event, for as long as these securities are held by the investing fund, their value will not be taken into consideration for the calculation of the net assets of the Target Fund Company for the purposes of verifying the minimum threshold of the net assets imposed by the UCI Law; and

### 2.2.2. Investment in other assets

- (A) The Target Fund Company will neither make investments in precious metals, commodities or certificates representing these. In addition, the Target Fund Company will not enter into derivatives on precious metals or commodities. This does not prevent the Target Fund Company from gaining exposure to precious metals or commodities by investing into financial instruments backed by precious metals or commodities or financial instruments whose performance is linked to precious metals or commodities.
- (B) The Target Fund Company will not purchase or sell real estate or any option, right or interest therein, provided the Target Fund Company may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- (C) The Target Fund Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in sections 1(A)(3), (5) and (6).
- (D) The Target Fund Company may not borrow for the account of the Target Fund, other than amounts which do not in aggregate exceed 10% of the NAV of the Target Fund, and then only as a temporary measure. For the purpose of this restriction back to back loans are not considered to be borrowings.
- (E) The Target Fund Company will not mortgage, pledge, hypothecate or otherwise encumber as security for indebtedness any securities held for the account of the Target Fund, except as may be necessary in connection with the borrowings mentioned in paragraph (D) above, and then such mortgaging, pledging, or hypothecating may not exceed 10% of the NAV of the Target Fund. In connection with swap transactions, option and forward exchange or futures transactions the deposit of securities or other assets in a separate account shall not be considered a mortgage, pledge or hypothecation for this purpose.
- (F) The Target Fund Company may acquire securities in which it is permitted to invest in pursuit of its investment objective and policy through underwriting or sub-underwriting.
- (G) The Target Fund Company will on a fund by fund basis comply with such further restrictions as may be required by the regulatory authorities in any country in which the shares are marketed.

### 2.2.3. Derivatives

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

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

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

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

When the Target Fund invests in index-based derivatives compliant with the provisions of sections 1(C)(1) to (7), these investments do not have to be combined with the limits laid down in section 1(C). The frequency of the review and rebalancing of the composition of the underlying index of such derivatives varies per index and could be daily, weekly, monthly, quarterly or annually. The rebalancing frequency will have no impact in terms of costs in the context of the performance of the investment objective of the Target Fund.

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

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

#### **Agreements on OTC derivatives**

The Target Fund may enter into agreements on OTC derivatives. The counterparties to any OTC derivative transactions, such as total return swaps or other derivatives with similar characteristics, entered into by the Target Fund, are selected from a list of authorised counterparties established with the management company. The counterparties will be first class institutions which are either credit institutions or investment firm, which are subject to prudential supervision. The list of authorised counterparties may be amended with the consent of the management company. The identity of the counterparties will be disclosed in the annual report of the Target Fund Company.

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

The global exposure relating to derivatives will be calculated using a commitment approach. For details, please refer to the Target Fund's prospectus available for download at [www.schroders.com](http://www.schroders.com).

#### **Global exposure**

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

#### **Commitment Approach**

Under the commitment approach, derivatives positions of the Target Fund are converted into equivalent positions in the underlying asset, using market price or future price or notional value when more conservative.

### **2.2.4. Use of techniques and instruments relating to transferable securities and money market instruments**

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

To the extent permitted by and within the limits prescribed by the regulations, the Target Fund may for the purpose of generating additional capital or income or for reducing its costs or risks, enter as purchaser or seller into optional or non-optional repurchase or reverse repurchase transactions and engage in securities lending transactions.

The Target Fund Company will, for the time being, not enter into repurchase and reverse repurchase agreements nor engage in securities lending transactions. Should the Target Fund Company decide to use such techniques and instruments in the future, the Target Fund Company will update the Target Fund's prospectus accordingly and will comply with the regulations and in particular CSSF circular 14/592.

#### **Securities lending**

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

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

In respect of securities loans, the Target Fund will ensure that its counterparty delivers and each day maintains collateral of at least the market value of the securities lent. Such collateral must be in the form of cash or securities that satisfy the requirements of the Regulations. Such collateral shall comply with the requirements set out in section 2.2.5. "Management of Collateral" below.

## Reverse repurchase and repurchase agreements

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

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

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

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

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

### 2.2.5. Management of collateral

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

Where the Target Fund enters into OTC derivatives transactions and efficient portfolio management techniques, all collateral used to reduce counterparty risk exposure shall comply with the following criteria at all times:

- (A) Any collateral received other than cash shall be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received shall also comply with the provisions in section 1(D) above.
- (B) Collateral received shall be valued on at least a daily basis. Assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place.
- (C) Collateral received shall be of high quality.
- (D) The collateral received shall be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- (E) Collateral shall be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Target Fund receives from a counterparty of efficient portfolio management and over-the-counter derivatives transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its Net Asset Value. When the Target Fund is exposed to different counterparties, the different baskets of collateral shall be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation, the Target Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, Eligible State or a public international body to which one or more of its local Member States belong. In that case the Target Fund must receive securities from at least six different issues, but securities from any single issue shall not account for more than 30% of the Net Asset Value of the Target Fund.
- (F) Where there is a title transfer, the collateral received shall be held by the depository. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
- (G) Collateral received shall be capable of being fully enforced by the Target Fund at any time without reference to or approval from the counterparty.
- (H) Non-cash collateral received shall not be sold, re-invested or pledged.
- (I) Cash collateral that isn't received on behalf of currency hedged share classes shall only be:
  - (1) placed on deposit with entities as prescribed in section 1(A)(6) above;
  - (2) invested in high-quality government bonds;
  - (3) used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Target Fund is able to recall at any time the full amount of cash on accrued basis;
  - (4) invested in short-term money market funds as defined in the "ESMA Guidelines on a Common Definition of European Money Market Funds".

Re-invested cash collateral shall be diversified in accordance with the diversification requirements applicable to non-cash collateral.

### Collateral policy

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

#### Haircut policy

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

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

#### 2.2.6. Risk management process

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

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

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

#### 2.2.7. Miscellaneous

- (A) The Target Fund Company may not make loans to other persons or act as a guarantor on behalf of third parties provided that for the purpose of this restriction the making of bank deposits and the acquisition of such securities referred to in paragraphs 1(A)(1), (2), (3) and (4) or of ancillary liquid assets shall not be deemed to be the making of a loan and that the Target Fund Company shall not be prevented from acquiring such securities above which are not fully paid.
- (B) The Target Fund Company need not comply with the investment limit percentages when exercising subscription rights attached to securities which form part of its assets.
- (C) The management company, the investment managers, the distributors, depository and any authorised agents or their associates may have dealings in the assets of the Target Fund Company provided that any such transactions are effected on normal commercial terms negotiated at arm's length and provided that each such transaction complies with any of the following:
  - (1) a certified valuation of such transaction is provided by a person approved by the directors of the management company as independent and competent;
  - (2) the transaction has been executed on best terms, on and under the rules of an organised investment exchange; or
  - (3) where neither (1) or (2) is practical;
  - (4) where the directors of the management company are satisfied that the transaction has been executed on normal commercial terms negotiated at arm's length.

### 2.3. REDEMPTION PROCEEDS

Redemption proceeds are normally paid by bank transfer or electronic transfer, within three business days from the relevant dealing day unless otherwise specified in Appendix III of the Target Fund Prospectus and will be instructed to be made at no cost to the shareholder, provided the Target Fund Company is in receipt of all documents required. Any non-dealing days for the Target Fund falling within the settlement period are excluded from the calculation of the settlement date. If, on the settlement date, banks are not open for business in the country of the currency of settlement, then settlement will be on the next business day on which those banks are open. The Target Fund Company, Target Fund Management Company or Target Fund transfer

agent are not responsible for any delays or charges incurred at any receiving bank or settlement system, nor are they responsible for delays in settlement which may occur due to the timeline for local processing of payments within some countries or by certain banks. Redemption proceeds will normally be paid in the currency of the Target Fund share class (for the avoidance of doubt, in respect of the BRL Hedged Share Class this would be the relevant fund currency (and not BRL)). However, at the request of the shareholder, a currency exchange service for redemptions is provided to the shareholder by the Target Fund transfer agent acting on behalf of the Target Fund Management Company. Details of the charge applied to foreign exchange transactions, which is retained by the Target Fund Management Company, are available upon request from the Target Fund Management Company acting on behalf of the Target Fund Company. The cost of currency conversion and other related expenses will be borne by the relevant investor. This currency exchange service will not be available for certain funds, as indicated in Appendix III of the Target Fund Prospectus. For such funds, redemption proceeds shall be paid in the currency of the relevant share class. If, in exceptional circumstances and for whatever reason, redemption proceeds cannot be paid within three business days (or otherwise specified in Appendix III of the Target Fund) from the relevant dealing day, for example when the liquidity of the Target Fund does not permit, then payment will be made as soon as reasonably practicable thereafter (not exceeding, however, thirty calendar days) at the net asset value per share calculated on the relevant dealing day.

## 2.4. SUSPENSION OR DEFERRALS

- (A) The Target Fund Company reserves the right not to accept instructions to redeem or switch on any one Dealing Day more than 10% of the total value of Shares in issue of the Target Fund. In these circumstances, the directors may declare that the redemption of part or all Shares in excess of 10% for which a redemption or switch has been requested will be deferred until the next Dealing Day and will be valued at the Net Asset Value per Share prevailing on that Dealing Day. On such Dealing Day, deferred requests will be dealt with in priority to later requests and in the order that requests were initially received by the management company.
- (B) The Target Fund Company reserves the right to extend the period of payment of redemption proceeds to such period, not exceeding thirty calendar days, as shall be necessary to repatriate proceeds of the sale of investments in the event of impediments due to exchange control regulations or similar constraints in the markets in which a substantial part of the assets of the Target Fund are invested or in exceptional circumstances where the liquidity of a Fund is not sufficient to meet the redemption requests.
- (C) The Target Fund Company may suspend or defer the calculation of the Net Asset Value per Share of any Share Class in the Target Fund and the issue and redemption of any Shares in the Target Fund, as well as the right to switch Shares of any Share Class in the Target Fund into Shares of the same Share Class of the Target Fund or any other fund:
  - (1) during any period when any of the principal stock exchanges or any other Regulated Market on which any substantial portion of the Target Fund Company's investments of the relevant Share Class for the time being are quoted, is closed, or during which dealings are restricted or suspended; or
  - (2) during any period when the determination of the net asset value per share of and/or the redemptions in the underlying Investment funds representing a material part of the assets of the Target Fund is suspended; or
  - (3) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of investments of the Target Fund by the Target Fund Company is impracticable; or
  - (4) during any breakdown in the means of communication normally employed in determining the price or value of any of the Target Fund Company's investments or the current prices or values on any market or stock exchange; or
  - (5) during any period when the Target Fund Company is unable to repatriate funds for the purpose of making payments on the redemption of such Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of such Shares cannot in the opinion of the directors be effected at normal rates of exchange; or
  - (6) if the Target Fund Company or the Target Fund is being or may be woundup on or following the date on which notice is given of the meeting of shareholders at which a resolution to wind up the Target Fund Company or the Target Fund is proposed; or
  - (7) if the directors have determined that there has been a material change in the valuations of a substantial proportion of the investments of the Target Fund Company attributable to a particular Share Class in the preparation or use of a valuation or the carrying out of a later or subsequent valuation; or
  - (8) during any other circumstance or circumstances where a failure to do so might result in the Target Fund Company or its shareholders incurring any liability to taxation or suffering other pecuniary disadvantages or other detriment
- (D) The suspension of the calculation of the Net Asset Value per Share of the Target Fund or Share Class shall not affect the valuation of other funds or Share Classes, unless these funds or Share Classes are also affected.
- (E) During a period of suspension or deferral, a shareholder may withdraw his request in respect of any Shares not redeemed or switched, by notice in writing received by the management company before the end of such period.

## 2.5. DILUTION

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

## 2.6. SPECIFIC RISKS OF THE TARGET FUND

Please refer to “Specific Risks Related to the Target Fund” section at page 5 for details.

## 2.7. FEES CHARGED BY THE TARGET FUND (A Shares)

FEES/EXPENSES	
Initial charge	Up to 5.00% (as a % of total subscription amount).
Redemption charge	Nil.
Distribution charge	Nil.
Shareholder servicing fee	Nil.
Custody fee	Up to a maximum of 0.3% per annum and USD75 per transaction
Administration fee	Up to 0.25% per annum
Accounting and valuation fee	Up to 0.0083% per annum
Management fee	1.50% of its net asset value. <b>Note:</b> <i>The management fee charged by the Target Fund will be paid out of the Management Fee charged by us at the Fund level. You will incur a Management fee at the Fund's level only and there is no double charging of management fee.</i>

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

**Note:** For more information about Target Fund prospectus and supplement, please refer to the website at [www.schroders.lu](http://www.schroders.lu).



## 3. FEES, CHARGES AND EXPENSES

### 3.1. CHARGES

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

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

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

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

	Class ABC (Denominated in USD)	Class XYZ (Denominated in MYR)
Investment amount	USD 10,000	MYR 10,000
NAV per unit	USD 1.0000	MYR 1.0000
Application Fee (NAV per unit)	6.5%	6.5%
Units issued to Unit holder = $\frac{\text{Investment amount}}{\text{NAV per unit}}$	= $\frac{\text{USD } 10,000.00}{\text{USD } 1.0000}$ = 10,000 Units	= $\frac{\text{MYR } 10,000.00}{\text{MYR } 1.0000}$ = 10,000 Units
Application Fee per unit = NAV per unit x Application Fee (%)	= USD 1.0000 x 6.5% = USD 0.065	= MYR 1.0000 x 6.5% = MYR 0.065
Total Application Fee	= 10,000 units x USD 0.065 = <b>USD 650.00</b>	= 10,000 units x MYR 0.065 = <b>MYR 650.00</b>

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

#### 3.1.2. Withdrawal Fee

NIL

#### 3.1.3. Dilution adjustment

Dilution adjustment is applied to counter the impact of dealing and other charges as a result of transaction costs incurred in the purchase and sale of underlying assets of the Target Fund caused by subscriptions and redemptions. When a dilution adjustment is made, it will increase the net asset value per unit of the Target Fund (for application for units) or decrease the net asset value per unit of the Target Fund (for withdrawal of units) to reflect the costs of investing or the cost of disposal of the underlying assets of the Target Fund. The dilution adjustment is intended to be used to ensure that all investors in the Target Fund are treated equitably by allocating transaction costs to the investors whose transactions give rise to those costs.

The dilution adjustment imposed may differ from one Target Fund to another depending on the policy and/or requirements imposed by the respective Target Funds.

#### **Below is an illustration on how dilution adjustment is imposed**

*For the illustration below, we assume that the Fund intends to invest RM40 million into the Target Fund and the size of the subscription exceeds the threshold that resulted in a dilution adjustment to the Target Fund's NAV. We also assume that the NAV per unit of the Target Fund is USD1.20 and the dilution adjustment imposed is 0.08% on that NAV per unit and the exchange rate used is RM4.00:USD1.*

Calculation of investment amount in USD  
= RM40,000,000 / RM4.00  
= USD10,000,000.00

Calculation of number of units received by the Fund  
= Investment amount / [NAV per unit of Target Fund x (1 + dilution adjustment rate)]

$$= \text{USD}10,000,000.00 / [\text{USD}1.20 \times (1 + 0.0008)]$$

$$= 8,326,671.99 \text{ units}$$

Calculation of net investment in USD (assuming no dilution adjustment)

= Number of units received by the Fund x unadjusted NAV per unit of Target Fund

$$= 8,326,671.99 \text{ units} \times \text{USD}1.20$$

$$= \text{USD}9,992,006.39$$

Calculation of dilution adjustment impact in RM

$$= (\text{USD}10,000,000.00 - \text{USD}9,992,006.39) \times 4.00$$

$$= \text{RM}31,974.44$$

### 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 Fees 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(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

A Transfer Fee may be charged 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 those expenses that are related to the specific Class only, such as costs 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

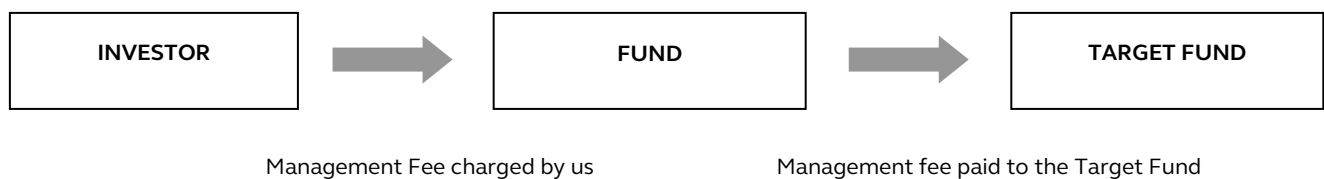
Please note that the Management Fee is charged to the respective Class at the Class level, based on the NAV of the Class. Please refer to the Annexure of the respective Class for further information. The Management Fee shall be accrued daily based on the NAV of the Fund and paid monthly.

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

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

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

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



**Note:** The Management Fee will only be charged once at the Fund level. The management fee charged by the Target Fund will be paid out of the Management Fee charged at the Fund level. There will not be double charging of the Management Fee. Please refer to "Fees charged by the Target Fund" section at page 17 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 foreign sub-custodian fee is dependent on the country invested and is charged monthly in arrears. The Trustee Fee shall be accrued daily and paid monthly.

The Trustee Fee is 0.08% per annum for the Fund.

*Below is an illustration on how the Trustee Fee is calculated, assuming the NAV of the Fund is RM500 million:*

$$\begin{aligned} \text{Trustee Fee for the day} &= \text{NAV of the Fund} \times \text{annual Trustee Fee rate for the Fund (\%)} / 365 \text{ days} \\ &= \text{MYR500 million} \times 0.08\% \text{ per annum} / 365 \text{ days} \\ &= \text{MYR1,095.89} \end{aligned}$$

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

### 3.2.3. Other costs of investing in a feeder fund

As the Fund will invest in units of the Target Fund, there are other fees and expenses incurred by the Target Fund which is set out in detail under “Fees charged by the Target Fund” section at page 17.

### 3.2.4. Other Expenses

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

- expenses incurred in the sale, purchase, insurance, custody and any other dealings of investments including commissions/fees paid to brokers and costs involved with external specialists approved by the Trustee in investigating and evaluating any proposed investment;
- (where the foreign custodial function is delegated by the Trustee), charges/fees paid to the sub-custodian;
- expenses incurred in the printing of, the purchasing of stationery and postage for the annual and interim reports;
- remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight functions of the Fund, unless we decide to bear the same;
- tax and other duties imposed by the government and other authorities and bank fees;
- tax agent’s and auditor’s fees and expenses in relation to the Fund;
- fees incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent;
- costs incurred in modifying the Deed for your benefit;
- cost of convening and holding meetings of Unit holders (other than our benefit or the Trustee’); and
- all costs, bank charges and expenses related to income distribution of the Fund; for example, postage and printing of all cheques, statements and notices to you.

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

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

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

We may, for any reason 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.

## 3.3. REBATES AND SOFT COMMISSIONS

We, Trustee and Trustee’s delegate 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 rebates 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 bring 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 commissions is not the sole or primary purpose to perform or arrange transactions with such brokers or dealer, and we will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

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

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

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

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

# 4. TRANSACTION INFORMATION

## 4.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUND

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

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

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

## 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., 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 UK time 4:00 p.m. on the same day (Malaysian time 11:00 p.m. or 12:00 a.m.), or such other time as stipulated in the IMS. The NAV per unit for a Business Day is available on our website at [www.principal.com.my](http://www.principal.com.my) after 5:30 p.m. on the following Business Day (T+1).

### **Illustration:**

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

At the end of the Business Day on 5 September 2022, your units will be based on the NAV per unit on 5 September 2022, which will be calculated on 6 September 2022. The NAV per unit will be available on our website after 5:30 p.m. on 6 September 2022.

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

At the end of the Business Day on 5 September 2022, your units will be based on the NAV per unit on 6 September 2022, which will be calculated on 7 September 2022. The NAV per unit will be available on our website after 5:30 p.m. on 7 September 2022.

The Fund must be valued at least once for 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 consider should be made. For example, a provision may be made for possible future losses on an investment which cannot be fairly determined.

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

#### 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	100.00%	<sup>(1)</sup> 93.22%	<sup>(1)</sup> 6.78%
Add: Income	30,000.00	<sup>(2)</sup> 27,967.12	<sup>(2)</sup> 2,032.88
Less: Expenses	(10,000.00)	<sup>(2)</sup> (9,322.37)	<sup>(2)</sup> (677.63)
Benefits or costs of hedging (if any)	900	-	900
NAV of the Fund before management and trustee fee	185,963,797.00	173,361,541.75	12,602,255.25
Less: Management fee	(9,170.82)	1.80% p.a. (8,549.34)	1.80% p.a. (621.48)
Less: Trustee fee	(407.59)	0.08% p.a. (397.97)	(27.62)
NAV of the Fund	185,954,218.59	173,352,612.44	12,601,606.15
Units in circulation	200,000,000.00 units	170,000,000.00 units	30,000,000.00 units
<b>NAV per unit</b>		<b>1.0197</b>	<b>0.4200</b>
Currency exchange rate		N/A	(USD/MYR) 0.3000
NAV per unit		<b>USD 1.0197</b>	<b>MYR 1.4000</b>

	Fund (USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Fund before creation of units for the day	185,954,218.59	173,352,612.44	12,601,606.15
<sup>(3)</sup> Net subscription amount	1,300,000.00	1,000,000.00	300,000.00
Closing NAV	187,254,218.59	174,352,612.44	12,901,606.15
Units in circulation	201,694,966.30 units	170,980,680.59 units	30,714,285.71 units
<b>NAV per unit</b>		<b>1.0197</b>	<b>0.4200</b>
Currency exchange rate		N/A	(USD/MYR) 0.3000
NAV per unit		<b>USD 1.0197</b>	<b>MYR 1.4000</b>

**Note:**<sup>(1)</sup> MCR computation

	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Class x 100	<u>173,342,897.00 x 100</u>	<u>12,600,000.00 x 100</u>
NAV of the Fund before income and expenses	185,942,897.00	185,942,897.00
	= 93.22%	= 6.78%

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

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

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

	Class ABC (Denominated in USD)	Class XYZ (Denominated in MYR)
Net subscription amount	USD 1,000,000	MYR 1,000,000
NAV per unit	USD 1.0197	MYR 1.4000
Number of units	980,680.59 units	714,285.71 units
Currency exchange rate	N/A	(USD/MYR) 0.3000
Net subscription amount*	USD 1,000,000.00	USD 300,000.00

\* Subscription amount net of any withdrawal amount

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

**4.2.2. Calculation of investment amount and units entitlement**

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

**Illustrations:****Calculation of number of units received, Application Fee and total amount payable by you****Assumptions:**

NAV per unit of Class XYZ denominated in MYR = MYR0.5000 (truncated to 4 decimal places)  
 Application Fee charged by IUTA = 5.50%  
 You wish to invest MYR10,000 in the Fund through an IUTA.

**Calculation of total number of units that you will receive\***

= Investment amount / NAV per unit of Class XYZ  
 = MYR10,000 / MYR0.5000  
 = 20,000 units

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

= NAV per unit of Class XYZ x number of units received x Application Fee rate

= MYR0.5000 x 20,000 units x 5.50%  
= MYR550.00

Calculation of total amount that you will have to pay

= Investment amount + Application Fee paid  
= MYR10,000.00 + MYR550.00#  
= MYR10,550.00

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

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

**Calculation of investment amount**

Assuming you have 20,000 units Class XYZ of the Fund and the NAV per unit of Class XYZ for the Business Day (which will be made known on the following Business Day) is RM0.5110 (truncated to 4 decimal places).

Calculation of investment amount

= Number of units x NAV per unit of Class XYZ  
= 20,000 units x MYR0.5110  
= RM10,220.00

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

Assuming you request for a 10,000 units withdrawal. Your withdrawal request is received by 4:00 p.m. of a Business Day. NAV per unit for that Business Day (which will be made known on the following Business Day) is RM0.5230 (truncated to 4 decimal places).

Calculation of amount payable to you

= Withdrawal value x NAV per unit of Class XYZ  
= 10,000 units x MYR0.5230  
= MYR5,230.00

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

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

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

- (i) is equal to or more than 0.50% of the NAV per unit; and
- (ii) results in a sum total of 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 abovesaid limits or threshold from time to time subject to any regulatory or governing body's requirement.

### 4.4. INVESTING

#### 4.4.1. Who can invest?

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

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

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



Further, if we are 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 may issue a notice to that person requiring him/her to, within thirty (30) days, either withdraw his/her units or transfer his/her 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 office after completing the relevant application and attaching a copy of your identity card, passport or any other identification document (where applicable). We may request for additional supporting document(s) or information from you. Your application should indicate clearly the amount you wish to invest in the Fund. We may introduce other mode of investment from time to time, subject to the approval of the relevant authorities.

You may make a payment:

- by crossed cheque, banker's draft, or cashier's order (made payable as advised by us or our Distributors as the case may be). You will have to bear the commission charges for outstation cheques, if any; or
- 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 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 can 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.

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.

#### **4.4.5. Who is distributing this Fund?**

The Fund may be distributed via the following channels:

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

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

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

- 4.4.6.** Please take note that if your investments are made through an IUTA via a nominee system of ownership, you would not be deemed to be 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 complete applications, i.e. when we have received all the necessary and required information and/or documentations. The number of units that 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 the bank account number (or foreign currency bank account number, as the case may be) provided by you. If the Fund is an EPF-MIS approved fund and you have invested via EPF-MIS, your withdrawal proceeds will be paid to EPF.

### 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 using the NAV per unit for the next Business Day (T+1). The amount that you will receive is calculated by the withdrawal value less the Withdrawal Fee (if any) and the applicable bank fees and charges (if any).

Under normal circumstances, you will be paid in the currency of the Class (e.g. Class USD will be paid in USD) within fifteen (15) Business Days upon our receipt of the complete withdrawal request. The fifteen (15) Business Days include the submission of the Fund's withdrawal request to the Target Fund in which the Target Fund will process within three (3) dealing days (or such other timeframe as set out in the Target Fund related documentation or applicable dealing guide). Subsequently, payment will be made to you after receipt of the withdrawal proceeds from the Target Fund. Nonetheless, we shall pay the withdrawal proceeds to you within five (5) Business Days from the receipt of withdrawal proceeds from the Target Fund.

Should any of the below events occur, we may not be able to pay the withdrawal proceeds to you within fifteen (15) Business Days. We may instead pay the withdrawal proceeds to you within five (5) Business Days from the receipt of withdrawal proceeds from the Target Fund when the following events occur:

- (i) the Target Fund's NAV is suspended during any period <sup>Note 1</sup>; or
- (ii) withdrawal proceeds from the Target Fund is deferred <sup>Note 2</sup>.

*Note 1: The dealings of the Target Fund may be suspended under the circumstances as described under "Suspension or Deferrals" section on page 15.*

*Note 2: The Target Fund Investment Manager may limit the number of units redeemed on a dealing day to more than 10% of the NAV of the Target Fund as described under "Suspension or Deferrals" section on page 15.*

Please refer to the respective sections for more information. If in doubt, please consult your professional advisers.

## 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

For first time individual investor investing with us, you 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 complete documentations. Please note that the cooling-off right is only given to first time investor

investing with us or any of our Distributors. However, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trusts funds are not entitled to the cooling-off right.

If the Fund is an EPF-MIS approved fund and you have invested via EPF-MIS, your cooling-off right is subject to EPF's terms and conditions.

## 4.9. SWITCHING

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

To switch, simply complete a switch application and send to our Distributor 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 fund. If we receive a complete switch request by 4:00 p.m. on a Business Day, we will process the switch-out using the NAV per unit for that Business Day. If we receive the request after 4:00 p.m. 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) to four (4) Business Day.

## 4.10. TRANSFER FACILITY

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

## 4.11. TEMPORARY SUSPENSION

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

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

- (i) suspension of redemption of the Target Fund as set out in section 2.3 above;
- (ii) the closure of a securities exchange or trading restrictions in the securities exchange;
- (iii) an emergency or other state of affairs;
- (iv) the declaration of a moratorium in the Target Fund country, or a country where the Target Fund has assets;
- (v) for the purpose of conversion of any currency, a closure or restrictions on trading in the relevant foreign market exchange;  
or
- (vi) the realisation of the assets of the Target Fund not being able to be effected at prices which are fair to the Target Fund, and/or within a reasonable period as a result of an unstable or disorderly market.

Please note that during the suspension period, there will be no NAV per unit available and hence, we will not accept any transactions for the applications, withdrawals, switches and/or transfers of units. If we have earlier accepted your request for applications, withdrawals, switches and/or transfers of units before the suspension is declared, please note that your request will only be processed on the next Business Day after the cessation of suspension of the Fund. You will be notified of the suspension and when the suspension is lifted. In such case, you will not be able to redeem your units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Hence, your investments will continue to be subjected to the risks inherent to the Fund (please refer to the "Risk Factors" section).

**Note:** Please refer to section 4.6.1 "Processing a withdrawal" in the event that the suspension of Target Fund, we may only pay you within five Business Days from the receipt of withdrawal proceeds from the Target Fund.

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

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

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

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

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

## 4.13. UNCLAIMED MONEYS

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

For income distribution payout to you by cheque, if any, which remains unclaimed for six (6) months will be reinvested into the Class within thirty (30) Business Days after the expiry of the cheque’s validity period based on the prevailing NAV per unit of the Fund on the day of the reinvestment provided that you still hold units of the Class. As for income distribution payout to you by bank transfer, if any which remained unsuccessful and unclaimed for six (6) months, it will be reinvested into the Class within thirty (30) Business Days after the six (6) months period based on the prevailing NAV per unit of the Fund 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

30 April.

## 5.2. INFORMATION ON YOUR INVESTMENT

We will send you the following

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

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

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

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

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

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

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

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

## 5.3. DEED

The Fund is governed by the Principal Master Deed dated 15th May 2008, the Thirteenth Supplemental Master Deed dated 26th June 2012, the Eighteenth Supplemental Master Deed dated 25th March 2015, the Twentieth Supplemental Master Deed dated 21st October 2019, the Twenty First Supplemental Master Deed dated 4<sup>th</sup> December 2019, Twenty Third Supplemental Master Deed dated 27 June 2022, Twenty Fourth Supplemental Master Deed dated 13 January 2023 and including any supplemental deed (s) as may be issued from time to time.

## 5.4. DOCUMENTS AVAILABLE FOR INSPECTION

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

- The Deed;
- This Prospectus and its supplementary or replacement prospectus, if any;
- The latest annual and interim reports of the Fund, which includes the audited financial statements of the Fund (where available) for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of launch of the Fund;
- Material contracts or documents disclosed in this Prospectus;
- The audited financial statements of the Manager and the Fund (where applicable) for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement;
- Any report, letter or other document, valuation and statement by any expert, any part of which is extracted or referred to in this Prospectus;

- Writ and relevant cause papers for all current material litigation and arbitration disclosed in this Prospectus; and
- Consent given by experts or disclosed in this Prospectus, if any.

## 5.5. CONSENT

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

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

We (including our directors) will at all times act in your best interest 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 are not disadvantaged. In the unlikely event that we face conflicts in respect of our duties as the manager to the Fund and to other Principal Malaysia's funds that we manage, we are obliged to act in the best interests of all our investors and will seek to resolve any conflicts fairly and in accordance with the Deed.

We shall not act as principals 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) 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 the PFG and the 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.

### Trustee

As for the trustee and service providers for all the Fund, there may be related party transactions involving or in connection with the Fund in the following events:

- 1) where a Fund invests in instrument(s) offered by the related party of the Trustee (i.e. placement of moneys, structured products, etc);
- 2) where a Fund is being distributed by the related party of the Trustee as IUTA;
- 3) where the assets of a Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (Trustee's delegate); and
- 4) where a Fund obtains financing as permitted under the GUTF, from the related party of the Trustee.

The Trustee have 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 a Fund's assets to gain, directly or indirectly, any advantage or cause detriment to the interests of Unit holders. Any related party transaction is to be made on terms which are best available to the Fund and which are not less favourable to the Fund than an arms-length transaction between independent parties.

Subject to any local regulations, the Trustee and/or their 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 of such contract or transaction or act in the same and 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 Prospectus have been paid to any promoter of the Fund, or the Trustee (either to become a trustee or for other services in connection with the Fund), or us for any purpose.

## **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 objectives;
- ensuring that the Fund has sufficient holdings in liquid assets;
- arranging for the sale and withdrawal of units;
- calculating the amount of income to be distributed to Unit holders, if any; and
- maintaining proper records of the Fund.

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

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

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

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

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



# 7. THE TRUSTEE

## 7.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

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

### 7.1.1 Roles, Duties and Responsibilities of the Trustee

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

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

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

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

### 7.1.2 Trustee's Delegate

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

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

### 7.1.3 Trustee's Disclosure of Material Litigation

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

### 7.1.4 Trustee's Statement of Responsibility

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

## 8. SALIENT TERMS OF DEED

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

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

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

#### 8.1.2. Rights

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

- (i) 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 the GUTF;
- (ii) to receive the distribution of the Fund (if any), participate in any increase in the capital value of the units and to other rights and privileges as set out in the Deed;
- (iii) to call for Unit holders' meetings;
- (iv) to vote for the removal of the Trustee or the Manager through a Special Resolution;
- (v) to receive annual reports, interim reports or any other reports of the Fund; and
- (vi) to exercise cooling-off for qualified investors.

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

#### 8.1.3. Liabilities

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

#### 8.1.4. Limitations

You cannot:

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

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

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

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

Charges	Descriptions
(1) Application Fee	Up to 7% is charged on the NAV per unit
(2) Withdrawal Fee	Up to 5% of the NAV per unit
(3) Switching Fee	Up to 7% of the NAV per unit. An administrative fee in relation to switching may be charged as set out in the Prospectus.

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

Fees	Descriptions
(1) Management Fee	Up to 3.00% per annum, calculated daily on the NAV of the Class.
(2) Trustee Fee	0.08% per annum, calculated daily on the NAV of the Fund (excluding foreign sub-custodian fees and charges).

A lower fee and/or charges than what is stated in the Deed may be charged, all current fees and/or charges will be disclosed in the Prospectus.

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

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

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

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

- commissions/fees paid to brokers/dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes or difference accounts;
- (where the custodial function is delegated by the Trustee), charges/fees paid to the sub-custodian;
- tax and other duties charged on the Fund by the government and other authorities if any and bank fees;
- the fees and other expenses properly incurred by the auditor of the fund;
- remuneration and out of pocket expenses of the independent members of the person(s) undertaking the oversight functions of the Fund or advisers (if any) of the Fund, unless we decide to bear the same;
- fees for valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- costs incurred for the modification of the Deed otherwise than for our benefit or the Trustee’;
- costs incurred for any meeting of Unit holders other than those convened for our benefit or the Trustee’;
- the sale, purchase, insurance, custody and any other dealings of investments including commissions/fees paid to brokers;
- costs involved with external specialists approved by the Trustee in investigating and evaluating any proposed investment;
- the engagement of valuers, advisers and contractors of all kinds;
- preparation and audit of the taxation returns and accounts of the Fund;
- termination of the Fund or that Class and the retirement or removal of the Trustee or the Manager and the appointment of a new trustee or manager;
- any proceedings, arbitration or other dispute concerning the Fund, Class or any asset, including proceedings against us or the Trustee by the other of them for the benefit of the Fund or Class (except to the extent that legal costs incurred for the defense of either of them are not ordered by the court to be reimbursed out of the Fund); and
- costs of obtaining experts opinion by us or the Trustee for the benefit of the Fund or Class.
- all costs and/or expenses associated with the distributions declared pursuant to this Deed and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or distribution warrant or telegraphic transfer.

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

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

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

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

We shall retire under the following circumstances:

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

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

- if we have gone into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or cease to carry on business or if a receiver shall be appointed of the undertaking or assets of the Manager or if any encumbrances shall take possession of any of its assets; or
- if we cease to carry on business; or
- if the Trustee are of the opinion that we have, to the prejudice of the Unit holders, failed to comply with any provision or covenant under the Deed or contravened any of the provisions of the CMSA; or
- if we have failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee consider that it would be in the interests of the Unit holders for it to do so, after the Trustee have given notice to it of that opinion and the reasons for that opinion, and has considered any representations made by us in respect of that opinion, and after consultation with the SC and with the approval of the Unit holders.

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

We may be replaced by another corporation appointed as manager by Special Resolution of the Unit holders at a Unit holders’ meeting convened in accordance with the Deed either by the Trustee or the Unit holders.

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

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

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

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

- the Trustee have gone into liquidation; or
- the Trustee are placed under receivership, ceases to exist, fails or neglects its duties; or
- the Trustee cease to be approved by the SC to be a trustee for unit trust schemes; or
- a Special Resolution is duly passed by the Unit holders that the Trustee be removed.

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

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

## **8.5. TERMINATION OF THE FUND OR CLASS(ES)**

The Fund or any of the Class(es) may be terminated or wound-up upon the occurrence of any of the following events:

- the SC's authorization is withdrawn under Section 256E of the CMSA;
- a Special Resolution is passed at a Unit holders' meeting to terminate or wind-up the Fund or that Class, following the occurrence of events stipulated under Section 301(1) of the Act and the court has confirmed the resolution, as required under Section 301(3) of the CMSA;
- a Special Resolution is passed at a Unit holders' meeting to terminate or wind-up the Fund or that Class;
- the Fund(s) or that Class has reached the maturity date; or
- the effective date of an approved transfer scheme, as defined under the GUTF, has resulted in the Fund, which is the subject of the transfer scheme, being left with no asset/property.

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

Notwithstanding the above, the Fund and/or any of the Class may be terminated or wound-up, without the need to seek Unit Holders' prior approval, as proposed by the Manager with the consent of the Trustee (which consent shall not be unreasonably withheld) upon the occurrence of any of the following events, by giving a notice in writing to the Unit Holders of such period not less than that specified in the GUTF as hereinafter provided (i) if any law shall be passed which renders it illegal or (ii) if in the reasonable opinion of that Manager it is impracticable or inadvisable to continue the Fund and/or the Class, and in any case the termination of the Fund and/or Class is in the best interest of the Unit Holders.

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

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

Where we or the Trustee convenes a meeting, the notice of the time and place of the meeting and terms of resolution to be proposed shall be given to the Unit holders by sending by post a notice of the proposed meeting at least fourteen (14) days before the date of the proposed meeting, to each Unit holder at the Unit holder's last known address or, in the case of joint Unit holders, to the joint Unit holder whose name stands first in our records at the joint Unit holder's last known address.

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

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

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

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

be two (2) Unit holders, whether present in person or by proxy, holding in aggregate at least twenty-five per centum (25%) of the units in issue for the Fund (irrespective of the Class) or Class, as the case may be, at the time of the meeting. For the avoidance of doubt, the same quorum requirements shall apply to a meeting of Unit Holders of a particular Class. Where a Fund or Class has only one (1) remaining Unit Holder, such Unit Holder, whether present in person or by proxy, at the meeting shall constitute a quorum.

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

Nothing herein shall preclude us from convening any Unit Holders' meeting at more than one venue using any communication facility or technology or method available as we shall determine to enable the Unit Holders to participate and to exercise their right to speak and vote at that meeting. Where such meeting is convened, any reference to a Unit Holder being "present in person" in the Deed, meetings or resolutions shall include, where permitted by us, to that Unit Holder being present either remotely or virtually and for the avoidance of doubt it is hereby agreed that the participation by a Unit Holder in such meeting using the prescribed communication facility or technology or method shall be deemed as being present at that meeting notwithstanding that the Unit Holder is not physically present at the main venue of that meeting.

# 9. TAXATION REPORT

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

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

30 April 2023

Dear Sirs

## Taxation of the unit trust fund and unit holders

This letter has been prepared for inclusion in this Replacement Prospectus Issue No. 2 in connection with the offer of units in the unit trust known as Principal Greater China Equity Fund (hereinafter referred to as “the Fund”).

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

## Taxation of the Fund

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

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

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

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

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

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

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

where A is the total of the permitted expenses incurred for that basis period;

B is gross income consisting of dividend<sup>1</sup>, interest and rent chargeable to tax for that basis period; and

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

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

## Exempt income

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

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

- **Malaysian sourced dividends**  
All Malaysian-sourced dividends should be exempt from income tax.
- **Malaysian sourced interest**
  - (i) interest from securities or bonds issued or guaranteed by the Government of Malaysia;
  - (ii) interest from debentures or *sukuk*, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission;
  - (iii) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia;
  - (iv) interest derived from Malaysia and paid or credited by banks licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013<sup>2</sup>;
  - (v) interest derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002;
  - (vi) interest from *sukuk* originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority (LFSA)<sup>3</sup>; and
  - (vii) interest which is specifically exempted by way of statutory orders or any other specific exemption provided by the Minister.
- **Discount**  
Tax exemption is given on discount paid or credited to any unit trust in respect of investments as specified in items (i), (ii) and (iii) above.

### Foreign-sourced income

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

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

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

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

### Gains from the realisation of investments

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

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

Sales and Service Tax (“SST”) was re-introduced effective 1 September 2018. Sales Tax of 10% (most common rate) or 5% is charged by Malaysian manufacturers of taxable goods or upon importation into Malaysia of such taxable goods, unless specifically exempted under the Sales Tax (Goods Exempted From Tax) Order 2018. Service Tax at the rate of 6% is charged on certain prescribed taxable services performed by taxable persons as stipulated under Service Tax Regulations 2018. The input

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

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

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

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

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

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

tax recovery mechanism under the previous GST regime does not apply to SST. Therefore, any SST incurred is not recoverable and will form a cost element for businesses.

Based on the Service Tax Regulations 2018, a unit trust fund is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Fund incurs expenses such as management fees, the management services provided by asset and fund managers who are licensed or registered with Securities Commission Malaysia for carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007, are specifically excluded from the scope of Service Tax. As for other fees, such as trustee fees and other administrative charges, these may be subject to 6% service tax provided they fall within the scope of service tax (i.e. are provided by a “taxable person”, who exceeds the required annual threshold (in most cases RM 500,000 per annum) and the services qualify as “taxable services”).

### **Taxation of unit holders**

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

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

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

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

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

#### **1. Taxable distributions**

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

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

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

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

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

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

### **Rates of tax**

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



Unit holders	Malaysian income tax rates
<p>Malaysian tax resident:</p> <ul style="list-style-type: none"> <li>• Individual and non-corporate unit holders (such as associations and societies)</li> <li>• Co-operatives<sup>7</sup></li> <li>• Trust bodies</li> <li>• Corporate unit holders <ul style="list-style-type: none"> <li>(i) A company with paid-up capital in respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment) and gross income from a source or sources consisting of a business not exceeding RM50 million for the basis period for the year of assessment<sup>8 9</sup></li> <li>(ii) Companies other than (i) above</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Progressive tax rates ranging from 0% to 30%</li> <li>• Progressive tax rates ranging from 0% to 24%</li> <li>• 24%</li> <li>• First RM600,000 of chargeable income @ 17%<sup>10</sup></li> <li>• Chargeable income in excess of RM600,000 @ 24%</li> <li>• 24%</li> </ul>
<p>Non-Malaysian tax resident (Note 1):</p> <ul style="list-style-type: none"> <li>• Individual and non-corporate unit holders</li> <li>• Corporate unit holders and trust bodies</li> </ul>	<ul style="list-style-type: none"> <li>• 30%</li> <li>• 24%</li> </ul>

**Note 1:**

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

**Gains from sale of units**

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

**Unit splits and reinvestment of distributions**

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

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

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

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

<sup>7</sup> Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society—  
(a) in respect of a period of five years commencing from the date of registration of such co-operative society; and  
(b) thereafter where the members' funds [as defined in Paragraph 12(2)] of such co-operative society as at the first day of the basis period for the year of assessment is less than seven hundred and fifty thousand ringgit,  
is exempt from tax.

<sup>8</sup> A company would not be eligible for the concessionary tax rate on the first RM600,000 of chargeable income if:-  
(a) more than 50% of the paid-up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;  
(b) the company owns directly or indirectly more than 50% of the paid-up capital in respect of the ordinary shares of a related company which has paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;  
(c) more than 50% of the paid-up capital in respect of the ordinary shares of the company and a related company which has a paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.  
(d) Based on the Finance Bill 2023, it has been proposed that with effect from the year of assessment 2024, an additional condition will be imposed such that not more than 20% of the paid-up capital in respect of the ordinary shares of the company at the beginning of a basis period for a year of assessment can be directly or indirectly owned by one or more companies incorporated outside Malaysia or by individuals who are not citizens of Malaysia, to qualify for the concessionary tax rates.

<sup>9</sup> The above excludes a business trust and a company which is established for the issuance of asset-backed securities in a securitization transaction approved by the Securities Commission.

<sup>10</sup> Based on the Finance Bill 2023, it has been proposed that the concessionary tax rate be reduced from 17% to 15% for the first RM150,000 of chargeable income with effect from the year of assessment 2023.

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

Bernard Yap  
Partner

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

# 10. DISTRIBUTORS OF THE FUND

As at LPD, the Principal Malaysia's funds are available from (but not limited to) from the following:

## 10.2. OUR BRANCHES

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

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

## 10.3. PRINCIPAL DISTRIBUTORS

### **Nsg Wealth Advisors**

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

### **Platinum**

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

### **Dynamics Wealth Advisors**

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

### **Megas**

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

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

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

### **Elite Group Consultants**

### **Charisma Legacy**

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

### **AAAAA Wealth Builders**

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

### **My Financial Freedom Advisors**

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

### **Preferred Wealth Advisors**

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

### **Otye Xcellence Consultants**

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

### **Prestige Wealth Advisors**

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

**Success Concepts Life Planners**

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

**Aces Advisors**

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

**GVG Solution Agency**

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

**Tremendous Wealth Advisors**

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

**Soha Barakah Wealth Consultancy**

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

**Evoque Wealth Advisors**

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

**Premierone Wealth**

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

**Charisma Legacy 1**

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

**Nrich Wealth Advisory Group**

ZP-02-12 Zest Point  
Lebuhraya Bukit Jalil  
Bandar Kinrara  
47180 Puchong

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

**Magnificent Champion Agency Office**

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

**Premier Wealth Advisors**

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

**My IFP Kemaman**

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

**Wealth Resources Group Advisors**

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

**GVG Pasir Gudang Solution**

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

**KPG Management Resources**

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

**Victorious Agency**

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

**KPG Elite Billionaire**

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

**Charisma Legacy 3**

B-3-17 Blok Bouganvilla 10 Boulevard  
Lebuhraya Sprint Pju 6A Kayu Ara  
Damansara Jaya  
47400 Petaling Jaya

Selangor  
Tel: (603) 8074 8485

**Synergy Wealth Entrepreneur**

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

**KPG Capital Growth Solution**

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

**NZ Group**

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

**Zenith Premier Wealth Advisors**

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

**Millionaire Empire Group**

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

Selangor  
Tel: (603) 7733 4211

**Charisma Legacy Kota Bharu**

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

**Global Amazing Entrepreneur**

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

**Charisma Legacy 2**

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

**Sa@7**

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

**Finaims**

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

## 10.4. IUTA

**CIMB Bank Berhad**  
**CIMB Private Banking**  
**CIMB Investment Bank Berhad – Retail Equities**  
**Affin Bank Berhad**  
**Alliance Bank Malaysia Berhad**  
**AmBank (M) Berhad**  
**Citibank Berhad**  
**Hong Leong Bank Berhad**  
**HSBC Bank Malaysia Berhad**  
**IFAST Capital Sdn Bhd**  
**Kenanga Investment Bank Berhad**  
**OCBC Bank (Malaysia) Berhad**  
**Phillip Mutual Berhad**  
**Standard Chartered Bank Malaysia Berhad**  
**UOB Kay Hian Securities (M) Sdn Bhd**

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

# **ANNEXURE - CLASS MYR**

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

## CLASS INFORMATION

	Class MYR	Page
Currency denomination	MYR	
Distribution policy	Given its investment objective, the Fund is not expected to pay any distribution.	29

## FEES & CHARGES

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

Charges	Class MYR	Page
Application Fee*	Up to 5.50% of the NAV per unit.	18
Withdrawal Fee	Nil.	18
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose MYR100 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	19
Transfer Fee	A maximum of MYR50.00 may be charged for each transfer.	19
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

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

Fees	Class MYR	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	19
Trustee Fee	Up to 0.08% per annum (including local custodian fee but excluding foreign sub-custodian fees and charges) on the NAV of the Fund. The foreign sub-custodian fee is dependent on the country invested and is charged monthly in arrears.	20
Expenses directly related to Fund or Class	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class respectively. Examples of relevant expenses are audit fee and tax agent's fee.	20
Other fees payable indirectly by you when investing in the Fund	Nil.	

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

## TRANSACTION INFORMATION

	Class MYR	Page
Minimum initial investment <sup>#</sup>	MYR 500 or such other amount as we may decide from time to time.	27
Minimum additional investment	MYR 200 or such other amount as we may decide from time to time.	27

<b>Minimum withdrawal</b>	400 units or such other number of units as we may decide from time to time.	27
<b>Minimum balance</b>	500 units or such other number of units as we may decide from time to time.	27
<b>Regular Savings Plan</b>	RSP is available for this Class. It allows you to make regular monthly investments of MYR200 or more, directly from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is MYR500 or such other amount as we may decide from time to time.	26
<b>Cooling-off period</b>	Six (6) Business Days from the date the complete application is received and accepted by us or our Distributors from the first time individual investor. However, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trusts funds are not entitled to the cooling-off right.	27
<b>Switching</b>	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> <li>▪ for switching out of the Class: <ul style="list-style-type: none"> <li>○ the minimum withdrawal applicable to the Class;</li> <li>○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and</li> <li>○ the Withdrawal Fee of the Class (if any);</li> </ul> </li> <li>▪ for switching into the Class: <ul style="list-style-type: none"> <li>○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and</li> <li>○ the Switching Fee applicable for the proposed switch (if any).</li> </ul> </li> </ul> <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	28
<b>Transfer</b>	We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	28

**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.

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

**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 Prospectus.**

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



# **ANNEXURE - CLASS USD**

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

## CLASS INFORMATION

	Class USD	Page
Currency denomination	USD	
Distribution policy	Given its investment objective, the Fund is not expected to pay any distribution.	29

## FEES & CHARGES

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

Charges	Class USD	Page
Application Fee	Up to 5.50% of the NAV per unit.	18
Withdrawal Fee	Nil.	18
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose USD35 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	
Transfer Fee	A maximum of USD 15.00 may be charged for each transfer.	19
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Fees	Class USD	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	19
Trustee Fee	Up to 0.08% per annum (including local custodian fee but excluding foreign sub-custodian fees and charges) on the NAV of the Fund. The foreign sub-custodian fee is dependent on the country invested and is charged monthly in arrears.	20
Expenses directly related to Fund or Class	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class respectively. Examples of relevant expenses are audit fee and tax agent's fee.	20
Other fees payable indirectly by you when investing in the Fund	Nil.	

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

## TRANSACTION INFORMATION

	Class USD	Page
Minimum initial investment <sup>#</sup>	USD500 or such other amount as we may decide from time to time.	27
Minimum additional investment	USD200 or such other amount as we may decide from time to time.	27
Minimum withdrawal	400 units or such other number of units as we may decide from time to time.	27

<b>Minimum balance</b>	500 units or such other number of units as we may decide from time to time.	27
<b>Regular Savings Plan</b>	Currently, RSP is not available for Class USD.	26
<b>Cooling-off period</b>	Six (6) Business Days from the date the complete application is received and accepted by us or our Distributors from the first time individual investor. However, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.	27
<b>Switching</b>	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> <li>▪ for switching out of the Class: <ul style="list-style-type: none"> <li>○ the minimum withdrawal applicable to the Class;</li> <li>○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and</li> <li>○ the Withdrawal Fee of the Class (if any);</li> </ul> </li> <li>▪ for switching into the Class: <ul style="list-style-type: none"> <li>○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and</li> <li>○ the Switching Fee applicable for the proposed switch (if any).</li> </ul> </li> </ul> <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	28
<b>Transfer</b>	We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	28

**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 from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in the Prospectus.**

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

# **ANNEXURE - CLASS MYR-HEDGED**

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

## CLASS INFORMATION

	Class MYR-Hedged	Page
Currency denomination	MYR	
Distribution policy	Given its investment objective, the Fund is not expected to pay any distribution.	29

## FEES & CHARGES

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

Charges	Class MYR-Hedged	Page
Application Fee	Up to 5.50% of the NAV per unit.	18
Withdrawal Fee	Nil.	18
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose MYR100 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	19
Transfer Fee	A maximum of MYR50.00 may be charged for each transfer.	19
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Fees	Class MYR-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	19
Trustee Fee	Up to 0.08% per annum (including local custodian fee but excluding foreign sub-custodian fees and charges) on the NAV of the Fund. The foreign sub-custodian fee is dependent on the country invested and is charged monthly in arrears.	20
Expenses directly related to Fund or Class	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class respectively. Examples of relevant expenses are audit fee and tax agent's fee.	20
Other fees payable indirectly by you when investing in the Fund	Nil.	

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

## TRANSACTION INFORMATION

	Class MYR-Hedged	Page
Minimum initial investment <sup>#</sup>	MYR500 or such other amount as we may decide from time to time.	27
Minimum additional investment	MYR200 or such other amount as we may decide from time to time.	27

<b>Minimum withdrawal</b>	400 units or such other number of units as we may decide from time to time.	27
<b>Minimum balance</b>	500 units or such other number of units as we may decide from time to time.	27
<b>Regular Savings Plan</b>	RSP is available for this Class. It allows you to make regular monthly investments of MYR200 or more, directly from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is MYR500 or such other amount as we may decide from time to time.	26
<b>Cooling-off period</b>	Six (6) Business Days from the date the complete application is received and accepted by us or our Distributors from the first time individual investor. However, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.	27
<b>Switching</b>	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> <li>▪ for switching out of the Class: <ul style="list-style-type: none"> <li>○ the minimum withdrawal applicable to the Class;</li> <li>○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and</li> <li>○ the Withdrawal Fee of the Class (if any);</li> </ul> </li> <li>▪ for switching into the Class: <ul style="list-style-type: none"> <li>○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and</li> <li>○ the Switching Fee applicable for the proposed switch (if any).</li> </ul> </li> </ul> <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	
<b>Transfer</b>	We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	28

**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 from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in the Prospectus.**

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

# **ANNEXURE - CLASS SGD-HEDGED**

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

## CLASS INFORMATION

	Class SGD-Hedged	Page
Currency denomination	SGD	
Distribution policy	Given its investment objective, the Fund is not expected to pay any distribution.	29

## FEES & CHARGES

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

Charges	Class SGD-Hedged	Page
Application Fee	Up to 5.50% of the NAV per unit.	18
Withdrawal Fee	Nil.	18
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose SGD 35 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.	19
Transfer Fee	A maximum of SGD 15.00 may be charged for each transfer.	19
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Fees	Class SGD-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	19
Trustee Fee	Up to 0.08% per annum (including local custodian fee but excluding foreign sub-custodian fees and charges) on the NAV of the Fund. The foreign sub-custodian fee is dependent on the country invested and is charged monthly in arrears.	20
Expenses directly related to Fund or Class	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class respectively. Examples of relevant expenses are audit fee and tax agent's fee.	20
Other fees payable indirectly by you when investing in the Fund	Nil.	

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

## TRANSACTION INFORMATION

	Class SGD-Hedged	Page
Minimum initial investment <sup>#</sup>	SGD 500 or such other amount as we may decide from time to time.	27
Minimum additional investment	SGD 200 or such other amount as we may decide from time to time.	27



<b>Minimum withdrawal</b>	400 units or such other number of units as we may decide from time to time.	27
<b>Minimum balance</b>	500 units or such other number of units as we may decide from time to time.	27
<b>Regular Savings Plan</b>	Currently, RSP is not available for this Class.	26
<b>Cooling-off period</b>	Six (6) Business Days from the date the complete application is received and accepted by us or our Distributors from the first time individual investor. However, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.	27
<b>Switching</b>	<p>Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to:</p> <ul style="list-style-type: none"> <li>▪ for switching out of the Class: <ul style="list-style-type: none"> <li>○ the minimum withdrawal applicable to the Class;</li> <li>○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and</li> <li>○ the Withdrawal Fee of the Class (if any);</li> </ul> </li> <li>▪ for switching into the Class: <ul style="list-style-type: none"> <li>○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and</li> <li>○ the Switching Fee applicable for the proposed switch (if any).</li> </ul> </li> </ul> <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	
<b>Transfer</b>	We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	28

**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 from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in the Prospectus.**

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

# **ANNEXURE - CLASS AUD-HEDGED**

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

## CLASS INFORMATION

	Class AUD-Hedged	Page
Currency denomination	AUD	
Distribution policy	Given its investment objective, the Fund is not expected to pay any distribution.	29

## FEES & CHARGES

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

Charges	Class AUD-Hedged	Page
Application Fee	Up to 5.50% of the NAV per unit.	18
Withdrawal Fee	Nil.	18
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose AUD 35 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.	19
Transfer Fee	A maximum of AUD 15.00 may be charged for each transfer.	20
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Fees	Class AUD-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	19
Trustee Fee	Up to 0.08% per annum (including local custodian fee but excluding foreign sub-custodian fees and charges) on the NAV of the Fund. The foreign sub-custodian fee is dependent on the country invested and is charged monthly in arrears.	20
Expenses directly related to Fund or Class	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class respectively. Examples of relevant expenses are audit fee and tax agent's fee.	20
Other fees payable indirectly by you when investing in the Fund	Nil.	

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

## TRANSACTION INFORMATION

	Class AUD-Hedged	Page
Minimum initial investment <sup>#</sup>	AUD 500 or such other amount as we may decide from time to time.	27
Minimum additional investment	AUD 200 or such other amount as we may decide from time to time.	27

<b>Minimum withdrawal</b>	400 units or such other number of units as we may decide from time to time.	27
<b>Minimum balance</b>	500 units or such other number of units as we may decide from time to time.	27
<b>Regular Savings Plan</b>	Currently, RSP is not available for this Class.	26
<b>Cooling-off period</b>	Six (6) Business Days from the date the complete application is received and accepted by us or our Distributors from the first time individual investor. However, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.	27
<b>Switching</b>	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> <li>▪ for switching out of the Class: <ul style="list-style-type: none"> <li>○ the minimum withdrawal applicable to the Class;</li> <li>○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and</li> <li>○ the Withdrawal Fee of the Class (if any);</li> </ul> </li> <li>▪ for switching into the Class: <ul style="list-style-type: none"> <li>○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and</li> <li>○ the Switching Fee applicable for the proposed switch (if any).</li> </ul> </li> </ul> <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	28
<b>Transfer</b>	We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	28

**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 from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in the Prospectus.**

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

# **ANNEXURE - CLASS RMB-HEDGED**

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

## CLASS INFORMATION

	Class RMB-Hedged	Page
Currency denomination	RMB	
Distribution policy	Given its investment objective, the Fund is not expected to pay any distribution.	29

## FEES & CHARGES

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

Charges	Class RMB-Hedged	Page
Application Fee	Up to 5.50% of the NAV per unit.	18
Withdrawal Fee	Nil.	18
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose RMB 100 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.	19
Transfer Fee	A maximum of RMB 50.00 may be charged for each transfer.	19
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

Fees	Class RMB-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	19
Trustee Fee	Up to 0.08% per annum (including local custodian fee but excluding foreign sub-custodian fees and charges) on the NAV of the Fund. The foreign sub-custodian fee is dependent on the country invested and is charged monthly in arrears.	20
Expenses directly related to Fund	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	20
Other fees payable indirectly by you when investing in the Fund	Nil.	

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

## TRANSACTION INFORMATION

	Class RMB-Hedged	Page
Minimum initial investment <sup>#</sup>	RMB 1000 or such other amount as we may decide from time to time.	27
Minimum additional investment	RMB 500 or such other amount as we may decide from time to time.	27
Minimum withdrawal	100 units or such other number of units as we may decide from time to time.	27

<b>Minimum balance</b>	1000 units or such other number of units as we may decide from time to time.	27
<b>Regular Savings Plan</b>	Currently, RSP is not available for this Class.	26
<b>Cooling-off period</b>	Six (6) Business Days from the date the complete application is received and accepted by us or our Distributors from the first time individual investor. However, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.	27
<b>Switching</b>	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> <li>▪ for switching out of the Class: <ul style="list-style-type: none"> <li>○ the minimum withdrawal applicable to the Class;</li> <li>○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and</li> <li>○ the Withdrawal Fee of the Class (if any);</li> </ul> </li> <li>▪ for switching into the Class: <ul style="list-style-type: none"> <li>○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and</li> <li>○ the Switching Fee applicable for the proposed switch (if any).</li> </ul> </li> </ul> <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	28
<b>Transfer</b>	We may, at our absolute discretion, allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	28

**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.

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

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