

Prospectus

25 October 2024

Principal Singapore Equity 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 Singapore Equity Fund is dated 25 October 2024.

This Fund was constituted on 26 August 2024.

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 3.

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 hour between 8:45 a.m. and 5:45 p.m. (Malaysian time) from Mondays to Fridays.

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notices, legislations or statutes for the time being in force, as may be amended, varied, modified, updated, superseded and/or re-enacted from time to time.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

PROSPECTUS DETAILS

Issue No.	1
Prospectus Date	25 October 2024

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.

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

DEFINITIONS

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

Application Fee	- Preliminary charge on each investment.
Authorized Investments	- Means, subject to the provisions of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, any investment or other property, assets or rights for the time being approved for investment under the Central Provident Fund (Investment Schemes) Regulations of Singapore.
BNM	- Bank Negara Malaysia.
Business Day	- Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and/or banks in Kuala Lumpur and/or Selangor are open for business. In respect of the Target Fund, it means any day on which the Recognised Stock Exchange is open for trading of securities. Note: We may declare certain Business Days to be a non-Business Day if the jurisdiction of the Target Fund declares a non-business day and/or if the Target Fund Manager declares a non-dealing day.
CIMB Group	- CIMB Group Sdn. Bhd.
CIS	- Collective investment schemes.
Class	- Any class of units representing similar interest in the assets of the Fund.
Class JPY-Hedged	- The Class issued by the Fund denominated in JPY that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. SGD) and JPY.
Class MYR	- The Class issued by the Fund denominated in MYR.
Class MYR-Hedged	- The Class issued by the Fund denominated in MYR that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. SGD) and MYR.
Class SGD	- The Class issued by the Fund denominated in SGD.
Class USD	- The Class issued by the Fund denominated in USD.
CMSA	- Capital Markets and Services Act 2007.
Commencement Date	- The next Business Day immediately following the end of the initial offer period of the respective Class.
Deed	- The principal 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.
Deposited Property	- Means all the assets for the time being held or deemed to be held upon the trusts of the Target Fund deed excluding any amount for the time being standing to the credit of the distribution account.
Deposits	- As per the definition of "deposit" in the Financial Services Act 2013.
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.
Eligible Market	- Means an exchange, government securities market or an OTC market that is regulated by a regulatory authority of that jurisdiction; that is open to the public or to a substantial number of market participants; and on which financial instruments are regularly traded.
Fund or SEF	- Principal Singapore Equity 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.
IMS	- Investment Management Standards issued by the Federation of Investment Managers Malaysia.
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.
JPY	- Japanese Yen.
LPD	- Latest Practicable Date i.e. 31 July 2024, in which all information provided herein, shall remain current and relevant as at such date.
Management Fee	- A percentage of the NAV of the Class that is paid to us for managing the portfolio of the Fund.
MCR	- Multi-class ratio, being the apportionment of the NAV of each Class over the Fund's NAV based on the size of each Class. The MCR is calculated by dividing the NAV of the respective Class by the NAV of the Fund before income and expenses for the day. The apportionment is expressed as a ratio and calculated as a percentage.
MYR	- Malaysian Ringgit.
NAV	- Net Asset Value.
NAV of the Class	- The NAV of the Fund attributable to a Class at the same valuation point.

NAV of the Fund	- The value of all the Fund's assets less the value of all the Fund's liabilities, at the point of valuation. For the purpose of computing the annual Management Fee (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.
OTC	- Over-the-counter.
PFG	- Principal Financial Group, Inc.
Principal Distributors	- Refers to the authorised unit trust scheme consultants registered with Principal Malaysia.
Principal Malaysia or the Manager	- Principal Asset Management Berhad.
Prospectus	- Refers to the document issued by us describing the details of the Fund.
Recognised Stock Exchange	- Means any stock exchange, futures exchange or commodities exchange and in relation to any particular investment shall be deemed to include any responsible market maker and authorized dealer in the market in which the investment is traded and any over the counter or electronic or telephone market of repute and any responsible firm, corporation or association in any part of the world dealing in the investment and any responsible mutual fund or subsidiary thereof or unit trust scheme issuing and redeeming participations or Units (as the case may be) so as to provide in the opinion of the Target Fund Manager with the approval of the Target Fund trustee a satisfactory market for the investment and in such a case the investment shall be deemed to be the subject of an effective permission to deal or listing on a Recognised Stock Exchange deemed to be constituted by such person, firm, corporation, association, mutual fund, subsidiary thereof or unit trust scheme.
RSP	- Regular Savings Plan.
SC	- Securities Commission Malaysia.
SGD	- Singapore Dollar.
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 or class to another.
Transfer Fee	- A nominal fee levied for each transfer of units from one (1) Unit holder to another.
Target Fund	- The collective investment scheme that the Fund invests predominantly in. Currently, it refers to Schroder Singapore Trust.
Target Fund Manager	- Schroder Investment Management (Singapore) Ltd
Target Fund Prospectus	- Refers to the prospectus in respect of the Target Fund and includes any supplemental prospectus, addendum or replacement prospectus, as the case may be. The Target Fund Prospectus is available for download at www.schroders.com.sg
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.
USA	- United States of America.
USD	- United States Dollar.
Withdrawal Penalty	- A penalty levied upon withdrawal under certain terms and conditions (if applicable).

Note:

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

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

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Kuala Lumpur, MALAYSIA
Tel : (603) 7723 7260
Whatsapp : (6016) 299 9792

Website

www.principal.com.my

E-mail

myservice@principal.com

The Trustee

HSBC (Malaysia) Trustee Berhad

Business/Registered address

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Kuala Lumpur, MALAYSIA
Tel : (603) 2075 7800
Fax : (603) 8894 2611

Website

www.hsbc.com.my

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

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1. FUND INFORMATION

1.1. PRINCIPAL SINGAPORE EQUITY FUND

Fund Category/Type	: Feeder fund / Growth & income
Fund Objective	: The Fund aims to provide capital growth and income through investments in one collective investment scheme (“CIS”). <i>We will require your approval if there is any material change to the Fund’s objective.</i>
Benchmark	: The Fund adheres to the benchmark of the Target Fund for performance comparison only. The performance comparator of the Target Fund is the Straits Times Index. <i>* Any changes to the Target Fund’s benchmark will be updated in our website and/or the Fund’s Product Highlights Sheet.</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 28 for information on the distribution payment.

Base Currency & Classes

The base currency of the Fund is SGD.

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

Under the Deed, Unit holders of each Class shall have the same rights and obligations. Each Class may be different in terms of currency denomination, fees and charges, and hence, will have its respective NAV per unit, denominated in its respective currency taking into account the aforementioned features. Although the Fund has multiple Classes, 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 SGD	25 October 2024	Up to 21 days	SGD 1.0000
Class MYR	25 October 2024	Up to 21 days	MYR 1.0000
Class MYR-Hedged	25 October 2024	Up to 21 days	MYR 1.0000
Class USD	25 October 2024	Up to 21 days	USD 1.0000
Class JPY-Hedged	25 October 2024	Up to 21 days	JPY 1.0000

Investment Policy and Strategy

The Fund is a feeder fund that invests into a single CIS, i.e. Schroder Singapore Trust (“Target Fund”). The Fund may also invest in liquid assets for liquidity purposes.

In order to achieve its objective, the Fund will invest at least 85% of its NAV in the Target Fund, a fund established on 1 February 1993 managed by Schroder Investment Management (Singapore) Ltd. The Fund may also invest up to 15% of its NAV in liquid assets for liquidity purposes and derivatives for the sole purpose of hedging arrangement.

We may utilize derivative instruments for hedging purposes and in the event of a rating downgrade of a counterparty of an OTC derivative below the rating prescribed in the GUTF, we reserve the right to deal with the OTC derivative in the best interest of the Unit holders.

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

We do not employ risk management strategy on the portfolio of the Target Fund. However, the Target Fund Manager will employ a risk management process in respect of the Target Fund that enables the Target Fund Manager to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Target Fund. Please refer to section 2 for more information on Target Fund.

We will employ risk management strategy at the Fund level, where we will continuously monitor the objective, performance and suitability of the Target Fund to ensure that it is in line with the objective of the Fund. If we are of the opinion that the Target Fund no longer meets the Fund's objective, we may, with your approval, replace the Target Fund with another CIS that is in line with the Fund's objective. In such circumstances, we will redeem our investment in the Target Fund and invest in another CIS on a staggered basis for a smooth transition, if the Target Fund imposes any conditions in relation to redemption of units or if the manager of the newly identified target fund exercises its discretion to apply anti-dilution levy* in relation to the applications for units. Thus, the time frame required to perform the transition will depend on such conditions, if any, imposed by the Target Fund as well as any conditions associated with a dilution adjustment that may be made by the newly identified target fund. Hence during the transition period, the Fund's investments may differ from the stipulated objective, investment strategies and/or investment restrictions and limits.

Currently, the Fund invests in Class SGD A Distribution Units of the Target Fund, which is a share class denominated in SGD launched on 1 February 1993. The Fund may change its entire investment into another class of the Target Fund (which must be denominated in the same currency) if we are of the opinion that the change is in the interest of the Unit holders. If we wish to effect such change, we will seek concurrence from the Trustee and you will be notified before implementation.

The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management 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 2.4, 2.5 and 2.6 below for circumstances affecting redemption of units from the Target Fund.

Note:

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

1.2. PERMITTED INVESTMENTS

Subject to the Deed, the investment policy for the Fund and the requirements of the SC and any other regulatory body, we have the absolute discretion as to how the assets of the Fund are to be invested. Under the Deed and provided always that there are no inconsistencies with the objective of the Fund, the Fund can invest in the following instruments:

- One CIS (local or foreign);
- Liquid assets comprising of Deposits and money market instruments; and
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps for the purpose of hedging.

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

1.3. INVESTMENT RESTRICTIONS AND LIMITS

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

CIS: The Fund must invest at least 85% of its NAV in one (1) CIS provided that the CIS complies within the categories stipulated in the GUTF.

Liquid Assets and Derivatives: The Fund may invest up to 15% of the NAV in the following permitted investments:

- Deposits
Placement in short-term Deposits.

- Money market instruments
Money market instruments that are dealt in or under the rules of an Eligible Market, and whose residual maturity does not exceed 12 months. The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size.
- Derivatives (for hedging purposes)
The Fund's exposure from derivatives positions for hedging purposes should not exceed the Fund's NAV. Further, the maximum exposure of the Fund to the counterparty, calculated based on the method prescribed in the GUTF, must not exceed 10% of the Fund's NAV. For the exposure to the underlying assets of the derivative must not exceed the investment restrictions or limitations applicable to such underlying assets and investments stipulated in the GUTF.

In respect of any breach of restrictions and limits as a result of an appreciation or depreciation in value of the Fund's investments or; withdrawal of units or payment made out of the Fund, we must rectify such breach as soon as practicable, in any event within three (3) months from the date of the breach. The three-month period may be extended if it is in the best interest of Unit holders with the Trustee's consent and the extension must be subject to at least a monthly review by the Trustee.

1.4. APPROVALS AND CONDITIONS

On 18 October 2024, we have obtained the approval from the SC for a variation to Paragraph 9.08 of the GUTF which allow us to pay a Unit holder within five (5) Business Days from the receipt of proceeds from the Target Fund where such Unit Holder has exercised a cooling-off right pursuant to section 4.8.

1.5. FINANCING

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

1.6. SECURITIES LENDING AND REPURCHASE TRANSACTIONS

Not applicable for the Fund.

1.7. RISK FACTORS

1.7.1. GENERAL RISKS OF INVESTING IN A 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.

Manager risk

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

Liquidity risk

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

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

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

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

Target Fund Manager's risk

Since the Fund invests into a CIS that is managed by another manager, the Target Fund Manager has absolute discretion over the Target Fund's investment technique and knowledge, operational controls and management. In the event of mismanagement of the Target Fund, the NAV of the Fund, which invests into the Target Fund, may be affected negatively. Although the probability of such occurrence is minute, should the situation arise, we reserve the right to seek for an alternative CIS that is consistent with the objective of the Fund, subject to your approval.

Country risk

As the Fund invests in the Target Fund, which is domiciled in Singapore, the Fund's investments in the Target Fund may be affected by risks specific to Singapore. Such risks include adverse changes in Singapore's economic fundamentals, social and political stability, laws and regulations and foreign investments policies. These factors may have an adverse impact on the price of the Target Fund and consequently the Fund.

1.7.3. SPECIFIC RISKS RELATED TO THE TARGET FUND

The following section was excerpted from the information stated in the Target Fund Prospectus. Please refer to the Target Fund Prospectus for other risk factors that may apply to the Target Fund (*Note: For more information about Target Fund Prospectus, please refer to the website at www.schroders.com.sg*).

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

General

There are risks associated with investment in the Target Fund.

The risks described in the Target Fund Prospectus should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in the Target Fund. Potential investors should be aware that an investment in the Target Fund may be exposed to other risks from time to time.

The investments of the Target Fund are subject to normal market fluctuations and other risks inherent in investing in equity, debt or preferred securities. There can be no guarantee against loss, nor any assurance that the Target Fund's investment objective will be attained.

The value of investments and the income from them, and therefore the value of, and income from, the units of the Target Fund can fall as well as rise and investors may not realise the same amount that they invest.

Market risk

The Target Fund is exposed to the market risk in the regions in which it invests. The value of investments by the Target Fund may go up and down due to changing economic, political or market conditions, or due to an issuer's individual situation.

Equity risk

The Target Fund may invest in stocks and other equity securities and their derivatives which are subject to market risks that historically have resulted in greater price volatility than that experienced by bonds and other fixed income securities. The Target

Fund may also invest in convertible instruments which may be converted into equity. When the price of the underlying equity relating to the convertible instrument exceeds the conversion price of such convertible instrument, the price of the convertible instrument becomes more closely related to changes in the price of the underlying equity relating to the convertible instrument. When the price of the underlying equity relating to the convertible instrument is lower than the conversion price of such convertible instrument, the price of the convertible instrument becomes more closely related to changes in interest rates and in credit spreads.

Currency risk

The base currency of the Target Fund is SGD and the Class SGD A Distribution Units is denominated in SGD. The assets and liabilities of the Target Fund may be denominated in currencies other than the base currency of the Target Fund or the currency of denomination of the Class SGD A Distribution Units (the "Class Currency") (as the case may be) and the Target Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the base currency of the Target Fund or the Class Currency (as the case may be) and such other currencies. If the currency in which a security is denominated appreciates against the base currency of the Target Fund or the Class Currency (as the case may be), the value of the security would increase. Conversely, a decline in the exchange rate of the base currency of the Target Fund or the Class Currency (as the case may be) would adversely affect the value of the security. The Target Fund Manager may manage the currency risks by hedging through forward currency contracts, currency futures, currency swap agreements or currency options. The currency derivative instruments which may be employed are subject to the risk of default by the counterparty. The unrealised gain on the transaction as well as some of the desired market exposure may therefore be lost. The Target Fund may be exposed to different currencies, and changes in foreign exchange rates could create losses. You should note that there is no assurance that the currency risks of the Target Fund will be fully hedged.

Financial derivatives risk

The Target Fund may use financial derivatives for the purpose of hedging and/or efficient portfolio management. Where such financial derivatives are financial derivatives on commodities, such transactions shall be settled in cash at all times. The Target Fund's use of futures, options, warrants, forwards, swaps or swap options involves increased risk. If the Target Fund invests in such instruments, the Target Fund's ability to use such instruments successfully depends on the Target Fund Manager's ability to accurately predict movements in stock prices, interest rates, currency exchange rates or other economic factors and the availability of liquid markets. If the Target Fund Manager's predictions are wrong, or if the financial derivatives do not work as anticipated, the Target Fund could suffer greater losses than if the Target Fund had not used the financial derivatives. If the Target Fund invests in over-the-counter financial derivatives, there is increased risk that a counterparty may fail to honour its contract. The Target Fund will not use financial derivatives transactions for speculation or leverage. If the Target Fund Manager uses such instruments, it will ensure that the risk management and compliance procedures and controls adopted are adequate and have been or will be implemented and that it has the necessary expertise to manage the risk relating to the use of financial derivatives. The Target Fund Manager will ensure that the global exposure of the Target Fund to financial derivatives or embedded financial derivatives will not exceed 100% of the NAV of the Target Fund at all times. Such exposure will be calculated using the commitment approach. Investments in financial derivatives would normally be monitored and controlled by the Target Fund Manager with regular mark-to-market valuations, careful research prior to investment and compliance monitoring to ensure careful compliance with the investment restrictions set out in the Target Fund deed with regard to financial derivatives.

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. TARGET FUND INFORMATION

2.1. ABOUT SCHRODER SINGAPORE TRUST (“TARGET FUND”)

Schroder Investment Management (Singapore) Ltd. (the “Target Fund Manager”) was incorporated in Singapore and has been managing collective investment schemes and discretionary funds since 1992. The Target Fund Manager is part of the Schroder group (“Schroders”). The Target Fund Manager is licensed and regulated by the Monetary Authority of Singapore.

Schroders has been managing collective investment schemes and discretionary funds in Singapore since the 1970s.

Schroders is a leading global asset management company, whose history dates back over 200 years. The group's holding company, Schroders Plc is and has been listed on the London Stock Exchange since 1959.

The Target Fund Manager shall be subject to removal by the Target Fund trustee if the Target Fund Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Target Fund trustee) or if a receiver or judicial manager is appointed in respect of the Target Fund Manager or any of its assets. Subject to section 295 of the Securities and Futures Act 2001 of Singapore, the Target Fund may be terminated by the Target Fund trustee if the Target Fund Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Target Fund trustee) or if a receiver or judicial manager is appointed in respect of the Target Fund Manager or any of its assets or if any encumbrancer shall take possession of any of its assets.

Investment Objective and Investment Policies of the Target Fund

The investment objective of the Target Fund is to achieve long-term capital growth through primarily (i.e. approximately two-thirds of its assets) investing in securities of companies listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). The portfolio of the Target Fund will be broadly diversified with no specific industry or sectoral emphasis.

The Target Fund Manager's investment approach is based on the belief that fundamental analysis of companies using their local research resources gives them a competitive advantage and that companies with consistent above average growth produce superior stock market returns.

Benchmark

The Target Fund is actively managed with reference to the benchmark Straits Times Index. In doing so, the Target Fund aims to achieve a net of fee return that exceeds that of the Straits Times Index over the medium to long term.

The benchmark has been selected because it is representative of the type of investments in which the Target Fund is likely to invest and it is, therefore, an appropriate benchmark in relation to the return that the Target Fund aims to provide.

Degree of Active Management

Due to the concentrated nature of the Target Fund's benchmark, the Target Fund's investment universe is expected to overlap to a material extent with the components of the benchmark. The Target Fund Manager invests on a discretionary basis and there are no restrictions on the extent to which the Target Fund's portfolio and performance may deviate from the benchmark. The Target Fund Manager will invest in companies or sectors not included in the benchmark in order to take advantage of specific investment opportunities.

Distribution Policy

In respect of Class SGD A Distribution Units of the Target Fund, the Target Fund Manager intends to declare quarterly distributions. Distributions (if applicable) are payable within 2 months from the declaration of distribution.

The Target Fund Manager has the absolute discretion to determine whether a distribution is to be declared. Subject to the provisions of the Target Fund's deed, the Target Fund Manager has the discretion to review and make changes to the distribution policy from time to time.

2.2. INVESTMENT AND BORROWING RESTRICTIONS OF THE TARGET FUND

The Target Fund adheres to the Central Provident Fund Investment Guidelines (“CPFIG”) issued by the Central Provident Fund (“CPF”) Board and the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (“Code”).

2.2.1 PERMITTED INVESTMENTS

1. The Target Fund's underlying investments may only consist of the following permissible investments:
 - a) transferable securities;

- b) money market instruments;
- c) eligible deposits;
- d) units in other schemes;
- e) financial derivatives; and
- f) shares or securities equivalent to shares that are not listed for quotation or quoted and have not been approved for listing for quotation or quotation on an organised exchange.

“organised exchange” refers to an exchange that is an organised market;

“organised market” refers to an exchange, over-the-counter market or government securities market:

- (i) that is of good repute;
- (ii) that is open to the public or a substantial number of market participants; and
- (iii) on which financial instruments are regularly traded.

2. For the purpose of section 2.2.1(1) above,

- a) “transferable securities” refer to:
 - i) shares or securities equivalent to shares; and
Note: *Shares include units in a business trust.*
 - ii) bonds or other securitised debt instruments, that meet the requirements of section 2.2.1(3) but do not include:
 - A) money market instruments; or
 - B) any security the title to which cannot be transferred or can be transferred only with the consent of a third party.
- b) “eligible deposits” refer to deposits with banks licensed under the Banking Act (Cap. 19), finance companies licensed under the Finance Companies Act (Cap. 108), merchant banks licensed under the Banking Act or any other deposit-taking institution licensed under an equivalent law in a foreign jurisdiction.

Requirements of transferable securities

3. Transferable securities should meet the following requirements:

- a) the maximum potential loss which may be incurred as a result of the investment is limited to the amount paid for it;
- b) the investment is liquid;
- c) the investment is subject to reliable and verifiable valuation on a daily basis; and
- d) there is appropriate information available to the market on the investment or, where relevant, on the Target Fund.

Note: *In determining whether information on a transferable security is appropriate, the Target Fund Manager should consider if the information available on the market is regular and accurate, as well as sufficient to analyse the investment. For example, reliance on annual or financial reports is acceptable if the Target Fund Manager’s is of the view that it is appropriate.*

Requirements on investments in other schemes

4. The Target Fund may invest in other schemes only if the underlying schemes is:

- a) an authorised or recognised schemes;
Note: *Notwithstanding section 2.2.1(4)(a) above, the Target Fund shall not invest in an underlying scheme which is a hedge fund or fund-of-hedge funds even if the underlying scheme complies with the Code’s Investments Guidelines for Hedge Funds.*
- b) a scheme which:
 - i) is constituted and regulated in a jurisdiction where the laws and practices afford to participants in Singapore protection at least equivalent to that afforded to participants of schemes which are wholly managed in Singapore;
 - ii) adheres to investment guidelines and borrowing limits which are substantially similar to those set out in the relevant Appendices of the Code; and
 - iii) has a manager that is reputable and supervised by an acceptable financial supervisory authority; or
- c) a scheme which is invested in permissible investments, commodities or real estate, meets the requirements set out in 2.2.1(3)(a) to (d) and, for the purposes of this paragraph, the units in the scheme are listed for quotation and traded on an organised exchange.

Requirements of financial derivatives

5. Financial derivatives should meet the following requirements:

- a) the underlying consists of instruments referred to in section 2.2.1(1), commodities and indices which meets the requirements. In the case of financial derivatives on commodities, such transactions should be settled in cash at all times. The Target Fund Manager should also undertake in the trust deed or in the contractual arrangement with the Variable Capital Company (“VCC”) (in the case of a scheme constituted as VCC or is a sub-fund thereof), to settle such transactions in cash and disclose the fact in the prospectus;
- b) the financial derivatives are liquid;

- c) the financial derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value; and
- d) the financial derivatives should not result in the delivery of investments other than those described in section 2.2.1(1)(a) to (f) above.

OTC financial derivatives

- 6. In the case of OTC financial derivatives, reliable and verifiable valuation stated in section 2.2.1(5)(c) above refers to:
 - a) a valuation made by the Target Fund Manager based on a current market value; or
 - b) where such value is not available, a fair value based on an appropriate valuation model which is checked at an appropriate frequency by an independent party.

The valuation by the Target Fund Manager should not be based solely on a valuation provided by the counterparty to the transaction.

2.2.2 INVESTMENT LIMITS

Single entity limit and group limit

- 1. The Target Fund should comply with the following limits:
 - a) Investments in:
 - i) transferable securities; or
 - ii) money market instruments
 issued by a single entity should not exceed 10% of the Target Fund's NAV ("single entity limit").
 - b) Aggregate investments in, or exposures to, a group of entities through:
 - i) transferable securities;
 - ii) money market instruments;
 - iii) eligible deposits; and
 - iv) counterparty risk exposures arising from the use of OTC financial derivatives
 should not exceed 20% of the Target Fund's NAV ("group limit"). For the purposes of this paragraph, a group of entities refers to an entity, its subsidiaries, fellow subsidiaries and its holding company.

Short term deposits

- 2. The group limit does not apply to placements of eligible deposits arising from:
 - a) subscription monies received at any point in time pending the commencement of investment by the Target Fund; or
 - b) liquidation of investments prior to the termination or maturity of the Target Fund, where the placing of these monies with various institutions would not be in the interests of participants.

Benchmark limit

- 3. The Target Fund may invest in a transferable security that is a constituent of the reference benchmark, up to a single entity limit as specified in section 2.2.2(1)(a) above or two percentage points above the benchmark weight, whichever is higher. Where the foregoing single entity limit is in excess of the limit in section 2.2.2(1)(a) above, the group limit of 20% may be raised to 25% of the Target Fund's NAV.

Government and other public debt securities / money market instruments

- 4. The single entity limit of 10% may be raised to 35% of the Target Fund's NAV where:
 - a) the issuing entity or trust is, or the issue is guaranteed by, either a government, government agency or supranational, that has a minimum long-term rating of BBB by Fitch, Baa by Moody's or BBB by Standard and Poor's (including such sub-categories or gradations therein); and
 - b) except for schemes with a fixed maturity, not more than 20% of the Target Fund's NAV may be invested in any single issue of transferable securities or money market instruments by the same entity or trust.
- 5. If there is a downgrade in rating to that below the minimum rating as stated in section 2.2.2(4)(a), or if the rating agencies no longer rate the entity or the guarantor, the single entity limit should revert to 10%.
- 6. The single entity limit of 10% does not apply where:
 - a) the issuing entity or trust is, or the issue is guaranteed by, either a government, government agency or supranational, that has a minimum long-term rating of AA by Fitch, Aa by Moody's or AA by Standard and Poor's (including such sub-categories or gradations therein); and
 - b) except for schemes with a fixed maturity, not more than 20% of the Target Fund's NAV may be invested in any single issue of transferable securities or money market instruments by the same entity or trust.
- 7. If there is a downgrade in rating to that below the minimum rating as stated in section 2.2.2(6)(a) above, or if the rating agencies no longer rate the entity or the guarantor, the single entity limit as specified in section 2.2.2(1)(a) or (4) above, as the case may be, should apply accordingly.

Unrated and non-investment grade corporate debt securities

8. The single entity limit of 10% in section 2.2.2(1)(a) for bonds and other securitised debt instruments is lowered to 5% of the Target Fund's NAV if the issuing entity or trust:
 - a) is not rated; or
 - b) has a long-term rating below that of BBB by Fitch, Baa by Moody's or BBB by Standard and Poor's (including such sub-categories or gradations therein).
9. Notwithstanding section 2.2.2(8)(a), the Target Fund Manager may rely on:
 - a) the rating of an unrated issuer's parent company provided that an explicit guarantee by the parent company for the issuer is in place; or
 - b) its internal rating of an unrated issuer if the Target Fund Manager has satisfied the trustee (or the VCC Directors, in the case of a scheme constituted as a VCC or is a sub-fund thereof) that its internal rating is comparable to a rating issued by Fitch, Moody's or Standard & Poor's.

Commodity-backed debt securities

10. The Target Fund may invest in debt securities that are undated, secured by physical commodities, listed for quotation and traded on an organised exchange, subject to the limit in section 2.2.2(13).

Investment in other schemes

11. The Target Fund may invest up to 100% of its NAV in another scheme only if the underlying scheme satisfies section 2.2.1(4)(a) or (b).
12. Investments in an underlying scheme which does not satisfy section 2.2.1(4)(a) or (b) but satisfies:
 - a) Section 2.2.1(4)(c) and is invested in permissible investments or real estate should not exceed 10% of the Target Fund's NAV; or
 - b) section 2.2.1(4)(c) and is invested directly in commodities is subject to the limit in section 2.2.2(13).

Alternative exposure limit

13. Investments in:
 - a) shares or securities equivalent to shares that are not listed for quotation or quoted, and have not been approved for listing for quotation or quotation, on an organised exchange;
 - b) debt securities which are undated, secured by physical commodities, listed for quotation and traded on an organised exchange; and
 - c) underlying schemes which do not satisfy section 2.2.1(4)(a) or (b) but satisfy section 2.2.1(4)(c) and are invested directly in commodities,are subject to an aggregate limit of 10% of the Target Fund's NAV.

Concentration limit

14. The Target Fund shall not invest in more than:
 - a) 10% of the total outstanding shares, or securities equivalent to shares, of any single entity or trust;
 - b) 10% of each individual issuance of debt securities of any single issuing entity or trust, where such issuance is not part of a debt issuance programme; or where debt securities are issued under a debt issuance programme, 20% of each tranche, subject to a limit of 10% of the overall programme size; and
 - c) 10% of the money market instruments of a single issuing entity or trust.

2.2.3 GLOBAL EXPOSURE

1. The global exposure of the Target Fund to financial derivatives or embedded financial derivatives should not exceed 100% of the Target Fund's NAV at all times.
2. The Target Fund Manager shall calculate the global exposure of the Target Fund based on the Commitment Approach.
3. The global exposure of the Target Fund is calculated as the sum of:
 - a) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
 - b) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
 - c) the sum of the values of cash collateral received pursuant to:
 - i) the reduction of exposure to counterparties of OTC financial derivatives; and
 - ii) efficient portfolio management techniques relating to securities lending and repurchase transactions, and that are reinvested.

Netting arrangements

4. Netting arrangements may be taken into account to reduce the Target Fund's exposure to financial derivatives.
5. The Target Fund may net positions between:
 - a) financial derivatives on the same underlying assets, even if the maturity dates are different; or

- b) financial derivatives and the same corresponding underlying asset, if those underlying assets are transferable securities, money market instruments or units in other schemes.

Hedging arrangements

- 6. Hedging arrangements may be taken into account to reduce the Target Fund's exposure to financial derivatives.
- 7. The marked-to-market value of transferable securities, money market instruments or units in schemes involved in hedging arrangements may be taken into account to reduce the Target Fund's exposure to financial derivatives.
- 8. For the purposes of section 2.2.3(6) and (7) above, the hedging arrangement should:
 - a) not be aimed at generating a return;
 - b) result in an overall verifiable reduction of the risk of the scheme;
 - c) offset the general and specific risks linked to the underlying being hedged;
 - d) relate to the same asset class being hedged; and
 - e) be able to meet its hedging objective in all market conditions.
- 9. Notwithstanding section 2.2.3(8) above, financial derivatives used for the purposes of hedging currency exposure may be netted when calculating the global exposure.

Exposure arising from reinvestment of cash collateral

- 10. The Target Fund which reinvests cash collateral received from counterparties of OTC financial derivatives, securities lending or repurchase transactions to generate a return in excess of high quality 3-month government bonds should include in its global exposure calculations the cash amount reinvested.

2.2.4 USE OF FINANCIAL DERIVATIVES

Spread of underlying assets

- 1. The exposure of the Target Fund to the underlying assets of financial derivatives should be sufficiently diversified on a portfolio basis.
- 2. In the case where the underlying assets are:
 - a) transferable securities, money market instruments, eligible deposits or units in other schemes, the limits in section 2.2.2, except for the concentration limits, apply;
 - b) commodities, the limits for index funds apply; and

Note: *In determining whether the underlying assets of financial derivatives are sufficiently diversified, exposures to commodities through investments referred to in section 2.2.2(10) and 12(b) above shall also be included.*

 - c) indices, section 2.2.4(2)(a) and (b) above apply to each constituent of the index, where applicable, on a portfolio basis.

Embedded financial derivatives

- 3. Where a transferable security or money market instrument embeds a financial derivative, the requirements in sections 2.2.3 and 2.2.4 apply to the embedded financial derivative.
- 4. Where the counterparty risk of the embedded derivative is or may be transferred to the Target Fund, the requirements in section 2.2.5 also apply to the embedded financial derivative.
- 5. A transferable security or money market instrument is considered to be embedding a financial derivative if it contains a component which fulfils the following criteria:
 - a) the component results in some or all of the cash flows that otherwise would be required by the transferable security or money market instrument which functions as host contract to be modified according to a variable including but not limited to a specified interest rate, price of a financial instrument, foreign exchange rate, index of prices or rates, credit rating or credit index, and therefore vary in a way similar to a stand-alone financial derivative;
 - b) the component's economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
 - c) the component has a significant impact on the risk profile and pricing of the transferable security or money market instrument.
- 6. A transferable security or a money market instrument should not be regarded as embedding a financial derivative where it contains a component which is contractually transferable independently of the transferable security or the money market instrument. Such a component should be deemed to be a separate financial instrument.
- 7. Where an instrument is structured as an alternative to an OTC financial derivative or tailor-made to meet the specific needs of a scheme, the instrument should be deemed as embedding a financial derivative.

Cover

- 8. A transaction in financial derivatives which gives rise, or may give rise, to a future commitment on behalf of the Target Fund should be covered as follows:
 - a) in the case of financial derivatives which will, or may at the option of the Target Fund, be cash settled, the Target Fund should hold, at all times, liquid assets sufficient to cover the exposure;

- b) in the case of financial derivatives which will, or may at the option of the counterparty, require physical delivery of the underlying assets, the Target Fund should hold the underlying assets in sufficient quantities to meet the delivery obligation at all times. If the Target Fund Manager deems the underlying assets to be sufficiently liquid, the Target Fund may hold as coverage other liquid assets in sufficient quantities, provided that such alternative assets may be readily converted into the underlying asset at any time to meet the delivery obligation.

Exposure to financial derivatives – Commitment Approach

9. The exposure of the Target Fund to financial derivatives under the Commitment Approach in section 2.2.3(3) above is described below. Exposure is determined by converting the positions in financial derivatives into equivalent positions in the underlying assets.

Calculation methods

10. Table 1 below sets out the methods for calculating the exposure of various financial derivatives under the Commitment Approach.
11. The exposure to financial derivatives under the Commitment Approach should be converted into the base currency of the Target Fund by using the spot rate.
12. Where a currency financial derivative has two legs that are not in the base currency of the Target Fund, the exposure to both legs should be accounted for under the Commitment Approach.
13. For financial derivatives not covered in Table 1 below or where the methods do not provide an adequate and accurate assessment of the risks relating to the financial derivatives, the Target Fund Manager should inform and justify to the Monetary Authority of Singapore of the alternative method applied.
14. The calculation methodology of the alternative method referred to in section 2.2.4(13) should be based on the market value of the equivalent position in the underlying asset, although the notional value or price of the financial derivative may be used if it is more conservative. Where a more conservative calculation is used, hedging and netting arrangements, as set out in section 2.2.3(4) to (9), should not be taken into account to reduce the exposure to the financial derivative involved if it results in an underestimation of the global exposure.

Types of financial derivatives	Method for calculating exposure
Plain Vanilla Options (Include bought/sold puts and calls)	
Bond option	No. of contracts x face value x underlying price x delta
Currency option	Contract's notional value (of currency leg) x delta
Equity option	No. of contracts x no. of equity shares x underlying price x delta
Index option	No. of contracts x contract's notional value x index level x delta
Interest rate option	Contract's notional value x delta
Warrant and Rights	No. of shares/bonds x market value of underlying referenced asset x delta
Futures	
Bond future	No. of contracts x contract's notional value x market value of the future; or No. of contracts x contract's notional value x market price of the cheapest bond to deliver, adjusted by the conversion factor
Currency future	No. of contracts x contract's notional value
Equity future	No. of contracts x contract's notional value x market price of underlying equity share
Index future	No. of contracts x value of 1 point x index level
Interest rate future	No. of contracts x contract's notional value
Commodity future	No. of contracts x contract's notional value
Swaps	
Contract for differences	No. of shares/bonds x market value of underlying referenced instrument
Credit default swap	Protection buyer: market value of the underlying reference asset Protection seller: the higher of the market value of the underlying reference asset or the notional value of the credit default swap
Currency swap	Notional value of currency leg(s)
Interest rate swap	Market value of underlying; or Notional value of the fixed leg
Total return swap	Underlying market value of reference asset(s)
Forwards	
Forward rate agreement	Notional value
FX forward	Notional value of currency leg(s)

Table 1: Calculation Methods

2.2.5 COUNTERPARTY OF FINANCIAL DERIVATIVES

OTC financial derivatives

1. The counterparty of an OTC financial derivative should be subject to prudential supervision by a financial supervisory authority in its home jurisdiction.
2. Subject to the group limit in section 2.2.2(1), the maximum exposure of the Target Fund to the counterparty of an OTC financial derivative may not exceed:
 - a) in the case of an eligible financial institution described in section 2.2.5(3), 10% of the Target Fund's NAV; or
 - b) in any other case, 5% of the Target Fund's NAV
 ("counterparty limits")
3. For the purpose of section 2.2.5(2) above, an eligible financial institution should have a minimum long-term rating of A by Fitch, A by Moody's or A by Standard and Poor's (including sub-categories or gradations therein). Alternatively, where the financial institution is not rated, the Target Fund should have the benefit of a guarantee by an entity which has a long-term rating of A (including sub-categories or gradations therein).
4. The exposure to a counterparty of an OTC financial derivative should be measured based on the maximum potential loss that may be incurred by the Target Fund if the counterparty defaults and not on the basis of the notional value of the OTC financial derivative.

Calculation method

5. The exposure to a counterparty of an OTC financial derivative should be calculated as follows:
 - a) Stage 1: Determine the current replacement cost of each OTC financial derivative by carrying out a valuation at market price.
 - b) Stage 2: Derive the "add-on factor" by multiplying the notional principal amount or the market value of the underlying asset of the OTC financial derivative, whichever is more conservative, by the percentages in Table 2 to reflect the potential credit risk:

Residual Term	Interest rate contracts	Exchange rate contracts	Equity derivative contracts	Other contracts
1 year or less	0%	1%	6%	10%
> 1 year and < 5 years	0.5%	5%	8%	12%
> 5 years	1.5%	7.5%	10%	15%

Table 2: Add-on Factors

- (i) For total return swaps and credit default swaps, the relevant percentage is 10% regardless of the residual term.
- (ii) In the case of credit default swaps where the Target Fund acts as protection seller, the relevant percentage may be set at 0% unless the credit default swap contract incorporates a provision on closeout upon insolvency. In the latter case, the amount to be taken into account for the add-on factor will be limited to the premium or interest to be received (i.e. unpaid premium at the time of the calculation).
- c) The counterparty exposure arising from an OTC financial derivative contract is the sum of the positive replacement cost computed in Stage 1 and the add-on factor computed in Stage 2.
- d) The total exposure to a single counterparty, or group of counterparties, is calculated by summing the exposures arising from all OTC financial derivative transactions entered into with the same counterparty or group.

Recognition of collateral

6. The exposure to a counterparty may be construed as being lower if collateral is tendered to the Target Fund. The collateral should meet the following requirements:
 - a) it is marked-to-market daily;
 - b) it is liquid;
 - c) it is taken into account, on a portfolio basis, for the purposes of the requirements on spread of investments in section 2.2.2 above;
 - d) it is not issued by the counterparty or its related corporations;
 - e) it is held by a custodian which is:
 - (i) a financial institution subject to prudential supervision by a financial supervisory authority in its home jurisdiction; and
 - (ii) independent of the counterparty;
 - f) it is legally secured from the consequences of the failure of the custodian, counterparty and their related corporations;
 - g) it can be fully enforced by the trustee (or the VCC, in the case of a scheme constituted as a VCC or is a sub-fund thereof) at any time;
 - h) it is free from all prior encumbrances; and
 - i) it cannot be sold or given as security interests.
7. Collateral may only consist of:
 - a) cash;
 - b) money market instruments; or

- c) bonds.
- 8. For the purpose of section 2.2.5(7) above, money market instruments and bonds should be issued by, or have the benefit of a guarantee from, a government, government agency or supranational, that has a long-term rating of AAA by Fitch, Aaa by Moody's or AAA by Standard and Poor's (including sub-categories or gradations therein).
- 9. Notwithstanding section 2.2.5(7) above, securitised debt instruments as well as money market instruments or bonds with embedded financial derivatives are not eligible as collateral.
- 10. The Target Fund Manager should ensure that it has the appropriate legal expertise to put in place proper collateral arrangements, as well as appropriate systems and operational capabilities for proper collateral management.
- 11. Additional collateral should be provided to the Target Fund no later than the close of the next business day if the current value of the collateral tendered is insufficient to satisfy the counterparty limits in section 2.2.5(2).

Reinvestment of collateral

- 12. Collateral obtained in the form of cash by the Target Fund may be reinvested subject to the following requirements:
 - a) it is invested in financial instruments consistent with sections 2.2.5(7) and (8) above;
 - b) the investments are taken into account, on a portfolio basis, for the purposes of the requirements on spread of investments in section 2.2.2 above;
 - c) the investments are held by a custodian which is:
 - (i) a financial institution subject to prudential supervision by a financial supervisory authority in its home jurisdiction; and
 - (ii) independent of the counterparty;
 - d) the investments are legally secured from the consequences of the failure of the custodian, counterparty and their related corporations;
 - e) the investments cannot be sold or given as security interests; and
 - f) the Target Fund Manager is reasonably satisfied that any investment of cash collateral by the Target Fund will enable the Target Fund to meet its redemption obligations and other payment commitments.
- 13. Notwithstanding section 2.2.5(12) above, the cash collateral obtained should not be invested in transferable securities issued by, or placed on deposit with, the counterparty or its related corporations.
- 14. Non-cash collateral obtained by the Target Fund may not be reinvested.

Recognition of netting

- 15. For the purpose of section 2.2.5(2) above, the Target Fund may net its OTC financial derivative positions with the same counterparty through bilateral contracts for novation or other bilateral agreements between the Target Fund and its counterparty provided that such netting arrangements satisfy the following conditions:
 - a) in the case of a bilateral contract for novation, mutual claims and obligations are automatically amalgamated in such a way that this novation fixes one single net amount each time novation applies and thus creates a legally binding, single new contract extinguishing former contracts;
 - b) the Target Fund has a netting arrangement with its counterparty which creates a single legal obligation, covering all included transactions, such that, in the event of the counterparty's failure to perform owing to default, bankruptcy, liquidation or any other similar circumstance, the Target Fund would have a claim to receive or an obligation to pay only the net sum of the positive and negative mark-to-market values of the individual included transactions;
 - c) the Target Fund Manager obtains written and reasoned legal opinions to the effect that, the netting arrangement is legally enforceable by the Target Fund against its counterparty, and in particular, in the event of a legal challenge, the relevant courts and administrative authorities would find that the Target Fund's claims and obligations would be limited to the net sum, as described in section 2.2.5(15)(b), under:
 - (i) the law of the jurisdiction in which the counterparty is incorporated and, if a foreign branch of an entity is involved, also under the law of the jurisdiction in which the branch is located;
 - (ii) the law that governs the individual included transactions; and
 - (iii) the law that governs the netting agreement;
 - d) the Target Fund Manager has procedures in place to ensure that the legal validity of the netting arrangement is kept under review in the light of possible changes in the relevant laws; and
 - e) the Target Fund Manager is reasonably satisfied that the netting arrangement is legally valid under the law of each of the relevant jurisdictions.

Exchange-traded financial derivatives

- 16. Financial derivatives which:
 - a) are transacted on an exchange where the clearing house performs a central counterparty role; and
 - b) have trades which are characterised by a daily marked-to-market valuation of the financial derivative positions and subject to at least daily margining,
 would not be subject to the counterparty limits in section 2.2.5(2) above.

Margins

17. Any exposure arising from initial margin posted and the variation margin receivable from a counterparty relating to OTC or exchange-traded financial derivatives, which is not protected against insolvency of the counterparty, is to be included in the counterparty limit.

2.2.6 BORROWINGS

1. The Target Fund may borrow, on a temporary basis, for the purposes of meeting redemptions and bridging requirements.
2. The Target Fund may only borrow from banks licensed under the Banking Act (Cap. 19), finance companies licensed under the Finance Companies Act (Cap. 108), merchant banks licensed under the Banking Act or any other deposit-taking institution licensed under an equivalent law in a foreign jurisdiction.
3. The borrowing period should not exceed one month.
4. Aggregate borrowings for the purposes of section 2.2.6(1) above should not exceed 10% of the Target Fund's NAV at the time the borrowing is incurred.

2.2.7 DIVERSIFICATION

1. The Target Fund shall be reasonably diversified (e.g. in terms of type of investment, market, industry, issuer, etc., as appropriate), taking into account the type and size of the Target Fund, its investment objectives, and prevailing market conditions.
2. The Target Fund Manager shall adopt appropriate investment limits or operating ranges (by market, asset class, issuer etc.) for the Target Fund.

Note: For more information and/or updated information, please refer to the website at www.cpf.gov.sg and www.mas.gov.sg.

2.3. ADDITIONAL INVESTMENT RESTRICTIONS APPLICABLE TO THE TARGET FUND

For the purpose of the investments in the Target Fund, the Target Fund Manager has confirmed the following:

- (a) The Target Fund will not acquire any asset or engage in any transaction which involves the assumption of any liability which is unlimited; and
- (b) In the event the Target Fund enters into an OTC derivative transaction, the counterparty to the OTC derivative must be a financial institution with a minimum long-term credit rating of investment grade (i.e. minimum BBB by Fitch, Baa by Moody's or BBB by Standard & Poor's) (including gradation and subcategories). In the event the rating of the counterparty falls below the minimum required, or the counterparty ceases to be rated, the Target Fund Manager should, within six months or sooner, (1) remove the affected counterparty from its approved panel of counterparties, and (2) conduct internal discussions on how to deal with the open positions with the affected counterparty.

2.4. REDEMPTION OF UNITS

Units are priced on a forward basis. This means that the redemption price for Units realised is determined after the dealing deadline.

The dealing deadline is 5 p.m. on each dealing day (or such other time as may be agreed between the Target Fund Manager and the Target Fund trustee). For example, if you sell before 5 p.m. on a dealing day, the sale proceeds will be based on the redemption price of the Units of that dealing day.

If you sell after 5 p.m. on a dealing day, the sale proceeds will be based on the redemption price of the Units on the next dealing day. The redemption price for any dealing day is always calculated on the next dealing day.

The Target Fund Manager may, with the approval of the Target Fund trustee, limit the total number of Units which Unit holders may realise in the Target Fund which the Target Fund Manager are entitled to have cancelled on any dealing day to ten per cent (10%) of the total number of Units then in issue (disregarding any Units which have been agreed to be issued), such limitation to be applied pro rata to all Unit holders who have validly requested realisations on such dealing day and the Target Fund Manager, so that the proportion so requested to be realised or cancelled is the same for all Unit holders and the Target Fund Manager. Any Units which are not realised or cancelled (as the case may be) shall be realised or cancelled on the next succeeding dealing day provided that if on such next succeeding dealing day, the total number of Units to be cancelled or realised (as the case may be), including those carried forward from any earlier dealing day, exceeds such limit, the Target Fund Manager may further carry forward the requests for realisation or cancellation (as the case may be) until such time as the total number of Units to be realised or cancelled (as the case may be) on a dealing day falls within such limit and provided further that any Units which have been

carried over as aforesaid shall on any such succeeding dealing day be realised or cancelled in priority to any new Units due to be realised or cancelled on that dealing day. If redemption requests are carried forward as aforesaid, the Target Fund Manager shall, within seven (7) days, give notice to the affected Unit holders that such Units have not been realised or cancelled and that (subject as aforesaid) they shall be realised or cancelled on the next succeeding dealing day.

Unless redemption is suspended, the redemption proceeds are paid to a unit holder within seven (7) Business Days (or such other period as may be prescribed by the Monetary Authority of Singapore) following the receipt of the redemption request by the Target Fund Manager.

Cash units shall be paid via electronic or telegraphic transfer in accordance with the details provided in the standing settlement instruction. In the case of Joint Holders, the electronic or telegraphic transfer shall be made payable to the Joint Holder first named in the register.

2.5. SUSPENSION OF REDEMPTION OF UNITS

Subject to the provisions of the Code, the Target Fund Manager may, with the approval of the Target Fund trustee, suspend the issue, redemption, cancellation and/or the determination of the NAV, of Units of the Target Fund during (i) any period when the Recognised Stock Exchange on which any investments forming part of the Deposited Property for the time being are listed or dealt in is closed (otherwise than for ordinary holidays) or during which dealings are restricted or suspended, (ii) the existence of any state of affairs which, in the opinion of the Target Fund Manager might seriously prejudice the interest of the unit holders as a whole or of the Deposited Property, (iii) any breakdown in the means of communication normally employed in determining the price of any of such investments or the current price on the Recognised Stock Exchange or when for any reason the prices of any of such investments cannot be promptly and accurately ascertained (including any period when the fair value of a material proportion of the Authorized Investments cannot be determined), (iv) any period when remittance of monies which will or may be involved in the redemption of such investments or in the payment for such investments cannot, in the opinion of the Target Fund Manager, be carried out at normal rates of exchange, or (v) such circumstances as may be required under the provisions of the Code.

Such suspension shall take effect forthwith upon such date as determined by the Target Fund Manager and, subject to the provisions of the Code, shall terminate on the day following the first Business Day on which the condition giving rise to the suspension shall have ceased to exist and no other condition under which suspension is authorized shall exist. The Target Fund Manager shall give notice in writing to the Target Fund trustee of the commencement and termination of any such suspension.

In addition, subject to the provisions of the Code, the Target Fund Manager may, with the approval of the Target Fund trustee, suspend the issue, redemption and/or switching of Units for forty-eight (48) hours (or such longer period as the Target Fund Manager and Target Fund trustee may agree) prior to the date of any meeting of unit holders of the Target Fund (or any adjourned meeting thereof) convened in accordance with the provisions of the Target Fund deed for the purposes of, inter alia, determining the total number and value of all the Units in issue and reconciling the number of Units stated in proxy forms received from unit holders against the number of Units stated in the register in respect of the Target Fund.

Subject to the provisions of the Code, the Target Fund trustee may instruct the Target Fund Manager to temporarily suspend the redemption of Units during any period of substitution of the value of the Deposited Property used in determining the redemption price or of adjustment of the redemption price in accordance with the provisions in the Target Fund deed.

Dealings in Units of the Target Fund may also be suspended during any period as the Monetary Authority of Singapore may direct and such suspension shall comply with the terms set out in the order, notice or directive issued by the Monetary Authority of Singapore.

2.6. OTHER MATERIAL INFORMATION

2.6.1 DILUTION AND DILUTION ADJUSTMENT

The Target Fund is single priced and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or switching in and out of the Target Fund. This is known as "dilution". In order to counter this and to protect unit holders' interests, the Target Fund Manager will apply "dilution adjustment" as part of their daily valuation policy. This will mean that in certain circumstances the Target Fund Manager (if in its opinion in good faith it is in the interest of unit holders to do so) will make adjustments in the calculations of the NAV per Unit, to counter the impact of dealing and other costs on occasions when these are deemed to be significant, as further described below.

In the usual course of business, the application of a dilution adjustment will be triggered mechanically and on a consistent basis. The need to make a dilution adjustment will depend upon the net value of subscriptions, switching and redemptions received by the Target Fund for each dealing day. The Target Fund Manager therefore reserves the right to make a dilution adjustment where the Target Fund experiences a net cash movement which exceeds a threshold set by the Target Fund Manager from time to time of the previous dealing day's total NAV. You should note that the value of the Units held by a unit holder may therefore be diluted

when the net value of subscriptions, switching and redemptions received by the Target Fund for a dealing day is below such threshold.

The Target Fund Manager may also make a discretionary dilution adjustment if, in its opinion, it is in the interest of existing unit holders to do so. Where a dilution adjustment is made, it will increase the NAV per Unit when there are net inflows into the Target Fund and decrease the NAV per Unit when there are net outflows. The NAV per Unit of the Target Fund will be calculated separately but any dilution adjustment will, in percentage terms, affect the NAV per Unit of each Class identically. All fees applicable to the Target Fund (including management fees and performance fees (if any)) are calculated prior to any dilution adjustments.

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

Because the dilution adjustment for the Target Fund will be calculated by reference to the costs of dealing in the underlying investments of the Target Fund, including any dealing spreads, which can vary with market conditions, this means that the amount of the dilution adjustment can vary over time but shall not exceed 2% of the NAV per Unit on the relevant dealing day and the Target Fund Manager reserves the right to adjust upwards or downwards the NAV per Unit on any dealing day in accordance with the foregoing without giving notice to relevant unit holders.

During circumstances which the Target Fund Manager may deem as extraordinary market circumstances or significant unexpected changes in general market conditions (including but not limited to high market volatility, illiquidity in the markets, disruption of markets or slowdown of the economy caused by terrorist attack or war or other hostilities, a serious pandemic, or a natural disaster such as a hurricane or a super typhoon) in their absolute discretion, the Target Fund Manager may temporarily increase the dilution adjustment beyond 2% of the NAV per Unit to such higher percentage as the Target Fund Manager may determine from time to time in consultation with the Target Fund trustee, and such increase shall (if so required by the Monetary Authority of Singapore and/or the Target Fund trustee) be notified to the unit holders in such manner as the Target Fund Manager and Target Fund trustee may agree.

2.6.2 COMPULSORY REDEMPTIONS

The Target Fund Manager has the right (in consultation with the Target Fund trustee) to realise compulsorily any holdings of Units held by:

- (a) any unit holder:
 - (i) who, in the opinion of the Target Fund Manager, is or may be in breach of any applicable law or regulation in any jurisdiction; or
 - (ii) where such realisation is, in the opinion of the Target Fund Manager, necessary or desirable for the compliance of the Target Fund Manager or the Target Fund with any applicable law or regulation in any jurisdiction (including any regulatory exemption conditions); or
- (b) any unit holder whose holdings, in the opinion of the Target Fund Manager:
 - (i) may cause the Target Fund to lose its authorised or registered status with any regulatory authority in any jurisdiction; or
 - (ii) may cause the offer of the Units of the Target Fund, the Target Fund, the prospectus of the Target Fund, the Target Fund deed, the Target Fund Manager or the Target Fund trustee to become subject to any authorisation, recognition, approval, or registration requirements under any law or regulation in any other jurisdiction; or
- (c) any unit holder whose holdings, in the opinion of the Target Fund Manager:
 - (i) may cause a detrimental effect on the tax status of the Target Fund in any jurisdiction or on the tax status of the unit holders of the Target Fund; or
 - (ii) may result in the Target Fund or other unit holders of the Target Fund to suffer from any other legal or pecuniary or administrative disadvantage which the Target Fund or unit holders might not otherwise have incurred or suffered; or
- (d) any unit holder who fails any anti-money laundering, anti-terrorist financing or know-your-client checks, or who is unable or unwilling to provide information and/or documentary evidence requested by the Target Fund Manager for the purposes of any anti-money laundering, anti-terrorist financing or know-your-client checks.

2.6.3 LIQUIDITY RISK MANAGEMENT OF THE TARGET FUND

The Target Fund Manager may employ liquidity risk management tools to manage the liquidity of the Target Fund. Please refer to sections 2.5 and 2.6.1 above for information on some of the liquidity management tools that may be employed. If the liquidity risk management tools are employed, unit holders may not be able to realise their Units during any suspension period, the realisation of their Units may be delayed and/or a dilution adjustment may be made to the NAV per Unit which may affect the amount of the realisation proceeds for their Units.

2.7. SPECIFIC RISKS OF THE TARGET FUND

Please refer to “Specific Risks Related to the Target Fund” section at page 4 for details.

2.8. FEES CHARGED BY THE TARGET FUND (CLASS SGD A DISTRIBUTION UNITS)

FEES/EXPENSES	
Initial Charge	Up to 5.00% (as a % of total subscription amount).
Management Fee	Currently, 1.125% per annum (maximum 1.25% per annum) Note: <i>The management fee charged by the Target Fund will be paid out of the Management Fee charged by the Manager at the Fund level. Unitholders will incur a Management Fee at the Fund's level only and there is no double charging of management fee.</i>
Redemption Fee	Nil.
Performance Fee	Nil.
Annual Trustee Fee	Currently not more than 0.05% per annum (currently not subject to any minimum amount). Maximum 0.25% per annum.

Note: For more information about Target Fund Prospectus, please refer to the website at www.schroders.com.sg.

3. FEES, CHARGES AND EXPENSES

3.1. CHARGES

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

3.1.1. Application Fee

When applying for units of 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.

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

	Class ABC (Denominated in SGD)	Class XYZ (Denominated in MYR)
Investment amount	SGD 10,000	MYR 10,000
NAV per unit	SGD 1.0000	MYR 1.0000
Application Fee (NAV per unit)	5.00%	5.00%
Units issued to Unit holder = $\frac{\text{Investment amount}}{\text{NAV per unit}}$	= $\frac{\text{SGD } 10,000.00}{\text{SGD } 1.0000}$ = 10,000 units	= $\frac{\text{MYR } 10,000.00}{\text{MYR } 1.0000}$ = 10,000 units
Total Application Fee = Units issued to Unit holder x NAV per unit x Application Fee (%)	= 10,000 units x SGD 1.0000 x 5% = SGD 500.00	= 10,000 units x MYR 1.0000 x 5% = MYR 500.00

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

3.1.2. Withdrawal Penalty

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

3.1.3. Switching Fee

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

3.1.4. Transfer Fee

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

3.2. 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.

3.2.1. Management Fee

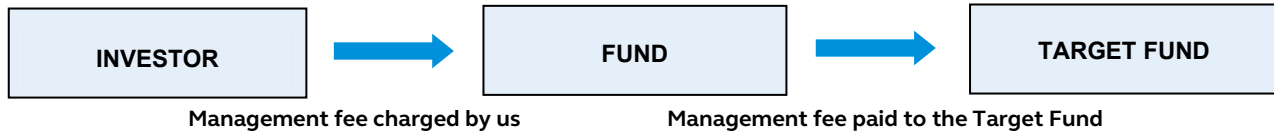
Management Fee is charged to the respective Class at the Class level, based on the NAV of the Class. Please refer to the Annexure of the respective Class for further information. The Management Fee shall be accrued daily and paid monthly.

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

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

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

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



Note: The Management Fee will only be charged once at the Fund level. The management fee charged by the Target Fund will be paid out of the Management Fee charged at the Fund level. There will not be double charging of the Management Fee. Please refer to "Fees charged by the Target Fund" section at page 17 for details on the Target Fund's management fee.

3.2.2. Trustee Fee

The Trustee Fee (including local custodian fee 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 0.03% 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 SGD 150 million:-

$$\begin{aligned}
 \text{Trustee Fee for the day} &= \text{NAV of the Fund} \times \text{annual Trustee Fee rate for the Fund (\%)} / 365 \text{ days} \\
 &= \text{SGD } 150 \text{ million} \times 0.03\% \text{ per annum} / 365 \text{ days} \\
 &= \text{SGD } 123.29
 \end{aligned}$$

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

3.2.3. 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/fees paid to brokers and costs involved with external specialists approved by the Trustee in investigating and evaluating any proposed investment;
- (where the foreign custodial function is delegated by the Trustee), charges/fees paid to the sub-custodian;
- expenses incurred in the printing of, the purchasing of stationery and postage for the annual and interim reports;
- remuneration and out of pocket expenses of the person(s) undertaking the oversight functions of the Fund and/or advisers (if any) of the Fund, unless we decide to bear the same;
- tax and other duties imposed by the government and other authorities and bank fees;
- tax agent's and auditor's fees and expenses in relation to the Fund;
- fees incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent;
- costs incurred in modifying the Deed for your benefit;
- cost of convening and holding meetings of Unit holders (other than our benefit or the Trustee'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 you.

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

3.2.4. 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.

3.3. 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.

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

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

4. TRANSACTION INFORMATION

4.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUND

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

- **CIS**
The value of the unlisted CIS (i.e. the Target Fund) shall be determined by reference to the last published repurchase or redemption price for the Target Fund.
- **Deposit**
The value of Deposit shall be determined each day by reference to the principal value of such Deposit and the accrued profit thereon for the relevant period.
- **Money market instruments**
Investments in money market instruments such as negotiable certificate of deposits are valued each day by reference to the value of such investments and the profits accrued thereon for the relevant period. Instruments such as MYR-denominated commercial papers are valued on a daily basis using the fair value prices quoted by a BPA registered with the SC.
- **Unlisted derivative instruments**
For unlisted derivative instruments, 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 have been verified by the auditor of the Fund and approved by the Trustee.

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

4.2. UNIT PRICING

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

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

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

Illustration:

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

At the end of the Business Day on 22 July 2024 your units will be based on the NAV per unit on 22 July 2024 which will be calculated on 23 July 2024. The NAV per unit will be made known on our website after 5:30 p.m. on 23 July 2024.

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

At the end of the Business Day on 22 July 2024, your units will be based on the NAV per unit on 23 July 2024, which will be calculated on 24 July 2024. The NAV per unit will be made known on our website after 5:30 p.m. on 24 July 2024.

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

4.2.1. Multi-class Ratio (MCR)

MCR is the apportionment of the NAV of each Class over the Fund's NAV based on the size of each Class. The MCR is calculated by dividing the NAV (in SGD) 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 (SGD)	Class ABC (Denominated in SGD) (SGD)	Class XYZ (Denominated in MYR) (SGD)
NAV of the Fund before income and expenses	185,942,897.00	173,335,968.58	12,606,928.42
% MCR	100.00%	⁽¹⁾ 93.22%	⁽¹⁾ 6.78%
Add: Income	30,000.00	⁽²⁾ 27,966.00	⁽²⁾ 2,034.00
Less: Expenses	(10,000.00)	⁽²⁾ (9,322.37)	⁽²⁾ (677.63)
Benefits or costs of hedging (if any)	900.00	-	900.00
NAV of the Fund before management fee and trustee fee	185,963,797.00	173,354,612.21	12,609,184.79
Less: Management fee	(9,170.81)	1.80% p.a. (8,548.99)	1.80% p.a. (621.82)
Less: Trustee fee	(152.85)	0.03% p.a. (142.49)	(10.36)
NAV of the Fund	185,954,473.34	173,345,920.73	12,608,552.61
Units in circulation	200,000,000 units	170,000,000 units	30,000,000 units
NAV per unit		1.0197	0.4203
Currency exchange rate		N/A	(SGD/MYR) 0.3000
NAV per unit		SGD 1.0197	MYR 1.4010

	Fund (SGD)	Class ABC (Denominated in SGD) (SGD)	Class XYZ (Denominated in MYR) (SGD)
NAV of the Fund before creation of units for the day	185,954,473.34	173,345,920.73	12,608,552.61
⁽³⁾ Net subscription amount	1,300,000.00	1,000,000.00	300,000.00
Closing NAV	187,254,473.34	174,345,920.73	12,908,552.61
Units in circulation	201,694,499.21 units	170,980,698.01 units	30,713,801.20 units
NAV per unit		1.0197	0.4203
Currency exchange rate		N/A	(SGD/MYR) 0.3000
NAV per unit		SGD 1.0197	MYR 1.4010

Note:⁽¹⁾ MCR computation

	Class ABC (Denominated in SGD) (SGD)	Class XYZ (Denominated in MYR) (SGD)
<u>NAV of the Class x 100</u>	<u>173,335,968.58 x 100</u>	<u>12,606,928.42 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 (Denominated in SGD) (SGD)	Class XYZ (Denominated in MYR) (SGD)
Add: Income	30,000.00	MCR x Income = Income for Class XYZ = 6.78% x SGD 30,000.00 = SGD 2,034.00
		MCR x Income = Income for Class ABC = 93.22% x SGD 30,000.00 = SGD 27,966.00
Less: Expenses	(10,000.00)	MCR x Expenses = Expenses for Class XYZ = 6.78% x SGD 10,000.00 = SGD 678.00
		MCR x Expenses = Expenses for Class ABC = 93.22% x SGD 10,000.00 = SGD 9,322.00

⁽³⁾ Net subscription amount

	Class ABC (Denominated in SGD) (SGD)	Class XYZ (Denominated in MYR) (SGD)
Net subscription amount	SGD 1,000,000.00	MYR 1,000,000.00
NAV per unit	SGD 1.0197	MYR 1.4010
Number of units	980,698.01 units	713,801.20 units
Currency exchange rate	N/A	(SGD/MYR) 0.3000
Net subscription amount*	SGD 1,000,000	SGD 300,000

* Subscription amount net of any withdrawal amount

Note: Please note that the above is for illustration purpose only. NAV per unit is truncated to four (4) decimal places.**4.2.2. 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	=	5.00%

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 5.00%
= MYR500.00

Calculation of total amount that you will have to pay

= Investment amount + Application Fee paid
= MYR10,000.00 + MYR500.00*
= MYR10,500.00

* 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 4:00 p.m. on a Business Day. The NAV per unit for that Business Day (which will be made known on the following Business Day) is MYR1.0240 (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

* The withdrawal penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no withdrawal penalty will be charged.

4.3. INCORRECT PRICING

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

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

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

- (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.

4.4. INVESTING

4.4.1. Who can invest?

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

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

- an institution including a company, corporation, co-operative, trust or pension fund with a bank account (or foreign currency bank account, as the case may be) in the currency of the Class applied for (e.g. Class SGD investors are required to have a SGD bank account).

Notwithstanding the above, we have 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.

4.4.2. How to invest?

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

You may make a payment:

- by 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.

4.4.3. Regular Savings Plan

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

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

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

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

4.4.5. Who is distributing this Fund?

The Fund may be distributed via the following channels:

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

You may invest into the 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.

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

4.5. MINIMUM INVESTMENTS

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

4.5.1. Processing an application

If we receive and accepted a complete application by 4:00 p.m. on a Business Day, we will process it using the NAV per unit for that Business Day. If we receive and accepted the application after 4:00 p.m. on a Business Day, we will process it using the NAV per unit for the next Business Day (T+1). We will only process the complete applications, i.e. when we have received all the necessary and required information and/or documentations. The number of units you receive will be rounded to two (2) decimal places.

4.6. MINIMUM WITHDRAWALS

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

4.6.1. Processing a withdrawal

If we receive a complete withdrawal request by 4:00 p.m. on a Business Day, we will process it using the NAV per unit for that Business Day. If we receive the withdrawal request after 4:00 p.m. on a Business Day, we will process it using the NAV per unit for the next Business Day (T+1). The amount that you will receive is calculated by the withdrawal value less the Withdrawal Penalty, if any.

Under normal circumstances, you will be paid in the currency of the Class (e.g. Class MYR will be paid in MYR) within eleven (11) Business Days of receipt of the complete withdrawal request. This process involves the submission of the Fund's withdrawal request to the Target Fund in which the Target Fund will process within seven (7) Business Days, but in any event within fifteen (15) Business Days of receipt of the complete withdrawal request, should any of the following events occur:

- (i) the Target Fund's NAV is suspended during any period ^{Note 1}; or
- (ii) withdrawal proceeds from the Target Fund is deferred ^{Note 2}.

Subsequently, payment will be made to you after receipt of the withdrawal proceeds from the Target Fund. Nonetheless, we will pay the withdrawal proceeds to you within five (5) Business Days from the receipt of withdrawal proceeds from the Target Fund.

Note 1: *The right of the Target Fund's shareholders to require the redemption of the shares of the Target Fund will be suspended during any period when the calculation of the NAV per share of the Target Fund is suspended by the Target Fund Manager (as described in section 2.5 "Suspension of Redemption of Units"). No share of the Target Fund may be issued, redeemed or switched during a period of suspension.*

Note 2: *This refers to situations where withdrawal proceeds from the Target Fund is deferred due to the occurrence of unexpected issues including but not limited to technical issues and/or foreign market-related issues which may affect the trading of the Target Fund. The Target Fund Manager may limit the number of shares redeemed or switched on any valuation day to 10% of the total number of shares in issue of the Target Fund. In such event, any request for redemption on such dealing day shall be reduced rateably and the redemption requests shall be treated as if they were received on each subsequent dealing day until all the shares to which the original request related have been redeemed.*

Please refer to section 2.4 "Redemption of Units" and section 2.5 "Suspension of Redemption of Units" above for more information. If in doubt, please consult your professional advisers.

4.7. MINIMUM BALANCE

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

4.8. COOLING-OFF PERIOD

For first time individual investor investing with us, you have six (6) Business Days after your initial investment (i.e. 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”). Please note that the cooling-off right is only given to first time investor investing with us or any of our Distributors. However, Principal Malaysia’s staff or a person registered with a body approved by the SC to deal in unit trusts are not entitled to the cooling-off right.

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. This process involves the submission of the Fund’s withdrawal request to the Target Fund in which the Target Fund will process within seven (7) Business Days, but in any event within fifteen (15) Business Days if any of the unexpected issues occur such as technical issues, foreign market related issues which may affect the trading of the Target Fund etc. Subsequently, payment will be made to you after receipt of the withdrawal proceeds from Target Fund. Nonetheless, we may pay the withdrawal proceeds to you within five (5) Business Days from the receipt of withdrawal proceeds from the Target Fund.

The Fund has obtained approval from the SC for a variation to paragraph 9.08 of the GUTF, which allows us to pay the Refund Amount to you within five (5) Business Days upon receipt of cooling-off proceeds from the Target Fund.

Please refer to section 2.4 “Redemption of Units” and section 2.5 “Suspension of Redemption of Units” above for more information. If in doubt, please consult your professional advisers.

4.9. SWITCHING

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

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

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 in respect of the Funds; 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.

4.9.1. Processing a switch

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

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

4.10. TRANSFER FACILITY

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

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 in respect of the Funds; 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.

4.11. TEMPORARY SUSPENSION

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

To avoid suspension of the Fund, the Fund will hold adequate liquid assets and if the liquid assets are insufficient to meet 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) Suspension of redemption of the Target Fund; or
- (ii) the closure of a securities exchange or trading restrictions in the securities exchange of the markets where the Target Fund has substantial investments; or
- (iii) an emergency or other state of affairs; or
- (iv) the declaration of a moratorium in a country where that Fund has assets; or
- (v) for the purpose of conversion of any currency, a closure or restrictions on trading in the relevant foreign market exchange; or
- (vi) the realisation of the assets of the 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).

Note: Please refer to section 4.6.1 “Processing a withdrawal” in the event of the suspension of the Target Fund, we may only pay you within five (5) Business Days from the receipt of withdrawal proceeds from the Target Fund.

4.12. DISTRIBUTION PAYMENT

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

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

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

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

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

4.13. UNCLAIMED MONEYS

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

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

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

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

5. ADDITIONAL INFORMATION

5.1. FINANCIAL YEAR-END

30 September.

5.2. 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

5.3. DEED

The Fund is governed by a Deed dated 26 August 2024 including any supplemental deed(s) as may be issued from time to time.

5.4. DOCUMENTS AVAILABLE FOR INSPECTION

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

- The Deed;
- Current Prospectus and its supplementary or replacement prospectus, if any;
- Target Fund prospectus and supplement, 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.

5.5. CONSENT

Ernst & Young Tax Consultants Sdn Bhd, Schroder Investment Management (Singapore) Ltd 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.

5.6. 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 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 custodied 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 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.

5.7. INTERESTS IN THE FUND

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

5.8. EMPLOYEES' SECURITIES DEALINGS

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

6. THE MANAGER

6.1. ABOUT PRINCIPAL ASSET MANAGEMENT BERHAD

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

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

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

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

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

6.1.2. Designated person responsible for fund management function

Name:	Lee Chun Hong
Designation:	Chief Investment Officer, Equities - Malaysia
Experience:	Chun Hong has more than 19 years of experience in fund management and equity research. He joined Principal Asset Management Berhad in 2017 to manage unit trust funds and institutional mandates covering Malaysian and ASEAN markets. Prior to that, he was attached to Libra Invest Bhd managing and supervising Unit Trust and Research divisions that covered ASEAN and China-Hong Kong markets. He commenced his career in fund management industry at Public Mutual Bhd. He had research responsibilities for regional plantation and consumer sectors, as well as research country coverage of ASEAN markets. Subsequently, he moved on to portfolio management specialising on ASEAN markets. He started covering ASEAN markets since 2010. He was also previously with PricewaterhouseCoopers as an auditor. Chun Hong holds a Bachelor of Commerce (Accounting & Finance), Monash University, Clayton Campus. He is a Chartered Financial Analyst (CFA) charter holder.
Qualifications:	<ul style="list-style-type: none">• Bachelor of Commerce (Accounting & Finance) - Monash University, Clayton Campus.• A CFA Charterholder.• Ex-member of CPA Australia.

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

7. THE TRUSTEE

7.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

HSBC (Malaysia) Trustee Berhad 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 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 as set out in the Prospectus.

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

Fees	Descriptions
(1) Management Fee	Up to 3.00% per annum, calculated daily on the NAV.
(2) Trustee Fee	Up to 0.10% 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, insurance, 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.

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 its 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 it of that opinion and the reasons for that opinion, and has considered any representations made by us in respect of that opinion, and after consultation with the SC; 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 that Fund.

Notwithstanding the above, the Fund and/or any of the Class may be terminated or wound-up, without the need to seek Unit holders' prior approval, as proposed by 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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50490 Kuala Lumpur

19 August 2024

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 Singapore Equity Fund (hereinafter referred to as “the Fund”).

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

Taxation of the Fund

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

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

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

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

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

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

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

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

B is gross income consisting of 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.

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

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 2002³;
- 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.

Based on the Malaysian Inland Revenue Board's "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.

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.

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

The Income Tax (Exemption) (No. 6) Order 2022 [P.U.(A) 235] has been issued to exempt a “qualifying person”⁷ from the payment of income tax in respect of dividend income which is received in Malaysia from outside Malaysia, effective from 1 January 2022 to 31 December 2026. The exemption will not apply to a person carrying on the business of banking, insurance or sea or air transport. As the definition of “qualifying person” does not include unit trust funds, it would mean that resident unit trust funds would technically not qualify for the exemption, unless there are further updates thereto⁸.

Gains from the realisation of investments

Pursuant to the Finance (No. 2) Act 2023 (“Finance Act”), 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) 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 Malaysian 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
- 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.

As stated in footnote 8 above, an additional Exemption Order is expected to be issued in respect of FSI and capital gains of a unit trust.

The Finance Act 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 and 29 February 2024.

⁷ “Qualifying person” in this context means a person resident in Malaysia who is:

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

⁸ On 16 January 2024, the Honorable Finance Minister II announced that unit trusts will be exempted from tax on FSI from 1 January 2024 until 31 December 2026; and capital gains tax from 1 January 2024 to 31 December 2028. The exemption has yet to be legislated.

CGT rates

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 <ul style="list-style-type: none">On chargeable income of the disposalOn gross disposal price	10% 2%
B. Disposal of capital assets situated in Malaysia which was acquired after 1 January 2024 <ul style="list-style-type: none">On chargeable income of the disposal	10%
C. Disposal of capital assets situated outside Malaysia <ul style="list-style-type: none">On chargeable income of the disposal	24% (prevailing tax rate of a unit trust)

Implementation of Sales and Service Tax (“SST”)

Sales and Service Tax (“SST”) was re-introduced effective 1 September 2018. Sales Tax of 10% (most common rate) or 5% is charged by Malaysian manufacturers of taxable goods or upon importation into Malaysia of such taxable goods, unless specifically exempted under the Sales Tax (Goods Exempted From Tax) Order 2018. Service Tax 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 GST regime does not apply to SST. Therefore, any SST incurred is not recoverable and will form a cost element for businesses.

Based on the Service Tax Regulations 2018, a unit trust fund is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Fund incurs expenses such as management fees, the management services provided by asset and fund managers who are licensed or registered with Securities Commission Malaysia for carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007, are specifically excluded from the scope of Service Tax. As for other fees, such as trustee fees and other administrative charges, these may be subject to service tax⁹ 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 however 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.

⁹ 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.

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 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), pursuant to the proviso of Section 61(1)(b) of MITA.¹² However, pursuant to Section 61(1A) of MITA, unit holders will still not be charged to tax on the gains referred to in the proviso to Section 61(1)(b).

Rates of tax

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

Unit holders	Malaysian income tax rates
<p>Malaysian tax resident:</p> <ul style="list-style-type: none"> • Individual and non-corporate unit holders (such as associations and societies) • Co-operatives¹⁰ • Trust bodies • Corporate unit holders <ul style="list-style-type: none"> (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^{11 12} (ii) Companies other than (i) above 	<ul style="list-style-type: none"> • Progressive tax rates ranging from 0% to 30% • Progressive tax rates ranging from 0% to 24% • 24% • First RM150,000 of chargeable income @ 15%¹³ • Next RM450,000 of chargeable income @17% • Chargeable income in excess of RM600,000 @ 24% • 24%

¹⁰ Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society—

- (a) in respect of a period of five years commencing from the date of registration of such co-operative society; and
- (b) thereafter where the members' funds [as defined in Paragraph 12(2)] of such co-operative society as at the first day of the basis period for the year of assessment is less than seven hundred and fifty thousand ringgit, is exempt from tax.

¹¹ A company would not be eligible for the concessionary tax rate on the first RM600,000 of chargeable income if:-

- (a) more than 50% of the paid-up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- (b) the company owns directly or indirectly more than 50% of the paid-up capital in respect of the ordinary shares of a related company which has paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- (c) more than 50% of the paid-up capital in respect of the ordinary shares of the company and a related company which has a paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.
- (d) 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.

¹² 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.

¹³ 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
Non-Malaysian tax resident (Note 1): <ul style="list-style-type: none"> • Individual and non-corporate unit holders • Corporate unit holders and trust bodies 	<ul style="list-style-type: none"> • 30% • 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

Nsg Wealth Advisors

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

Platinum

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

Dynamics Wealth Advisors

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

Megas

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

Amg Synergy Multiresources Sdn Bhd

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

Charisma Legacy

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

AAAAA Wealth Builders

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

My Financial Freedom Advisors

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

Preferred Wealth Advisors

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

Otye Xcellence Consultants

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

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

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

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

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

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

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

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

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

Charisma Legacy 1
B-3-21 Block Bougainvillea
10 Boulevard Lebuhraya Sprint PJU 6A
47400 Petaling Jaya
Selangor
Tel: (603) 7733 5009

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

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

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

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

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

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

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

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

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

Nrich Wealth Advisory Group

ZP-02-12 Zest Point
Lebuhraya Bukit Jalil
Bandar Kinrara
47180 Puchong
Selangor
Tel: (603) 8074 8485

Synergy Wealth Entrepreneur

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

KPG Capital Growth Solution

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

NZ Group

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

Zenith Premier Wealth Advisors

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

Millionaire Empire Group

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

Charisma Legacy 3

B-3-17 Blok Bouganvilla 10 Boulevard
Lebuhraya Sprint Pju 6A Kayu Ara
Damansara Jaya
47400 Petaling Jaya
Selangor
Tel: (603) 7733 4211

Charisma Legacy Kota Bharu

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

Global Amazing Entrepreneur

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

Charisma Legacy 2

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

Sa@7

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

Finaims

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

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 SGD

This section is only a summary of the salient information about Class SGD. 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 SGD		Page
Currency denomination	SGD	
Distribution policy	Depending on the level of income (if any) the Fund will distribute part or all of its distributable income on a quarterly basis. Note: The Fund may distribute from realised income, realised capital gains, unrealised income, unrealised capital gains, capital or combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.	28

FEES & CHARGES

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

Charges	Class SGD	Page
Application Fee	Up to 5.00% of the NAV per unit.	18
Withdrawal Penalty	Up to 1.00% of the NAV per unit. Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund.	18
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose SGD35 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	18
Transfer Fee	A maximum of SGD15 may be charged for each transfer.	18
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 SGD	Page
Management Fee	1.80% per annum of the NAV of the Class.	19
Trustee Fee	0.03% per annum (including local custodian fees but excluding foreign sub-custodian fees and charges) on the NAV of the Fund. The foreign sub-custodian fees and charges is dependent on the country invested and is charged monthly in arrears.	19
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.	19
Other fees payable indirectly by you when investing in the Fund	Nil.	

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

TRANSACTION INFORMATION

Class SGD	Page
Minimum initial investment	26
Minimum additional investment	26
Minimum withdrawal	26
Minimum balance	26
Regular Savings Plan	25
Cooling-off period	27
Switching	27
Transfer	27

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 MYR

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

CLASS INFORMATION

Class MYR		Page
Currency denomination	MYR	
Distribution policy	Depending on the level of income (if any) the Fund will distribute part or all of its distributable income on a quarterly basis. Note: The Fund may distribute from realised income, realised capital gains, unrealised income, unrealised capital gains, capital or combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.	28

FEES & CHARGES

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

Charges	Class MYR	Page
Application Fee	Up to 5.00% of the NAV per unit.	18
Withdrawal Penalty	Up to 1.00% of the NAV per unit. Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund.	18
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose MYR100 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	18
Transfer Fee	A maximum of MYR50 may be charged for each transfer.	18
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 MYR	Page
Management Fee	1.80% per annum of the NAV of the Class.	19
Trustee Fee	0.03% per annum (including local custodian fees but excluding foreign sub-custodian fees and charges) on the NAV of the Fund. The foreign sub-custodian fees and charges is dependent on the country invested and is charged monthly in arrears.	19
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.	19
Other fees payable indirectly by you when investing in the Fund	Nil.	

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

TRANSACTION INFORMATION

Class MYR	Page
Minimum initial investment	26
Minimum additional investment	26
Minimum withdrawal	26
Minimum balance	26
Regular Savings Plan	25
Cooling-off period	27
Switching	27
Transfer	27

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 MYR-HEDGED

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

CLASS INFORMATION

Class MYR-Hedged		Page
Currency denomination	MYR	
Distribution policy	Depending on the level of income (if any) the Fund will distribute part or all of its distributable income on a quarterly basis. Note: <i>The Fund may distribute from realised income, realised capital gains, unrealised income, unrealised capital gains, capital or combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.</i>	28

FEES & CHARGES

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

Charges	Class MYR-Hedged	Page
Application Fee	Up to 5.00% of the NAV per unit.	18
Withdrawal Penalty	Up to 1.00% of the NAV per unit. Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund.	18
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose MYR100 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	18
Transfer Fee	A maximum of MYR50 may be charged for each transfer.	18
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 MYR-Hedged	Page
Management Fee	1.80% per annum of the NAV of the Class.	19
Trustee Fee	0.03% per annum (including local custodian fees but excluding foreign sub-custodian fees and charges) on the NAV of the Fund. The foreign sub-custodian fees and charges is dependent on the country invested and is charged monthly in arrears.	19
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.	19
Other fees payable indirectly by you when investing in the Fund	Nil.	

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

TRANSACTION INFORMATION

	Class MYR-Hedged	Page
Minimum initial investment	MYR1,000 or such other amount as we may decide from time to time.	26
Minimum additional investment	MYR100 or such other amount as we may decide from time to time.	26
Minimum withdrawal	100 units or such other number of units as we may decide from time to time.	26
Minimum balance	100 units or such other number of units as we may decide from time to time.	26
Regular Savings Plan	RSP is available. It allows you to make regular monthly investments of MYR100 or more, directly from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is MYR100 or such other amount as we may decide from time to time.	25
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. This process involves the submission of the Fund's withdrawal request to the Target Fund in which the Target Fund will process within seven (7) Business Days, but in any event within fifteen (15) Business Days if any of the unexpected issues occur such as technical issues, foreign market related issues which may affect the trading of the Target Fund etc. Subsequently, payment will be made to you after receipt of the withdrawal proceeds from Target Fund. Nonetheless, we may pay the withdrawal proceeds to you within five (5) Business Days from the receipt of withdrawal proceeds from the Target Fund.	27
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal applicable to the Class; ○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Penalty of the Class (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and ○ the switching fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	27
Transfer	We may, at our absolute discretion allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	27

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 USD

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

CLASS INFORMATION

Class USD		Page
Currency denomination	USD	
Distribution policy	Depending on the level of income (if any) the Fund will distribute part or all of its distributable income on a quarterly basis. Note: The Fund may distribute from realised income, realised capital gains, unrealised income, unrealised capital gains, capital or combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.	28

FEES & CHARGES

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

Charges	Class USD	Page
Application Fee	Up to 5.00% of the NAV per unit.	18
Withdrawal Penalty	Up to 1.00% of the NAV per unit. Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund.	18
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose USD35 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	18
Transfer Fee	A maximum of USD15 may be charged for each transfer.	18
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 USD	Page
Management Fee	1.80% per annum of the NAV of the Class.	19
Trustee Fee	0.03% per annum (including local custodian fees but excluding foreign sub-custodian fees and charges) on the NAV of the Fund. The foreign sub-custodian fees and charges is dependent on the country invested and is charged monthly in arrears.	19
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.	19
Other fees payable indirectly by you when investing in the Fund	Nil.	

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

TRANSACTION INFORMATION

	Class USD	Page
Minimum initial investment	USD1,000 or such other amount as we may decide from time to time.	26
Minimum additional investment	USD100 or such other amount as we may decide from time to time.	26
Minimum withdrawal	100 units or such other number of units as we may decide from time to time.	26
Minimum balance	100 units or such other number of units as we may decide from time to time.	26
Regular Savings Plan	Currently, RSP is not available for this Class.	25
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. This process involves the submission of the Fund's withdrawal request to the Target Fund in which the Target Fund will process within seven (7) Business Days, but in any event within fifteen (15) Business Days if any of the unexpected issues occur such as technical issues, foreign market related issues which may affect the trading of the Target Fund etc. Subsequently, payment will be made to you after receipt of the withdrawal proceeds from Target Fund. Nonetheless, we may pay the withdrawal proceeds to you within five (5) Business Days from the receipt of withdrawal proceeds from the Target Fund.	27
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal applicable to the Class; ○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Penalty of the Class (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and ○ the switching fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	27
Transfer	We may, at our absolute discretion allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	27

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 JPY-HEDGED

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

CLASS INFORMATION

Class JPY-Hedged		Page
Currency denomination	JPY	
Distribution policy	Depending on the level of income (if any) the Fund will distribute part or all of its distributable income on a quarterly basis. Note: The Fund may distribute from realised income, realised capital gains, unrealised income, unrealised capital gains, capital or combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.	28

FEES & CHARGES

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

Charges	Class JPY-Hedged	Page
Application Fee	Up to 5.00% of the NAV per unit.	18
Withdrawal Penalty	Up to 1.00% of the NAV per unit. Withdrawal Penalty is chargeable if a withdrawal is made within three (3) months from the Commencement Date. Thereafter, no Withdrawal Penalty will be charged. All Withdrawal Penalty will be retained by the Fund.	18
Switching Fee	Switching is treated as a withdrawal from the Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you will be charged a Switching Fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose JPY350 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee.	18
Transfer Fee	A maximum of JPY150 may be charged for each transfer.	18
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 JPY-Hedged	Page
Management Fee	1.80% per annum of the NAV of the Class.	19
Trustee Fee	0.03% per annum (including local custodian fees but excluding foreign sub-custodian fees and charges) on the NAV of the Fund. The foreign sub-custodian fees and charges is dependent on the country invested and is charged monthly in arrears.	19
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.	19
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 JPY-Hedged	Page
Minimum initial investment	JPY1,000 or such other amount as we may decide from time to time.	26
Minimum additional investment	JPY100 or such other amount as we may decide from time to time.	26
Minimum withdrawal	100 units or such other number of units as we may decide from time to time.	26
Minimum balance	100 units or such other number of units as we may decide from time to time.	26
Regular Savings Plan	Currently, RSP is not available for this Class.	25
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. This process involves the submission of the Fund's withdrawal request to the Target Fund in which the Target Fund will process within seven (7) Business Days, but in any event within fifteen (15) Business Days if any of the unexpected issues occur such as technical issues, foreign market related issues which may affect the trading of the Target Fund etc. Subsequently, payment will be made to you after receipt of the withdrawal proceeds from Target Fund. Nonetheless, we may pay the withdrawal proceeds to you within five (5) Business Days from the receipt of withdrawal proceeds from the Target Fund.	27
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal applicable to the Class; ○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Penalty of the Class (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and ○ the switching fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	27
Transfer	We may, at our absolute discretion allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	27

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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