

Prospectus

11 November 2025

Principal Islamic Enhanced Liquidity Fund

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

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

This Prospectus Issue No. 1 for the Principal Islamic Enhanced Liquidity Fund is dated 11 November 2025.

This Fund was constituted on 23 July 2025.

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

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 5.

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

ABOUT THIS DOCUMENT

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

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

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notices, legislations or statutes for the time being in force, as may be amended, varied, modified, updated, superseded and/or re-enacted from time to time.

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

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

PROSPECTUS DETAILS

Issue No.	1
Prospectus Date	11 November 2025

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 the Manager 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.

Principal Islamic Enhanced Liquidity Fund has been certified as Shariah-compliant by the Shariah adviser appointed for the Fund.

DEFINITIONS

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

Application Fee	- Preliminary charge on each investment.
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.
CIMB Group	- CIMB Group Sdn. Bhd.
Class	- Any classes of units representing similar interest in the assets of the Fund.
Class AI and Class AR	- The Class issued by the Fund denominated in MYR and differentiated by features such as type of eligible investors, i.e. non-individual and individual.
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.
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 IUTA.
Fund or IELF	- Principal Islamic Enhanced Liquidity Fund.
GUTF	- Guidelines on Unit Trust Funds issued by the SC.
HSBC Group	- HSBC Holdings plc, its subsidiaries, related bodies corporate, associated entities and undertakings and any of their branches.
Islamic Deposits	- As per the definition of "Islamic deposit" in the Islamic Financial Services Act 2013.
IUTAs	- Refers to Institutional Unit Trust Schemes 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 September 2025, in which all information provided herein, shall remain current and relevant as at such date.
Management Fee	- A percentage of the NAV of the Class that is paid to us for managing the portfolio of the Fund.
MARC	- Malaysian Rating Corporation Berhad.
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 MYR) 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.
Mid-day Valuation Point	- Refers to the additional valuation performed every day for the Fund during the mid-day.
MYR	- Malaysian Ringgit.
NAV	- Net Asset Value.
NAV of the Class	- The NAV of the Fund attributable to a Class at the same Valuation Point.
NAV of the Fund	- The value of all the Fund's assets less the value of all the Fund's liabilities, at the point of valuation. For the purpose of computing the annual Management Fee (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.
NAV per unit	- The NAV attributable to a Class divided by the number of units in circulation for that Class, at the Valuation Point.
PFG	- Principal Financial Group, Inc.
Principal Distributors	- Refers to the authorised unit trust scheme consultants registered with Principal Malaysia.
Principal Malaysia or the Manager	- Principal Asset Management Berhad.
Prospectus	- Refers to this document issued by us describing the details of the Fund.
RAM	- RAM Rating Services Berhad.
SAC	- Shariah Advisory Council.
SC	- Securities Commission Malaysia.
Shariah	- Islamic law, originating from the Qur'an (the holy book of Islam), and its practices and explanations rendered by the Prophet Muhammad (pbuh) and ijtihad of ulamak (personal effort by qualified Shariah scholars to determine the true ruling of the divine law on matters whose revelations are not explicit).
Shariah Adviser	- Amanie Advisors Sdn Bhd.

Special Resolution	- A resolution passed by a majority of not less than 3/4 of Unit holders of the Fund or a Class, as the case may be, voting at a meeting of Unit holders. For the purpose of terminating or winding up a fund, a Special Resolution is passed by a majority in number representing at least 3/4 of the value of the units held by Unit holders of the Fund or a Class, as the case may be, voting at the meeting.
Switching Fee	- A charge that may be levied when switching is done from one (1) fund to another, if applicable.
Transfer Fee	- A nominal fee levied for each transfer of units from one (1) Unit holder to another, if applicable.
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.
Unit holder	- The registered holder for the time being of a unit of the Fund including persons jointly so registered.
Valuation Point	- Refers to the daily valuation of the Fund at 9:00 p.m.
Withdrawal Penalty	- A penalty levied upon withdrawal under certain terms and conditions (if applicable).

Note:

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

CORPORATE DIRECTORY

The Manager

Principal Asset Management Berhad

Business/Registered address

Level 32, Exchange 106, Lingkaran TRX
55188 Tun Razak Exchange
Kuala Lumpur, MALAYSIA
Tel : (603) 8680 8000

Customer Care Centre

Level 31, Exchange 106, Lingkaran TRX
55188 Tun Razak Exchange
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Tel : (603) 7723 7260
WhatsApp : (6016) 299 9792

Website

www.principal.com.my

E-mail

myservice@principal.com

The Shariah Adviser of the Fund

Amanie Advisors Sdn Bhd

Business address

Level 13A-2, Menara Tokio Marine Life
189 Jalan Tun Razak
50400 Kuala Lumpur, MALAYSIA
Tel : (603) 2161 0260
Fax : (603) 2161 0262

Website

www.amanieadvisors.com

Email

contact@amanieadvisors.com

The Trustee

HSBC (Malaysia) Trustee Berhad

Business/Registered address

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55188 Tun Razak Exchange,
Kuala Lumpur, MALAYSIA
Tel : (603) 2075 7800
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Website

www.hsbc.com.my

Email

fs.client.services.myh@hsbc.com.my

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

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1. FUND INFORMATION

1.1. PRINCIPAL ISLAMIC ENHANCED LIQUIDITY FUND

Fund Category/Type	: Money Market (Islamic) / Income
Fund Objective	: The Fund aims to provide investors with liquidity and income. <i>We will require your approval if there is any material change to the Fund's objective.</i>
Benchmark	: CIMB Islamic 1-month Fixed Deposit-i (FD-i) <i>Note: The benchmark is for performance comparison only. You are cautioned that the risk profile of the Fund is higher than the benchmark. The information of the benchmark can be obtained from www.cimb.com.my.</i>
Distribution Policy	: The distribution policy of each of the Classes may differ. Please refer to the Annexure of the respective Class for more information. You may also refer to page 16 for information on the distribution payment.

The Fund is neither a capital guaranteed fund nor a capital protected fund.

Base Currency & Classes

The base currency of the Fund is MYR.

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 the type of eligible investors, transaction amount, transaction methods, currency denomination, fees and charges and/or distribution policy and hence, will have its respective NAV per unit, taking into account the aforementioned features. Although the Fund has multiple Classes, Unit holders should note that the assets of the Fund are pooled for investment purpose.

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

Name of Class [#]	Launch date	Initial offer period	Initial offer price
Class AR	11 November 2025	1 day from the date of launch	MYR 1.0000
Class AI	11 November 2025	1 day from the date of launch	MYR 1.0000

[#] Individual Unit holders will be designated to Class AR and non-individual Unit holders will be designated to Class AI.

Investment Policy and Strategy

The Fund is actively managed with the aim of achieving a liquid and low risk portfolio. In managing the Fund, we employ a two-pronged strategy that focuses on liquidity (primary focus) and yield enhancement (secondary focus), while ensuring that the overall risk of the portfolio is within the acceptable range.

The Fund will invest at least 90% of its NAV in short-term sukuk, short-term Islamic money market instruments and/or short-term Islamic Deposits and the remaining of the Fund's NAV may be invested in high quality sukuk (with remaining maturity period of more than 397 days but fewer than 732 days) and/or liquid assets such as cash which refers to Islamic current account. Short-term Islamic Deposits are Islamic deposits with a tenure of not more than 12 months.

We are flexible in the allocation and the selection of the Shariah-compliant investments. Generally, the Fund tends to invest in Shariah-compliant investments that are of short duration and/or high quality to provide the liquidity required by the Fund. Where opportunity arises, the Fund may also invest in high quality sukuk for yield enhancement if we are of the opinion that such investment will not compromise the liquidity and the performance of the Fund. The minimum credit rating for the Islamic money market instrument and sukuk must be at least "P2" or "A3" respectively by RAM or equivalent by MARC or any reputable credit rating agency in Malaysia. The minimum rating also applies to the issuer of the Islamic money market instruments and sukuk.

As part of its risk management strategy and given that liquidity of the Fund is the primary focus, when deemed necessary, the Fund may concentrate its investments in liquid assets such as cash (refers to Islamic current account) and placement of Islamic Deposits. Investments in liquid assets such as cash (refers to Islamic current account) and placement of Islamic Deposits must be made with financial institutions with minimum long-term credit rating of “A3” by RAM or equivalent rating by MARC or equivalent by any reputable credit rating agency in Malaysia. Typically, fund size and withdrawal patterns are two of the key factors that affects the liquidity needs of the Fund and hence will influence how we will manage the Fund. A small fund size and/or high withdrawal patterns tend to increase the liquidity needs of the Fund.

In the unlikely event of a credit rating downgrade, we reserve the right to deal with the underlying investment in the best interest of the Unit holders. As an active fund manager, we have in place flexible tolerance limits to cater to such situations. For example, we can continue to hold the downgraded underlying investment if the immediate disposal of the investment would not be in the best interest of the Unit holders.

Risk management is at the core of our investment process. Every proposed decision made by the investment team is considered in the context of the overall portfolio risk-return trade-off. The person(s) or members of a committee undertaking the oversight function of the Fund reviews the counterparties that the Fund transacts with on a regular basis to ensure that the Fund invests in accordance with the Fund’s objective. Hence, the Fund is constructed to be managed within the internal guidelines such as risk-return trade-off, which will be monitored regularly by the investment team.

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 Unit holders. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund’s ability to meet Unit holders’ withdrawal requests.
- Suspension of withdrawal requests due to exceptional circumstances. During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. The action to suspend withdrawal requests from Unit holders shall be exercised only as a last resort by the Manager.

Note: Please refer to Section 3.11 for more information.

Investment in the Fund is not the same as placement in an Islamic Deposit with a financial institution. There are risks involved and you should rely on your own evaluation to assess the merits and risks when investing in the Fund.

1.2. PERMITTED INVESTMENTS

Subject to the Deed, the investment policy for the Fund and the requirements of the SC and any other regulatory body, we have the absolute discretion as to how the assets of the Fund are to be invested. The Fund can invest in the following types of Shariah-compliant investments which are in line with the Fund’s objective:

- Islamic money market instruments;
- Islamic Deposits;
- Sukuk;
- Liquid assets such as cash which refers to Islamic current account.

1.3. INVESTMENT RESTRICTIONS AND LIMITS

The Fund is subject to the following investment restrictions and limits as prescribed under the GUTF:

Exposure limits

- (1) The Fund must invest at least 90% of its NAV in short-term sukuk, short-term Islamic money market instruments and placement in short-term Islamic Deposits.

Note:

Short-term Islamic Deposits are Islamic deposits with a tenure of not more than 12 months.

A “short-term” sukuk or Islamic money market instruments must meet the following criteria:

- (a) It must meet either one of the following requirements:
- (i) It has a legal maturity at issuance of 397 calendar days or less;

- (ii) It has a remaining term of maturity of not more than 397 calendar days; or
 - (iii) Where a sukuk or an Islamic money market instrument is issued by, or the issue is guaranteed by, either a government, government agency, central bank or supranational, the remaining maturity period must not be more than two year;
 - (b) It must be traded or dealt in under the rules of an eligible market; and
 - (c) It must not contain an embedded derivative.
- (2) The Fund may only invest up to 10% of the Fund's NAV in high quality sukuk which have a remaining maturity period of more than 397 days but fewer than 732 days.
- (3) A "high quality" sukuk is one with an issuer credit rating that has–
- (a) minimum top two short-term rating (including gradation and subcategories); or
 - (b) minimum top three long-term rating (including gradation and subcategories), as rated by any Malaysian or global rating agency.

Investment spread limits

- (4) The value of the Fund's investments in sukuk and Islamic money market instruments issued by a single issuer must not exceed 20% of the Fund's NAV.
- (5) This single issuer limit in (4) may be increased to 30% if the sukuk are rated by any Malaysian or global rating agency to have the highest long-term credit rating.
- (6) The value of the Fund's investments in sukuk and Islamic money market instruments issued by any group of companies must not exceed 30% of the Fund's NAV.
- (7) The value of the Fund's placement in Islamic Deposits with any single financial institution must not exceed 20% of the Fund's NAV. The single financial institution limit does not apply to placements of Islamic Deposits arising from:
- (i) Subscription monies received prior to the commencement of investment by the Fund;
 - (ii) Liquidation of investments prior to the termination or maturity of the Fund, where the placement of Islamic Deposits with various financial institutions would not be in the best interest of Unit holders; or
 - (iii) Monies held for the settlement of redemption or other payment obligations, where the placement of Islamic Deposits with various financial institutions would not be in the best interest of Unit holders.
- (8) The aggregate value of Fund's investments in, or exposure to, a single issuer through–
- (a) sukuk;
 - (b) Islamic money market instruments; and
 - (c) Islamic Deposits
- must not exceed 25% of the Fund's NAV ("single issuer aggregate limit"). In determining the single issuer aggregate limit, the value of the Fund's investments in instruments in (4) issued by the same issuer must be included in the calculation.

Investment concentration limits

- (9) The Fund's investment in sukuk must not exceed 20% of the sukuk issued by a single issuer. This limit may be disregarded at the time of acquisition if at that time of acquisition the gross amount of sukuk in issue cannot be determined.
- (10) The Fund's investments in Islamic money market instruments must not exceed 20% of the instruments issued by any single issuer.

Please note that the above restrictions and limits do not apply to Shariah-compliant securities or Shariah-compliant instruments issued or guaranteed by the Malaysian government or Bank Negara Malaysia. 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 the 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

On 29 October 2025, we have obtained the approval from the SC for variation on the following requirements:

- **Paragraph 8.03 of the GUTF:** A management company must instruct the trustee in writing to create or cancel units of the fund, and pay or receive cash to or from the trustee for the transaction.
- **Paragraph 8.05 of the GUTF:** A trustee must pay the management company the value of units cancelled within – (a) 7 business days; or (b) a period that is no later than the period where the management company is required to pay the unit holders the proceeds of the repurchase request as disclosed in the fund's prospectus, pursuant to paragraph 8.19, of receiving instructions from the management company to cancel units
- **Paragraph 8.18 of the GUTF:** A management company must– (a) pay the unit holder the proceeds of the repurchase of units as soon as practicable, within 7 business days of receiving the repurchase request; and (b) maintain adequate arrangements to enable it to meet any repurchase request within the stated period of time.

Variation obtained for the Fund:

Redemption process: Permit the trustee to pay the redemption proceeds directly from the fund operating account to the investor's account, bypassing the management company account for quick withdrawal on T+0 (same day settlement).

1.5. SHARIAH INVESTMENT GUIDELINES

At all times, the Fund shall invest in activities and instruments that are permissible under Shariah principles and shall not invest in activities and instruments that are prohibited under Shariah principles based on Shariah Adviser's established parameters as set out below, where applicable:

A. Islamic money market instruments

For investment in Malaysia, the Fund will invest in Islamic money market instruments approved by SAC of Bank Negara Malaysia based on the data available at:

- Bond and Sukuk Information Exchange (www.bixmalaysia.com); and
- Fully automated system for issuing/tendering (www.fast.bnm.gov.my).

B. Investment in Islamic Deposits

The Fund is also prohibited from investing in interest-bearing deposits and recognizing any interest income.

C. Sukuk

Sukuk are certificates that provide evidence of an investment into an underlying asset or a project which is typically an income generating asset or project. The Fund will only invest in sukuk which is approved by the SAC of the SC based on the data available at:

- Bond and Sukuk Information Exchange (www.bixmalaysia.com); and
- Fully automated system for issuing/tendering (www.fast.bnm.gov.my).

Rules of Divestment of Shariah non-compliant instruments

This refers to Shariah non-compliant investment made by the Manager. The said investment will be disposed of or withdrawn with immediate effect or within a month of knowing the status of the investment.

In the event of the investment resulted in gain (through capital gain and/or dividend and/or interest) received before or after the disposal of the instrument, the gain is to be channelled to baitulmal and/or any other charitable bodies as advised by the Shariah Adviser. The Fund has the right to retain only the investment cost. If the disposal of the investment resulted in losses to the Fund, the losses are to be borne by the Manager.

Payment of Zakat

This refers to the purification by way of payment of zakat by Muslims. The Fund does not pay zakat on behalf of Muslim Unit holders. Thus, Muslim Unit holders are advised to pay zakat on their own.

The investment portfolio of the Fund comprises instruments which have been classified as Shariah-compliant by the SAC of the SC and, where applicable the SAC of the Bank Negara Malaysia. For instruments that are not classified as Shariah-compliant by the SAC of the SC and, where applicable the SAC of Bank Negara Malaysia, the status of the instruments will be determined in accordance with the ruling of the Shariah Adviser and Shariah investment guidelines.

1.6. FINANCING

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

1.7. SECURITIES LENDING AND REPURCHASE TRANSACTIONS

Not applicable for the Fund.

1.8. RISK FACTORS

1.8.1. GENERAL RISKS OF INVESTING IN THE 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.

Financing risk

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

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

Manager risk

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

Liquidity risk

Liquidity risk refers to the ease of liquidating an asset without causing market dislocation. This depends on the supply and demand as well as the asset's volume or amount traded in the market. If the Fund holds assets that are illiquid or difficult to dispose of, the value of the Fund and consequently the value of Unit holders' investment in the Fund may be negatively affected when the Fund has to sell such assets at unfavourable prices.

Shariah non-compliance risk

This refers to the risk of the Fund not conforming to Shariah Investment Guidelines due to investment in Shariah non-compliant instrument. In the event that the Manager is required to rectify any Shariah non-compliance by disposing the related instrument, any losses from disposal due to investment in Shariah non-compliant instrument will be borne by the Manager. In any circumstances, gain received from disposal shall be channeled to baitulmal and/or charitable bodies as advised by the Shariah Adviser.

1.8.2. SPECIFIC RISKS RELATED TO THE FUND

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 sukuk, Islamic money market instruments and/or Islamic Deposits. Credit risk relates to the creditworthiness of an issuer or counterparty and its expected ability to make timely payment of profit and/or principal. Any adverse situations faced by the issuers or counterparties may impact the value as well as liquidity of the investments. In the case of rated sukuk or Islamic money market instruments, this may lead to a credit downgrade.

Default risk relates to the risk that an issuer or counterparty 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 measure to limit any loss that may arise directly or indirectly as a result of a defaulted exposure.

Interest rate risk

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

For Islamic Deposit placement, when interest rates rise, there could be opportunity loss for the Fund to earn higher interest rate. On the other hand, when interest rates fall, Islamic Deposit may be reinvested at lower interest rates which in turn will reduce the potential returns of the Fund.

Please note that the interest rate referred herein is a general economic indicator that may impact the value of the Fund's investments. This does not indicate that the Fund will invest into conventional financial instruments. All Islamic funds are invested into instruments that conform with Shariah principles.

You should note that investment in the Fund is not the same as placement in an Islamic Deposit with an Islamic financial institution. There are risks involved and you should rely on your own evaluation to assess the merits and risks when investing in the Fund.

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. Please consult professional advisers for a better understanding of the risks.

2. FEES, CHARGES AND EXPENSES

2.1. CHARGES

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

2.1.1. Application Fee

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

2.1.2. Withdrawal Penalty

Nil.

2.1.3. Switching Fee

Not applicable as currently switching facility is not available.

2.1.4. Transfer Fee

Not applicable as currently transfer facility is not available.

2.2. FEES AND EXPENSES

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

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

2.2.1. Management Fee

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

Below is an illustration on how the Management Fee is calculated, assuming Management Fee of 0.40% per annum and MYR 150 million each for both Class ABC and Class XYZ:-

	Class ABC (For individual) (MYR)	Class XYZ (For non-individual) (MYR)
Management Fee	0.40% per annum	0.40% per annum
NAV of the Class	MYR 150 million	MYR 150 million
Management Fee for the day = NAV of the Class x Management Fee rate for the Class (%) /365 days	= MYR 150 million x 0.40% / 365 = MYR 1,643.84	= MYR 150 million x 0.40% / 365 = MYR 1,643.84

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

2.2.2. Trustee Fee

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

The Trustee Fee is 0.015% per annum, calculated daily based on the NAV of the Fund.

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

$$\begin{aligned}\text{Trustee Fee for the day} &= \text{NAV of the Fund} \times \text{annual Trustee Fee rate for the Fund (\%)} / 365 \text{ days} \\ &= \text{MYR 150 million} \times 0.015\% \text{ per annum} / 365 \text{ days} \\ &= \text{MYR 61.64}\end{aligned}$$

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

2.2.3. Other Expenses

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

- commissions/fees paid to brokers or dealers (if any) in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes or difference account;
- (where the foreign custodial function is delegated by the Trustee), charges/fees paid to the sub-custodian;
- tax and other duties imposed by the government and other authorities and bank fees;
- fees and other expenses properly incurred by the auditor and tax agent of the Fund;
- fees incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent;
- costs incurred for the modification of the Deed otherwise than for our benefit or the Trustee;
- costs incurred for any meeting of the Unit holders other than those convened for our benefit or the Trustee;
- the sale, purchase, takaful and any other dealing of investment including commissions or fees paid to brokers;
- costs involved with external specialist approved by the Trustee in investigating or evaluating any proposed investment;
- the engagement of valuer, adviser or contractor of all kinds;
- preparation and audit of the taxation returns and accounts of the Fund;
- termination of the Fund or Class and the retirement or removal of the Trustee or the Manager and the appointment of a new trustee or manager;
- any proceedings, arbitration or other dispute concerning the Fund, Class or any asset, including proceedings against the Trustee or the Manager, or commenced by either of them for the benefit of the Fund or that Class (except to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed out of the Fund);
- remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund, unless we decide to bear the same;
- expenses incurred in the printing of and postage of the annual and interim reports, including the purchase of stationery;
- all costs and/or expenses associated with the distributions and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or distribution warrant or telegraphic transfer;
- cost of obtaining experts opinion by the Trustee and us for the benefit of the Fund or Class;
- costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority, ministry, agency or department;
- costs, fees and expenses incurred in relation to the subscription, renewal and/or licensing of the performance benchmark for the Fund; and
- costs of printing and dispatching to Unit holders the accounts of the Fund, tax certificates, distribution warrants, notices of meeting of Unit holders, newspaper advertisement and such other similar costs as may be approved by the Trustee.

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

- 2.2.4.** We and the Trustee are required to ensure that any fees or charges payable are reasonable and in accordance with the Deed which stipulates the maximum rate in percentage terms that can be charged. All expenses of the Fund will generally be apportioned to each Class currently available for sale based on the MCR except for Management Fee and those that are related to the specific Class only, such as, the cost of Unit holders meeting held in relation to the respective Class. If in doubt, you should consult professional advisers for a better understanding.

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

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

2.3. REBATES AND SOFT COMMISSIONS

We and the Trustee will not retain any form of rebate 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 dealing 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 broker 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.

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

3. TRANSACTION INFORMATION

3.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUND

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

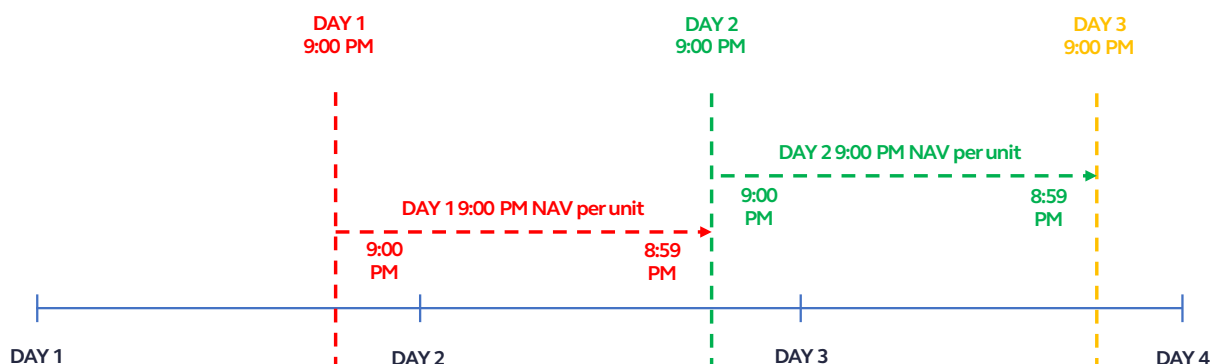
- **Islamic Deposit**
The value of Islamic Deposit shall be determined each day by reference to the principal value of such Islamic Deposit and the accrued profit thereon for the relevant period.
- **Islamic Money market instruments**
Investment in Islamic money market instruments such as Islamic negotiable instrument of deposits and Islamic commercial papers are valued each day by reference to the quotes provided by independent and reputable pricing source(s), which is deemed fair value, includes but not limited to Bond Pricing Agency (“BPA”) registered with the SC. Where the quotes are provided by financial institutions, the valuation of the Islamic money market instruments will be based on the average of bid and offer prices quoted by three (3) independent and reputable Financial Institutions of similar standing at the close of trading. The valuation methods is verified by the auditor of the Fund and approved by the Trustee.
- **Sukuk**
The value of any unlisted MYR-denominated sukuk shall be calculated on a daily basis using prices quoted by BPA. Where such prices are not available or where we are of the view that the price quoted by the BPA for a specific sukuk differs from the market price by more than twenty (20) basis points, we may use the market price by reference to the last available quote provided such quote was obtained within the previous thirty (30) days and we record our basis for using a non-BPA price, obtain necessary internal approvals to use the non-BPA price and keep an audit trail of all decisions and basis for adopting the market yield.

3.2. UNIT PRICING

We adopt a single pricing method for any transactions (i.e. applications, withdrawals, switches and/or transfers) based on **historical prices**. The daily valuation point will be at 9.00 p.m. (“Valuation Point”). This means that we will process your transactions request based on the NAV per unit at the last Valuation Point after we receive the completed relevant transaction forms from you.

The Fund will be valued at least once every day. As the Fund adopts historical pricing, the Fund will have a Mid-day Valuation Point.

WE WILL RE-PRICE THE UNITS IF THE NAV PER UNIT DIFFERS BY MORE THAN 5% FROM THE LAST VALUATION POINT.



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 including any provisions that we 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 Fund valuation is performed in the base currency i.e. MYR. The NAV per unit of each Class will be the NAV of the Fund attributable for each Class divided by the number of units in circulation of that Class, at the Valuation Point.

3.2.1. Multi-class Ratio (MCR)

MCR is the apportionment of the NAV of each Class over the Fund's NAV based on the size of each Class. The MCR is calculated by dividing the NAV (in MYR) 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 (MYR)	Class ABC (For individual) (MYR)	Class XYZ (for non-individual) (MYR)
NAV of the Fund before income and expenses	185,942,897.00	173,342,897.00	12,600,000.00
% MCR	100.00%	⁽¹⁾ 93.22%	⁽¹⁾ 6.78%
Add: Income	30,000.00	⁽²⁾ 27,967.12	⁽²⁾ 2,032.88
Less: Expenses	(10,000.00)	⁽²⁾ (9,322.37)	⁽²⁾ (677.63)
NAV of the Fund before management fee and trustee fee	185,962,897.00	173,361,541.75	12,601,355.25
		0.40% p.a.	0.40% p.a.
Less: Management fee	(2,037.95)	(1,899.85)	(138.10)
	0.015% p.a.		
Less: Trustee fee	(76.42)	(71.24)	(5.18)
NAV of the Fund	185,960,782.63	173,359,570.66	12,601,211.97
Units in circulation	182,364,307 units	170,000,000 units	12,364,306.66 units
NAV per unit		1.0197	1.0191

	Fund (MYR)	Class ABC (For individual) (MYR)	Class XYZ (for non-individual) (MYR)
NAV of the Fund before creation of units for the day	185,960,782.63	173,359,570.66	12,601,211.97
⁽³⁾ Net subscription amount	2,000,000.00	1,000,000.00	100,000.00
Closing NAV	187,960,782.63	174,359,570.66	13,601,211.97
Units in circulation	184,326,245.22 units	170,980,680.59 units	13,345,564.63 units
NAV per unit		1.0197	1.0191

Note:

⁽¹⁾ MCR computation

	Class ABC (For individual) (MYR)	Class XYZ (For non-individual) (MYR)
<u>NAV of the Class x 100</u>	<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%

⁽²⁾ Apportionment based on MCR is as follows:

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

⁽³⁾ Net subscription amount

	Class ABC (For individual) (MYR)	Class XYZ (For non-individual) (MYR)
Net subscription amount*	MYR 1,000,000.00	MYR 1,000,000.00
NAV per unit	MYR 1.0197	MYR 1.0191
Number of units	980,680.59 units	981,257.97 units

* Subscription amount net of any withdrawal amount

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

The above illustration excludes any applicable taxes and/or duties as may be imposed by the government and/or the relevant authorities from time to time.

3.2.2. Calculation of investment amount and units entitlement

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

Illustrations:

Calculation of number of units received, Application Fee and total amount payable by you

Assumptions:

NAV per unit of Class XYZ denominated in MYR = MYR1.0000 (truncated to 4 decimal places)

Application Fee = Nil

You wish to invest MYR10,000 in the Fund.

Calculation of number of units that you will receive*

= Investment amount / NAV per unit of Class XYZ

= MYR10,000.00 / MYR1.0000

= 10,000 units

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

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

= MYR1.0000 x 10,000 units x 0%

= MYR0.00

Calculation of total amount that you will have to pay

= Investment amount + Application Fee paid

= MYR10,000.00 + MYR0.00

= MYR10,000.00

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

Calculation of investment value

Assuming you have 10,000 units of Class XYZ of the Fund and the NAV per unit of Class XYZ for the Business Day is MYR1.0240 (truncated to 4 decimal places).

Calculation of investment value

= Number of units x NAV per unit of Class XYZ
= 10,000.00 units x MYR1.0240
= MYR10,240.00.

Calculation of withdrawal value and amount payable to you

Assuming you request for a 10,000 units withdrawal from your investment on the fifth month from the commencement date. Your withdrawal request is received by us by 10:30 a.m. on a Business Day. The NAV per unit for that Business Day (which will be made known on the following Business Day) is RM1.0240 (truncated to 4 decimal places).

Calculation of amount payable to you

= Number of units withdrawn x NAV per unit of Class XYZ
= 10,000 units x MYR1.0240
= MYR10,240.00

3.3. INCORRECT PRICING

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

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

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

- (i) is equal to or more than 0.50% of the NAV per unit; and
- (ii) results in a total sum 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 requirements.

3.4. INVESTING

3.4.1. Who can invest?

Please note that some Classes are only eligible for certain type of investors. Please refer to the Annexure of the respective Class for further information. We have the right to amend or vary the investor eligibility to each of the respective Class in the event such amendment or variation is necessary to ensure compliance with any applicable laws, rules, regulations and/or guidelines.

We reserve the right to accept or reject any 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 USA entity (i.e. a corporation, trust, partnership or other entity created or organised in or under the laws of the United States or any state thereof or any estate or trust the income of which is subject to United States Federal Income Tax regardless of source) holding units in the Fund, we may issue a notice to that person requiring him/her to, within thirty (30) days, either withdraw the units or transfer the units to a non-USA person or non-USA entity.

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

3.4.2. How to invest?

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

You may make a payment:

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

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

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

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

3.4.4. 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 Funds via us, 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 for more information.

You should not make any payment directly or indirectly to any individual agent or employee of the Manager or issue a cheque in the name of an individual agent or employee of the Manager when purchasing this fund.

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

3.5. MINIMUM INVESTMENTS

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

3.5.1. Processing an application

If we receive and accepted a complete application by 10:30 a.m. on a Business Day, we will process it using the NAV per unit for that Business Day (T-day) based on the NAV per unit at the last Valuation Point. If we receive and accepted the application after 10:30 a.m. on a Business Day, we will process it on the next Business Day (T+1) based on the NAV per unit at the last Valuation Point.

We will only process the complete applications with all the necessary information and subject to the receipt of the investment monies by us (i.e. on a cleared fund basis). The number of units you receive will be rounded to two (2) decimal places.

3.6. MINIMUM WITHDRAWALS

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

3.6.1. Processing a withdrawal

If we receive a complete withdrawal request by 10:30 a.m. on a Business Day, we will process it on that Business Day (T-day) based on the NAV per unit at the last Valuation Point. If we receive the withdrawal request after 10:30 a.m. on a Business Day, we will process it on the next Business Day (T+1) based on the NAV per unit of the last Valuation Point.

The amount that you will receive is calculated by the withdrawal value less the Withdrawal Penalty (if any). You will be paid in MYR within the same day (T-day) of our receipt of the complete withdrawal request. However, in unforeseen circumstances including but not limited to technical system failures during processing, which may result in unexpected delays, you will be paid within two (2) Business Days (or T+1 Business Day), provided that all documentation is completed and verifiable. For a withdrawal amount greater than MYR10 million, or if you are withdrawing your entire investment, you are required to provide us with a written notice (electronically or otherwise) of minimum five (5) Business Days of such intention to withdraw to enable us to process the withdrawal. You will have to bear the applicable bank fees and charges, if any.

Note: We seek variation for same day settlement which enables a quick redemption process. Variation does not apply in unforeseen circumstances which unit holders will be paid within two (2) Business Days. For more information, please refer to section 1.4 Approvals & Conditions for more information.

3.7. MINIMUM BALANCE

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

3.8. COOLING-OFF PERIOD

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

Cooling-off period is not applicable for Class AI.

3.9. SWITCHING

Not applicable as currently switching facility is not available.

3.10. TRANSFER FACILITY

Not applicable as currently transfer facility is not available.

3.11. TEMPORARY SUSPENSION

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

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

- (i) the closure of a securities exchange or trading restrictions in the securities exchange; or
- (ii) an emergency or other state of affairs; or
- (iii) the declaration of a moratorium in a country where the Fund has assets; or
- (iv) the realisation of the assets of the Fund not being able to be effected at prices which are fair to the Fund and/or within a reasonable period 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).

3.12. DISTRIBUTION PAYMENT

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

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

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

Note: Please not 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.

3.13. UNCLAIMED MONEYS

Any moneys payable to you which remain unclaimed after two (2) years 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 bank transfer, if any, which remained unsuccessful and unclaimed for six (6) months, it will be reinvested into the Class within thirty (30) Business Days after the six (6) months period based on the prevailing NAV per unit on the day of the reinvestment provided that you still hold units of the Class. No Application Fee is payable for the reinvestment. In the event that you no longer hold any unit in the Class, the distribution money would be subject to the same treatment mentioned in the above paragraph as prescribed by the UMA.

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

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

4. ADDITIONAL INFORMATION

4.1. FINANCIAL YEAR-END

31 October.

4.2. INFORMATION ON YOUR INVESTMENT

We will send you the following:

- Your Principal Malaysia investor account 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 annual report is available upon request.

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

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

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

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. to 5:45 p.m. (Malaysian time) from Mondays to Fridays or you may email us at **myservice@principal.com**.

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

Principal Asset Management Berhad
Customer Care Centre
Level 31, Exchange 106, Lingkaran TRX
55188 Tun Razak Exchange
Kuala Lumpur, MALAYSIA

4.3. DEED

The Fund is governed by the Principal Deed dated 2 February 2024 and the Third Supplemental Deed dated 23 July 2025 including any supplemental deed(s) as may be issued from time to time.

4.4. DOCUMENTS AVAILABLE FOR INSPECTION

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

- The Deed and supplemental deed, if any;
- Current 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 referred to 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 reports, letters or other documents, valuations and statements 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 disclosed in this Prospectus, if any.

4.5. CONSENT

Ernst & Young Tax Consultants Sdn Bhd, Amanie Advisors Sdn Bhd and HSBC (Malaysia) Trustee Berhad have given their written consent to act in their respective capacity. They have also given their consent for the inclusion of their names and/or 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.

4.6. POTENTIAL CONFLICTS OF INTERESTS AND RELATED PARTY TRANSACTIONS

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

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

The Fund may maintain Islamic Deposits with CIMB Bank Berhad and CIMB Investment Bank Berhad. We may enter into transactions with other companies within the CIMB Group and the PFG provided that the transactions are effected at terms which are the best available for the Fund and which are no less favourable to the Fund than an arm's length transaction between independent parties.

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

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

Trustee

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

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

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

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

4.7. INTERESTS IN THE FUND

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

4.8. EMPLOYEES' SECURITIES DEALINGS

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

5. THE MANAGER

5.1. ABOUT PRINCIPAL ASSET MANAGEMENT BERHAD

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

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

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

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

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

5.1.2. Designated person responsible for fund management function

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

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

6. SHARIAH ADVISER OF THE FUND

6.1. ABOUT AMANIE ADVISORS SDN BHD

Amanie Advisors Sdn Bhd ("Amanie") is a Shariah advisory, consultancy, training and research and development boutique for institutional and corporate clientele focusing on Islamic financial services. Amanie is a registered Shariah adviser (Corporation) with the SC. It has been established with the aim of addressing the global needs for experts' and Shariah scholars' pro-active input. This will ultimately allow the players in the industry to manage and achieve their business and financial goals in accordance with the Shariah Principles. Amanie also focuses on organizational aspect of the development of human capital in Islamic finance worldwide through providing updated quality learning embracing both local and global issues on Islamic financial products and services. The company is led by Tan Sri Dr. Mohd Daud Bakar and teamed by an active and established panel of consultants covering every aspect related to the Islamic banking and finance industry both in Malaysia and the global market. Currently the team comprises of eight (8) full-time consultants who represent dynamic and experienced professionals with a mixture of corporate finance, accounting, product development, Shariah law and education. As at LPD, there are more than one hundred and eleven (111) funds which Amanie acts as Shariah adviser.

As the appointed Shariah Adviser for the Funds, the roles and responsibilities of Amanie include:

- Review and provide Shariah expertise and professional guidance as well as suggest relevant changes to all relevant documents relating to Shariah principles including the Funds' deed, prospectus and/or other relevant submission documents submitted by us for purposes of submission to any relevant authority to ascertain compliance to Shariah principles.
- Where relevant, prepare a report to be included in the Funds' interim and annual report certifying whether the Funds has been managed and administered in accordance with Shariah principles for the period concerned.
- To advise on the breach of Shariah investment guidelines and purification/cleansing of cash dividends.
- To advise on any other matter pertaining to Shariah issues in relation to the Funds.
- Ensure that the Funds is managed and administered in accordance with the Shariah principles at all times by reviewing the investment process and other operational matters.
- Review the relevant Funds' marketing and promotional documents submitted by us with the view to ascertain compliance to Shariah principles.
- To review and scrutinize the Funds' compliance report as provided by the compliance officer, and investment transaction reports provided by, or approved by the relevant responsible party to ensure that the Funds' investment are in line with Shariah principles.
- To undertake an annual compliance review of the Funds for purpose of issuance of an annual compliance report.

Amanie will review the Funds on monthly basis to ensure the Funds' operating procedures and investments comply with the Shariah Principles. Upon completion of each review, Amanie will deliver its opinion on the Shariah compliancy. In addition, Amanie will meet Principal Malaysia every quarterly to address Shariah advisory matters pertaining to the Funds. An annual Shariah certificate will also be issued for the Funds at the financial year end.

The designated person responsible for Shariah advisory matters of the Funds is Tan Sri Dr. Mohd Daud Bakar as the Executive Chairman. Currently, other consultants are:

- Suhaida Mahpot
- Ahmad Anas Fadzil
- Muhammad Hafizuddin Abd. Hamid

6.1.1. Designated Person Responsible for Shariah Adviser Function

Name:	Tan Sri Dr. Mohd Daud Bakar
Designation:	Executive Chairman, Amanie Advisors Sdn Bhd
Experience:	Tan Sri Dr. Mohd Daud Bakar is the Founder and Executive Chairman of Amanie Group. One of its flagship companies namely Amanie Advisors, is operating in a few cities globally. He serves as the Chairman of Shariah Advisory Board of Habib Metropolitan Bank (Pakistan), Madina Takaful (Oman), and Salama Insurance (UAE). He was the former Chairman of the Shariah Advisory Council (SAC) at the Central Bank of Malaysia, and former Chairman of the SAC at the Securities Commission of Malaysia for more than 2 decades. He was also the former Chairman of Federal Territory Islamic Religious Department (MAIWP). Tan Sri Dr Daud is also a Shariah board member of various global financial institutions, including the Amundi Asset Management (France), BNP Paribas Najma (Bahrain), Credit Agricole Corporate & Investment Bank (Dubai), and Dow Jones Islamic Market Index (New York) amongst many others. He was the Chairman of Shariah Board of First Abu Dhabi Bank (UAE) for 6 years and was a member of Shariah Board of a few Islamic financial institutions such as Abu Dhabi Commercial Bank (UAE), and National Bank of Oman (al-Muzn) in the Sultanate of Oman.

	In the corporate world, he was a member of the PNB Investment Committee. Previously, he served as a Board Director at Sime Darby Property Berhad and Chairman to Malaysia Islamic Economic Development Foundation (YaPEIM). In addition, he is the co-founder of Experts Analytics Centre Sdn Bhd and MyFinB Sdn. Bhd. He also serves as the Chairman of Berry Pay Sdn. Bhd. (digital remittance), Data Sukan Consulting Sdn. Bhd. (Sport Data), KAB Gold Dynamics Sdn. Bhd., and Tulus Digital Sdn. Bhd. (payment gateway). He was the former 8th President of the International Islamic University of Malaysia (IIUM). In July 2023, Tan Sri Dr Mohd Daud has received the conferment of the New Islamic Year (Maal Hijrah) Special Prominent Figure award by the State Government of Kedah, Malaysia in conjunction with the state-level Maal Hijrah celebration. Tan Sri has received the “Royal Award for Islamic Finance 2022” by His Majesty, the King of Malaysia. While in 2014, he received the “Most Outstanding Individual” award by His Majesty, the King of Malaysia, in conjunction with the national-level Prophet Muhammad’s birthday. Under his leadership, Amanie Advisors received the “Islamic Economy Knowledge Infrastructure Award” at the Global Islamic Economy Summit, Dubai 2015, by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, Oct 2015. On 13 November 2021, he was conferred the Commander of the Order of Loyalty to the Crown (Panglima Setia Mahkota P.S.M.) by His Majesty the King of Malaysia which carries the title of “Tan Sri”.
Qualifications:	Prior to this, Tan Sri Dr. Mohd Daud Bakar was the Deputy Vice-Chancellor at the International Islamic University Malaysia. He received his first degree in Shariah from University of Kuwait in 1988 and obtained his PhD from University of St. Andrews, United Kingdom in 1993. In 2002, he completed his external Bachelor of Jurisprudence at University of Malaya.

Note: We have obtained the necessary consent and/or confirmation from the Shariah Adviser with regards to the information disclosed in this section. For more information and/or updated information, please refer to our website at www.principal.com.my and/or Shariah Adviser’s website at www.amanieadvisors.com.

7. THE TRUSTEE

7.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

HSBC (Malaysia) Trustee Berhad is a company incorporated in Malaysia since 1937 and is registered as a trust company under the Trust Companies Act 1949, with its registered address at Level 19, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur. Since 1993, the Trustee has acquired experience in the administration of unit 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. Duties and Responsibilities of the Trustee

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

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

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

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

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 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 authorized 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. 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 in a Class represents an equal undivided beneficial interest in the assets of that Class. However, the unit does not give you an interest in any particular part of the Class or a right to participate in the management or operation of the Fund (other than through Unit holders' meetings).

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

8.1. RIGHTS, LIABILITIES AND LIMITATION OF UNIT HOLDERS

8.1.1. 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 your units as permitted under the Deed and the GUTF;
- (ii) to receive the distributions of income (if any), participate in any increase in the value of the units and to enjoy such other rights and privileges as set out in the Deed;
- (iii) 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 the cooling-off right for qualified investors.

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

8.1.2. Liabilities

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

8.1.3. Limitations

You cannot:

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

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

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

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

Charges	Descriptions
(1) Application Fee	Up to 7.00% of the NAV per unit.
(2) Withdrawal Penalty	Up to 5.00% of the NAV per unit.

(3) Switching Fee	A fee not exceeding 7.00% of the NAV per unit is chargeable on the number of units to be switched. An administrative fee in relation to switching may be charged (which shall be set out in the Prospectus, if any).
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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.
(2) Trustee Fee	Up to 0.03% per annum, calculated daily on the NAV (including local custodian fee but excluding foreign sub-custodian fees and charges).

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

Any increase of the fees and/or charges above that stated in the current 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 provides for payment of other expenses, which include (without limitation) expenses connected with:

- commissions/fees paid to brokers/dealers in effecting dealings in the investments of the Funds, shown on the contract notes or confirmation notes or difference accounts;
- (where the custodial function is delegated by the Trustees), charges/fees paid to the sub-custodian;
- tax and other duties charged on the Funds 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 person(s) undertaking the oversight functions of the Fund or advisers (if any) of the Funds, unless we decide to bear the same;
- fees incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent;
- costs incurred for the modification of the Deeds otherwise than those our benefit or the Trustees’;
- costs incurred for any meeting of Unit holders other than those convened for our benefit or the Trustees’;
- the sale, purchase, takaful, custody and any other dealings of investments including commissions/fees paid to brokers;
- costs involved with external specialists approved by the Trustees 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 Funds;
- termination of the Funds or Class and the retirement or removal of the Trustees or the Manager and the appointment of a new trustee or manager;
- any proceedings, arbitration or other dispute concerning the Funds or Class or any asset, including proceedings against us or the Trustees by the other of them for the benefit of the Funds 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 Funds);
- costs of obtaining experts opinion by us or the Trustees for the benefit of the Funds or Class; and
- 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;
- costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority, ministry, agency or department;
- costs, fees and expenses incurred in relation to the subscription, renewal and/or licensing of the performance benchmark for the Fund.

The Trustee and us 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 our desire to do so, or such shorter notice as we and the Trustee may agree, in favour of another corporation.

We shall retire under the following circumstances:

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

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

- if we have gone into liquidation (except for the purpose of reconstruction or amalgamation or some similar purpose) or if a receiver shall be appointed in respect of the undertaking or assets of the Manager or if any encumbrances shall take possession of any of our assets;
- if we cease to carry on business;
- if the Trustee is of the opinion that we have, to the prejudice of the Unit holders, failed to comply with any provision or covenant under the Deed or contravened any of the provisions of the CMSA;
- if we have failed or neglected to carry out our duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of the Unit holders for it to do so, after the Trustee has given reasonable notice to us of that opinion and the reasons for that opinion, and has considered any representations made by us in respect of that opinion, and after consultation with the SC; or
- if a petition has been presented for the winding up against us (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction, we become or is declared insolvent).

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

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

8.4. RETIREMENT, REMOVAL OR REPLACEMENT OF THE TRUSTEE

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

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

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

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

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

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

8.5. TERMINATION OF THE FUND AND/OR CLASS(ES)

The Fund or any of the Classes may be terminated or wound-up upon the occurrence of any of the following events:

- (a) the SC's authorization is withdrawn under Section 256E of the CMSA;
- (b) a Special Resolution is passed at a Unit holders' meeting of all the Unit holders of the Fund or the relevant Class to terminate or wind-up the Fund or that Class as the case may be, following the occurrence of events stipulated under Section 301(1) of the CMSA and the court has confirmed the resolution, as required under Section 301(2) of the CMSA;
- (c) a Special Resolution is passed at a Unit holders' meeting of all the Unit holders of the Fund or the relevant Class to terminate or wind-up the Fund or that Class as the case may be;
- (d) on reaching the Fund's or that Class's maturity date (if any); or
- (e) the effective date of an approved transfer scheme, as defined under the GUTF, has resulted in the Fund, which is the subject of the transfer scheme, being left with no asset/property.

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

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

8.6. MEETINGS OF UNIT HOLDERS

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

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

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

- (a) by sending a notice by post, or where allowed by any relevant law and/or authority, digitally or electronically, of the proposed meeting at least seven (7) days before the date of the proposed meeting to each of those Unit holders of the Fund or that Class, as the case may be, at his/her last known address or in the case of joint Unit holder, to the joint Unit holder of the Fund or that Class, as the case may be, whose name stands first in our records at the joint Unit holder's last known address;
- (b) by publishing at least fourteen (14) days before the date of the proposed meeting, an advertisement giving notice of the meeting in a national language national daily newspaper and in one other newspaper as may be approved by the SC; and
- (c) specify in the notice, the place, time and terms of the resolutions to be proposed,

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

The quorum for a meeting of Unit holders of the Fund is five (5) Unit holders of the Fund (irrespective of the Class), present in person or by proxy, provided that for a meeting which requires a Special Resolution the quorum for that meeting shall be five (5) Unit holders of the Fund (irrespective of the Class), whether present in person or by proxy, holding in aggregate at least twenty five per centum (25%) of the units in issue of the Fund (irrespective of the Class) at the time of the meeting. If the Fund has five (5) or less Unit holders, the quorum required shall be two (2) Unit holders of the Fund (irrespective of the Class), whether present in person or by proxy and if the meeting requires a Special Resolution the quorum for that meeting shall be two (2) Unit holders of the Fund (irrespective of the Class), whether present in person or by proxy, holding in aggregate at least twenty five per centum (25%) of the units in issue of the Fund (irrespective of the Class) at the time of the meeting. Where the Fund has only one (1) remaining Unit holder, such Unit holder, whether present in person or by proxy, at the meeting shall constitute a quorum required for the meeting of Unit holders. For the avoidance of doubt, the same quorum requirements shall apply to a meeting of Unit holders of a particular Class.

Voting is by a show of hands, unless a poll is duly demanded or the resolution proposed is required by the Deeds or by law to be decided by a percentage of all units. 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 of a meeting of the Fund, the votes of each Unit Holder of the Fund, present in person or by proxy, shall be proportionate to the value of Unit held in the base currency as provided in the Deed. In the case of a Class meeting, on a poll, each Unit holder of that Class present in person or by proxy has one (1) vote for each whole fully paid unit held in that Class. In the case of joint Unit holders, only the person whose name appears first in the register may vote. Units held by the Manager or its nominees shall have no voting rights in any Unit holders' meeting of the Fund. In respect of the termination or winding-up of the Fund of that Class, voting shall only be carried out by poll.

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
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Pusat Bandar Damansara
50490 Kuala Lumpur

29 May 2025

The Board of Directors
Principal Asset Management Berhad
Level 32, Exchange 106
Lingkaran TRX
Tun Razak Exchange
55188 Kuala Lumpur

Dear Sirs

Taxation of the unit trust fund and unit holders

This letter has been prepared for inclusion in this Prospectus in connection with the offer of units in the unit trust known as Principal Islamic Enhanced Liquidity 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.

Under Section 2(7) of the MITA, any reference to interest shall apply, mutatis mutandis, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of *Syariah*.

The effect of this is that any gains or profits received (hereinafter referred to as “profits”) and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of *Syariah*, will be accorded the same tax treatment as if they were interest.

Tax allowable expenses would comprise expenses falling under Section 33(1) and Section 63B of the MITA. Section 33(1) of the MITA permits a deduction for expenses that are wholly and exclusively incurred in the production of gross income. In addition, Section 63B of the MITA 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:

- 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 dividend¹, interest and rent chargeable to tax for that basis period; and
 - C is the aggregate of the gross income consisting of dividend¹ 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

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**

- a) interest from securities or bonds issued or guaranteed by the Government of Malaysia;
- b) interest from debentures or *sukuk*, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission;
- c) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia;
- d) interest derived from Malaysia and paid or credited by banks licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013²;
- e) interest derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002²;
- f) 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)³; and
- g) 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 (FSI)

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.

¹ Pursuant to Section 63B(2) of the MITA, 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.

² Effective from 1 January 2019, the income tax exemption for a unit trust fund, pursuant to Paragraph 35A, Schedule 6 of the Income Tax Act, 1967 shall not apply to a wholesale fund which is a money market fund.

³ 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.

Based on the Malaysian Inland Revenue Board's ("MIRB") "Guidelines on Tax Treatment in Relation to Income Received from Abroad (Amendment)" updated on 20 June 2024, the term "received in Malaysia" means transferred or brought into Malaysia, either by way of cash⁴ or electronic funds transfer⁵.

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 tax⁶, and where relevant conditions are met.

The Income Tax (Unit Trust in relation to Income Received In Malaysia from Outside Malaysia) (Exemption) Order 2024 [P.U.(A) 250] has been issued to exempt a "qualifying unit trust"⁷ from the payment of income tax in respect of gross income from all sources of income under Section 4 of the MITA (including capital gains classified under Section 4 (aa)), which is received in Malaysia from outside Malaysia.

This exemption applies to FSI received in Malaysia from 1 January 2024 to 31 December 2026, subject to the following conditions being complied with by the qualifying unit trust or the management company⁸ of the qualifying unit trust:

- The income received in Malaysia has been subject to tax of a similar character to income tax under the laws of territory from which the income arose; and
- The highest rate of tax of a similar character to income tax under the law of that territory at that time is not less than 15%.

OR

- The management company of the qualifying unit trust shall employ an adequate number of employees in Malaysia and incur an adequate amount of operating expenditure in Malaysia.

The exemption will not apply to a unit trust carrying on the business of banking, insurance or sea or air transport.

Gains from the realisation of investments

Pursuant to the Finance (No. 2) Act 2023, gains from the realisation of investments by a unit trust would no longer be exempt from tax. Pursuant to Section 61(1)(b) of the MITA, gains arising from the realisation of investments shall be treated as income of a unit trust under Section 4(aa) of MITA, provided that such gains are not related to real property as defined in the Real Property Gains Tax Act 1976. Section 4(aa) of the MITA provides that gains or profits from the disposal of a capital asset are to be treated as a class of income. The tax imposed on such income under the MITA is commonly referred to as "capital gains tax" (CGT).

Based on the MITA, the following will be subject to CGT:

Capital assets situated in Malaysia

- a) Gains or profits from the disposal of shares of a company incorporated in Malaysia not listed on the stock exchange (including any rights or interests thereof) owned by a company, limited liability partnership, trust body or co-operative society.

⁴ "Cash" in this context is defined as banknotes, coins and cheques.

⁵ "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.

⁶ "Foreign tax" includes withholding tax

⁷ "Qualifying unit trust" in this context means a unit trust resident in Malaysia that is:

- (a) managed by a management company;
- (b) has income received in Malaysia from outside of Malaysia; and
- (c) does not include a unit trust which is approved by the Securities Commission as Real Estate Investment Trust or Property Trust Fund listed on Bursa Malaysia.

⁸ "Management company" means a company licensed by the Securities Commission by which or on whose behalf a unit of a qualifying unit trust –

- (a) has been or is proposed to be issued, or offered for subscription or purchase; or
- (b) in respect of which an invitation to subscribed or purchase has been made.

And includes any person for the time being exercising the functions of the management company.

- b) Gains or profits, accruing to a company, limited liability partnership, trust body or co-operative society, on the disposal of shares in foreign incorporated controlled companies deriving value from real property in Malaysia, as determined based on the relevant provisions of the MITA.

Capital assets situated outside Malaysia

- c) Gains or profits from the disposal of movable or immovable property situated outside Malaysia including any rights or interests thereof. Such gains will only be subject to tax when the gains are received in Malaysia.

Note:

Pursuant to the Income Tax (Exemption) (No.3) Order 2024 [P.U.(A) 75], a trust body is exempted from payment of income tax in respect of gains or profits from the disposal of capital asset arising from outside Malaysia which is received in Malaysia. This exemption applies for such disposals from 1 January 2024 to 31 December 2026 subject to the following conditions being complied with by the trust body:

- employ an adequate number of employees in Malaysia with necessary qualifications to carry out the specified economic activities in Malaysia; and
- incur an adequate amount of operating expenditure for carrying out the specified economic activities in Malaysia.

Note that this exemption order applies to companies, limited liability partnerships, cooperative societies and trust bodies, whilst the Income Tax (Unit Trust in relation to Income Received in Malaysia from Outside Malaysia) (Exemption) Order 2024 [P.U.(A) 250] (as referred above) applies specifically to qualifying unit trusts.

The Finance (No. 2) Act 2023 provides an effective date of 1 January 2024 for the above changes to the MITA. However, pursuant to the Income Tax (Exemption) (No. 7) Order 2023 [P.U.(A) 410] and the Income Tax (Exemption) (No. 2) Order 2024 [P.U.(A) 57], taxpayers, including a trust body, are exempted from the payment of income tax in respect of any gains or profits received from the disposal of capital assets situated in Malaysia (see Item (a) and (b) above) where such disposals occur between 1 January 2024 to 29 February 2024.

In addition to the above, the Income Tax (Unit Trust) (Exemption) Order 2024 [P.U.(A) 249] exempts a qualifying unit trust⁹ resident in Malaysia from the payment of income tax in respect of any gains or profit received from the disposal of shares of a company incorporated in Malaysia which is not listed on the stock exchange and from the disposal of shares under section 15C of the MITA where such disposals occur between 1 January 2024 to 31 December 2028.

The exemption will not apply to gains or profits from the disposals of capital assets that fall under Section 4(a) of the MITA, as business income.

CGT rates

As noted above, various tax exemptions are available to a qualifying unit trust. For completeness, if exemptions did not apply, the relevant tax rates of the gains of the disposal of capital assets are as below:

	Tax rates
A. Disposal of capital assets situated in Malaysia which was acquired before 1 January 2024	
• On chargeable income of the disposal	10%
• On gross disposal price	2%
B. Disposal of capital assets situated in Malaysia which was acquired after 1 January 2024	
• On chargeable income of the disposal	10%
C. Disposal of capital assets situated outside Malaysia	
• On chargeable income of the disposal	24% (prevailing tax rate of a unit trust)

⁹ "Qualifying unit trust" in this context does not include a unit trust which is approved by the Securities Commission as a Real Estate Investment Trust or Property Trust Fund listed on Bursa Malaysia.

Implementation of Sales and Service Tax (“SST”)

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 is charged on certain prescribed taxable services performed by taxable persons as stipulated under Service Tax Regulations 2018. The input tax recovery mechanism under the previous Goods and Services Tax 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 service tax¹⁰ 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. See item 2 below on certain distributions which are not taxable to unit holders.

Such taxable 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 holders.

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 MITA. 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

¹⁰ Pursuant to Service Tax (Rate of Tax) (Amendment) Order 2024 [P.U. (A) 64], the service tax rate is increased from 6% to 8% with effect from 1 March 2024 on generally all of the taxable services except for provision of food and beverage services, telecommunication services, parking space and logistics services.

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.

As stated above, with effect from 1 January 2024 (1 March 2024 for disposals of shares of a company incorporated in Malaysia not listed on the stock exchange), gains arising from the realisation of investments shall be treated as income of the Fund under Section 4(aa) of the MITA, pursuant to the proviso of Section 61(1)(b) of MITA. However, pursuant to Section 61(1A) of the MITA, unit holders will still not be charged to tax on the gains referred to in the proviso of Section 61(1)(b) of the MITA.

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
Malaysian tax resident: - Individual and non-corporate unit holders (such as associations and societies) - Co-operatives¹¹ - Trust bodies - Corporate unit holders (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^{12 13}	- Progressive tax rates ranging from 0% to 30% - Progressive tax rates ranging from 0% to 24% 24% - First RM150,000 of chargeable income @ 15%¹⁴ - Next RM450,000 of chargeable income @17% - Chargeable income in excess of RM600,000 @ 24%

¹¹ Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society—

- in respect of a period of five years commencing from the date of registration of such co-operative society; and
- 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.

¹² A company would not be eligible for the concessionary tax rate on the first RM600,000 of chargeable income if:-

- 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;
- 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;
- 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.
- Pursuant to the Finance Act 2023, effective from the year of assessment 2024, in order for a company to qualify for the concessionary tax rates 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.

¹³ 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.

¹⁴ Pursuant to the Finance Act 2023, effective from the year of assessment 2023, the concessionary tax rate is reduced from 17% to 15% for the first RM150,000 of chargeable income.

Unit holders	Malaysian income tax rates
(ii) Companies other than (i) above	• 24%
Non-Malaysian tax resident (Note 1):	
• Individual and non-corporate unit holders	• 30%
• Corporate unit holders and trust bodies	• 24%

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

Unit splits and reinvestment of distributions

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

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

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

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

Yours faithfully

Ernst & Young Tax Consultants Sdn Bhd

Bernard Yap
Partner

Ernst & Young Tax Consultants Sdn Bhd has given its consent to the inclusion of the Taxation Adviser's Letter in the form and context in which it appears in this Prospectus and has not withdrawn such consent before the date of issue of this Prospectus.

10. DISTRIBUTORS OF THE FUND

10.1. OUR BRANCHES

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

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

10.2. PRINCIPAL DISTRIBUTORS

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

ANNEXURE - CLASS AR

Note: Class AR is only available for individual investors.

This section is only a summary of the salient information about Class AR. 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 Malaysia, member companies of the PFG, CIMB Group and the Trustee do not guarantee the return of your capital.

CLASS INFORMATION

	Class AR	Page
Investors eligibility	Individual who is at least eighteen (18) years of age and is not an undischarged bankrupt and/or such other category of investors as the Manager may determine from time to time in the event such other category is necessary to ensure compliance with any applicable laws, rules, regulations and/or guidelines. 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).	
Currency denomination	MYR	
Distribution policy	We have the discretion to distribute income monthly, taking into consideration the level of realised income and/or realised gains, as well as the performance of the Fund. 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 the Unit holders 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 the Unit holders.	16

FEES & CHARGES

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

Charges	Class AR	Page
Application Fee	Nil.	7
Withdrawal Penalty	Nil.	7
Switching Fee	Not applicable.	7
Transfer Fee	Not applicable.	7
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 the Class.

Fees	Class AR	Page
Management Fee	0.40% per annum of the NAV of the Class.	7
Trustee Fee	0.015% per annum (including local custodian fees but excluding foreign sub-custodian fees and charges (if any)) of the NAV of the Fund.	8
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.	8
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.

EES & CHARGE TRANSACTION INFORMATION

	Class AR	Page
Processing of transaction	For Class AR, account opening and transactions (i.e. application and withdrawal) can only be performed directly with Principal Malaysia. We adopt a single pricing method for any transactions based on historical prices. We will process your transaction requests based on the NAV per unit at the last Valuation Point after we receive the completed transaction requests from you. <u>Processing an application</u> If we receive a complete application with the investment amount by 10:30 a.m. on a Business Day, we will process it on that Business Day (T-day) based on the NAV per unit at the last Valuation Point. If we receive the complete application and investment amount after 10:30 a.m. on a Business Day, we will process it on the next Business Day (T+1) based on the NAV per unit at the last Valuation Point. We will only process the completed applications with all the necessary information and subject to the receipt of the investment monies by us (i.e. on a cleared fund basis). The number of units you receive will be rounded to two (2) decimal places. <u>Processing a withdrawal</u> If we receive a complete withdrawal request by 10:30 a.m. on a Business Day, we will process it on that Business Day (T-day) based on the NAV per unit at the last Valuation Point. If we receive the withdrawal request after 10:30 a.m. on a Business Day, we will process it on the next Business Day (T+1) based on the NAV per unit of the last Valuation Point. The amount that you will receive is calculated by the withdrawal value less the Withdrawal Penalty (if any). You will be paid in MYR within the same day (T-day) of our receipt of the complete withdrawal request. However, in unforeseen circumstances including but not limited to technical system failures during processing, which may result in unexpected delays, you will be paid within two (2) Business Days (or T+1 Business Day), provided that all documentations are completed and verifiable. For a withdrawal amount greater than MYR10 million, or if you are withdrawing your entire investment, you are required to provide us with a written notice (electronically or otherwise) of minimum five (5) Business Days of such intention to withdraw to enable us to process the withdrawal. You will have to bear the applicable bank fees and charges, if any. <i>Note: We seek variation for same day settlement which enables a quick redemption process. Variation does not apply in unforeseen circumstances which unit holders will be paid within two (2) Business Days. For more information, please refer to section 1.4 Approvals & Conditions for more information.</i>	14
Minimum initial investment	MYR10 or such other amount as we may decide from time to time.	14
Minimum additional investment	MYR10 or such other amount as we may decide from time to time.	14
Minimum withdrawal	10 units or such other number of units as we may decide from time to time.	15
Minimum balance	10 units or such other number of units as we may decide from time to time.	15
Regular Savings Plan	Not applicable.	
Cooling-off period	For first time individual investor investing with us, you have six (6) Business Days after your initial investment (i.e. from the date the complete application is received and accepted by us or any of our Distributors) to reconsider its appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased or prevailing NAV per unit at the point of cooling-off (whichever is lower) ("Refund Amount"). We will pay the Refund Amount including the Application Fee (if any) to you in the currency of the respective Class within seven (7) Business Days from the date we receive the complete documentations. Please note that the cooling-off right is only	15

	given to first time investor investing with us or our Distributors. However, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.	
Switching facility	Currently not available.	15
Transfer facility	Currently not available.	15

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 the Trustee Fee); (b) other charges payable by you in respect of the Fund; and/ or (c) transactional values including but not limited to the units or amount, for any Unit holder and/or investments made via any distribution channels or platform.

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

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

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

ANNEXURE - CLASS AI

Note: Class AI is only available for non-individual investors.

This section is only a summary of the salient information about Class AI. 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 Malaysia, member companies of the PFG, CIMB Group and the Trustee do not guarantee the return of your capital.

CLASS INFORMATION

	Class AI	Page
Investors eligibility	You are eligible if you are an institution including a company, corporation, co-operative, trust or pension fund and/or such other category of investors as the Manager may determine from time to time in the event such other category is necessary to ensure compliance with any applicable laws, rules, regulations and/or guidelines.	
Currency denomination	MYR	
Distribution policy	We have the discretion to distribute income monthly, taking into consideration the level of realised income and/or realised gains, as well as the performance of the Fund. 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 the Unit holders 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 the Unit holders.	16

FEES & CHARGES

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

Charges	Class AI	Page
Application Fee	Nil.	7
Withdrawal Penalty	Nil.	7
Switching Fee	Not applicable.	7
Transfer Fee	Not applicable.	7
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 the Class.

Fees	Class AI	Page
Management Fee	0.40% per annum of the NAV of the Class.	7
Trustee Fee	0.015% per annum (including local custodian fees but excluding foreign sub-custodian fees and charges) on the NAV of the Fund.	8
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.	8
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 AI	Page
Processing of transaction	For Class AI, account opening and transactions (i.e. application and withdrawal) can only be performed directly with Principal Malaysia. We adopt a single pricing method for any transactions based on historical prices. We will process your transaction requests based on the NAV per unit at the last Valuation Point after we receive the completed transaction requests from you. <u>Processing an application</u> If we receive a complete application with the investment amount by 10:30 a.m. on a Business Day, we will process it on that Business Day (T-day) based on the NAV per unit at the last Valuation Point. If we receive the complete application and investment amount after 10:30 a.m. on a Business Day, we will process it on the next Business Day (T+1) based on the NAV per unit at the last Valuation Point. We will only process the completed applications with all the necessary information and subject to the receipt of the investment monies by us (i.e. on a cleared fund basis). The number of units you receive will be rounded to two (2) decimal places. <u>Processing a withdrawal</u> If we receive a complete withdrawal request by 10:30 a.m. on a Business Day, we will process it on that Business Day (T-day) based on the NAV per unit at the last Valuation Point. If we receive the withdrawal request after 10:30 a.m. on a Business Day, we will process it on the next Business Day (T+1) based on the NAV per unit of the last Valuation Point. The amount that you will receive is calculated by the withdrawal value less the Withdrawal Penalty (if any). You will be paid in MYR within the same day (T-day) of our receipt of the complete withdrawal request. However, in unforeseen circumstances including but not limited to technical system failures during processing, which may result in unexpected delays, you will be paid within two (2) Business Days (or T+1 Business Day), provided that all documentations are completed and verifiable. For a withdrawal amount greater than MYR10 million, or if you are withdrawing your entire investment, you are required to provide us with a written notice (electronically or otherwise) of minimum five (5) Business Days of such intention to withdraw to enable us to process the withdrawal. You will have to bear the applicable bank fees and charges, if any. <i>Note: We seek variation for same day settlement which enables a quick redemption process. Variation does not apply in unforeseen circumstances which unit holders will be paid within two (2) Business Days. For more information, please refer to section 1.4 Approvals & Conditions for more information.</i>	14
Minimum initial investment	MYR10 or such other amount as we may decide from time to time.	
Minimum additional investment	MYR10 or such other amount as we may decide from time to time.	14
Minimum withdrawal	10 units or such other number of units as we may decide from time to time.	15
Minimum balance	10 units or such other number of units as we may decide from time to time.	15
Regular Savings Plan	Not applicable.	
Cooling-off period	Not applicable for Class AI.	15
Switching facility	Not applicable	15
Transfer facility	Not applicable	15

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 the Trustee Fee); (b) other charges payable by you in respect of the Fund; and/ or (c) transactional values including but not limited to the units or amount, for any Unit holder and/ or investments made via any distribution channels or platform.

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

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

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

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