

## Prospectus

6 May 2024

# Principal Vietnam 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 Vietnam Equity Fund is dated 6 May 2024.

This Fund was constituted on 2 February 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notices, legislations or statutes for the time being in force, as may be amended, varied, modified, updated, superseded and/or re-enacted from time to time.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 USD unless otherwise indicated.

## PROSPECTUS DETAILS

Issue No.	1
Prospectus Date	6 May 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.
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 a day on which the banks in Thailand are open for normal business. <b>Note:</b> We may declare certain Business Days to be a non-Business Day if the jurisdiction of the Target Fund declares a non-business day and/or if the Target Fund's manager declares a non-dealing day.
CIMB Group	- CIMB Group Sdn. Bhd.
CIS	- Collective investment schemes.
Class	- Any class of units representing similar interest in the assets of the Fund.
Class D	- The Class issued by the Fund denominated in MYR and differentiated by feature such as type of eligible investors and/or transaction methods.
Class MYR-Hedged	- The Class issued by the Fund denominated in MYR that aims to minimize the effect of exchange rate fluctuations between the base currency of the Fund (i.e. USD) and MYR.
Class 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.
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.
Deposit	- 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.
e-Wallet App	- Mobile application of the e-wallet that allows an individual to make electronic transaction, which includes but not limited to Touch 'n Go e-wallet.
e-Wallet Provider	- Refers to e-money issuer approved by BNM, which includes but not limited to TNG Digital Sdn Bhd.
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.
EPF	- Employees Provident Fund.
EPF-MIS	- EPF Members Investment Scheme.
Fund or VEF	- Principal Vietnam 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.
IUTA	- Refers to Institutional Unit Trust Schemes Adviser, a corporation registered with Federation of Investment Managers Malaysia and authorised to market and distribute unit trust schemes of another party.
LPD	- Latest Practicable Date i.e. 29 February 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.
RSP	- Regular Savings Plan.
SC	- Securities Commission Malaysia.
SEC or SEC Office	- Securities and Exchange Commission, Thailand
Special Resolution	- A resolution passed by a majority of not less than 3/4 of Unit holders voting at a meeting of Unit holders. For the purpose of terminating or winding up a fund, a Special Resolution is passed by a majority in number representing at least 3/4 of the value of the units held by Unit holders voting at the meeting.
Target Fund	- The collective investment scheme that the Fund invests predominantly in. Currently, it refers to Principal Vietnam Equity Fund.
Target Fund Manager	- Principal Asset Management Company Limited.
Target Fund Prospectus	- Refers to the prospectus in respect of the Target Fund and includes any supplemental prospectus, addendum or replacement prospectus, as the case may be. The Target Fund Prospectus is available for download at <a href="http://www.principal.th">www.principal.th</a>
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**

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

### **Website**

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

### **E-mail**

[myservice@principal.com](mailto:myservice@principal.com)

[mygoinvest@principal.com](mailto:mygoinvest@principal.com) (for Class D only)

## **The Trustee**

HSBC (Malaysia) Trustee Berhad

### **Business/Registered address**

Level 19, Menara IQ, Lingkaran TRX,  
55188 Tun Razak Exchange,  
Kuala Lumpur, MALAYSIA  
Tel : (603) 2075 7800  
Fax : (603) 8894 2611

### **Website**

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

### **Email**

[fs.client.services.myh@hsbc.com.my](mailto:fs.client.services.myh@hsbc.com.my)

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

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# 1. FUND INFORMATION

## 1.1. PRINCIPAL VIETNAM EQUITY FUND

<b>Fund Category/Type</b>	: Feeder fund / Growth
<b>Fund Objective</b>	: The Fund aims to achieve long-term capital appreciation 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>
<b>Benchmark</b>	: The Fund adheres to the benchmark of the Target Fund for performance comparison only. The performance comparator of the Target Fund is the MSCI Vietnam Net Total Return USD 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>
<b>Distribution Policy</b>	: 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 36 for information on the distribution payment.

### Base Currency & Classes

The base currency of the Fund is USD.

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

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

Name of Class	Launch date	Initial offer period	Initial offer price
Class USD	6 May 2024	Up to 21 days	USD 1.0000
Class MYR-Hedged	6 May 2024	Up to 21 days	MYR 1.0000
Class D	26 August 2024 <sup>Note 1</sup>	1 day which is on the launch date	MYR 1.0000

<sup>Note 1</sup> The launch date shall be the date disclosed above or such other date as may be determined by us at our discretion. Any change to the launch date will be published on the website at [www.principal.com.my](http://www.principal.com.my) prior to the launch date and thereafter, a supplemental prospectus will be issued to inform investors of the revised launch date.

For more details, you may contact our Customer Care Centre under the “Corporate Directory” section or Distributors; or visit our website at [www.principal.com.my](http://www.principal.com.my).

### Investment Policy and Strategy

The Fund is a feeder fund that invests into a single CIS, i.e. Principal Vietnam Equity Fund (“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 16 October 2017 under Principal Asset Management Company Limited. 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 USD Class of the Target Fund, which is denominated in USD. 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 its 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 e.g. a substantial part of the Fund's asset value cannot be (accurately) determined. 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.

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

**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 such as Deposits and money market instruments;
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps for the purpose of hedging; and
- Any other form of investments as may be permitted by the SC from time to time that is in line with the Fund's objectives.

The formulation of the investment policies and strategies of the Fund is based on the 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; withdrawal of units or payment made out of the Fund; change in capital of a corporation in which the Fund has invested in; or downgrade in or cessation of a credit rating, 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 27 March 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 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, maybe 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 Thailand, the Fund's investments in the Target Fund may be affected by risks specific to Thailand. Such risks include adverse changes in Thailand'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. RISKS ASSOCIATED WITH INVESTMENT IN CLASS D****Cyber security risk**

This is the risk arising from cyber-attack on e-Wallet App. Should the e-Wallet App be compromised, it may result in unauthorised transactions pertaining to the Fund. Further to that, your investment-related information and personal data may be leaked. All transactions through e-Wallet App and/or the Fund may be temporarily suspended, in which you may not be able to transact through e-Wallet App or in the Fund due to cyber-attack.

**Functionality risk**

This is the risk that the e-Wallet App does not operate as intended due to factors including but not limited to connectivity and interface issues. If the e-Wallet App does not function as expected, your transaction through the e-Wallet App may not be correctly processed and/or completed.

**Risk associated with discontinuation risk on e-Wallet Provider**

As all the transactions are done through e-Wallet App developed by the e-Wallet Provider, the continuous operation of the e-Wallet Provider is crucial. The discontinuation of services provided by e-Wallet Provider may be due to but not limited to revocation of the license. Should such event happen, withdrawal from the Fund may be delayed.

#### **1.7.4. 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.principal.th](http://www.principal.th)*)

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.

##### **Country risk**

The Target Fund mainly invests in securities related to Vietnam, so its assets may be affected by revision of the country's laws, regulations and policies, adoption of measures on foreign exchange, fluctuation of exchange rates, uncertainty of social, religious, political, and economic factors; and overseas crises may prevent the Target Fund from transferring money back to Vietnam that it may not be able to pay back investors within the deadline. To mitigate the risk, the Target Fund Manager shall closely follow up the country's movements and analyze any significant changes to adjust investment plans according to circumstances.

##### **Business risk**

The share issuing companies' performance, financial status, profits and losses may affect share prices. However, Target Fund Manager shall regularly study these factors and follow up the progress of these companies; if there are any significant changes, Target Fund Manager will revise the plans for proper investment in securities. To mitigate the risk, the Target Fund Manager shall closely follow up the share issuing companies' performance and financial status for correct investment decisions; if there are any significant changes thereof, Target Fund Manager will revise the plans for proper investment in securities.

##### **Market risk**

Share prices may fluctuate all the time, depending on interest rates, exchange rates, economy, share issuing companies' performance and volume of securities trading. To mitigate the risk, the Target Fund Manager may take into account the economic, political and financial situations to make investments in securities in the right proportion according to the Target Fund's investment policies.

##### **Liquidity risk**

Vietnamese share market is developing that securities trading volume is low and foreign ownership is limited that at certain time trading at some prices may not be possible and foreign investors may have to pay share price premium. For maximum benefit of investors, Target Fund Manager may invest in securities in line with the Target Fund's policies to ensure liquidity.

##### **Currency/Exchange rate risk**

The fluctuation in exchange rates may result in lower returns on investment. Without keeping foreign currencies confidential, Target Fund Manager may resort to certain tools for hedging against exchange rate fluctuation, which may increase the costs that the returns on investment may be affected.

##### **Frontier market risk**

Investment in frontier markets before they become emerging markets involves higher risks than investment in developed markets. Such higher risks are investment and repatriation restrictions, exchange rate fluctuation, local currencies which may be affected by state's intervention, public information disclosure restrictions, securities trading regulation, liquid instrument restrictions, economic and political development, registered company's business and financial report regulations and transaction costs, etc.

##### **Tax Considerations**

Changes in taxation and investment policies in Vietnam may affect returns on investments by the Target Fund and the returns on investments by local and overseas investors.

##### **Active Management**

Target Fund Manager shall invest in securities in line with the situations to attain the Target Fund's objectives. Target Fund Manager shall manage the Target Fund actively while hedging, but attainment of objectives cannot be fully guaranteed.

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 PRINCIPAL VIETNAM EQUITY FUND (“TARGET FUND”)

Principal Asset Management Company Limited (the “**Target Fund Manager**”) is a limited company incorporated in Thailand under the laws of Thailand as an asset management company to manage the Principal Vietnam Equity Fund (the “**Target Fund**”).

The parent company is Principal Asset Management Berhad, incorporated in Malaysia. Principal Financial Group in the United States of America is an ultimate parent company of the Principal Group. The Target Fund Manager is permitted by Securities and Exchange Commission, Thailand (the “**SEC**”). The Target Fund Manager is principally engaged in an investment manager of mutual funds, private funds, property funds and provident funds. The registered office of the Target Fund Manager is 44 CIMB Thai Tower 16th Floor, Langsuan Road, Lumpini, Patumwan, Bangkok, Thailand. The Target Fund Manager has commenced its business since December 15, 2004 and regulated by SEC.

The Target Fund is an equity fund, domiciled in Thailand, regulated by the SEC. The Target Fund is established since October 16, 2017, managed by Target Fund Manager. The Target Fund Manager has appointed Kasikornbank Public Company Limited (the “**Target Fund Supervisor**”) as Fund Supervisor of the Target Fund which incorporated in Thailand, registered head office located at 400/22 Phahon Yothin Road, Sam Sen Nai Sub-district, Phaya Thai District, Bangkok 10400 Thailand. The Fund Supervisor is regulated by the SEC and performs the duties as a mutual fund supervisor. The power and duties of the mutual fund supervisor have been specified in Section 127 of the Securities and Exchange Act B.E. 2535. (“**SEC Act**”) per below details:

- (a) Ensure that the securities company strictly complied with the provisions of Section 125;
- (b) Accept into custody assets of the mutual fund and separate them from other assets as well as ensure the disposition of the mutual fund in accordance with the mutual fund project;
- (c) Prepare deposit and payment accounts of the assets of the mutual fund;
- (d) Prepare a report to the SEC Office in the event that the securities company has done any act or omitted to do any act which has caused damage to the mutual fund or has not acted in accordance with Section 125;
- (e) File a legal action in court to cause the securities company to perform its duties or to claim compensation for damage from the securities company for the benefit of unitholders as a whole or when instructed by the SEC Office.

Expenses incurred from such legal action on behalf of the Unit holders of any mutual fund shall be paid from the assets of that mutual fund.

Notes: Section 125 of SEC Act. For the management of a mutual fund, a securities company shall proceed as follows:

- (a) Manage the mutual fund strictly in accordance with the approved mutual fund project and the commitment made with the Unit holders;
- (b) Deposit the assets of the mutual fund into the custody of the mutual fund supervisor;
- (c) Prepare correct and complete accounts of investments of the mutual fund;
- (d) Prepare investment reports of the mutual fund for the mutual fund supervisor in accordance with the rules and procedures specified in the notification of the SEC Office;
- (e) Prepare and maintain a Unit holder register in accordance with the rules and procedures specified in the notification of the SEC Office with the approval from the Capital Market Supervisory Board;
- (f) Arrange for the collection of returns on investments of the assets of the mutual fund and deposit them into the custody of the mutual fund supervisor.

Principal Asset Management Co., Ltd as an administrator and registrar of the Target Fund with responsibility for the day-to-day administration of the Target Fund’s affairs. The responsibilities of administrator include registration services and maintenance of the Target Fund’s share register, valuation of the Target Fund’s assets and the preparation of the Target Fund’s semi-annual and annual reports. (*Note: For more information about Target Fund semi-annual and annual reports, please refer to the website at [www.principal.th](http://www.principal.th)*).

#### **Investment Objective and Investment Policies of the Target Fund**

The Target Fund's policy is to invest in equities listed on the stock exchange or with a core business in Vietnam that it believes has future growth potential, as well as any other equities engaged in related and/or beneficial operations from economic growth or with the majority of its assets derived from such countries' economic growth; and/or equity securities of Vietnamese entrepreneurs listed on stock exchanges in other countries; and/or equity securities of Vietnamese entrepreneurs listed on foreign stock exchanges, and/or other mutual funds with a policy of investing in equity instruments, and/or foreign equity ETFs that focus on investing in equities in Vietnam, averaging not less than 80% of the fund's net asset value in a fiscal year.

The remaining net asset value of the Target Fund may be invested in property units, REITs and/or infra units and/or equity instruments, financial instruments, semi debt instruments, deposits, and private equity units, as well as any other securities or assets both domestically and/or internationally as specified by the SEC or the SEC Office or the Capital Market Supervisory Board, or approve the Target Fund to invest or earn interest by other methods as specified in the Target Fund details or as specified by the SEC or the SEC Office.

The Target Fund may invest in stocks or non-listed securities up to 15% of the Target Fund's net asset value.

The Target Fund will not invest in structured notes and will not invest directly in debt instruments with non-investment grade and unrated securities unless the instrument was rated investment grade at the time of investment but was later downgraded to lower than the investment grade. The Target Fund can continue to hold such instruments, including the time to reduce the ratio following the SEC Office's requirements or approval.

The Target Fund may invest in derivatives to improve the efficiency of its portfolio management, which is determined by current financial market conditions and other relevant factors such as stock price direction, interest rate direction, and exchange rate conditions, including hedging expenses, etc.

In the case of overseas investments, the Target Fund may invest in derivatives to hedge against foreign exchange risk at the discretion of the Target Fund Manager, who determines the financial market conditions at the time, as well as other related factors such as currency direction and hedging cost. However, if the Target Fund Manager determines that hedging against foreign exchange risk will not benefit unitholders or will cause unitholders to lose potential benefits, the Target Fund Manager may decide not to hedge against foreign exchange risk.

If the Target Fund's investment does not comply with the investment policy based on the fund classification, the Target Fund Manager must amend the Target Fund's investment proportion to comply with the investment policy within 90 days of the date the allocation of the Target Fund investment is inconsistent with the investment policy, unless the Target Fund Manager obtains a resolution from the unitholders to change the type of mutual fund within such period. However, when calculating Target Fund investment proportions based on fund classification, the Target Fund Manager may exclude the following periods taking into account the benefits of investors.

1. A 30-day period begins on the date of Target Fund registration.
2. During the 30 days preceding the Target Fund's expiration or termination.
3. The time required to dispose of the Target Fund's assets due to a redemption order, switching of investment units, membership termination, or a large amount of fund transfer or waiting for investment, which cannot exceed 10 trading days.

However, if domestic and/or foreign investment situations are inappropriate, such as market and economic fluctuations, disasters, unusual events, changes in investment regulations, which may affect stock market investment, the occurrence of various unusual events, the most severe drop in market prices in the fiscal year, or any other event that will cause damage to the Target Fund as a whole, etc., and/or in the event of force majeure or necessity, and/or within approximately ten trading days if a large number of unitholders purchase or redeem investment units. As a result, there may be times when the Target Fund is unable to invest according to the specified investment ratio, and the Target Fund Manager will report this inability to the SEC without being considered in violation of the fund conditions. If the SEC, the SEC Office, or the Capital Market Supervisory Board later amends the announcement related to the investment rules, which affects the investment policy of the Target Fund, the Target Fund Manager will adjust the investment policy to comply with the SEC or SEC Office announcements and will be deemed to have been approved by the unitholders.

For further information on the Target Fund, please refer to the website at [www.principal.th](http://www.principal.th).

### **Benchmark**

The Target Fund uses the MSCI Vietnam Net Total Return USD Index adjusted with exchange rate for bath on the day of determination of returns on investment (effective as of Nov 1, 2022).

The Target Fund Manager may change the benchmark under the investment policy and notify investors of such change and the reasons for doing so on the Target Fund's website in advance so that investors can use such information on investment decision.

In the event that the benchmark is changed according to the association of investment management companies' announcement on the terms and conditions or SEC's announcement on fund benchmark standard and change thereof, or non-disclosure of information on benchmark by issuer, the Target Fund Manager shall notify Unit holders of such changes on the website so that investors can use such information for investment decision.

### **Distribution Policy**

The USD Class of the Target Fund is an accumulation Class.

## **2.2. GENERAL INVESTMENT RESTRICTIONS AND INVESTMENT GUIDELINES OF THE TARGET FUND MANAGER**

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

## 2.2.1 Securities in which Target Fund invests.

### 2.2.1.1 Investment in and earning interests from local securities and assets:

According to SEC's announcements and their revisions, Target Fund Manager may invest in or seek interests from the following securities and assets:

#### **Part 1: Transferable Securities ("TS")**

- (a) TS means any financial instrument other than assets under Part 2 to 7 of Target Fund Prospectus of *Investment in and Seeking Interests from local securities and assets*, of the following descriptions:
- 1.1 The investor's obligations do not exceed the value of their investment in the instrument;
  - 1.2 Transferable, including Bill of Exchange ("B/E"), Promissory Note ("P/N"), and Structured Notes ("SN") which is not transferable, but the Target Fund has made arrangements for acceptance of transfer of right of claim according to the method specified by law or there are a condition to redemption by Target Fund of instruments to issuers.
  - 1.3 Complete, correct and up to date information on the instruments and fair prices from reliable and technically and internationally recognized sources accessible by asset management companies for use regularly in decision making.
- (b) Investment qualifications and rules additional to those set forth in Part 1 (a) above.
- 1.1 Investment in B/E or P/N where such instruments are issued to settle trade debts, such B/E or P/N must be availed by:
    - 1.1.1 Commercial Bank, Finance Company or Credit Fancier Company pursuant to the laws on financial institutions' businesses.
    - 1.1.2 Government Savings Bank;
    - 1.1.3 Government Housing Bank;
    - 1.1.4 Bank for Agriculture and Agricultural Cooperatives;
    - 1.1.5 SME Development Bank;
    - 1.1.6 Export-Import Bank of Thailand;
    - 1.1.7 Islamic Bank of Thailand;
    - 1.1.8 Foreign financial institutions of similar descriptions to those under 1.1.1 to 1.1.7 above.

In this regard, the issuer and the interests (if any) must also be avalized as set forth in B/E or P/N .

#### **Part 2: Units of CIS, Infrastructures and Properties shall have the following descriptions:**

- (a) Units issued under Thai law:
- 1.1 CIS, infra and property units
    - 1.1.1 The same descriptions for TS as set forth in Part 1 (a), Article 1.1 to 1.3.
    - 1.1.2 In case, the Target Fund invests in CIS units of mutual funds with the following policies (*not applicable to investment in CIS units of fund investing in gold bullion*);
      - 1.1.2.1 There is investment in the assets which are the same type that the Target Fund can invest;
      - 1.1.2.2 There is an investment in assets when calculation on a pro rata basis gives the results according to the rule of single entity limit of the Target Fund.
      - 1.1.2.3 There is an investment in assets when calculation on pro rata basis gives the results according to the product limit for the assets which are Specific Investment Products ("SIP") of such mutual fund.
      - 1.1.2.4 Investment in derivatives with global exposure limit of such mutual fund.
    - 1.1.3 If the Target Fund is feeder fund invests in CIS units of mutual fund, such mutual fund must not be the feeder fund.
  - 1.2 In case of CIS units other than those set forth in Part 2 (a), Article 1.1:
    - 1.2.1 The same qualifications and investment rules as those of TS under Part 1 (a) 1.1 to 1.3.
    - 1.2.2 Listed on Stock Exchange Thailand ("SET").

#### **Part 3: Deposit or instrument equivalent thereto**

Must be deposit in or an instrument equivalent to a deposit of any of the following institutions:

- (a) Commercial Bank, Finance Company or Credit Fancier Company pursuant to the law of financial institutions' businesses;
- (b) Government Savings Bank;
- (c) Government Housing Bank;
- (d) Bank for Agriculture and Agricultural Cooperatives
- (e) Secondary Mortgage Corporation;
- (f) SME Development Bank;
- (g) Import-Export Bank of Thailand;
- (h) Islamic Bank of Thailand;
- (i) International financial institutions which Thailand is a member;
- (j) Foreign financial institutions with the same characteristics as (a) to (i) above.

#### **Part 4: Securities Lending of the following descriptions:**

- (a) One of the parties must be licensed to operate securities borrowing and lending ("SBL") business. In case where such counterparty acts as the attorney of the borrower, the borrower must be of the following descriptions that it can operate business under Thai law:

- 1.1 licensed to operate SBL business;
  - 1.2 Bank of Thailand;
  - 1.3 rehabilitation and development fund;
  - 1.4 Import-Export Bank of Thailand;
  - 1.5 commercial bank;
  - 1.6 finance company;
  - 1.7 securities company;
  - 1.8 insurance company;
  - 1.9 private fund with each investor's asset value of 1 million baht or more;
  - 1.10 pension fund of government employees;
  - 1.11 other juristic entities as set forth by SEC.
- (b) The securities lending must be in the securities deposit system of Thailand Securities Depository Co., Ltd. or the Bank of Thailand is the Registrar of such securities.
- (c) Placing or calling collateral, the management company must proceed as follows:
- 1.1 Proceed with placing or calling for collateral from borrowers as security for securities lending, which must be the security in any of the following forms:
    - 1.1.1 cash;
    - 1.1.2 Thai government's bond;
    - 1.1.3 bill of exchange, promissory note, NCD, sukuk or short-term debenture that commercial bank, finance company or bank established under specific law is obligator.
    - 1.1.4 bill of exchange or promissory note issued by Thailand Securities Finance Company (TSFC) and will mature 270 days of issue; will repay the Secondary Mortgage Corporation;
    - 1.1.5 bill of exchange, promissory note or sukuk issued not longer than 90 days with any of the following credit ratings:
      - 1.1.5.1 issue rating or issuer rating is on the top; issuer rating must be a short-term credit rating;
      - 1.1.5.2 guarantor rating at investment grade;
    - 1.1.6 bond must have credit rating at investment grade;
    - 1.1.7 letter of guarantee issued by commercial bank to guarantee repayment to the Target Fund;
    - 1.1.8 shares listed on SET, SET50; if the Target Fund has no policy to invest in bond, it cannot accept such security.
    - 1.1.9 money market fund units.
  - 1.2 The Target Fund shall acquire the title to or own the security under (c) 1.1, or otherwise enable the securities company to enforce repayment from such security immediately.
  - 1.3 The collateral under (c) 1.1 must not be transferred or sold or make it impossible to enforce the collateral, unless otherwise repayment is enforced according to the terms and conditions of securities lending.
  - 1.4 Maintain the collateral value at the end of the day  $\geq$  100% of the lent securities.
  - 1.5 If cash is put up as collateral, such cash shall forthwith be invested in any of the following assets:
    - 1.5.1 Deposit in commercial bank or the bank established under specific law;
    - 1.5.2 NCD or bond of the following descriptions:
      - 1.5.2.1 NCD or bond for which commercial bank, finance company of bank established under specific law is obligator.
      - 1.5.2.2 Bond issued by TSFC which will mature within 270 days from the day of issue and at the time of demand or sighted.
      - 1.5.2.3 Bond issued not longer than 90 days with any of the credit ratings:
        - 1.5.2.3.1 Issue rating on the top rank by short-term
        - 1.5.2.3.2 Guarantor rating at investment grade.
    - 1.5.3 Thai Government's Bond.
- (d) The terms and conditions of agreement shall be as set forth in SEC's announcement on Requirements for Working Systems, Lending Agreements, Securities Lending and Collaterals for Lending Transactions and Securities Trading.

**Part 5: Derivatives transactions according to investment rules**

- (a) Types of underlying derivatives that the Target Fund can enter into as a counterparty must have one or more of underlying derivatives as follows:
- 1.1 The assets that the Target Fund can invest in;
  - 1.2 interest rates;
  - 1.3 exchange rates;
  - 1.4 credit rating or credit event;
  - 1.5 gold;
  - 1.6 crude oil;
  - 1.7 commodity index, inflation index, product or variable index under Part 5 (a) 1.1 to 1.6 or 1.9;
  - 1.8 Indexes with components under Part 5 (a) 1.7;
  - 1.9 other underlying as set forth by SEC.
- If the derivatives is based on the price of the above underlying, the spot price or future price shall apply. The price of other underlying which is not index or underlying which is the component of such index must be widely and openly accepted.
- (b) Asset management company may invest in derivatives under the following terms and conditions:
- 1.1 If Target Fund clearly indicates investment in derivatives and their underlying in the project.
  - 1.2 It is the counterparty to the agreement of any of the following derivatives:

- 1.2.1 derivatives on organized exchange;
- 1.2.2 OTC derivatives:
  - 1.2.2.1 In case of OTC derivatives in Thailand, the other counterparty must be commercial bank, bank established under specific law, derivatives selling agent, or derivatives trader.
- 1.3 In case where debt is paid by delivery of goods at the time of maturity of derivatives, such goods must be the assets which the Target Fund can invest in, whether or not the Target Fund will receive or deliver such goods.
- (c) Additional rules in case where underlying is index.
 

The derivatives underlying indexes under Part 5 (a) 1.7 to 1.8 shall be of the following descriptions;

  - 1.1 The index for which calculation method is clearly indicated. Sources of information on underlying or factors used in calculation are indicated. Index shall be calculated to keep it up to date according to its components. In this regard, the underlying or factors must move freely according to market situation.
  - 1.2 Index of any of the following descriptions:
    - 1.2.1 Index with sufficient distribution. The index shall have any of the following descriptions:
      - 1.2.1.1 The index with each of its components weighing  $\leq 20\%$  of the total weight.
      - 1.2.1.2 The index with each of its components weighing  $\leq 35\%$  of the total weight. Under market situation, other components shall not weight above the limit under (c) 1.2.1.1 above. The components related to gold or crude oil shall not be used in determination of weight distribution under (c) 1.2.1.1 and 1.2.1.2 above.
    - 1.2.2 Indexes whose components are all gold or crude oil or related thereto or indexes of gold or crude oil prices.
    - 1.2.3 Indexes other than those under Part 5 (c) 1.2.1 and 1.2.2 according to the following terms and conditions:
      - 1.2.3.1 The index with components being instruments or contracts that the Target Fund can directly invest in.
      - 1.2.3.2 Calculation of investments on a pro rata basis as if the Target Fund directly invests in instruments or contracts gives the results according to the principle of single entity limit of the Target Fund.
  - 1.3 The indexes are developed by reliable institution independently from the company. If such institution is an affiliate of a securities company, such securities company shall introduce measures for effective prevention of conflict of interests.
  - 1.4 Such index shall be displayed continuously every day in the media which present data in a timely manner.
  - 1.5 Commodity index must be determined from any of the following variables:
    - 1.5.1 The spot price or future price of such commodity.
    - 1.5.2 The commodity index determined from spot price or future price.
    - 1.5.3 The future price with reference to the commodity index under Article 1.5.2 above.
  - 1.6 The inflation index must be determined from information sources with reference to reports from Thai or foreign agencies or determined from the product or service price that shows that such determination of the index developer truly reflects the rate of inflation.
- (d) Cover Rule
 

Target Fund Manager shall ensure that the Target Fund shall be of good quality and high liquidity for possible payment of debts at the time of maturity of derivatives under the agreement and as required by SEC.
- (e) Additional rule for investment for reduction of risks
 

Investment in underlying derivatives is not the same as investment in assets for hedging. Investment in such derivatives must meet the requirements set by SEC.
- (f) Additional rule for investment in OTC derivatives
 

The Management shall make the following arrangements for OTC derivatives:

  - 1.1 The other counterparty shall determine the fair price of derivatives and inform Target Fund Manager of the facts by the 15th day and the last day of every month. If any of such days falls on a non-working day of SEC, the fair price shall be determined and notified on the following working day.
  - 1.2 If the price of the derivatives is affected by any event, the other counterparty shall forthwith determine the fair price thereof and notify Target Fund Manager of the facts.
  - 1.3 The other counterparty allows options trading upon request by Target Fund Manager.
- (g) Additional rule for being a counterparty to credit derivatives agreement. The following terms and conditions shall apply:
  - 1.1 To become a counterparty to credit derivatives agreement only for hedging.
  - 1.2 To become a counterparty to the agreement only when credit derivatives transactions are of any of the following descriptions:
    - 1.2.1 Credit Default Swap: The agreement in which the buyer insures against the risk of fulfilling obligations and the seller insures against the risk. If credit event occurs, the agreement of insurance against risks shall end. If credit event does not occur, the agreement will end on its expiration date. If the obligation is a Single Name Credit Default Swap or the obligation has many items which requires that the seller who insures against risks pays debts when the credit event occurs depending on which obligation is the First to Default Swap or when the credit event occurs depending on which obligation is in the group of obligations which will pay the price of such assets, but the agreement will end when credit event occurs, depending on every obligation in the Proportionate Credit Default Swap.

- 1.2.2 Total Rate of Return Swap: Agreement under which the buyer insures against risk of derivatives from reduction of return therefrom, and the seller insures against risk of obligation to pay return at fixed rate or floating rate based on the agreed interest rate and discount (if any) on the fair price of derivatives in exchange for the buyers insuring against risk of transferring return and increase (if any) at the fair price of the derivatives to the seller of insurance against risks until the credit event occurs or the agreement ends without any credit event.
- 1.3 Use of standard agreement indicated by International Swaps and Derivatives Association (ISDA) or other standard agreement acceptable to the SEC. The agreement shall be of the following descriptions:
  - 1.3.1 It is legally enforceable and is not in conflict with the law on securities and exchange or other laws.
  - 1.3.2 No requirements which waive the rights under bond or future derivatives.
  - 1.3.3 The Target Fund is not required to pay damages to the other counterparty.

**Part 6: Private Equity**

Investment in private equity shall be made according to the following rules:

Investment for fund or investors in general; the fund for investors who are not small investors or provident fund. The securities company shall invest in private equity of the descriptions and according to the rule of investment as well as the requirements for TS in Part 1 (a), Article 1.1 to 1.3.

In the event that the Target Fund is under obligations to private equity, the securities company may invest in private equity without requiring investors to be under obligations in excess of the minimum investment.

**2.2.1.2 Types of other securities and assets; seeking of interests or otherwise invest overseas.**

The Target Fund Manager may invest in or seek interests from securities or properties by any means according to SEC's and Capital Market Supervisory Board's Announcements and revisions thereof, and invest in bonds and derivatives in the countries where there are Securities Exchange Commissions and Stock Exchanges which are members of IOSCO or in the countries which are member of World Federation of Exchange ("WFE") or invest in bonds of the companies established and trade in Greater Mekong Subregion ("GMS").

**Part 1: Transferable Securities ("TS")**

(a) TS means any financial instrument other than properties under Part 2 to Part 7 of *Types of other Securities and Assets; Seeking of Interests or Otherwise Invest Overseas* below, of the following descriptions:

- 1.1 Investor's obligations do not exceed the value of investment.
- 1.2 Transferable, including Bill of Exchange ("B/E"), Promissory Note ("P/N"), and Structured Notes ("SN") which is not transferable, but the Target Fund has made arrangements for acceptance of transfer of right of claim according to the method specified by law or there are a condition to redemption by Target Fund of instruments to issuers.
- 1.3 Complete, correct and up to date information on the instruments and fair prices from reliable and technically and internationally recognized sources accessible by asset management companies for use regularly in decision making.

(b) Investment qualifications and rules additional to those set forth in Part 1 (a) above.

- 1.1 Investment in B/E or P/N where such instruments are issued to settle trade debts, such B/E or P/N must be avalized by:
  - 1.1.1 Commercial Bank, Finance Company or Credit Fancier Company according to the law on financial institution business.
  - 1.1.2 Foreign financial institutions of similar descriptions as those under (b) 1.1.1 above.
 In this regard, the payers or issuers of instruments and the interests (if any) must also be avalized as set forth in B/E or P/N.

**Part 2: Units of foreign CIS, Infrastructures and Properties shall have the following descriptions:**

(a) Units issued under foreign law

- 1.1 CIS, infra and property units
  - 1.1.1 They are of the descriptions under the rules as those for TS as set forth under Part 1 (a) 1.1 to 1.3
  - 1.1.2 Foreign CIS units shall have the following descriptions:
    - 1.1.2.1 Units are issued and traded under control of foreign securities trading regulation agencies which are members of IOSCO or foreign CIS units traded in the stock exchanges of the countries which are member of WFE.
    - 1.1.2.2 The CIS operator of Target Fund is under control of regulatory agencies which are members of IOSCO.
    - 1.1.2.3 Target Fund may invest in units of foreign CIS according to the rules of fund control, management, issuance and selling for retail investors in those countries.
  - 1.1.3 The countries regulating sale of units shall adopt measures for protection of investors, as per details in the lists issued by the SEC Office. Unless it is a unit of a foreign ETF that is managed in a passive management manner, which generates returns for investors based on the movement of the index. The price or index of any group of such index must have the same characteristics as the announcement of the Capital Market Supervisory Board No. Thor Nor. 42/2023 regarding Fund Investment (No. 26), Section 2.9.1.1 in Part 2 of Appendix 2.

- 1.1.4 Target Fund may invest in units of foreign CIS which only takes out loan for liquidity temporarily, and have the following investment policies (not applied to foreign CIS which invests in gold bullion):
  - 1.1.4.1 There is an investment in assets when calculation on a pro rata basis gives results according to the rule of single entity limit of the Target Fund –not applicable to SIP.
  - 1.1.4.2 There is an investment in assets on a pro rata basis gives results according to the rule of product limit for the SIP of Target Fund.
  - 1.1.4.3 Investment in derivatives according to the rule of global exposure limit of Target Fund. Target Fund may invest in foreign CIS which focuses on investment in properties of the types which Target Fund may invest in. The value of the properties that cannot invest in on a pro rata basis must not exceed 20% of the NAV of Target Fund.
- 1.1.5 If target fund is feeder fund invests in the units of foreign CIS not of the same descriptions as those of feeder fund, unless otherwise it is necessary to make such investment for the benefit of unitholders, subject to approval of the SEC Office, and disclosure of reasons therefor and the fees thereof by the securities company in the prospectus.
- 1.1.6 In the case of the Target Fund's investment in units of a foreign CIS and such CIS has an investment policy that generates returns for investors based on the movement of the price index or any group index, the index must have the same characteristics as Index specified in the announcement of the Capital Market Supervisory Board No. Thor Nor. 42/2023 regarding investment of funds (No. 26), Section 2.9.1 of Part 2 of Appendix 2.
- 1.2 In case of CIS units other than those set forth in Part 2(a), Article 1.1:
  - 1.2.1 The same qualifications and investment rules as those of TS under Part 1 (a) 1.1 to 1.3.
  - 1.2.2 Listed on the stock exchanges of the countries which are members of WFE.

**Part 3: Deposits in foreign financial institutions or instruments equivalent thereto**

Must be deposits in any of the following foreign financial institutions or instruments equivalent thereto:

- (a) Commercial Bank, Finance Company or Credit Fancier Company pursuant to the law on financial institution business;
- (b) International financial institutions that Thailand is a member;
- (c) Foreign financial institutions of the same descriptions as those under (a) and (b) above.

**Part 4: Securities lending**

SEC's Regulations shall apply.

**Part 5: Derivatives transactions according to investment rules**

- (a) Types of underlying derivatives that the Target Fund can enter into as counterparty must have one or more of underlying derivatives as follows:
  - 1.1 the assets which the Target Fund may invest in;
  - 1.2 interest rates;
  - 1.3 exchange rates;
  - 1.4 credit rating or credit event;
  - 1.5 gold;
  - 1.6 crude oil;
  - 1.7 commodity index, inflation index and indexes with components being the products or variables under Part 5(a) 1.1 to 1.6 or 1.9;
  - 1.8 indexes with components being indexes under 1.7 above;
  - 1.9 other underlying as set forth by SEC.

If the derivatives are based on the price of the above underlying, only spot price or future price shall apply. Such price of other underlying which is not index or underlying being the component of such index must be widely recognized and disclosed.
- (b) Asset management company may invest in derivatives under the following terms and conditions:
  - 1.1 If Target Fund clearly indicates investment in derivatives and their underlying in the project:
  - 1.2 it will be a counterparty to the agreement of any of the following derivatives:
    - 1.2.1 derivatives on organized exchange;
    - 1.2.2 the following OTC derivatives:
      - 1.2.2.1 The other counterparty to the agreement of foreign OTC derivatives must be a juristic entity licensed to operate derivatives under the control of the stock exchanges and securities regulatory agencies which are ordinary members of IOSCO or WFE.
  - 1.3 If loans shall be paid by delivery products at the time of maturity of derivatives, the Target Fund must be able to invest in such products, whether or not the Target Fund has the right to accept or make delivery of such products.
- (c) Additional Rules for Underlying Indexes:
 

The derivatives underlying indexes under Part 5 (a) 1.7 to 1.8 shall be of the following descriptions:

  - 1.1 The index for which calculation method is clearly indicated. Sources of information on underlying or factors used in calculation are indicated. Index shall be calculated to keep it up to date according to its components. In this regard, the underlying or factors must move freely according to market situation.
  - 1.2 The indexes shall be of any of the following descriptions:
    - 1.2.1 Index with sufficient distribution. The index shall have any of the following descriptions:
      - 1.2.1.1 The index with each of its components weighing  $\leq$  20% of the total weight.

- 1.2.1.2 The index with each of its components weighing  $\leq 35\%$  of the total weight. Under market situation, other components shall not weight above the limit under (c) 1.2.1.1 above.  
The components related to gold or crude oil shall not be used in determination of weight distribution under (c) 1.2.1.1 and 1.2.1.2 above.
  - 1.2.2 Indexes whose components are all gold or crude oil or related thereto or indexes of gold or crude oil prices.
  - 1.2.3 Indexes other than those under Part 5(c) 1.2.1 and 1.2.2 above shall meet the following terms and conditions:
    - 1.2.3.1 The index components being instruments or contracts that the Target Fund can directly invest in.
    - 1.2.3.2 Calculation of investments on a pro rata basis as if the Target Fund directly invests in instruments or contracts gives the results according to the principle of single entity limit of the Target Fund.
  - 1.3 The indexes are developed by reliable institution independently from the company. If such institution is an affiliate of securities company, the latter shall adopt measures for efficient prevention of conflict of interests.
  - 1.4 Such index shall be displayed continuously every day in the media which present data in a timely manner.
  - 1.5 Commodity index must be determined from any of the following variables:
    - 1.5.1 The spot price or future price of such commodity;
    - 1.5.2 The commodity indexes determined from spot price or future price;
    - 1.5.3 The future price with reference to the commodity indexes under Article 1.5.2 above.
  - 1.6 The inflation index must be determined from information sources with reference to reports from Thai or foreign agencies or determined from the product or service price that shows that such determination of the index developer truly reflects the rate of inflation.
- (d) Cover Rule  
The Target Fund Manager shall ensure that the Target Fund shall be of good quality and high liquidity for possible payment of debts at the time of maturity of derivatives under the agreement and as required by SEC.
- (e) Additional rule of investment for reduction of risks  
Investment in underlying derivatives is not the same as investment in assets for hedging. Investment in such derivatives must meet the requirements set by SEC.
- (f) Additional rule of investment in OTC derivatives  
The Management shall make the following arrangements for OTC derivatives:
  - 1.1 The other counterparty shall determine the fair price of derivatives and inform Target Fund Manager of the facts by the 15th day and the last day of every month. If any of such days falls on a non-working day of SEC, the fair price shall be determined and notified on the following working day.
  - 1.2 If the price of the derivatives is affected by any event, the other counterparty shall forthwith determine the fair price thereof and notify the Target Fund Manager of the facts.
  - 1.3 The other counterparty allows options trading upon request by the Target Fund Manager.
- (g) Additional rule for being a counterparty to credit derivatives agreement. The following terms and conditions shall apply:
  - 1.1 To become a counterparty to credit derivatives agreement only for hedging.
  - 1.2 To become a counterparty to the agreement only when credit derivatives transactions are of any of the following descriptions:
    - 1.2.1 Credit Default Swap: The agreement in which the buyer insures against the risk of fulfilling obligations and the seller insures against the risk. If credit event occurs, the agreement of insurance against risks shall end. If credit event does not occur, the agreement will end on its expiration date. If the obligation is a Single Name Credit Default Swap or the obligation has many items which requires that the seller who insures against risks pays debts when the credit event occurs depending on which obligation is the First to Default Swap or when the credit event occurs depending on which obligation is in the group of obligations which will pay the price of such assets, but the agreement will end when credit event occurs, depending on every obligation in the Proportionate Credit Default Swap.
    - 1.2.2 Total Rate of Return Swap: Agreement under which the buyer insures against risk of derivatives from reduction of return therefrom, and the seller insures against risk of obligation to pay return at fixed rate or floating rate based on the agreed interest rate and discount (if any) on the fair price of derivatives in exchange for the buyers insuring against risk of transferring return and increase (if any) in the fair price of derivatives to the seller of insurance against risks until the credit event occurs or the agreement ends without any credit event.
  - 1.3 Use of standard agreement indicated by International Swaps and Derivatives Association (ISDA) or other standard agreement acceptable to the SEC. The agreement shall be of the following descriptions:
    - 1.3.1 It is legally enforceable and is not in conflict with the law on securities and exchange or other laws;
    - 1.3.2 No requirements which waive the rights under bond or future derivatives.
    - 1.3.3 The Target Fund is not required to pay damages to the other counterparty.

### **Part 6: Private equity**

Investment in private equity shall be made according to the following rules:

Investment for fund or investors in general; the fund for non-retails investors or provident fund. The securities company shall invest in private equity of the descriptions and according to the rule of investment as well as the requirements for TS in Part 1(a), Article 1.1 to 1.3.

In the event that the Target Fund is under obligations to private equity, the securities company may invest in private equity without requiring investor to be under obligations in excess of the minimum investment.

## **2. Tables showing proportion of investments by Target Fund in other securities or properties.**

The Target Fund Manager may invest in or hold other securities and assets or otherwise seek interests according to SEC's and Capital Market Supervisory Board's Announcements and revisions thereof.

### **Part 1: Single Entity Limit**

<b>Article</b>	<b>Type of securities and assets</b>	<b>Investment Limit (% of NAV)</b>
1	Thai government's bond	no limit
2	Foreign government's bond 2.1 credit rating at the first 2 ranks or higher 2.2 credit rating at investment grade but lower than the first 2 ranks	no limit up to 35%
3	CIS units under Article 2.2.1.1 and 2.2.1.2, Part 2, 1.1	no limit
4	Deposits, instruments equivalent to deposits in which the depository or issuer has any of the following characteristics: 4.1 credit rating at investment grade 4.2 Government Savings Bank—only cash deposits and instruments guaranteed by government.	up to 20% (not more than 10% for overseas investment or obligator is based in Thailand or abroad, and credit rating of national scale in such countries with sovereign rating at investment grade)
5	Instruments with complete characteristics as follows: 5.1 bond, hybrid instrument or sukuk issued by institution established under Thai law and foreign bank branch licensed to operate commercial bank in Thailand; 5.2 instruments that have any of the following characteristics: 5.2.1 issued by listed company; 5.2.2 General information is disclosed by issuer as per details in filing form; 5.2.3 For the instrument which will mature in $\leq 397$ days from the day of investment and does not have the characteristic under 5.2.1 or 5.2.2, the obligator shall have any of the following qualities: 5.2.3.1 Commercial Bank, Finance Company or Credit Fancier Company under the law on financial institution business; 5.2.3.2 Government Savings Bank; 5.2.3.3 Government Housing Bank; 5.2.3.4 Bank of Agriculture and Agricultural Cooperatives; 5.2.3.5 Secondary Mortgage Corporation; 5.2.3.6 SME Development Bank of Thailand; 5.2.3.7 Import-Export Bank of Thailand; 5.2.3.8 Islamic Bank of Thailand; 5.2.3.9 securities company; 5.3 offered for sale in Thailand; 5.4 credit rating at investment grade; 5.5 The instrument which will mature $> 397$ days from the day of investment shall be listed on a regulated market.	These limits shall apply, whichever is greater: (1) 10% or (2) Weight of instrument to be invested in benchmark + 5%
6	Assets: 6.1 Equity instruments offered for sales to general investors listed on SET or overseas stock exchange, except those whose issuer is resolving the event which may cause them to be delisted from SET or overseas stock exchange. 6.2 Equity instruments issued by company established under Thai or foreign law whose shares are traded on SET or overseas stock exchange, except those whose issuer is resolving the event which may cause them to be delisted from SET or overseas stock exchange. 6.3 Shares during IPO for trading registration under 6.1. 6.4 Instruments with complete characteristics as follows:	These limits shall apply, whichever is greater: (1) 10% or (2) Weight of instrument to be invested in benchmark + 5%

Article	Type of securities and assets	Investment Limit (% of NAV)
	<p>6.4.1 bond, hybrid instrument or sukuk issued by institution established under Thai or foreign law and offered for sale overseas, except foreign commercial bank branch licensed to operation commercial bank in Thailand or Basel III instrument;</p> <p>6.4.2 credit rating at investment grade;</p> <p>6.4.3 instrument of any of the following types:</p> <p>6.4.3.1 issued by company listed on SET or foreign stock market;</p> <p>6.4.3.2 issuer discloses information in general as per details in filing form;</p> <p>6.4.3.3 For instruments which will mature in <math>\leq 397</math> days from the day of investment without the qualities under 6.4.3.1 or 6.4.3.2, the obligator shall have the following qualifications:</p> <p>6.4.3.3.1 persons under 5.2.3.1 – 5.2.3.9;</p> <p>6.4.3.3.2 international financial institutions that Thailand is a member;</p> <p>6.4.3.3.3 foreign financial institutions of the qualifications under 6.4.3.3.1 –6.4.3.3.2.</p> <p>6.4.4 The instruments which will mature in <math>&gt; 397</math> days from the day of investment shall be listed on regulated market.</p> <p>6.5 DW with issuer rating at investment grade;</p> <p>6.6 The following transactions may be made by the counterparty with credit rating at investment grade;</p> <p>6.6.1 OTC derivatives;</p> <p>6.7 Infra and property units of the following types:</p> <p>6.7.1 Under IPO or listed on SET or foreign stock exchange, except the units whose issuer is resolving the event that will cause them to be delisted therefrom.</p> <p>6.7.2 The units of fund not diversifies investments in infrastructures, real estates, leases, whichever the case may be or diversified fund as set forth by the SEC Office.</p> <p>6.8 The units of private equity offered for sales to general investors that are undergoing for IPO or listed on SET or foreign stock exchange, except the units of private equity which is resolving the event which may cause them to be delisted therefrom.</p> <p>6.9 The units of CIS under provision on other types of assets and properties or otherwise seeking interests under 2.2.1.1., 2.2.1.2 Part 2, Article 1.2 under IPO or listed on SET or foreign stock exchange, except the units of the entity which is resolving the event which may cause them to be delisted therefrom.</p>	
7	The infra or property units of fund diversifies investments in infrastructures, real estates or leases, whichever the case may be, according to the guidelines set forth by the SEC Office.	no limit
8	The securities or assets other than those set forth under Article 1 - Article 7 (SIP).	a total of up to 5%

## **Part 2: Group Limit**

Article	Type of securities and assets	Investment Limit (% of NAV)
1	Investment in assets of all companies within the same business group or become being a party to financial transactions with such companies.	These limits shall apply, whichever is greater: (1) 25% or (2) Weight of instrument to be invested in benchmark + 10%

Notes: No group limit on:

1. deposits or instruments equivalent to deposits for fund operation;
2. derivatives on organized exchange.

### Part 3: Product Limit

Article	Type of securities and assets	Investment Limit (% of NAV)
1	<p>The following assets:</p> <p>1.1 B/E and P/N which are not transferable, but the mutual fund has made arrangements for acceptance of transfer of claim rights thereunder or redemption to issuers according to the law</p> <p>1.2 deposits for longer than 12 months or instruments equivalent to deposits;</p> <p>1.3 total SIP under Article 3 of this Part.</p> <p>This Article does not apply to invest by closed-end fund and buy &amp; hold fund that invest in B/E, P/N, deposits or instruments equivalent to deposits of the term not longer than fund's tenor or mutual fund investment cycle or investment in derivatives in line with the tenor of fund.</p>	A total of up to 25%
2	Securities lending	up to 25%
3	<p>Total SIP, namely the assets under Article 8, Part 1: Single Entity Limit, except bonds, hybrid instruments, Sukuk or Basel III instruments of the following types:</p> <p>3.1 The assets under 6.4.3 and 6.4.4, Article 6, Part 1: Single Entity Limit;</p> <p>3.2 credit rating lower than investment grade or no credit rating.</p>	A total of up to 15%
4	Derivatives	
	4.1 derivatives transactions for hedging	not exceeding value of risks
	4.2 non-hedging derivatives transactions	<u>global exposure limit</u>
		4.2.1 <u>Non-complex strategic investment</u> Net exposure from investment in derivatives shall not exceed 100% of NAV.
		4.2.2 <u>Complex strategic investment</u> The net exposure from investment in derivatives may have value-at-risk : (VaR) as follows: (1) absolute VaR $\leq$ 20% of NAV (2) relative VaR $\leq$ 2 times VaR of benchmark Note: Complex strategic investment means investment in exotic derivatives.

Note: There is no product limit for investment in deposits or instruments equivalent thereto.

### Part 4: Concentration Limit

Article	Type of securities and assets	Investment Limit
1	Shares of any single company	All the mutual funds under the management of same asset management company shall have all the shares < 25% of all the voting rights of all such companies, exclusive of Vayupak Fund shares.
2	Bonds, hybrid instruments, Basel III instruments and Sukuk issued by any entity, exclusive of bonds of Thai or foreign government.	<p>2.1 Up to one third of financial liability* of issuer as disclosed in financial statement in the latest accounting period. If the financial liability* is not shown in the latest financial statement of the next accounting period, the asset management company may add the financial liabilities together for disclosure in the financial statement of the latest accounting period. If issuance of first financial statement is not due, the one third limit for issuing the instruments for IPO, except when the issuer submits filing for bond issuance program for consideration.</p> <p>2.2 The Target Fund may invest in newly instruments with credit rating lower than investment grade or without credit rating. Asset management company may invest for the funds under the same management company. The total amount does not exceed one third of the value of the issuance and offering of such instruments on a one-time basis, unless otherwise the issuer submits filing for bond issuance program for consideration on a project by project basis. The limit under 2.2 shall not apply to the instruments issued by the following institutions: 1. Commercial Bank, Finance Company or Credit Fancier Company established under the law on financial institution business;</p>

Article	Type of securities and assets	Investment Limit
		2. Government Savings Bank; 3. Government Housing Bank; 4. Bank for Agriculture and Agricultural Cooperatives; 5. Secondary Mortgage Corporation; 6. SME Development Bank of Thailand. 7. Import-Export Bank of Thailand; 8. Islamic Bank of Thailand; 9. securities companies; 10. international finance companies which Thailand is a member; 11. foreign financial institutions of the types as those under 1. – 9.
3	CIS units of any fund	- Up to one third of all CIS units issued by foreign mutual fund or CIS fund; - The above limit shall not apply to the following investments: (1) Investment in CIS units of funds of the following descriptions, subject to approval of the SEC Office: (1.1) small in size; (1.2) newly established for not more than 2 years; (1.3) widely offered to investors.
4	Infra units of any fund	- Up to one third of all infra units issued by infra fund, except investment in infra fund units of the following descriptions, subject to approval of the SEC Office: (1.1) small in size; (1.2) newly established for not more than 2 years; (1.3) widely offered to investors.
5	property units of any fund	Up to one third of all property issued by property fund, except investment in property fund units of the following descriptions, subject to approval by the SEC Office: (1.1) small in size; (1.2) newly established for not more than 2 years; (1.3) widely offered to investors.
6	private equity units	Up to one third of all private equity units.

**Note:** \*financial liability shall be determined according to the instrument issuer's financial reports of accounting standard internationally recognized by International Financial Reporting Standards (IFRS) or United States Generally Accepted Accounting Principle (US GAAP).  
 Such determination shall comply with the policies on investment and ratio thereof and Capital Market Supervisory Board's Announcement on Fund's Investment

**Part 5: Actions to be taken when investment assets are disqualified or investments are not meet the appropriate investment ratio:**

1. If the Target Fund makes investment according to the rules, but latter the assets become unqualified for investment, the Target Fund Manager shall take the following actions:
  - (a) Within 3 days of such event, submit to the Target Fund Supervisor a report on the name, number and ratio of fund and the day of becoming unqualified and keep a copy thereof in Target Fund Manager's office.
  - (b) Sell the assets which lack qualifications for the benefit of investors as soon as possible but not later than 90 days from the day of lacking such qualifications, except in the events under Article 5 below.
  - (c) Within 3 days of such event, submit to the Target Fund Supervisor a report on the name, number and ratio of fund and the day of selling such assets or the day of the same becoming unqualified.  
 If sale according to (b) above cannot be made, we will submit to the SEC Office and the Target Fund Supervisor a report on the reasons for failing to make such sale within 3 working days after the deadline.
2. If the correct investment ratio has changed for five consecutive working days, Target Fund Manager shall not make any more investment, and take the following actions:
  - (a) Within 3 working days after the deadline, submit to the Target Fund Supervisor a report on the types, number and ratio of investments and the day when investments are not made in correct ratio and keep a copy thereof.
  - (b) Not to invest more in such assets until it is possible to make investments in correct ratio, except actions under Article 5 (a) (b) or (c) below (effective from April 16, 2024 onwards).
  - (c) Except the events under Article 6 below, correct the investment ratio for the benefit of investor within any of the following deadlines:
    - 1.1 Within 90 days from the last day of the period of five working days in any events.
  - (d) Within 3 days of correcting investment ratio, submit to the Target Fund Supervisor a report on the name, number, ratio of investments in such assets and the day of correcting such investment ratio.  
 If investment ratio cannot be corrected according to (c) 1.1 above, a report on the reasons for failing to make such correction shall be submitted to the SEC Office and the Target Fund Supervisor within 3 days thereafter.

- (e) If the Target Fund holds shares of any company beyond the concentration limit under Part 4, the Target Fund Manager shall proceed as set forth under (a) (b) (c) and (d), and take the following actions:
- 1.1 Refrain from exercising voting rights of the shares in excess of the limit, unless otherwise necessary to do so, subject to approval of the SEC Office.
  - 1.2 Reduce the number of shares or power of control or apply for permission to make purchase if such assets are the shares of a registered company and acquisition of such shares results in the Target Fund holding such shares beyond the limit that application for purchase has to be made.
- The provision under Part 5, Article 2 shall not apply to feeder funds in the part of investment in units of mutual fund or foreign funds not within concentration limit; actions shall be taken as set forth under Article 3 or Article 4 below, whichever the case may be.
3. Feeder fund set up before 16 January 2016: The investment in units of mutual fund or foreign fund is made beyond concentration limit for 5 consecutive working days, the following actions shall be taken:
    - (a) Submit to the Target Fund Supervisor a report on the types, numbers, investment ratio and date of exceeding concentration limit within 3 working days thereafter and keep a copy of such report.
    - (b) Not to increase limit on selling the units of such feeder fund which is already registered with the SEC Office until the investments are adjusted to the concentration limit.
    - (c) If the manager of investment in the units of mutual fund or foreign fund is related to the fund management company, and fees and charges are collected from such mutual fund or foreign fund, feeder fund and unitholders, the fund management company shall notify unitholders in writing of such relations and the reasons for collection of such fees and charges within 30 days from the end of the deadline.
    - (d) Within 3 working days of putting the investment in feeder fund within concentration limit, a report on the name, number, investment ratio and the day of compliance with concentration limit shall be submitted to the Target Fund Supervisor.
  4. Feeder fund set up after 16 January 2016: The investment in units of mutual fund or foreign fund is made beyond concentration limit for 5 consecutive working days, the following actions shall be taken:
    - (a) Proceed according to 3 (a).
    - (b) Correct the investment ratio for the benefit of investors as soon as possible but not longer than 180 days after the end of such period.
    - (c) Within 3 working days of applying concentration limit under 4 (b), a report on the investment ratio shall be submitted to the Target Fund Supervisor.

If the investment ratio cannot be changed, investment in such fund shall not be increased, and a report shall be submitted according to 4 (c) giving reasons for failure to meet the concentration limit to the SEC Office and the Target Fund Supervisor within 3 working days of the end of the period under 4 (b).
  5. If the Target Fund makes investment within the concentration limit and later the value of investment exceeds the concentration limit, the Target Fund may continue to make such investment in any of the following events:
    - (a) The Target Fund makes investment or acquires the rights in existing ratio as holder of securities, except the events under 5 (b) below.
    - (b) The Target Fund makes investment or acquires the rights under 5 (a) during adjustment of investment value according to the announcements concerned, subject to correction of concentration limit within such period.
    - (c) The Target Fund acquires the assets from donation:  
In the event of investment according to 4 (a) and (c), we shall mutatis mutandis take actions according to Part 5, Article 2 above.
    - (d) In the event that the Target Fund has additional investments in any assets or transactions and on that date an event occurs that is beyond the control of the management company, such as
      - 1.1 The value of additional assets or transactions in which the Target Fund has invested has increased or decreased more than the average change in such value during any period in the past.
      - 1.2 The value of the Target Fund's asset has increased or decreased by more than the average change in such value during any historical period;
      - 1.3 Unitholders have returned investment units of the Target Fund in excess of the change in the average redemption volume of such investment units during any period in the past.
      - 1.4 The instruments in which the fund invests have their credit ratings downgraded.

In the event of investment according to 5 (a) (c) or (d), the Target Fund Manager shall mutatis mutandis take actions according to Article 2 or 3.

In the case where the management company has referenced any period in the past under paragraph 5(d) 1.1, 1.2 or 1.3, the management company must not change the period used as such reference to the point that it may be a channel to change such references to the extent that it may be a channel for inappropriate changes to references (effective from April 16, 2024 onwards).
  6. In the case where the management company is of the opinion that it will not be able to take corrective action to make the investment in accordance with the criteria specified in 1(b) or 2(c) due to force majeure or any other necessary reason or that such action is considered It will not be beneficial to investors. The management company can take steps to extend the resolution period and must proceeding as follows:
    - (a) Obtain consent from the fund supervisor, the expiration of the said period, which the management company must arrange for the fund supervisor follow up at least once a month until the correction is completed.

- (b) Submit a report on corrective actions and obtaining consent under 6 (a) to the SEC and unitholders before the expiration of the period that must be corrected to be in accordance with the said criteria, in delivering the said report to unitholders. The management company can proceed by publishing on the management company's website instead.
- (effective from April 16, 2024 onwards).

**Part 6: When investments are not made according to the investment policy or fund classification, the following actions shall be taken:**

1. If the Target Fund's investment limits are not in compliance with the investment policies on categories of funds, the following actions will be taken:
  - (a) A report on non-compliant investment and the reasons therefor shall be submitted to SEC and the Target Fund Supervisor within 3 days of such non-compliance and a copy thereof shall be retained as a record.
  - (b) The investment value shall be corrected according to the investment limit policies or change the category of fund in accordance with the criteria specified in under Part 6, Article 2 .
2. If the Target Fund does not make investments according to the investment policies on categories of funds, the investments shall be proportioned according to such policies within 90 days of non-compliance, unless otherwise the company receives a resolution from unitholders within such period. The period of up to 30 working days from the time of Target Fund registration and up to 10 working days pending investment and/or redemption or switching of units by investors or transfer of many funds shall not be counted for the benefit of investors.

Before the change in category of fund as mentioned in the foregoing paragraph become effective, existing unitholders must be given enough time to redeem their units without having to pay the back-end fee. If after 90 days of concentration limit not complying with investment policies, the change of new fund category is still not effective, no more units shall be offered for sale.

**Additional Investment Restrictions Applicable to the Target Fund**

Target Fund Manager has given the following undertaking:

- 1) The Target Fund will not acquire any asset or engage in any transaction which involves the assumption of any liability which is unlimited;
- 2) The Target Fund will not engage securities lending and repurchase transaction activities, except for repurchase transaction for liquidity management;
- 3) The Target Fund is not allowed to carry out borrowing transactions;
- 4) The counterparty of an over the counter ("OTC") derivative must be a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories), where the rating for the counterparty falls below the minimum required, or the counter-party ceases to be rated, the Target Fund manager should, within 6 months or sooner, take the necessary action to ensure that the requirements are complied with;
- 5) The Target Fund manager should not make any further acquisition to which the relevant limit is breached, and the Target Fund manager should, within reasonable period of not more than 3 months from the date of breach, take all necessary steps and action to rectify the breach. The 3-months period may be extended if the trustee or the internal compliance of the Target Fund manager is of the view that it is in the best interest of unit holders.
- 6) The Target Fund will not receive collateral from any counterparty;
- 7) The Target Fund will not invest in inverse or leveraged product collective investment scheme ("CIS") product;
- 8) The Target Fund is not allowed to invest in another Vietnam equity CIS that is operated by the same Target Fund manager. However, if the Target Fund considers to invest in such CIS operated by the related corporation, the Target Fund manager will ensure that:-
  - i. there is no cross-holding between the Target Fund and the other Vietnam CIS;
  - ii. all initial charges on the other Vietnam CIS is waived; and
  - iii. the management fee must only be charged once, either at the Target Fund or the other Vietnam CIS;
- 9) The Target Fund's investment in CIS, notwithstanding the no single CIS limit (as stated in the Target Fund's prospectus), the Target Fund will ensure such investment is diversified to comply with the GUTF;
- 10) The Target Fund will only invest in derivatives that are either listed or quoted on stock exchange, or dealt in the OTC market, provided that the Target Fund's global exposure from derivatives position does not exceed the Target Fund's NAV at all times. The global exposure of such derivatives is calculated using the commitment approach methodology;
- 11) The underlying instruments of a derivative must only consist of permissible investments under the Guidelines and may also include commodities, indices, interest rates and foreign exchange rates. Where the underlying instruments of a derivative is a commodity, such derivative must be settled in cash at all times and this must be set out in the deed and prospectus;
- 12) The exposure to a counterparty of an OTC derivative must 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 derivative;
- 13) The total exposure to a single counterparty is calculated by summing the exposure arising from all OTC derivative transactions entered into with the same counterparty;
- 14) Target Fund's investment in property units, REITs and infrastructure units, such investment will be subjected to the limit and requirements that apply to investment in transferable securities;

- 15) For the purposes of paragraph (14) above, transferable securities refer to-
  - (a) shares or securities equivalent to share;
  - (b) bonds or other forms of securities debt; and
  - (c) sukuk,
 but do not include money market instruments or any security where the title can be transferred only with the consent of a third party;
- 16) The value of Target Fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Target Fund's NAV;
- 17) The aggregate value of the Target Fund's investment in, or exposure to, a single issuer through transferable securities, money market instruments, deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC derivatives, must not exceed 25% of the Target Fund's NAV ("single issuer aggregate limit");
- 18) The value of the Target Fund's investments in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the Target Fund's NAV ("group limit"). In determining the group limit, the value of the Target Fund's investments in instruments in paragraph (3), schedule B of GUTF issued by the issuers within the same group of companies must be included in the calculation;
- 19) The single issuer limit set out in paragraph (16) may be raised to 35% of the Target Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency. Where the single issuer limit is increased to 35% of the Target Fund's NAV, the single issuer aggregate limit in paragraph (17) may be raised, subject to the group limit in paragraph (18) not exceeding 35% of the Target Fund's NAV;
- 20) The Target Fund will observe the concentration limits below:
  - Transferable securities
    - I. the Target fund's investments in shares or securities equivalent to shares must not exceed 10% of the shares or securities equivalent to shares, as the case may be, issued by any single issuer (including for Target Fund's investment in the property units, REITs and infrastructure units whereby the underlying investment refers to the form of securities equivalent to shares which define as "transferable securities" under the SC's GUTF);
    - II. the Target Fund's investments in debt securities must not exceed 20% of the debt securities issued by any single issuer;
  - Money market instruments
    - III. the Target 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; and
  - Collective investment scheme
    - IV. the Target Fund's investments in CIS must not exceed 25% of the units or shares in the CIS;
- 21) Specific Investment Products and private equity units, notwithstanding the disclosure in the Target Fund's prospectus, the Target Fund has no intention to invest in such instruments. With regard to private equity units, should the Target Fund wish to invest in such units in the future, such units should be treated similarly to investment in unlisted securities; and
- 22) The Target Fund's investments in other CIS will generally comply with the above investment limits.

### 2.3. LIQUIDITY RISK MANAGEMENT TOOLS / SWING PRICING

1. The maximum swing factor will not be more than 2.00% of the unit price. For the benefit of Target Fund and unitholders, partial or full swing pricing will apply.
2. Swing factor shall be determined according to the adopted policies and guidelines. To ensure operation according to the terms and conditions within good time, estimation and hypothesis shall be made based transaction costs, e.g. bid-ask spread, fluctuation in market prices, liquidity risks, maintenance of investment proportion, REPO for large transactions (if any), taxes or stamp duties, other costs, expenses and factors affecting the liquidity of the securities invested in by the Target Fund.
3. Swing thresholds shall be determined according to the adopted policies and guidelines. To ensure operation according to the terms and conditions within good time, estimation and hypothesis shall be made based on the portfolios, investment policies, conditions of market in which investment are made.
4. The Target Fund Manager shall not use swing pricing and anti-dilution levies (if any) at the same time, but may as we deem appropriate use other tools for management of liquidity risk.
5. In the event of omnibus account, Target Fund Manager shall make our best effort to operate on the basis of the information received from selling agents under such circumstances and limitations at the time.

#### Disclaimer

1. The Target Fund Manager reserves the right to consider and/or decide matters relating to the use of the swing pricing tool on that trading day using information from all types of investment units (if any).
2. The Target Fund Manager reserves the right to increase or decrease the actually collected swing factor as it deems appropriate, but not to exceed the maximum rate specified in the Target Fund details.
3. The Target Fund Manager reserves the right to include cheque settlements in the subscription amount of investment units on the trading day when the swing pricing tool is used, and the Target Fund Manager will use such subscription amount in determining and/or deciding on matters relating to the use of the swing pricing tool on that trading day. The Target Fund Manager reserves the right not to change any action taken or decision made in connection with the use of the swing pricing tool on that trading day, even if it later appears that all or part of the cheques for the subscription of investment units on

that trading day cannot be collected and the subscription of investment units paid by uncollectable cheque has not been allocated investment units, which at the discretion of the Target Fund Manager.

4. The Target Fund Manager reserves the right to modify the procedure while using the tool, as long as it remains in accordance with the requirements of the SEC Office, the Association of Investment Management Companies, and/or other authorized agencies requiring the Target Fund Manager to proceed.
5. The Target Fund Manager reserves the right not to use such a swing pricing tool if it determines that trading orders have no significant impact on the Target Fund's liquidity and/or may be used in conjunction with the tool in managing other liquidity at the Target Fund Manager's discretion.

#### Determination of tool usage

1. The Target Fund Manager may consider using a different swing pricing for each trading day on which this tool is used at its discretion, taking into account and preserving the benefits and practical suitability of the Target Fund.
2. If the Target Fund Manager considers using partial swing pricing, it will be used only on any trading day in which the proportion of the net trading value of the Target Fund's investment units to the total net asset value of the Target Fund exceeds the swing threshold specified by the Target Fund Manager. The net trading value of investment units of the Target Fund is calculated from the subscription of investment units plus the value of the switch in deducted by the redemption value and deducted by the switch out value.

The details of the calculation method are in accordance with the method specified by the Target Fund Manager.

## **2.4. REDEMPTION OF UNITS**

The Target Fund Manager has the discretion to implement measures to ensure the Target Fund is sufficiently liquid to meet redemption requests.

The units shall be subscribed and redeemed during working hours of commercial banks in Thailand, the business day of the country involved in the investment (if any) and working days that we can receive payments for subscription and redemption of securities (if any) or make transactions related to overseas investment (if any).

The Target Fund Manager shall announce the days of subscription and redemption of units in advance by putting a notice on the website, in front of Target Fund Manager's offices and the offices of their selling agents (if any).

The Target Fund Manager may revise the dates and times of subscription and redemption of units or suspension thereof for the benefit of the Target Fund or in line with overseas investments by and put up a notice thereof on the website, in front of Target Fund Manager's offices and the offices of their selling agents at least 7 days in advance, except in the event of force majeure, the Target Fund Manager shall give a notice immediately.

The Target Fund Manager shall pay the redeemer within five (5) working days from the date of calculating the redemption price (settlement of redemption).

#### **Postpone the settle of redemption of investment units:**

1. The Target Fund Manager may postpone the settlement of redemption of investment units to unitholders who have already ordered redemption of investment units of open-end funds only if specified in the fund, which must not exceed the following cases:
  - a) The Target Fund Manager has determined with good faith and reasonable belief that it is a case that falls into one of the following causes, with the approval of the fund supervisor.
    - (i) There is a necessity that makes the sale, distribution, or transfer of securities or assets of the Target Fund reasonable;
    - (ii) There is an event that causes the Target Fund not to receive payment from the securities or assets invested on a regular schedule, which is beyond the control of the Target Fund Manager;
  - b) There has been an order for the redemption of investment units, but during the period that the Target Fund Manager has not settled the redemption to the unitholders and the Target Fund Manager finds that the redemption price is incorrect and the fund supervisor has not certified the information in the historical price correction report and the price compensation report where the incorrect redemption price is different from the correct redemption price of one satang or more and is equivalent to 0.5% of the correct redemption price.
  - c) There is a redemption order placed before or during the period in which the Target Fund Manager finds that the redemption price is incorrect and the fund supervisor has not certified the information in the historical price correction report and the price compensation report where the incorrect redemption price is different from the correct redemption price of one satang or more and is equivalent to 0.5% of the correct redemption price.
2. In postponing the settlement of the redemption to unitholders under Article 1, the Target Fund Manager shall comply with the following rules:
  - a) Postpone the redemption settlement schedule for no more than 10 trading days from the date on which the unitholders submit the redemption order unless a waiver has been granted by the SEC Office.
  - b) Notify the unitholders who have to submit a redemption order of the postponement of the redemption settlement schedule, as well as promptly disclose to other unitholders and general investors about the such matter by any means.
  - c) Notify the SEC Office of the postponement of the redemption settlement schedule and prepare an immediate report showing the reason for the postponement and evidence of obtaining approval from the fund supervisor under Article 1

- a) or certification of information from the fund supervisor under Article 1 b). In this regard, the management company may delegate such authority to the fund supervisor.
- d) During the postponement of redemption settlement, if a unitholder orders redemption of investment units during that period, the Target Fund Manager shall redeem such investment units and must pay redemption to the unitholders in order of the date the redemption order is sent.

#### **Determining conditions or limitations for accepting redemption orders**

**Redemption of units of value exceeding 5.00 % of NAV shall be notified to the Target Fund Manager at least 5 working days in advance.**

#### **Terms and conditions**

In case of omnibus account, the Target Fund Manager shall make the best effort to deal with the orders according to the information received from selling agents under the circumstances and limitations at the time.

#### **Rights reserved**

1. In the event that notice period shall apply and there are reasons to use swing pricing, redemption gate, side pocket, suspension of dealings, the Target Fund Manager may deal with the orders during such notice period in the same manner the Target Fund Manager deal with the orders normally received on transaction dates. The Target Fund Manager may use notice period with swing pricing, redemption gate, side pocket, suspension of dealings. The Target Fund Manager may not use such notice period tool if the subscription, redemption or switching orders do not significantly affect the Target Fund liquidity.
2. The Target Fund Manager may adjust the notice period, but not longer than that imposed hereunder and disclose such information on the website, Target Fund Prospectus or other channels.
3. The Target Fund Manager may use the information on all units (if any) for decision on use of notice period tool on that working day.

#### **Use of tools**

1. For the benefit of the Target Fund and smooth operation, the Target Fund Manager may apply different notice period on each working day.
2. Notice period shall be determined according to the adopted policies and guidelines. To ensure operation according to the terms and conditions within good time, estimation and hypothesis shall be made based on the Target Fund liquidity, portfolios, investment policies, trends of market in which investment are made.

**The redemption gate shall not be less than 10.00% of the Target Fund NAV. If a redemption gate is imposed, it shall be applicable for 7 working days, within a 30-day period.**

#### **Terms and conditions**

1. The Target Fund Manager shall accept redemption and switching out orders within redemption gate at the price of unit on the redemption date. If the Target Fund liquidity is high, the Target Fund Manager may accept the redemption or switching out orders beyond the redemption gate set forth.
2. If situation is unusual, the Target Fund Manager may apply the gate threshold, and the redemption gate shall apply only on the day when unit trading net value as compared with the Target Fund NAV is equal to or greater than the gate threshold set forth by the Target Fund Manager. The unit trading net value shall be determined by the sum of subscription value and switch in value less redemption value and switch out value.
3. The redemption gate shall be determined on a pro-rata basis of the redemption and switching out orders on the day of applying the redemption gate. Therefore, the unitholders may not be allocated the units and given the full payment therefor on the day of submission of such redemption or switching out orders or within the deadline for payment. The remaining and new redemption and switching out orders shall be dealt with on the next working day on a pro-rata basis without putting them in sequence. At present, the redemption or switching out orders already issued on the day when such redemption gate applies cannot be withdrawn. If the Target Fund Manager has the system for processing the withdrawal of such redemption or switching out orders, withdrawal thereof shall be allowed; in this case, the Target Fund Manager shall notify the unitholders of the facts in advance.
4. Each redemption gate and gate period may be different, but the redemption gate shall not be less than the minimum, and the gate period shall not be greater than that is set forth hereunder.
5. Payments for redemption and switching out shall not exceed redemption gate on the day of transaction. If the Target Fund liquidity is high, the Target Fund Manager may pay for redemption and switching out higher than the redemption gate set forth.
6. The Target Fund Manager shall forthwith notify the unitholders of the redemption gate.
7. The Target Fund Manager may use the redemption gate with other risk management tools.
8. In case of omnibus account, shall make the best effort to deal with the orders according to the information from the selling agents under the circumstances and limitation at the time.

### Rights reserved

1. The Target Fund Manager may adjust the gate threshold and gate period, subject to redemption gate shall not being lower than the minimum set forth in the project and the gate period not exceeding the highest limit set forth hereunder, and the calculation thereof shall be made by the Target Fund Manager method.
2. The Target Fund Manager may pay for the redemption or switching higher than the redemption gate in force.
3. The Target Fund Manager may revise guidelines on operation while applying redemption gate, that is, cancel the redemption gate before the deadline, and use other tools instead (if any). If the Target Fund Manager cannot make payments for the remaining redemption, the Target Fund Manager may reject all the redemption orders and notify the unitholders of the facts immediately.
4. The Target Fund Manager may use the information on all the units (if any) in making decision on the matters related to the redemption gate on that working day.
5. The Target Fund Manager may not use the redemption gate if the subscription, redemption and switching orders do not significantly affect the Target Fund liquidity.

### Use of tools

1. For the benefit of the Target Fund and smooth operation, the Target Fund Manager may apply different redemption gate on each day of using this tool.
2. Redemption gate shall apply only in unusual event or unusual event is expected. Gate threshold may also be applied, taking into account market price fluctuation, unusually high or low liquidity not in line with the redemption gate or other events beyond the Target Fund Manager control and other factors affecting liquidity of the securities in which Target Fund invests.

## **2.5. SUSPENSION OF SUBSCRIPTION, REDEMPTION OR SWITCHING OF UNITS**

- (i) The Target Fund Manager may suspend selling, buying or switching of units after receiving the orders therefor or reject such orders in the events set forth hereunder, not beyond the following events:
  - 1) Subscription orders already received may not be fulfilled or they may be rejected in any of the following events:
    - (a) There are good reasons to suspect that investor:
      1. commits an offense under local or international anti-money laundering laws;
      2. finances terrorism; or
      3. acts according to order for seizure of property issued by legally authorized person.
    - (b) The Target Fund Manager cannot conduct KYC to get vital information on customers.
  - 2) The existing fund management company fails to maintain capital adequacy pursuant the SEC's Announcement on Maintenance of Capital Adequacy, Private Fund Management, Securities and Fund Unit Trading Agents, And Management of Derivatives, that a new fund management company has to take over within 3 working days.
  - 3) The Target Fund is being dissolved according to the binding terms and conditions.
- (ii) When any of the events under (i) above occur, takes place, and the target fund wish to suspension of subscription, redemption or switching of units the Target Fund Manager will proceeding as follows:
  - 1) The unitholders who place orders for subscription or redemption shall be notified of the suspension thereof, and in the events under (i) 2) the other unitholders and investors shall also be notified of the suspension thereof.
  - 2) A report on the suspension thereof and the Target Fund operation shall be submitted to the SEC Office.
  - 3) In the event of suspension thereof under (i) 2) for more than one working day, Target Fund Manager shall, before receiving any orders for subscription or redemption of units, proceed as follows:
    - (a) Submit a report on the acceptance of orders for subscription or redemption of units and the details of Target Fund's investments on the last day of report to the SEC Office by the day before acceptance of such orders.
    - (b) Immediately notify the unitholders who place orders for subscription or redemption and other unitholders and investors in general of the acceptance of such orders therefor.  
If subscription, redemption or switching of units or the orders therefor are suspended, Target Fund Manager may stop determination of the values of the Target Fund's NAV, units or redemption.
- (iii) Upon finding that the redemption value is inaccurate by one satang or more or 0.5% of the actual redemption value, and the Target Fund Supervisor has not yet certified the report on correction of value and compensation thereof, Target Fund Manager shall forthwith suspend subscription, redemption or switching of units already ordered, put a notice thereof at Target Fund Manager's offices, and selling agents' offices, and notify all the unitholders who placed such orders of the facts.
- (iv) In the case that the trading day of the fund falls on the day that SEC has announced that it will be a special holiday for the management company. The Target Fund Manager will not be accepting subscription orders and redemption orders for that day and will announce to unitholders not less than 5 business days before the special holiday. The announcement will be posted at the Target Fund Manager's office, selling agents (if any) and/or announcements on the Target Fund Manager's website.

## **2.6. REJECTION OF ORDERS FOR SUBSCRIPTION OR REDEMPTION OF UNITS (PURSUANT TO SORNOR. 87/2558, ARTICLE 30)**

- (i) To protect the interests of unitholders or maintain national economic and financial or financial market stability, Target Fund Manager shall reject any orders for subscription, redemption or switching of units for up to 20 consecutive working days, unless otherwise the suspension period is extended as approved by SEC.

- (ii) Target Fund Manager may revise the terms, conditions, methods and details of subscription, redemption and switching of units and notify the unitholders of such revision by putting up a notice to that effect on the website or other channels as appropriate.

## 2.7. CONDITIONS, LIMITATIONS, OR RIGHTS TO SUSPEND THE TRANSFER OR REDEMPTION OF INVESTMENT UNITS

### Settlement of investment unit redemption in the form of securities or other assets rather than cash:

If the Target Fund Manager is unable to settle for the redemption of investment units in cash and must settle for the redemption of investment units as securities or other assets on its behalf, the next procedure will be determined by the Target Fund Manager. A special resolution must be obtained in this regard to settle for the redemption of investment units as securities or other assets rather than cash under one of the following conditions:

- 1) The purpose of such redemption settlement is for unitholders to use such securities or other assets to purchase investment units in other mutual funds managed by the Target Fund Manager.
- 2) Target Fund Manager unable to settle for the investment unit redemption in cash.
- 3) Unitholders agree to receive the settlement of investment unit redemption in the form of other securities or assets instead of income.

## 2.8. CONDITIONS AND LIMITATIONS ON ALLOCATION AND TRANSFER OF INVESTMENT UNITS

If unitholders hold investment units more than one third of the total outstanding investment units of the Target Fund, the Target Fund Manager will not count the votes of more than one third, except if there is a classification of investment units and there is only one unitholder in such class of investment units, the votes of the unitholders shall be counted in full according to the number of shares held.

## 2.9. SPECIFIC RISKS OF THE TARGET FUND

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

## 2.10. FEES CHARGED BY THE TARGET FUND (CLASS USD ACCUMULATION)

FEES/EXPENSES	
Initial Charge	Nil.
Management Fee	Up to 1.80% of the NAV of the Target Fund per annum <b>Note:</b> The management fee charged by the Target Fund will be paid out of the Management Fee charged by the Manager at the Fund level. Unit holders will incur a Management Fee at the Fund's level only and there is no double charging of management fee.
Redemption Fee	Nil.
Performance Fee	Nil.
Annual Supervisor Fee	Up to 0.33% per annum of the Target Fund.
Annual Registrar Fee	Up to 0.65% per annum of the Target Fund.

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

## 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. If you invest via EPF-MIS (where available), you may be charged an Application Fee of up to 5.00% of the NAV per unit, or such other rate as may be determined by the EPF.

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

	Class ABC (Denominated in MYR)	Class XYZ (Denominated in USD)
Investment amount	MYR 10,000	USD 10,000
NAV per unit	MYR 1.0000	USD 1.0000
Application Fee (NAV per unit)	5.00%	5.00%
Units issued to Unit holder = $\frac{\text{Investment amount}}{\text{NAV per unit}}$	= $\frac{\text{MYR } 10,000.00}{\text{MYR } 1.0000}$ = 10,000 units	= $\frac{\text{USD } 10,000.00}{\text{USD } 1.0000}$ = 10,000 units
Total Application Fee = Units issued to Unit holder x NAV per unit x Application Fee (%)	= 10,000 units x MYR 1.0000 x 5% = MYR 500.00	= 10,000 units x USD 1.0000 x 5% = USD 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 classes). As such, you may be charged a Switching Fee equal to the difference (if any) between the Application Fees of the Class/Fund and the Application Fee of the other Class or Principal Malaysia's fund (or its classes). You will not be charged a Switching Fee, if the Class or Principal Malaysia's fund (or its classes) to be switched into has a lower Application Fee than the Application Fee of the Class. In addition to the Switching Fee, you may be charged administrative fee for every switch. Please refer to the Annexure of the respective Class for further information.

#### 3.1.4. Transfer Fee

You may be charged 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 USD 150 million each for both Class ABC and Class XYZ:-

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

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

Please note that although at least 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 25 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 up to 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 USD 150 million:-

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

**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/takaful, 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 charged on that Fund by the government and other authorities if any and bank fees;
- tax agent’s and auditor’s fees and expenses in relation to the Fund;
- costs, fees and expenses 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 incurred for any meeting of Unit Holders other than those convened for 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 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 or the fund manager 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 USD, the assets are translated on a daily basis to USD based on the bid foreign exchange rate quoted by either Bloomberg or Refinitiv at 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](http://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 21 August 2023 your units will be based on the NAV per unit on 21 August 2023 which will be calculated on 22 August 2023. The NAV per unit will be made known on our website after 5:30 p.m. on 22 August 2023.

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

At the end of the Business Day on 21 August 2023, your units will be based on the NAV per unit on 22 August 2023, which will be calculated on 23 August 2023. The NAV per unit will be made known on our website after 5:30 p.m. on 23 August 2023.

#### **For Class D**

If the transactions are made by 1:00 p.m. on a Business Day, we will process the transactions using the NAV per unit on that the same Business Day. For transactions made after 1:00 p.m. on a Business Day, we will process the transactions using the NAV per unit on the next Business Day.

#### **Illustration for Class D:**

##### For transaction request received by us by 1:00 p.m. on a Business Day

At the end of the Business Day on 21 August 2023, your units will be based on the NAV per unit on 21 August 2023, which will be calculated on 22 August 2023. The NAV per unit will be made known on our website after 5:30 p.m. on 22 August 2023.

For transaction request received by us after 1:00 p.m. on a Business Day

At the end of the Business Day on 21 August 2023, your units will be based on the NAV per unit on 22 August 2023, which will be calculated on 23 August 2023. The NAV per unit will be made known on our website after 5:30 p.m. on 23 August 2023.

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. USD. As such, all the assets and liabilities of each Class will be translated into USD for valuation purposes. The foreign exchange rate used for this purpose shall be the bid exchange rate quoted by Bloomberg or Refinitiv at UK time 4:00 p.m. 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 USD) of the respective Class by the NAV of the Fund before income and expenses for the day. The apportionment is expressed as a ratio and calculated as a percentage.

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

	Fund (USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Fund before income and expenses	185,942,897.00	173,342,897.00	12,600,000.00
% MCR	100.00%	<sup>(1)</sup> 93.22%	<sup>(1)</sup> 6.78%
Add: Income	30,000.00	<sup>(2)</sup> 27,967.12	<sup>(2)</sup> 2,032.88
Less: Expenses	(10,000.00)	<sup>(2)</sup> (9,322.37)	<sup>(2)</sup> (677.63)
Benefits or costs of hedging (if any)	900.00	-	900.00
NAV of the Fund before management fee and trustee fee	185,963,797.00	173,361,541.75	12,602,255.25
Less: Management fee	(9,170.82)	1.80% p.a. (8,549.34)	1.80% p.a. (621.48)
Less: Trustee fee	(152.85)	0.03% p.a. (142.49)	(10.36)
NAV of the Fund	185,954,473.33	173,352,849.92	12,601,623.41
Units in circulation	200,000,000 units	170,000,000 units	30,000,000 units
<b>NAV per unit</b>		<b>1.0197</b>	<b>0.4200</b>
Currency exchange rate		N/A	(USD/MYR) 0.3000
NAV per unit		<b>USD 1.0197</b>	<b>MYR 1.4000</b>

	Fund (USD)	Class ABC (Denominated in USD) (USD)	Class XYZ (Denominated in MYR) (USD)
NAV of the Fund before creation of units for the day	185,954,473.33	173,352,849.92	12,601,623.41
<sup>(2)</sup> Net subscription amount	1,300,000.00	1,000,000.00	300,000.00
Closing NAV	187,254,473.33	174,352,849.92	12,901,623.41
Units in circulation	201,694,966.30 units	170,980,680.59 units	30,714,285.71 units
NAV per unit		<b>1.0197</b>	<b>0.4200</b>
Currency exchange rate		N/A	(USD/MYR) 0.3000
NAV per unit		<b>USD 1.0197</b>	<b>MYR 1.4000</b>

**Note :**

<sup>(1)</sup> MCR computation

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

<sup>(2)</sup>Apportionment based on MCR is as follows:

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

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

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

\* Subscription amount net of any withdrawal amount

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

#### 4.2.2. 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\*

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$$\begin{aligned} &= \text{Investment amount} / \text{NAV per unit of Class XYZ} \\ &= \text{MYR}10,000.00 / \text{MYR}1.0000 \\ &= 10,000 \text{ units} \end{aligned}$$

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

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$$\begin{aligned} &= \text{NAV per unit of Class XYZ} \times \text{number of units received} \times \text{Application Fee rate} \\ &= \text{MYR}1.0000 \times 10,000 \text{ units} \times 5.00\% \\ &= \text{MYR}500.00 \end{aligned}$$

Calculation of total amount that you will have to pay

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$$\begin{aligned} &= \text{Investment amount} + \text{Application Fee paid} \\ &= \text{MYR}10,000.00 + \text{MYR}500.00^* \\ &= \text{MYR}10,500.00 \end{aligned}$$

\* 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

$$\begin{aligned} &= \text{Number of units} \times \text{NAV per unit of Class XYZ} \\ &= 10,000.00 \text{ units} \times \text{MYR}1.0240 \\ &= \text{MYR}10,240.00. \end{aligned}$$

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

Assuming you request for a 10,000 units withdrawal on the fifth month\* from the Commencement Date. Your withdrawal request is received by us by 4:00 p.m. or 1:00p.m. (for Class D) on a Business Day. The NAV per unit of Class XYZ for that Business Day is MYR1.0240 (truncated to 4 decimal places).

Calculation of amount payable to you

$$\begin{aligned} &= \text{Number of units withdrawn} \times \text{NAV per unit of Class XYZ} \\ &= 10,000 \text{ units} \times \text{MYR}1.0240 \\ &= \text{MYR}10,240.00 \end{aligned}$$

\* 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, less than 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 USD investors are required to have a USD bank account). As an individual investor, you may also opt to invest in joint names (i.e. as a joint Unit holder and both applicants must be at least eighteen (18) years of age).
- an institution including a company, corporation, co-operative, trust or pension fund with a bank account (or foreign currency bank account, as the case may be) in the currency of the Class applied for (e.g. Class USD investors are required to have a USD bank account).
- For Class D, you must be an individual who is at least eighteen (18) years of age and have an account in the e-Wallet App and fulfil the requirements therein.

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, Principal Malaysia's office, e-Wallet App or such other method as we may advise from time to time after completing the relevant application forms and attaching a copy of your identity card, passport or any other identification document (where applicable). We may request for additional supporting document(s) or information from you. Your application should indicate clearly the amount you wish to invest in the Fund. We may introduce other mode of investment from time to time, subject to the approval of the relevant authorities.

You may make a payment:

- by crossed cheque (made payable as advised by us or our Distributors as the case may be). You will have to bear the applicable bank fees and charges, if any; or
- directly from your bank account (or foreign currency bank account, as the case may be) held with our Distributors, where applicable; or
- directly with your monies in the e-Wallet App. Kindly ensure that your e-Wallet has enough balance for your investment. Please also note that there may be a limit to your e-Wallet balances; or
- directly from your bank account through wire transfer facility offered in the e-Wallet App (subject to any limit prescribed by the wire transfer facility provider); 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/Fund each month. You can cancel your RSP at any time by providing written instructions to the relevant 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, joint account is not available for Class D. All applicants must be at least eighteen (18) years of age.

In the event of the demise of a joint Unit holder, whether Muslim or non-Muslim, only the surviving joint Unit holder will be recognized by the Trustee and the Manager as having ownership to such unit. The Manager or Trustee may require such necessary evidence proving the death of the Unit holder. 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](http://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. or 1:00p.m. (for Class D) 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. or 1:00p.m. (for Class D) on a Business Day, we will process it using the NAV per unit for the next Business Day. We will only process complete applications, i.e. when we have received all the necessary and required information and/or documentations. The number of units you receive will be rounded to two (2) decimal places.

For transaction through e-Wallet App, the processing of your application request is subject to you providing all required information to us through the e-Wallet App and the transfer of monies into the Fund's account. Failure to complete the application process in the e-Wallet App by you or non-receipt of the application request by us will cause the application request to be cancelled automatically. We will pay back your monies on next Business Day on a best effort basis, subject to system availability. If you wish to re-apply, you will have to re-initiate the application process through the e-Wallet App.

### 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 to the relevant Distributor, Principal Malaysia's office, e-Wallet App or such other channel (where applicable). There is no restriction on the frequency of withdrawals. We will transfer the withdrawal proceeds to the bank account number provided by you or through e-wallet with the e-Wallet Provider (where available). Please note that for EPF-MIS, your withdrawal proceeds will be paid to EPF.

#### 4.6.1. Processing a withdrawal

If we receive a complete withdrawal request by 4:00 p.m. or 1:00p.m. (for Class D) 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. or 1:00p.m. (for Class D) 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 seven (7) Business Days of receipt of the complete withdrawal request. This process involves the submission of the Fund's withdrawal request to Target Fund in which the Target Fund will process within five (5) Business Day, but in any event within twelve (12) Business Days if any of the unexpected issues occur such like 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 will pay the withdrawal proceeds to you within five (5) Business Days from the receipt of withdrawal proceeds from the Target Fund.

Please refer to section 2.4 to section 2.7 of the Target Fund for more information. If in doubt, please consult your professional advisers.

For more information on Class D, you may refer to the frequently asked questions and terms and conditions which are available on the e-Wallet App. Alternatively, you may contact our Customer Care Centre under the "Corporate Directory" section or the e-Wallet Provider to understand the service and their terms and conditions.

#### **4.7. MINIMUM BALANCE**

The minimum balance that must be retained 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 falls below the minimum balance stipulated, further investment will be required until the balance of the investment is restored to at least the stipulated minimum balance. Otherwise, we can withdraw the entire investment and forward the proceeds to you.

#### **4.8. COOLING-OFF PERIOD**

You have six (6) Business Days after your initial investment (i.e. the date the complete application is received and accepted by us or our Distributors) to reconsider its appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased or prevailing NAV per unit at the point of cooling-off (whichever is lower) ("Refund Amount"). 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.

For transaction through e-Wallet App, cooling-off right is not applicable if you have withdrawn all or parts of your investment from Class D either to your e-Wallet or your bank account. Request for cooling-off can be made directly through Principal Malaysia and/or through the e-Wallet App (where available).

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 Target Fund in which the Target Fund will process within five (5) Business Days, but in any event within twelve (12) Business Days if any of the unexpected issues occur such like 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 will 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 to section 2.7 of the Target Fund for more information. If in doubt, please consult your professional advisers.

#### **4.9. SWITCHING**

Where available, we process a switch between the Classes of the Fund or between a Class/Fund 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 submit it to our Distributors, Principal Malaysia's office, e-Wallet App (where available), or such other channel. 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).

For more information on Class D, you may refer to the frequently asked questions and terms and conditions which are available on the e-Wallet App. Alternatively, you may contact our Customer Care Centre under the "Corporate Directory" section or the e-Wallet Provider to understand the service and their terms and conditions.

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. or 1:00 p.m. (for Class D) 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. or 1:00 p.m. (for Class D), we will process the switch-out using the NAV per unit for the next Business Day (T+1).

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. You may be charged a Transfer Fee for each transfer. However, we may refuse to register any transfer of a unit at our absolute discretion. Please refer to the Annexure of the respective Class for further information.

## 4.11. TEMPORARY SUSPENSION

Subject to the requirements in the GUTF and/or the Deed, we and the Trustee may temporarily suspend the dealing in units of the Fund or Class 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 that the suspension of 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 (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 that Class. 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).

At our discretion, 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.

The Fund invests in the Accumulation Shares of the Target Fund and the net income earned by the Target Fund will remain in the Target Fund's assets and will be reflected in the NAV of the Accumulation Shares of the Target Fund as such any distribution from the Fund may be out of capital to meet the distribution policy. We will also take into consideration the level of capital and performance of the Fund prior to distribution out of capital.

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

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

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

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

# 5. ADDITIONAL INFORMATION

## 5.1. FINANCIAL YEAR-END

31 March.

## 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);
- For Class D, monthly 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 from our monthly fund fact sheet and our website, [www.principal.com.my](http://www.principal.com.my).

If you have any questions about the information in this Prospectus or would like to know more about investing in the Principal Malaysia family of unit trust funds, please contact our Customer Care Centre under the "Corporate Directory" section during our business hour between 8:45 a.m. to 5:45 p.m. (Malaysian time) from Mondays to Fridays or you may email us at [myservice@principal.com](mailto: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 2 February 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 disclosed in this Prospectus and, in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts;
- Any reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in this Prospectus;
- The audited financial statements of the Manager for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement;

- 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., HSBC (Malaysia) Trustee Berhad and Principal Asset Management Company Limited 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 and/or 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 all our investors and will seek to resolve any conflicts fairly and in accordance with the Deed.

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

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

The Fund is investing into the Target Fund that is managed by the Target Fund Manager. The Manager and the Target Fund Manager are related parties of PFG.

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.

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.

E-Wallet Provider and Distributor may be our related party. We will ensure that any arrangement made with the e-Wallet Provider and Distributors will be at arm's length.

### Trustee

As for 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, structured products, etc);
- (2) where the Fund is being distributed by the related party of the Trustee;
- (3) where the assets of the Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (i.e. Trustee's delegate); and
- (4) where the Fund obtains financing 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 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 form 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 objective;
- ensuring that the Fund has sufficient holdings in liquid assets;
- arranging for the sale and withdrawal of units;
- calculating the amount of income to be distributed to Unit holders, if any; and
- maintaining proper records of the Fund.

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

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

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

<b>Name:</b>	Lee Chun Hong
<b>Designation:</b>	Chief Investment Officer, Equities – Malaysia
<b>Experience:</b>	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) charterholder.
<b>Qualifications:</b>	<ul style="list-style-type: none"><li>▪ Bachelor of Commerce (Accounting &amp; Finance) - Monash University, Clayton Campus.</li><li>▪ A CFA Charterholder.</li><li>▪ Ex-member of CPA Australia.</li></ul>

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

# 7. THE TRUSTEE

## 7.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

**HSBC (Malaysia) Trustee Berhad** is a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at Level 19, Menara IQ, Lingkaran TRX, 55188 Tun Razak Exchange, Kuala Lumpur.

Since 1993, the Trustee has acquired experience in the administration of 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 of the Fund. In performing these functions, the Trustee has to exercise all due care, diligence and vigilance and is required to act in accordance with the provisions of the Deed, the CMSA and the GUTF. Apart from being the legal owner of the Fund's assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, the CMSA and the GUTF. In respect of monies paid by an investor for the application of units, the Trustee's responsibility arises when the monies are received in the relevant account of the Trustee for the Fund and in respect of redemption, the Trustee's responsibility is discharged once it has paid the redemption amount to the Manager.

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

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

The Trustee shall be entitled to process, transfer, release and disclose from time to time any information relating to the Fund, Manager and Unit holders (including personal data of the Unit holders, where applicable) for the purposes of performing its duties and obligations in accordance to the Deed, the CMSA, the 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 custodian of both the local and foreign assets of the Fund. For quoted and unquoted local investments of the Fund, the assets are held through HSBC Bank Malaysia Berhad and/or HSBC Nominees (Tempatan) Sdn Bhd. The Hongkong and Shanghai Banking Corporation Ltd is a wholly owned subsidiary of HSBC Holdings Plc, the holding company of the HSBC Group. The custodian's comprehensive custody and clearing services cover traditional settlement processing and safekeeping as well as corporate related services including cash and security reporting, income collection and corporate events processing. All investments are registered in the name of the Trustee or to the order of the Trustee. The custodian acts only in accordance with instructions from the Trustee.

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

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

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

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 by you 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:

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

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

Charges	Descriptions
(1) Application Fee	Up to 7.00% is charged on the NAV per unit.
(2) Withdrawal Penalty	Up to 5.00% is charged on the NAV per unit.
(3) Switching Fee	Up to 7.00% is charged on the NAV per unit. An administrative fee (if any) in relation to switching may be charged as set out in the Prospectus.

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

Fees	Descriptions
(1) Management Fee	Up to 3.00% per annum, calculated daily on the NAV of the Class.
(2) Trustee Fee	Up to 0.10% per annum, calculated daily on the NAV of the Fund (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 will be disclosed in the Prospectus. Please refer to the "Fees, Charges and Expenses" chapter for further details.

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 Deeds shall not be breached.

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

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

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

- commissions/fees paid to brokers/dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes or difference accounts;
- (where the custodial function is delegated by the Trustee to a foreign sub-custodian), charges/fees paid to the foreign sub-custodian;
- tax and other duties charged on the Fund by the government and other authorities if any and bank fees;
- the fees and other expenses properly incurred by the auditor and tax agent;
- remuneration and out of pocket expenses of the person(s) undertaking the oversight functions of the Fund or advisers (if any) of the Fund, unless we decide to bear the same;
- costs, fees and expenses 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/takaful, custody and any other dealings of investments including commissions/fees paid to brokers;
- costs involved with external specialists approved by the Trustees in investigating and evaluating any proposed investment;
- the engagement of valuers, advisers and contractors of all kinds;
- expenses incurred in preparation and audit of the taxation returns and accounts of the Fund, including the printing of, purchasing of stationery and postage for the annual and interim (if any) reports;
- termination of the Fund 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 Fund or Class or any asset, including proceedings against us or the Trustees by the other of them for the benefit of the Fund or Class (except to the extent that legal costs incurred for the defense of either of them are not ordered by the court to be reimbursed out of the Fund);
- costs of obtaining experts opinion by us or the Trustees for the benefit of the Fund 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 the Manager be removed; or
- if we cease to be approved by the SC to be the management company of the Fund.

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

- if we have gone into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or cease to carry on business or if a receiver shall be appointed in respect of the undertaking or assets of the Manager or if any encumbrances shall take possession of any of its assets; or
- if we cease to carry on business; or
- if the Trustee 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; or
- 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 and with the approval of the Unit holders.
- 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 the above said circumstances, we shall upon receipt of such notice by the Trustee cease to be the manager and the Trustee shall by writing under its seal appoint another corporation to be the manager of the Fund subject to such corporation entering into a deed(s) with the Trustee and thereafter act as manager during the remaining period of the Fund.

We may be replaced by another corporation appointed as manager by Special Resolution of the Unit holders at a Unit 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 Trustees have gone into liquidation; or
- the Trustees are placed under receivership, ceases to exist, fails or neglects its duties; or
- the Trustees cease to be approved by the SC to be a trustee for unit trust schemes; or
- a Special Resolution is duly passed by the Unit holders that the Trustees be removed.

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

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

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

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

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

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

## 8.6. MEETINGS OF UNIT HOLDERS

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

Where we or the Trustees 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 Deeds relate, summon a meeting of the Unit holders:

- 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 her/his 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 record at the joint Unit holder's last known address;
- 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
- 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 Funds or relevant Class, or for the purpose of requiring the retirement or removal of the Manager or the Trustees, or for the purpose of giving to the Trustee such directions as the meeting thinks proper, or for the purpose of considering any other matter in relation to the Deed.

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

Voting is by a show of hands, unless a poll is duly demanded or the resolution proposed is required by 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

Level 23A Menara Milenium  
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Pusat Bandar Damansara  
50490 Kuala Lumpur

## The Board of Directors

Principal Asset Management Berhad  
10th Floor, Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur

11 January 2024

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 fund known as Principal Vietnam Equity Fund (hereinafter referred to as “the Fund”).

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

### Taxation of the Fund

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

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

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

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

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

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

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

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

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

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

### Exempt income

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

- **Malaysian sourced dividends**

All Malaysian-sourced dividends should be exempt from income tax.

- **Malaysian sourced interest**

- (i) interest from securities or bonds issued or guaranteed by the Government of Malaysia;
- (ii) interest from debentures or sukuk, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission;
- (iii) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia;
- (iv) interest derived from Malaysia and paid or credited by banks licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013<sup>2</sup>;
- (v) interest derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002<sup>2</sup>;
- (vi) interest from sukuk originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority (LFSA)<sup>3</sup>; and
- (vii) interest which is specifically exempted by way of statutory orders or any other specific exemption provided by the Minister.

- **Discount**

Tax exemption is given on discount paid or credited to any unit trust in respect of investments as specified in items (i), (ii) and (iii) above.

### Foreign sourced income

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

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

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

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

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

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

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

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

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

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

## 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<sup>7</sup> are to be treated as a class of income. Paragraph 38 of Schedule 6 of the MITA, introduced via the Finance Act, then provides an income tax exemption on gains or profits from the disposal of a capital asset situated in Malaysia, other than:

- (i) Disposal of shares of a company incorporated in Malaysia not listed on the stock exchange<sup>8</sup>; and
- (ii) Disposal of shares under Section 15C of the MITA, which was introduced via the Finance Act, Section 15C deems gains or profits from the disposal of shares in a company incorporated outside Malaysia (“foreign company”) to be derived from Malaysia and hence subject to Malaysian income tax, where the foreign company directly or indirectly owns real property in Malaysia exceeding certain thresholds, as determined based on the parameters of Section 15C

As such, capital assets that fall within the scope of charge of the MITA are as follows:

- a) Capital assets situated in Malaysia – Shares of a company incorporated in Malaysia not listed on the stock exchange and shares in foreign incorporated companies deriving value from real property in Malaysia.
- b) Capital asset situated outside Malaysia – All capital assets, not limited to shares.

Gains from disposal of capital asset situated outside Malaysia will only be subject to tax when the gains are received in Malaysia.

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], a trust body is exempted from the payment of income tax in respect of any gains or profits received from the disposal of shares of a company incorporated in Malaysia not listed on the stock exchange. This exemption applies for such disposals from 1 January to 29 February 2024.

The relevant tax rates of the gains of the disposal of capital assets are as below:

	Tax rates
A. Disposal of capital asset situated in Malaysia which was acquired before 1 January 2024	
<ul style="list-style-type: none"> <li>• On chargeable income of the disposal</li> <li>• On gross disposal price</li> </ul>	<p style="text-align: center;">10%</p> <p style="text-align: center;">2%</p>
B. Disposal of capital asset situated in Malaysia which was acquired after 1 January 2024	
<ul style="list-style-type: none"> <li>• On chargeable income of the disposal</li> </ul>	10%
C. Disposal of capital asset situated outside Malaysia	
<ul style="list-style-type: none"> <li>• On chargeable income of the disposal</li> </ul>	<p>24%</p> <p>(prevailing tax rate of a unit trust)</p>

## 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 tax<sup>9</sup> 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”).

<sup>7</sup> “Capital asset” means movable or immovable property including any rights or interest thereof.

<sup>8</sup> “stock exchange” has the meaning assigned to it in the Capital Markets and Services Act 2007

<sup>9</sup> Pursuant to Service Tax Regulations 2018, the service tax rate is at 6%. It was proposed in Budget 2024 that the service tax rate be increased from 6% to 8% effective from 1 March 2024.

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

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

### 2. Non-taxable and exempt distributions

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

A retail money market fund is exempted from tax on its interest income derived from Malaysia, pursuant to Paragraph 35A of Schedule 6 of the 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. 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
Malaysian tax resident:	
<ul style="list-style-type: none"><li>• Individual and non-corporate unit holders (such as associations and societies)</li></ul>	<ul style="list-style-type: none"><li>• Progressive tax rates ranging from 0% to 30%</li></ul>
<ul style="list-style-type: none"><li>• Co-operatives<sup>10</sup></li></ul>	<ul style="list-style-type: none"><li>• Progressive tax rates ranging from 0% to 24%</li></ul>
<ul style="list-style-type: none"><li>• Trust bodies</li></ul>	<ul style="list-style-type: none"><li>• 24%</li></ul>

<sup>10</sup> Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society—  
(a) in respect of a period of five years commencing from the date of registration of such co-operative society; and  
(b) thereafter where the members' funds [as defined in Paragraph 12(2)] of such co-operative society as at the first day of the basis period for the year of assessment is less than seven hundred and fifty thousand ringgit, is exempt from tax.

Unit holders	Malaysian income tax rates
<ul style="list-style-type: none"> <li>• Corporate unit holders <ul style="list-style-type: none"> <li>(i) A company with paid up capital in respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment) and gross income from a source or sources consisting of a business not exceeding RM50 million for the basis period for the year of assessment<sup>11 12</sup></li> <li>(ii) Companies other than (i) above</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• First RM150,000 of chargeable income @ 15%<sup>13</sup></li> <li>• Next RM450,000 of chargeable income @ 17%</li> <li>• Chargeable income in excess of RM600,000 @ 24%</li> <li>• 24%</li> </ul>
<p>Non-Malaysian tax resident (Note 1):</p> <ul style="list-style-type: none"> <li>• Individual and non-corporate unit holders</li> <li>• Corporate unit holders and trust bodies</li> </ul>	<ul style="list-style-type: none"> <li>• 30%</li> <li>• 24%</li> </ul>

**Note 1:**

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

**Gains from sale of units**

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

**Unit splits and reinvestment of distributions**

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

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

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

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

<sup>12</sup> The above excludes a business trust and a company which is established for the issuance of asset-backed securities in a securitization transaction approved by the Securities Commission.

<sup>13</sup> 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.

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  
Ampang Branch  
Melaka Branch  
Kuantan Branch  
Kota Bharu Branch

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

## 10.2. 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**  
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Section 23  
40300 Shah Alam  
Selangor Darul Ehsan  
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**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 Dwtiasik  
Dataran Dwtiasik  
Bandar Sri Permaisuri  
Cheras  
56000 Kuala Lumpur  
Tel: (603) 9226 5344

**KPG Capital Growth Solution**

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

**NZ Group**

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

**Zenith Premier Wealth Advisors**

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

**Millionaire Empire Group**

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

**Charisma Legacy 3**

B-3-17 Blok Bouganvilla 10 Boulevard  
Lebuh Raya 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](http://www.principal.com.my).

# **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
<b>Currency denomination</b>	USD	
<b>Distribution policy</b>	Incidental. Distributions (if any) will be at the discretion of the Manager and will vary from period to period depending on market conditions and performance of the Fund. <b>Note:</b> The Fund may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.	36

## 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
<b>Application Fee</b>	Up to 5.00% of the NAV per unit.	26
<b>Withdrawal Penalty</b>	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.	26
<b>Switching Fee</b>	Switching is treated as a withdrawal from this Class USD 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 Class USD and the Application Fee of the other Class or Principal Malaysia's fund (or its class) to be switched into. 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.	26
<b>Transfer Fee</b>	A maximum of USD15 may be charged for each transfer.	26
<b>Other charges payable directly by you when purchasing or withdrawing the units</b>	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
<b>Management Fee</b>	Up to 1.80% per annum of the NAV of the Class.	26
<b>Trustee Fee</b>	Up to 0.03% per annum (including local custodian fee but excluding foreign sub-custodian fee and charges) of the NAV of the Fund. The foreign sub-custodian fee and charges is dependent on the country invested and is charged monthly in arrears.	27
<b>Expenses directly related to Fund or Class</b>	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.	27
<b>Other fees payable indirectly by you when investing in the Fund</b>	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 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
<b>Minimum initial investment</b>	USD100 or such other amount as we may decide from time to time.	34
<b>Minimum additional investment</b>	USD100 or such other amount as we may decide from time to time.	34
<b>Minimum withdrawal</b>	100 units or such other number of units as we may decide from time to time.	34
<b>Minimum balance</b>	100 units or such other number of units as we may decide from time to time.	35
<b>Regular Savings Plan</b>	Currently, RSP is not available.	33
<b>Cooling-off period</b>	Six (6) Business Days from the date the complete application is received and accepted by us or Distributors from the first time individual investor investing with us or our Distributors to exercise a cooling-off right. However, Principal Malaysia's staff or a person registered with a body approved by the SC to deal in unit trusts funds are not entitled to the cooling-off right.	35
<b>Switching</b>	<p>Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to:</p> <ul style="list-style-type: none"> <li>▪ for switching out of the Class: <ul style="list-style-type: none"> <li>○ the minimum withdrawal applicable to the Class;</li> <li>○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and</li> <li>○ the Withdrawal Penalty of the Class (if any);</li> </ul> </li> <li>▪ for switching into the Class: <ul style="list-style-type: none"> <li>○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and</li> <li>○ the switching fee applicable for the proposed switch (if any).</li> </ul> </li> </ul> <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	35
<b>Transfer</b>	We may, at our absolute discretion allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	36

**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 fees, charges and/or the transaction information herein, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee, communicate to you and/or seek your approval on the amendments to the fees, charges and/or transaction information.**

# **ANNEXURE - CLASS MYR-Hedged**

This section is only a summary of the salient information about Class MYR-Hedged. You should read and understand the entire Prospectus before investing and keep the Prospectus for your records. In determining which investment is right for you, we recommend you speak to professional advisers. Principal 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	Incidental. Distributions (if any) will be at the discretion of the Manager and will vary from period to period depending on market conditions and performance of the Fund. <b>Note:</b> The Fund may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.	36

## 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.	26
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.	26
Switching Fee	Switching is treated as a withdrawal from this Class MYR-Hedged 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 MYR-Hedged and the Application Fee of the other Class or Principal Malaysia's fund (or its class) to be switched into. 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 a 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.	26
Transfer Fee	A maximum of MYR50 may be charged for each transfer.	26
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	

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

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

Fees	Class MYR-Hedged	Page
Management Fee	Up to 1.80% per annum of the NAV of the Class.	26
Trustee Fee	Up to 0.03% per annum (including local custodian fee but excluding foreign sub-custodian fee and charges) of the NAV of the Fund. The foreign sub-custodian fee and charges is dependent on the country invested and is charged monthly in arrears.	27
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.	27
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 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
<b>Minimum initial investment</b>	MYR100 or such other amount as we may decide from time to time.	34
<b>Minimum additional investment</b>	MYR100 or such other amount as we may decide from time to time.	34
<b>Minimum withdrawal</b>	100 units or such other number of units as we may decide from time to time.	34
<b>Minimum balance</b>	100 units or such other number of units as we may decide from time to time.	35
<b>Regular Savings Plan</b>	RSP is available. The RSP allows you to make regular monthly investments of MYR100 or more, directly from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is MYR100 or such other amount as we may decide from time to time.	33
<b>Cooling-off period</b>	Six (6) Business Days from the date the complete application is received and accepted by us or Distributors from the first time individual investor investing with us or our Distributors to exercise a cooling-off right. However, Principal Malaysia's staff or a person registered with a body approved by the SC to deal in unit trusts funds are not entitled to the cooling-off right.	35
<b>Switching</b>	<p>Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to:</p> <ul style="list-style-type: none"> <li>▪ for switching out of the Class: <ul style="list-style-type: none"> <li>○ the minimum withdrawal applicable to the Class;</li> <li>○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and</li> <li>○ the Withdrawal Penalty of the Class (if any);</li> </ul> </li> <li>▪ for switching into the Class: <ul style="list-style-type: none"> <li>○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and</li> <li>○ the switching fee applicable for the proposed switch (if any).</li> </ul> </li> </ul> <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	35
<b>Transfer</b>	We may, at our absolute discretion allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed.	36

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

**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 fees, charges and/or the transaction information herein, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee, communicate to you and/or seek your approval on the amendments to the fees, charges and/or transaction information.**

# **ANNEXURE - CLASS D**

This section is only a summary of the salient information about Class D. 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 D		Page
<b>Currency denomination</b>	MYR	
<b>Distribution policy</b>	Incidental. Distributions (if any) will be at the discretion of the Manager and will vary from period to period depending on market conditions and performance of the Fund. <b>Note:</b> <i>The Fund may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.</i>	36

## FEES & CHARGES

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

Charges	Class D	Page
<b>Application Fee</b>	Up to 5.00% of the NAV per unit.	26
<b>Withdrawal Penalty</b>	Nil	26
<b>Switching Fee</b>	When available, switching is treated as a withdrawal from this Class D and an investment into another Class or Principal Malaysia's fund (or its classes), you may be charged a switching fee equal to the difference (if any) between the Application Fees of this Class D and the Application Fee of the other Class or Principal Malaysia's fund (or its classes). You will not be charged a switching fee, if the Class or Principal Malaysia's fund (or its classes) to be switched into has a lower Application Fee than the Application Fee of the Class. In addition to the Switching Fee, you may be charged MYR100 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee.	26
<b>Transfer Fee</b>	When available, a maximum of MYR50 may be charged for each transfer.	26
<b>Other charges payable directly by you when purchasing or withdrawing the units</b>	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 D	Page
<b>Management Fee</b>	Up to 1.80% per annum of the NAV of the Class.	26
<b>Trustee Fee</b>	Up to 0.03% per annum (including local custodian fee but excluding foreign sub-custodian fee and charges) of the NAV of the Fund. The foreign sub-custodian fee and charges is dependent on the country invested and is charged monthly in arrears.	27
<b>Expenses directly related to Fund or Class</b>	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.	27
<b>Other fees payable indirectly by you when investing in the Fund</b>	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 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 D		Page	
<b>Minimum initial investment</b>	<b>Non-RSP</b>	MYR10 or such other amount as we may decide from time to time.	34
	<b>RSP</b>	MYR500 or such other amount as we may decide from time to time.	34
<b>Minimum additional investment</b>	<b>Non-RSP</b>	MYR10 or such other amount as we may decide from time to time.	34
	<b>RSP</b>	MYR500 or such other amount as we may decide from time to time.	34
<b>Minimum withdrawal</b>	MYR10 or such other amount as we may decide from time to time.		34
<b>Minimum balance</b>	10 units or such other number of units as we may decide from time to time.		35
<b>Cooling-off period</b>	<p>For first time individual investor investing with us, you have six (6) Business Days after your initial investment (i.e from the date the complete application is received and accepted by us or any of our Distributors) to reconsider its appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased or prevailing NAV per unit at the point of cooling-off (whichever is lower) ("Refund Amount"). We will pay the Refund Amount including the Application Fee (if any) to you in the currency of the respective Class within seven (7) Business Days from the date we receive the complete documentations. Please note that the cooling-off right is only given to first time investor investing with us or our Distributors. However, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.</p> <p>For transaction through e-Wallet App, cooling-off right is not applicable if you have withdrawn all or parts of your investment from Class D either to your e-Wallet or your bank account. Request for cooling-off can be made directly through Principal Malaysia and/or through the e-Wallet App (where available).</p> <p>Note: Please consult your professional advisers before investing. You may also contact our Customer Care Centre at (03) 7723 7260 or whatsapp at (6016) 299 9792 for further information.</p>		35
<b>Switching</b>	<p>Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to:</p> <ul style="list-style-type: none"> <li>▪ for switching out of the Class: <ul style="list-style-type: none"> <li>○ the minimum withdrawal applicable to the Class;</li> <li>○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and</li> <li>○ the Withdrawal Penalty of the Class (if any);</li> </ul> </li> <li>▪ for switching into the Class: <ul style="list-style-type: none"> <li>○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and</li> <li>○ the switching fee applicable for the proposed switch (if any).</li> </ul> </li> </ul> <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>		35
<b>Transfer</b>	When available, transfer of unit holdings is allowed but this is subject to conditions stipulated in the Deed. However, we may refuse to register any transfer of unit at our absolute discretion.		36

**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 fees, charges and/or the transaction information herein, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee, communicate to you and/or seek your approval on the amendments to the fees, charges and/or transaction information.**

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

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