

## Information Memorandum

22 November 2019

# Principal Institutional\* Bond Fund 7

(Formerly known as CIMB-Principal Institutional Bond Fund 7)

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

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

THIS IS A REPLACEMENT INFORMATION MEMORANDUM. THIS INFORMATION MEMORANDUM IS ISSUED TO REPLACE AND/OR SUPERSEDE THE INFORMATION MEMORANDUM OF THE CIMB-PRINCIPAL INSTITUTIONAL BOND FUND 7 DATED 14 JULY 2014, THE FIRST SUPPLEMENTAL INFORMATION MEMORANDUM DATED 19 MARCH 2015, THE SECOND SUPPLEMENTAL INFORMATION MEMORANDUM DATED 19 AUGUST 2015, THE THIRD SUPPLEMENTAL INFORMATION MEMORANDUM DATED 8 AUGUST 2017 AND THE FOURTH SUPPLEMENTAL INFORMATION MEMORANDUM DATED 27 FEBRUARY 2018.

This Information Memorandum Issue No.2 for the Principal Institutional\* Bond Fund 7 is dated 22 November 2019.

The Fund was constituted on 11 June 2014.

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

\* The Fund is targeted for institutional clients. Hence, "Institutional" is stated in the Fund name.

# ABOUT THIS DOCUMENT

This is an Information Memorandum which introduces you to Principal Asset Management Berhad (*Formerly known as CIMB-Principal Asset Management Berhad*) (“Principal Malaysia”) and the Principal Institutional Bond Fund 7 (“Fund”), which is a Wholesale Fund. This Information Memorandum outlines in general the information you need to know about the Fund and is intended for the exclusive use of the prospective Sophisticated Investors (as defined herein) who should ensure that all information contained herein remains confidential.

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

If you have any questions about the Fund, please contact our Corporate & Institutional Business at (03) 2084 8888 on any Business Day between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. and 4:45 p.m. (Malaysian time) on Fridays (except on Kuala Lumpur public holidays).

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

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

Please note all references to currency amounts and NAV per unit in the Information Memorandum are in Malaysian Ringgit unless otherwise indicated.

**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.**

# DEFINITIONS

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

|                                   |   |
|-----------------------------------|---|
| Application Fee                   | - Preliminary charge on each investment.  |
| BPAM                              | - Bond Pricing Agency Malaysia.   |
| Business Day                      | - Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and/or banks in Kuala Lumpur and/or Selangor are open for business.<br><b>Note:</b> <i>We may declare certain Business Days a non-Business Day when deemed necessary, such as in the event of market disruption.</i>  |
| CIMB Group                        | - CIMB Group Sdn. Bhd.  |
| CMSA                              | - Capital Markets and Services Act 2007.  |
| Deed                              | - The principal and all supplemental deed in respect of the Fund made between us and the Trustee in which the Unit holders agree to be bound by the provisions of the Deed.   |
| Deposit                           | - As per definition of “deposit” in the Financial Services Act 2013 and “Islamic deposit” in the Islamic Financial Services Act 2013.<br><b>Note:</b> <i>To exclude structured deposits.</i>  |
| Eligible Market                   | - A market which is regulated by a regulator, operates regularly, is open to the public and has adequate liquidity for the purposes of the Fund.  |
| Fund or IBF7                      | - Principal Institutional* Bond Fund 7 ( <i>Formerly known as CIMB-Principal Institutional Bond Fund 7</i> ).<br><i>*The Fund is targeted for institutional clients. Hence, “Institutional” is stated in the Fund name.</i>   |
| Government Securities             | - Bonds issued or backed by the Government of Malaysia or Bank Negara Malaysia.   |
| Information Memorandum            | - Refers to this information memorandum in respect of the Fund and includes any addendum to the information memorandum or replacement information memorandum, as the case may be.   |
| IUTAs                             | - Institutional Unit Trust Scheme Advisers.   |
| LPD                               | - Latest Practicable Date i.e. 31 October 2019, in which all information provided herein, shall remain current and relevant as at such a date.  |
| Management Fee                    | - A percentage of the NAV of the Fund that is paid to the Manager for managing the portfolio of the Fund.   |
| MARC                              | - Malaysian Rating Corporation Berhad.  |
| Medium to long term               | - Refers to a period of five (5) years or more.   |
| NAV                               | - Net Asset Value.  |
| NAV of the Fund                   | - The NAV of the Fund is the value of all the Fund’s assets less the value of all the Fund’s liabilities, at the point of valuation. For the purpose of computing the annual Management Fee (if any) and annual Trustee Fee (if any), the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day.   |
| NAV per unit                      | - The NAV of the Fund divided by the number of units in circulation, at the valuation point.  |
| OTC                               | - Over-the-counter.   |
| PIA                               | - Principal International (Asia) Ltd.   |
| PFG                               | - Principal Financial Group and its affiliates.   |
| Principal Malaysia or the Manager | - Principal Asset Management Berhad ( <i>Formerly known as CIMB-Principal Asset Management Berhad</i> ).  |
| RAM                               | - RAM Rating Services Berhad.   |
| RM or MYR                         | - Malaysian Ringgit.  |
| SC                                | - Securities Commission Malaysia.   |
| SC Guidelines                     | - SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.   |
| Sophisticated Investor            | - Refers to investors as we determine as qualified or eligible to invest in the Fund and that fulfil any laws, rules, regulation, restrictions or requirements imposed by the respective country’s regulators where the Fund is open for sale. For investors in Malaysia, this refers to any person who falls within any of the categories of investors set out in Part 1, Schedule 6 and 7 of the CMSA.<br><b>Note:</b> <i>For more information, please refer to our website at <a href="http://www.principal.com.my">http://www.principal.com.my</a> for the current excerpts of Part 1, Schedules 6 and 7 of the CMSA.</i> |
| Special Resolution                | - A resolution passed by a majority of not less than $\frac{3}{4}$ of Unit holders 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  $\frac{3}{4}$  of the value of the units held by Unit holders voting at the meeting.

|                          |  |
|--------------------------|--|
| Supranational Securities | - Bonds issued or backed by supranational organizations.   |
| Switching Fee            | - A charge that may be levied when switching is done from one (1) fund to another.   |
| Transfer Fee             | - A nominal fee levied for each transfer of units from one (1) Unit holder to another.   |
| Trustee                  | - HSBC (Malaysia) Trustee Berhad.  |
| Trustee Fee              | - A percentage of the NAV of the Fund that is paid to the Trustee for its services rendered as trustee for the Fund.   |
| Unit holder              | - The registered holder for the time being of a unit of the Fund including persons jointly so registered.  |
| US or USA                | - United States of America.  |
| Wholesale Fund           | - A unit trust scheme established in Malaysia where the units are to be issued, offered for subscription or purchase, or for which invitations to subscribe for or purchase the units are to be made, exclusively to Sophisticated Investor. |
| Withdrawal Fee           | - A charge levied upon withdrawal under certain terms and conditions (if applicable).  |

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

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# 1. FUND INFORMATION

## 1.1. PRINCIPAL INSTITUTIONAL BOND FUND 7

|                             |   |
|-----------------------------|---|
| <b>Fund Category/Type</b>   | : Wholesale Fund (Bond) / Income & Growth   |
| <b>Investment Objective</b> | : The Fund aims to provide income and capital appreciation over the medium to long term by investing in Ringgit denominated debt securities.<br><i>We will require your approval if there is any material change to the Fund's investment objective.</i>  |
| <b>Benchmark</b>            | : 30% TR BPAM All Bond Index + 70% TR BPAM Corporates 3y-7y Bond Index.<br><b>Note:</b> <i>The Fund's benchmark is for performance comparison purpose only. The benchmark is customised as such to align it closer to the structure of the investment portfolio. Information on the benchmark can be obtained from <a href="https://www.bpam.com.my">https://www.bpam.com.my</a>.</i>   |
| <b>Distribution Policy</b>  | : Depending on the level of income (if any) that the Fund generates, the Fund will distribute on a quarterly basis. Distribution, if any, will be made by the last Business Day of the following months of each year: March, June, September and December.<br>We have the discretion to decide on the amount to be distributed to the Unit holders. You may refer to page 9 for more information on the distribution payment. |
| <b>Launch Date</b>          | : 14 July 2014  |

### Investment Policy and Principal Investment Strategy

The investment strategy and policy of the Fund is to invest in a diversified portfolio of RM denominated debt securities to provide medium to long term stable income. The Fund seeks to achieve its objective by investing at least 70% of its NAV in debt securities, and up to 30% in Deposits. These debt securities refers to Government Securities, Supranational Securities and/or corporate bonds issued in Malaysia, of which the issuers may be domiciled in and/or outside of Malaysia. The minimum credit rating for these debt securities would be "A3" by RAM or MARC equivalent, with the exception to Government Securities and Supranational Securities. We will consider the minimum credit rating of a debt security only at the time of purchase and will not necessarily dispose a debt security held by it if its rating falls below the stated minimum credit rating. In addition, a maximum of 30% of the Fund's NAV may be invested in unrated debt securities.

We will adopt a buy-and-hold strategy for the Fund where debt securities purchased will be held until the maturity of the debt securities. However, we reserve the right to deal with the debt securities in the best interest of the Unit holders in the following circumstances:

- i) in the event of a credit rating downgrade where the credit rating of the debt securities fall below the minimum credit rating requirement;
- ii) when we are of the opinion that the credit worthiness of the issuer of the debt security is at risk based on its research and analysis; and/or
- iii) when there is any change in the laws, rules, regulations and/or policies, which may affect the investment of the Fund, the Fund or the Unit holders.

### Asset Allocation

- At least 70% in Government Securities, Supranational Securities and/or corporate bonds issued in Malaysia, of which the issuers may be domiciled in and/or outside of Malaysia;
- Up to 30% in Deposits; and
- Up to 30% in unrated debt securities.

### Risk management strategy and temporary defensive measure

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.

Essentially, we monitor the bond portfolio according to three (3) parameters: tenure, credit ratings and sector. The duration of the bond portfolio (i.e. the sensitivity of the portfolio to interest rate changes) is also monitored according to our interest rate outlook.

In response to adverse conditions and as part of its risk management strategy, we may reduce holdings in longer tenured assets and channel these monies into shorter-term interest bearing Deposits. We may also from time to time invest in liquid assets to safeguard the investment portfolio of the Fund provided that such investments are within the investment objective of the Fund. When deemed necessary, we may also utilize derivative instruments, subject to the SC Guidelines, for purpose of hedging.

## 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 invested. Under the Deed, the Fund can invest in a wide range of securities, including but not limited to the following:

- Debentures traded in or under the rules of an Eligible Market;
- Deposits and money market instruments;
- Derivative instruments for hedging purposes; and
- Any other form of investments as may be determined by us from time to time that is in line with the Fund's objectives.

## 1.3. INVESTMENT RESTRICTIONS AND LIMITS

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

- the value of the Fund's investments in debentures issued by any single issuer must not exceed 30% of the Fund's NAV;
- the value of the Fund's placement in Deposits and/or money market instruments must not exceed 30% of the Fund's NAV;
- the value of the Fund's investments in debentures issued by any group of companies must not exceed 30% of the Fund's NAV; and
- the value of the Fund's investments in structured product and/or derivatives must not exceed 30% of the Fund's NAV, which underlying are related/linked to debt securities

In respect of any restrictions and limits stipulated above, there is an allowance of 5% where such restrictions and limits are breached through appreciation or depreciation of the NAV of the Fund (whether as a result of an appreciation or depreciation in value of the Fund's investments, or as a result of repurchase of units or payment made out of the Fund).

If the Fund ceases to comply with the above limitations on investments, we should not make any further acquisitions to which the relevant limit is breached and must remedy the non-compliance as soon as practicable (maximum three (3) months from the date of the breach).

## 1.4. APPROVALS AND CONDITIONS

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

## 1.5. FINANCING

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

## 1.6. SECURITIES LENDING

Not applicable for the Fund.

## 1.7. RISK FACTORS

### 1.7.1. GENERAL RISKS OF INVESTING IN A COLLECTIVE INVESTMENT SCHEME

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 Information Memorandum.

#### Returns not guaranteed

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

#### Inflation risk

This is the risk that your investment in the unit trust 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.

#### Market risk

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

#### 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.

**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, you may be required to top-up your existing installment if the price of units fall below a certain level due to market conditions. Failing which, the units may be sold at a lower NAV per unit as compared to the NAV per unit at the point of purchase towards settling the financing.

**1.7.2. SPECIFIC RISKS RELATED TO THE FUND**

There are specific risks associated with the investment portfolio of the Fund, which include but are not limited, to the following:

**Credit and default risk**

Investment of the Fund may involve a certain degree of credit and default risk. This refers to the risk of loss of the investment amount as well as the returns on investment due to the issuer's non-payment or untimely payment or counterparty's failure or untimely settlement. This may result in a loss of investment amount placed with the counterparties, i.e. financial institutions, or a credit downgrade of a debt security which will cause a decline in value of or returns on the investments and subsequently depress the NAV of the Fund. In addition, each counterparty or issuer that the Fund dealt with may issue a number of debt securities or a debt security with different tranches. Each of these tranches of debt securities carries its own credit rating, in the event of default of any tranche of the debt securities, it may affect the creditworthiness of the counterparty or issuer of the debt security. Thus, the Fund may be exposed to varying degree of credit and default risk given that each debt security or each tranche of the debt security has a different level of risk exposure. We aim to mitigate this credit and default risk by performing fundamental credit research and analysis to determine the creditworthiness of its counterparties and/or issuers as well as the credit quality of the relevant securities.

**Interest rate risk**

Interest rate risk is the risk that an investment's value will be affected due to a change in the level of interest rates. Such changes usually affect the investments inversely and can be reduced by managing the duration of the portfolio via shorter or longer tenured assets depending on our view of the future interest rate trend, which is based on our continuous fundamental research and analysis. However, you should be aware that as the Fund generally adopts a buy-and-hold strategy where the debt securities purchased will be held to its maturity, such price fluctuations would dissipate as it approaches maturity.

**Liquidity risk**

Liquidity risk is defined as the ease with which a debt security can be sold. If a debt security encounters a liquidity crunch, the debt security may need to be sold at unfavourable price. This in turn would depress the NAV of the Fund. Generally, all debt securities are subject to a certain degree of liquidity risk depending on the nature of the debt security, market, sector and other factors. We will attempt to balance the entire portfolio by investing in assets with appropriate liquidity, taking into consideration the trading volume of the assets. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

**Company specific risk**

There are many specific risks which apply to individual companies that may negatively affect the credit worthiness of the counterparties and/or issuers of the debt securities, and hence negatively affects the NAV of the Fund. Examples include the possible effect on a company of losing a key executive or the unforeseen entry of a new competitor into the market or the implications of a company's credit rating being downgraded. As a consequence, the price of any issuance by that company may fall, and decreases the value of investment in the Fund and hence, negatively affects the NAV of the Fund. We aim to reduce all these risks by using diversification that is expected to reduce the volatility as well as the risk to the Fund's portfolio. In addition, we will also perform continuous fundamental research and analysis to aid the management of 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 the Fund may be exposed to other risks from time to time. If in doubt, please consult your professional advisers for a better understanding of the risks.**



## 2. 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 Fund.

#### 2.1.1. Application Fee

Nil.

#### 2.1.2. Withdrawal Fee

Nil.

#### 2.1.3. Switching Fee

Not applicable as no switching facility is available for the Fund.

#### 2.1.4. Transfer Fee

Not applicable as no transfer facility is available for the Fund.

### 2.2. FEES AND EXPENSES

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

#### 2.2.1. Management Fee

The Management Fee for the Fund is up to 0.15% per annum of the Fund's NAV. The Management Fee shall be accrued daily and be paid monthly.

*Below is an illustration on how the Management Fee is calculated:*

*Management Fee for the day = NAV of the Fund x Management Fee rate for the Fund (%) / 365 days*

*If the NAV of the Fund is RM150 million, then*

*Management Fee for the day = RM150 million x 0.15% / 365 days  
= RM616.44*

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

#### 2.2.2. Trustee Fee

The Trustee is entitled to a fee of up to 0.03% per annum of the Fund's NAV. The Trustee Fee shall be accrued daily and be paid monthly to the Trustee.

*Below is an illustration on how the Trustee Fee is calculated:*

*Trustee Fee for the day = NAV of the Fund x Trustee Fee rate for the Fund (%) / 365 days*

*If the NAV of the Fund is RM150 million, then*

*Trustee Fee for the day = RM150 million x 0.03% / 365 days  
= RM123.29*

**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:

- expenses incurred in the sale, purchase, insurance, custody and any other dealings of investments including commissions or fees paid to brokers and costs involved with external specialists approved by the Trustee in investigating and evaluating any proposed investment;
- (where the foreign custodial function is delegated by the Trustee), all costs associated with the custody of investment and charges or fees paid to the sub-custodian;
- expenses incurred in the printing of, purchasing of stationery and postage for the annual and interim (if any) reports;
- remuneration and out of pocket expenses of the independent members of the investment committee unless we decide to bear the same;
- tax and other duties imposed by the government and other authorities, and bank fees;
- tax agent's and auditor's fees and expenses;
- valuation fees paid to independent valuers for the benefit of the Fund;

- costs incurred in modifying the Deed other than for the benefit of ours and the Trustee's;
- costs of convening and holding meetings of Unit holders (other than those meetings convened by or for the benefit of ours or the Trustee's); and
- all costs, bank charges and expenses related to income distribution of the Fund; for example, postage and printing of all cheques, statements and notices to Unit holder of the Fund.

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.

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

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

### **2.3. REBATES AND SOFT COMMISSIONS**

We and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Fund unless the soft commission received is retained in the form of goods and services such as research and advisory services that assist in the decision making process relating to the Fund's investments. All dealings with brokers are executed on most favourable terms available for the Fund. Any rebates will be directed to the account of the Fund.

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

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

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

# 3. TRANSACTION INFORMATION

## 3.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUND

We will carry out the valuation of 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:

- **Listed securities**

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

- **Unlisted securities**

The valuation of equities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the Fund by the issuer shall be valued at the issue price of such equities. The value will be determined by the financial institution that issued the instrument.

The value of any unlisted RM-denominated debt securities shall be calculated on a daily basis using prices quoted by a bond pricing agency (BPA) registered with the SC. Where such prices are not available or where the Manager is of the view that the price quoted by the BPA for a specific debt security differs from the market price by more than 20 basis points, the Manager may use the market price by reference to the last available quote provided such quote was obtained within the previous thirty (30) days and the Manager records its basis for using a non-BPA price, obtained necessary internal approvals to use the non-BPA price and keeps an audit trail of all decisions and basis for adopting the market yield.

- **Derivatives**

For unlisted derivative instruments, the value will be determined by the financial institution that issued the instrument. In any event, we shall ensure that the valuation of the investment is valued at fair value as determined in good faith by us, on methods and bases which shall be verified by the auditor of the Fund and approved by the Trustee.

- **Money market instruments**

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

- **Deposits**

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

## 3.2. UNIT PRICING

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

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

The Fund will be valued on a monthly basis with valuation point at 7:30 p.m. on the last Business Day for each month. The NAV per unit for the last Business Day for each month is available on our website at <http://www.principal.com.my> after 1:30 p.m. on the following Business Day, which shall be the first Business Day of the following month. For example, for the month of July 2019, the Fund will be valued with valuation point at 7:30 p.m. on 31 July 2019, and the NAV per unit will be available on our website after 1:30 p.m. on 1 August 2019.

The method of determining NAV per unit is calculated as follows:

$$\text{NAV per unit} = \frac{\text{NAV}}{\text{NAV}}$$

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 Unit holders, less all amounts owing or payable in respect of the Fund which also includes 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.

### 3.3. INCORRECT PRICING

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

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

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

- i) is equal or more than 0.50% of the NAV per unit; and
- ii) results in a sum total of RM10.00 or more to be reimbursed to a Unit holder for each sale or withdrawal transaction.

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

### 3.4. INVESTING

#### 3.4.1. Who can invest?

The Fund shall only be offered or marketed to the Sophisticated Investors that is corporate client such as company, corporation or co-operative. However, we have the right to reject an application on reasonable grounds.

Further, if we become aware of any US entity (i.e. a corporation, trust, partnership or other entity created or organised in or under the laws of the United States or any state thereof or any estate or trust the income of which is subject to United States Federal Income Tax regardless of source) holding units in the Fund, a notice may be issued to that Unit holder requiring the Unit holder to, within thirty (30) days, either withdraw the Unit holder's units or transfer the units to a non-US entity.

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

#### 3.4.2. How to invest?

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

You may invest:

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

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

### 3.5. MINIMUM INVESTMENTS

The minimum initial investment in the Fund is RM10 million or such other amount as we may decide from time to time.

The minimum additional investment in the Fund is RM1 million or such other amount as we may decide from time to time.

**Note:** You may request for a lower amount when purchasing units (or additional units), which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject a lower amount and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you.

### 3.5.1. Processing an application

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

## 3.6. MINIMUM WITHDRAWALS

The minimum withdrawal for the Fund is RM1 million or such other amount as we may decide from time to time, unless you are withdrawing your entire investment. Withdrawal is limited to once a month, on the last Business Day of the month. Withdrawals can be made from the Fund by completing a withdrawal form or sending a letter to us. You may request for a cash withdrawal or withdrawal via transfer of assets. Your request for withdrawal via transfer of assets is subject to our discretion and the concurrence of the Trustee. Should you request for withdrawal via transfer of assets, we have the discretion to request for further information and/or documents in order to accept the withdrawal request.

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

### 3.6.1. Processing a withdrawal

If we receive a complete withdrawal request by 4:00 p.m. on the last Business Day of a month, we will process it using the NAV per unit for that Business Day, which will be known on the following Business Day. If we receive the complete withdrawal request after 4:00 p.m. on the last Business Day of a month, it will be processed using the NAV per unit on the last Business Day of the next month.

For cash withdrawal:

If you request a specific amount in RM, the number of units will be calculated by dividing the requested amount in RM by the NAV per unit, and the number of units will be rounded down to two (2) decimal places. The amount that you will receive is calculated by the withdrawal value less the Withdrawal Fee (if any). That amount will be paid in RM to your bank account or by cheque within three (3) Business Days from the day we process the withdrawal request. You will have to bear the applicable bank fees and charges, if any.

For withdrawal via transfer of assets:

If you request a specific amount in RM, the bond value may not commensurate with your withdrawal value. As such, we reserve the right to pay you partially in bonds and in cash. You will be paid via transfer of assets within three (3) Business Days and remaining cash (if any) within thirty (30) days. You should note that withdrawal by transfer of assets of the Fund will not be at the NAV per unit of the Fund, as you will receive the underlying assets of the Fund, which are bonds. You will have to bear the applicable bank fees and charges, if any.

**In the event some of the underlying investments of the Fund are not actively traded, you are warned that under such circumstances, you may face difficulties in redeeming your investments.**

## 3.7. MINIMUM BALANCE

The minimum balance that must be retained in the Fund is 1 million units or such other amount as we decide may from time to time. If the number of units of an investment drops below 1 million units, further investments will be required until the balance of the investment is restored to at least the stipulated minimum balance. Otherwise, we can withdraw the entire investment and forward the proceeds to you.

**Note:** We may, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. For increase in the number units for minimum balance, we will require concurrence from the Trustee and you will be notified of such changes before implementation.

## 3.8. COOLING-OFF PERIOD

Not applicable for corporations/institutions.

## 3.9. SWITCHING

No switching facility is available for the Fund.

### 3.10. TRANSFER FACILITY

No transfer facility is available for the Fund.

### 3.11. TEMPORARY SUSPENSION

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

### 3.12. DISTRIBUTION PAYMENT

Depending on the level of income (if any) that the Fund generates, the Fund will distribute income on a quarterly basis. Distribution, if any, will be made by the last Business Day of the following months of each year: March, June, September and December. We have the right to make provisions for reserves in respect of distribution of the Fund. If the distribution available is too small or insignificant, any distribution may not be of benefit to you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund.

All distributions (if any) will be automatically reinvested into additional units in the Fund at the NAV per unit of the Fund on the distribution date (the number of units is rounded down to two (2) decimal places), unless written instructions to the contrary are communicated by you to us, in which you should have first furnished us with details of your bank account 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 Fund, those additional units will then be automatically withdrawn by us if the number of units are below the minimum balance and the proceeds will be paid to you. Distribution payments will be made in RM.

### 3.13. UNCLAIMED MONEYS

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

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

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

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

## 4. ADDITIONAL INFORMATION

### 4.1. FINANCIAL YEAR-END

30 November.

### 4.2. INFORMATION ON YOUR INVESTMENT

We will send you the following:

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

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

### 4.3. TERMINATION OF FUND

The Fund may be terminated:-

- (a) as proposed by us with the consent of the Trustee (which consent shall not be unreasonably withheld) by giving not less than three (3) months' notice in writing to the Unit holders as hereinafter provided
  - (i) if any law shall be passed which renders it illegal or in our opinion that it is impracticable or inadvisable to continue the Fund or
  - (ii) if in our reasonable opinion that it is impracticable or inadvisable to continue the Fund.The Fund shall be terminated by us if a Special Resolution is passed at a Unit holders' meeting to terminate or wind-up the Fund; or
- (b) three (3) months upon the exercise of the withdrawal via transfer of assets.

### 4.4. RIGHTS, LIABILITIES AND LIMITATIONS OF A UNIT HOLDER

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

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

#### Rights of Unit holders

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

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

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

#### Liabilities of Unit holders

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

## Limitations of Unit holders

You cannot:

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

## 4.5. DOCUMENTS AVAILABLE FOR INSPECTION

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

- The Deed;
- Information Memorandum and supplementary or replacement information memorandum, if any;
- Material contracts or documents disclosed in this Information Memorandum;
- 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; and
- The audited financial statements of the Manager for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement.

## 4.6. POTENTIAL CONFLICTS OF INTERESTS AND RELATED-PARTY TRANSACTIONS

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

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

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

| Director / Shareholder | Position    | Shareholding (Direct / Indirect) | Name of corporation   |
|------------------------|-------------|----------------------------------|---|
| CIMB Group Sdn Bhd     | Shareholder | Direct                           | Principal Islamic Asset Management Sdn Bhd<br>(Formerly known as CIMB-Principal Islamic Asset Management Sdn Bhd) |
|                        |             | Indirect                         | CIMB-Mapletree Management Sdn Bhd   |

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

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

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

### The Trustee

As for the Trustee and service provider for the Fund, there may be proposed 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 etc);
- 2) where the Fund is being distributed by the related party of the Trustee;



- 3) where the assets of the Fund are being custodied by the related party of the Trustee both as sub-custodian and/or global custodian of that Fund (Trustee's delegate); and
- 4) where the Fund obtains financing as permitted under the SC Guidelines, from the related party of the Trustee.

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

Subject to any local regulations, the Trustee and/or their related group of companies may deal with each other, the Fund or any Unit holder or enter into any contract or transaction with each other, the Fund or any form of 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 corporations, or any of our officers or directors may invest in the Fund. Our directors will receive no payments from the Fund other than distributions that they may receive as a result of investment in the Fund. No fees other than the ones set out in this Information Memorandum have been paid to any promoter of the Fund, or the Trustee (either to become a trustee or for other services in connection with the Fund), or us for any purpose.

#### **4.8. EMPLOYEES' SECURITIES DEALINGS**

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

# 5. THE MANAGER

## 5.1. ABOUT PRINCIPAL ASSET MANAGEMENT BERHAD

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

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

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

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

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

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

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

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

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

# 6. THE TRUSTEE

## 6.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

**HSBC (Malaysia) Trustee Berhad** (193701000084(1281-T)) is a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at 13th Floor, Bangunan HSBC, South Tower, No. 2, Leboh Ampang, 50100 Kuala Lumpur. Since 1993, the Trustee has acquired experience in the administration of trusts and has been appointed as trustee for unit trust funds, exchange traded funds, wholesale funds and funds under private retirement scheme.

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit holders of the Fund. In performing these functions, the Trustee has to exercise all due care, diligence and vigilance and is required to act in accordance with the provisions of the Deed, Capital Markets and Services Act 2007 and the SC Guidelines. Apart from being the legal owner of the Fund's assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, Capital Markets and Services Act 2007 and the SC Guidelines. 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 for the Fund and in respect of redemption, the Trustee's responsibility is discharged once it has paid the redemption amount to the Manager.

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

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

The Trustee shall be entitled to process, transfer, release and disclose from time to time any information relating to the Fund, Manager and Unit holders for purposes of performing its duties and obligations in accordance to the Deed, the Capital Markets and Services Act 2007, SC Guidelines and any other legal and/or regulatory obligations such as conducting financial crime risk management, to the Trustee's parent company, subsidiaries, associate companies, affiliates, delegates, service providers, agents and any governing or regulatory authority, whether within or outside Malaysia (who may also subsequently process, transfer, release and disclose such information for any of the above mentioned purposes) on the basis that the recipients shall continue to maintain the confidentiality of information disclosed, as required by law, regulation or directive, or in relation to any legal action, or to any court, regulatory agency, government body or authority.

### 6.1.1. Trustee's Delegate

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

The Trustee shall be responsible for the acts and omissions of its delegate as though they were its own acts and omissions.

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

### 6.1.2. Trustee's Disclosure of Material Litigation

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

### 6.1.3. Trustee's Statement of Responsibility

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

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

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

Enquiries:

Customer Care Centre **(603) 7718 3000**

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