

Information Memorandum

14 July 2022

Principal Islamic Global Technology Fund

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

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

This Information Memorandum Issue No. 1 for the Principal Islamic Global Technology Fund is dated 14 July 2022.

This Fund was constituted on 20 June 2022.

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

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 an information memorandum which introduces you to Principal Malaysia and the Fund, which is a wholesale fund. This Information Memorandum outlines in general the information you need to know about the Fund and is intended for the exclusive use by prospective Sophisticated Investors (as defined herein) who should ensure that all information contained herein remains confidential. The Fund is established with a multi-class structure and has more than one (1) class.

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

If you have any questions about the Fund, please call our Customer Care Centre during business hour at (03) 7723 7260 or whatsapp at +6016 2999792 between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Fridays.

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notices, legislations or statutes for the time being in force, as may be amended, varied, modified, updated, superseded and/or re-enacted from time to time.

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

As the base currency of the Fund is USD, please note that all references to currency amounts and NAV per unit in the Information Memorandum are in USD unless otherwise indicated.

The Fund has been certified as being Shariah-compliant by the Shariah Adviser appointed for this Fund.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE IN DOUBT, PLEASE CONSULT YOUR PROFESSIONAL ADVISERS IMMEDIATELY.

DEFINITIONS

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

| | |
|------------------------|---|
| Application Fee | - Preliminary charge on each investment. |
| Business Day | - Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and/or banks in Kuala Lumpur and/or Selangor are open for business. In respect of the Target Fund, it means a day on which the stock exchange in Luxembourg is open for business. Note: We may declare certain Business Days to be a non-Business Day if the jurisdiction of the Target Fund declares a non-business day and/or if the Target Fund's manager declares a non-dealing day. This information will be communicated to you via our website at www.principal.com.my . |
| CIMB Group | - CIMB Group Sdn. Bhd. |
| CIS | - Collective investment schemes. |
| Class | - Any class of units representing similar interest in the assets of the Fund. |
| Class MYR | - The Class of units issued by the Fund denominated in MYR. |
| Class MYR-Hedged | - The Class of units 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 of units issued by the Fund denominated in USD. |
| CMSA | - Capital Markets and Services Act 2007. |
| Commencement Date | - The next Business Day immediately following the end of the initial offer period of the respective Class. |
| Company | - Franklin Templeton Shariah Funds. |
| 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. |
| Distributors | - Any relevant persons and bodies appointed by Principal Malaysia from time to time, who are responsible for selling units of the Fund, including Principal Distributors and IUTA. |
| Fund or IGTF | - Principal Islamic Global Technology Fund. |
| GLOLA | - Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC. |
| IMS | - Investment Management Standards issued by the Federation of Investment Managers Malaysia. |
| Information Memorandum | - Refers to the information in respect of the Fund and includes any supplemental information memorandum or replacement information memorandum, as the case may be. |
| Islamic Deposit | - As per the definition of "Islamic deposit" in the Islamic Financial Services Act 2013. |
| 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. 31 May 2022, 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. |
| Member State | - A Member State, as defined in the Luxembourg Law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time. |
| MYR | - Malaysia Ringgit. |
| NAV | - Net Asset Value. |
| NAV of the Class | - The NAV of a Class is 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 and annual Trustee Fee, 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 of units divided by the number of units in circulation for that Class, at the valuation point. |
| OTC | - Over-the-counter. |

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| PFG | - Principal Financial Group, Inc.. |
| Principal Distributors | - Refers to the unit trust scheme consultants of Principal Malaysia (authorised Principal Malaysia distributors). |
| Principal Malaysia, the Manager, we or us | - Principal Asset Management Berhad. |
| RSP | - Regular Savings Plan. |
| SAC | - Shariah Advisory Council. |
| SC | - Securities Commission Malaysia. |
| Shariah | - Islamic law originating from the Qur'an (the holy book of Islam), and its practices and explanations rendered by the Prophet Muhammad (pbuh) and ijthihad of ulamak (personal effort by qualified Shariah scholars to determine the true ruling of the divine law on matters whose revelations are not explicit). |
| Shariah Adviser or Amanie | - Amanie Advisors Sdn Bhd. |
| Sophisticated Investor | - Refers to investors as we determine as qualified or eligible to invest in the Fund and that fulfil any laws, rules, regulations, restrictions or requirements imposed by the respective country's regulators where the Fund is open for sale. For investors in Malaysia, this refers to any person who: <ul style="list-style-type: none"> (i) falls within any of the categories of investors set out in Part 1, Schedules 6 and 7 of the CMSA; or (ii) acquires unlisted capital market products where the consideration is not less than MYR250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise. <p>Note: For more information, please refer to our website at http://www.principal.com.my for the current excerpts of Part 1, Schedules 6 and 7 of the CMSA and the definition of "Sophisticated Investor" under the GLOLA.</p> |
| Special Resolution | - A resolution passed by a majority of not less than $\frac{3}{4}$ of Unit holders voting at a meeting of Unit holders. For the purpose of terminating or winding up a fund, a Special Resolution is passed by a majority in number representing at least $\frac{3}{4}$ of the value of the units held by Unit holders voting at the meeting. |
| Sukuk | - Refers to certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts. Note: For local Sukuk, it must also comply with Shariah principles and concepts endorsed by the SAC of SC. |
| Target Fund | - The Islamic collective investment scheme that the Fund invests predominantly in. Currently, it refers to Franklin Shariah Technology Fund. |
| Target Fund Investment Manager | - Franklin Advisers, Inc. |
| Target Fund Management Company | - Franklin Templeton International Services S.à r.l. |
| Target Fund Prospectus | - Refers to the prospectus in respect of the Target Fund and includes any supplemental prospectus, addendum or replacement prospectus, as the case may be. The Target Fund Prospectus is available for download at www.franklintempleton.lu |
| 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. |
| Wholesale Fund | - A unit trust scheme established in Malaysia where the units are to be issued, offered for subscription or purchase, or for which invitations to subscribe for or purchase the units are to be made, exclusively to Sophisticated Investor. |
| Withdrawal 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.

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1. FUND INFORMATION

1.1. PRINCIPAL ISLAMIC GLOBAL TECHNOLOGY FUND

| | | |
|----------------------------|---|---|
| Fund Category/Type | : | Feeder fund (Islamic) / Growth |
| Fund Objective | : | The Fund aims to provide capital appreciation through investments in one Islamic collective investment scheme, which invests primarily in a diversified portfolio of technology related companies. <i>We will require your approval if there is any material change to the Fund's objective.</i> |
| Benchmark | : | The Fund adheres to the benchmark of the Target Fund for performance comparison. The benchmark of the Target Fund is the S&P Global 1200 Shariah Information Technology Index, which may be found on Key Investor Information Document of the Target Fund and available on www.franklintempleton.lu . <i>Note: Any changes to the Target Fund's benchmark will be updated in our website and/or the Fund's Product Highlights Sheet.</i> |
| Distribution Policy | : | The distribution policy of each of the Classes may differ. Please refer to the Annexure of the respective Class for more information. You may also refer to page 28 for information on the distribution payment. |

Base Currency & Classes

The base currency of the Fund is USD.

Please note that the Fund is established with a multi-class structure 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 have materially 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. This information will be communicated to you via our website at 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 | 14 July 2022 | Up to 21 days | USD 1.0000 |
| Class MYR | 14 July 2022 | Up to 21 days | MYR 1.0000 |
| Class MYR-Hedged | 14 July 2022 | Up to 21 days | MYR 1.0000 |

For more details, you may contact our Customer Care Centre or Distributors; or visit our website at www.principal.com.my.

Investment Policy and Strategy

The Fund is a feeder fund that invests into a single Islamic CIS, i.e. Franklin Templeton Shariah Funds - Franklin Shariah Technology Fund ("Target Fund"). The Fund may also invest in Islamic 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 24 February 2022 under Franklin Templeton Shariah Funds. The Fund may also invest up to 15% of its NAV in Islamic liquid assets for liquidity purposes and Islamic derivative for the sole purpose of hedging arrangement.

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. However, the Target Fund Investment 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 Management Company and/or the Target Fund Investment Manager will employ a risk management process in respect of the Target Fund that enables the Target Fund Company 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 page 8 under the “Investment objective and investment strategies of the Target Fund” for more information.

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 Islamic 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 Islamic 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. The Fund also may, with the concurrence of the Trustee, hold more than 15% of Islamic Deposits on a temporary basis to meet redemption requests and to manage expenses of the Fund.

Currently, the Fund invests in USD I Class Accumulation Shares 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.

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.*

Information on the Target Fund

| | | |
|--------------------------------|---|--|
| Company | : | Franklin Templeton Shariah Funds |
| Target Fund Management Company | : | Franklin Templeton International Services S.à r.l. |
| Target Fund Investment Manager | : | Franklin Advisers, Inc. |
| Regulatory authority | : | Commission de Surveillance du Secteur Financier |

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 Islamic CIS (local or foreign);
- Islamic liquid assets such as Islamic Deposits and Islamic money market instruments;
- Islamic derivative instruments, including but not limited to Islamic options, Islamic futures contracts, Islamic forward contracts and Islamic swaps for the purpose of hedging; and
- Any other form of Shariah-compliant investments as may be determined by us from time to time that is in line with the Fund’s objective.

1.3. INVESTMENT RESTRICTIONS AND LIMITS

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

Islamic CIS: The Fund must invest at least 85% of its NAV in one (1) Islamic CIS.

Islamic Liquid Assets and Islamic Derivatives: The Fund may invest up to 15% of the NAV in Islamic liquid assets and Islamic derivative (for hedging purposes). The Fund may, with the concurrence of the Trustee, hold more than 15% of Islamic Deposits on a temporary basis to meet withdrawal requests and to manage expenses of the Fund.

1.4. APPROVALS AND CONDITIONS

There is no exemption and/variation to the GLOLA for the Fund.

1.5. FINANCING

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

1.6. SECURITIES LENDING AND REPURCHASE TRANSACTIONS

Not applicable for the Fund.

1.7. SHARIAH INVESTMENT GUIDELINES

The Fund will invest in the Target Fund, Islamic liquid assets and Islamic derivative (for hedging purposes), which are a Shariah-compliant CIS and instruments that are permissible under Shariah principles. The Manager will provide the Shariah Adviser with the Target Fund Prospectus and fatwas (where applicable) of the Target Fund for the Shariah Adviser's endorsement.

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

1.7.1 Screening process:

1. The Fund shall invest in domestic and foreign Islamic collective investments schemes;
2. Islamic Deposits shall be placed with financial institutions licensed under the Islamic Financial Services Act 2013 and/or Financial Services Act 2013, whichever is appropriate. For the avoidance of doubt, only Islamic account is permitted for placement of Islamic Deposit with institutions licensed under the Financial Services Act 2013. The Fund are also prohibited from investing in interest-bearing Islamic Deposits and recognising any interest income.
3. Islamic Money market instruments issued in Malaysia must be approved by SAC of BNM. Islamic money market instruments that are endorsed by other Shariah adviser or committee must be approved by the Shariah Adviser upon review of the relevant documents e.g. principal terms and conditions and Shariah pronouncements or approvals.
4. Any other Shariah-compliant instruments or Shariah-compliant instruments that are not being mentioned in items 1 to 3 above, the Fund should seek approval from Shariah Adviser pre-investment being made.

1.7.2. Rules on divestment of Shariah non-compliant instruments

In the event the following investment instances occur in the Fund, the rules below shall be executed by Manager or its fund management delegate:

1. Shariah non-compliant instruments.

If the Manager or its fund management delegate mistakenly invests in Shariah non-compliant instruments or fixed income or money market or mistakenly made placement in deposit, the Manager or its fund management delegate needs to dispose of any Shariah non-compliant instruments or mentioned instruments, within a month of becoming aware of the status of the Shariah non-compliant instruments. Any gain, dividend and/or return received before or after the disposal of the Shariah non-compliant instruments or mentioned instruments has to be channeled to baitulmal and/or charitable bodies, approved by the Shariah Adviser. The Fund has a right to retain only the investment cost, which may include brokerage fees and other related transaction costs. If the disposal of the Shariah non-compliant instruments or mentioned instruments causes losses to the Fund, the Manager must bear the losses by ensuring the loss portion be restored and returned to the Fund.

1.7.3. Cleansing process

Under the Shariah principles, any income or distribution received by the Fund from Shariah-compliant investments in their portfolios which relates to income from Shariah non-compliant investments as set out above are considered impure income. This impure income is subject to an income purification process as determined by the Shariah Adviser, from time to time and without limitation, where the impure income will be distributed to baitulmal and/or charitable bodies approved by the Shariah Adviser.

1.7.4. Periodic review

The Shariah Adviser will review the Fund on monthly basis to ensure the Funds' operating procedures and investments comply with the Shariah principles. Upon completion of each review, the Shariah Adviser will deliver its opinion on the Shariah compliancy.

1.8. THE FUND'S COMPLIANCE TO SHARIAH PRINCIPLES

The Shariah Adviser is of the view that, given the prevailing circumstances, the Fund and its respective investments as disclosed and presented in this Information Memorandum are acceptable and within the principles of Shariah, subject to proper execution of the legal documents and other transactions related to the Fund.

The investment portfolio of the Fund comprises instruments which have been classified as Shariah-compliant by the SAC of the SC and, where applicable the SAC of Bank Negara Malaysia (“BNM”). For instruments that are not classified as Shariah-compliant by the SAC of the SC and, where applicable the SAC of BNM, the status of the instruments has been determined in accordance with the rulings of the Shariah Adviser and Shariah Investment Guidelines.

1.9. RISK FACTORS

1.9.1. GENERAL RISKS OF INVESTING IN A FUND

Any Shariah-compliant investment carries with it an element of risk. Therefore, prior to making a Shariah-compliant 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 amounts on top of your normal instalment. If you fail to comply 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 during exceptional situations), which may negatively impact the Fund and unit holders may experience delay in the withdrawal process.

1.9.2. SPECIFIC RISKS RELATED TO THE FUND

Currency risk

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

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

Target Fund manager's risk

Since the Fund invests into an Islamic CIS that is managed by another manager, the Target Fund Investment Manager has absolute discretion over the Target Fund's investment technique and knowledge, operational controls and management. In the event of mismanagement of the Target Fund, the NAV of the Fund, which invests into the Target Fund, would be affected negatively. Although the probability of such occurrence is minute, should the situation arise, we reserve the right to seek for an alternative Islamic 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 Luxembourg, the Fund's investments in the Target Fund may be affected by risks specific to Luxembourg. Such risks include adverse changes in Luxembourg'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.

1.9.3. SPECIFIC RISKS RELATED TO THE TARGET FUND

The following section was excerpted from the information stated in the Target Fund Prospectus.

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

The Target Fund may be exposed to risks that are outside of their Target Fund Investment Manager's control – for example legal and regulatory risks from investments in countries with unclear and changing laws or the lack of established or effective avenues for legal redress or as a result of the registration of the Target Fund in non-EU jurisdictions, the Target Fund may be subject, without any notice to the shareholders in the Target Fund concerned, to more restrictive regulatory regimes potentially preventing the Target Fund from making the fullest possible use of the investment limits. Regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future regulatory action on the Target Fund could be substantial and adverse. The Target Fund may be exposed to the risk of terrorist actions, to the risk that economic and diplomatic sanctions may be in place or imposed on certain States and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity. Investors are reminded that in certain circumstances their right to redeem shares may be suspended as further described in the Appendix E of the Target Fund prospectus.

The Target Fund may be exposed to operational risks, being the risk that operational processes, including those related to the safekeeping of assets, valuation and transaction processing may fail, resulting in losses. Potential causes of failure may arise from human errors, physical and electronic system failures and other business execution risks as well as external events.

Chinese market risk

Risks associated with the Chinese Market are similar to the "Emerging markets risk" described below. With the government having a greater control over allocation of resources, the risks that naturally prevail in this type of market is political and legal uncertainty, currency fluctuations and blockage, no government support on reform or nationalisation and expropriation of assets. Such risks can have a negative impact on the performance of the Target Fund.

The Chinese market is undergoing economic reform, these reforms of decentralisation are unprecedented or experimental and subject to modification which may not always have a positive outcome on the performance of the economy and then the value of securities in the Target Fund.

The Chinese economy is also export driven and highly reliant on trade. Adverse changes in the economic conditions of its primary trading partners such as the US, Japan and South Korea would adversely impact the Chinese economy and the Target Fund investments.

Concentration risk

The Target Fund may have an investment policy which specifically states an intention to maintain a portfolio with holdings in a relatively limited number of issuers or a concentrated allocation to a given economic sector, market segment or geographical area. By being less diversified, the Target Fund may be more volatile than broadly diversified funds or may be exposed to greater risk since under performance of one or a few positions, sectors or geographical areas will have a greater impact on the Target Fund assets. The Target Fund may be adversely affected as a result of such greater volatility or risk.

Counterparty risk

When Shariah-compliant OTC or other bilateral contracts are entered into (inter alia OTC derivatives) the Target Fund may be exposed to risks arising from the solvency of its counterparties and from their ability to respect the conditions of these contracts. The Target Fund is exposed to the risk that the counterparty will fail to respect its commitments under the term of each contract. In addition, there may be a limited number of approved counterparties available for certain Shariah compliant financial instruments, exposing the fund to the possibility that only a few or even just one counterparty is available to engage in a given transactions. If the available approved counterparty (or counterparties) does not offer a competitive rate for the hedging transaction or decides not to roll a hedging transaction when it comes due, the Target Fund's ability to implement the hedging strategy could be impaired or could end. This would mean that the hedged share class would no longer closely track the performance of the share classes in base currency.

Emerging markets risk

Investments in the securities issued by corporations, governments, and public-law entities in different nations and denominated in different currencies involve certain risks. These risks are typically increased in developing countries and emerging markets. Such risks, which can have adverse effects on portfolio holdings, may include: (i) investment and repatriation restrictions; (ii) currency fluctuations; (iii) the potential for unusual market volatility as compared to more industrialised nations; (iv) government involvement in the private sector; (v) limited investor information and less stringent investor disclosure requirements; (vi) shallow and substantially smaller liquid securities markets than in more industrialised countries, which means the Target Fund may at times be unable to sell certain securities at desirable prices; (vii) certain local tax law considerations; (viii) limited or less effective regulation of the securities markets; (ix) international and regional political and economic developments; (x) possible imposition of exchange controls or other local governmental laws or restrictions; (xi) the increased risk of adverse effects from deflation and inflation; (xii) the possibility of limited legal recourse for the Target Fund; and (xiii) the custodial and/or the settlement systems may not be fully developed.

Investors in Target Fund investing in emerging markets should in particular be informed that the liquidity of securities issued by corporations and public-law entities in emerging markets may be substantially smaller than with comparable securities in industrialised countries.

Foreign currency risk

Since the Target Fund values the portfolio holdings in either US dollar or Euro, changes in currency exchange rates adverse to those currencies may affect the value of such holdings and Target Fund's yield thereon.

Since the securities, including cash or cash equivalents, held by the Target Fund may be denominated in currencies different from its base currency, the Target Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between such reference currency and other currencies. Changes in currency exchange rates may influence the value of the Target Fund's shares, and also may affect the value of dividends earned by the Target Fund and gains and losses realised by the Target Fund. If the currency in which a security is denominated appreciates against the base currency, the price of the security could increase. Conversely, a decline in the exchange rate of the currency would adversely affect the price of the security.

To the extent that the Target Fund or any share class seeks to use any strategies or instruments to protect against currency exchange risk, there is no guarantee that protection will be achieved. Unless otherwise stated in the Target Fund's investment policy, there is no requirement that the Target Fund seeks to hedge or to protect against currency exchange risk in connection with any transaction.

Liquidity risk

Reduced liquidity may have an adverse impact on market price and the Target Fund's ability to sell particular securities when necessary to meet the Target Fund's liquidity needs or in response to a specific economic event such as the deterioration in the creditworthiness of an issuer.

Market risk

The market values of securities owned by the Target Fund will go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting individual issuers, securities markets generally or particular industries or sectors within the securities markets. The value of a security may go up or down due to general market conditions which are not specifically related to a particular issuer, such as real or perceived adverse economic conditions, changes in the general outlook for revenues or corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also go up or down due to factors that affect an individual issuer, a particular industry or sector, such as changes in production costs and competitive conditions within an industry or a specific country. Unexpected events such as natural or environmental disasters (earthquakes, fires, floods, hurricanes, tsunamis) and other severe weather-related phenomena generally, or widespread disease, including pandemics and epidemics, have been and can be highly disruptive to economies of individual companies, sectors, industries, nations, markets and adversely impacting currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of the Target Fund's investments. Given the interdependence among global economies and markets, conditions in one country, market, or region are likely to adversely affect markets, issuers, and/or foreign exchange rates in other countries. These disruptions could prevent the Target Fund from executing advantageous investment decisions in a timely manner and could negatively impact the Target Fund's ability to achieve its investment objective. During a general downturn in the securities markets, multiple asset classes may decline in value. When markets perform well, there can be no assurance that securities held by the Target Fund will participate in or otherwise benefit from the advance. All investments in financial markets may decrease in value.

Additionally, stock prices tend to go up and down more dramatically than those of debt securities. A slower-growth or recessionary economic environment could have an adverse effect on the prices of the various stocks held by the Target Fund.

Shariah compliance risk

The Shariah supervisory board and the Shariah screening provider have been appointed by the Target Fund to ensure the compliance of the Target Fund's investments with the Shariah guidelines.

The Target Fund Management Company will undertake the investment activities of the Target Fund in accordance to the respective Shariah guidelines. As a consequence, this may mean that the performance of the Target Fund may possibly be lower than other investment funds that do not seek to strictly adhere to the Islamic investment criteria. The Shariah guidelines may require in certain circumstances for the Target Fund to dispose of certain investments and also may prohibit the investment into well-performing securities due to non compliance to Shariah. These requirements may place the Target Fund at a relatively less advantageous position compared to other investment funds that do not have to adhere to the Shariah principles.

In addition, the requirement to "purify" cash holdings or dividend income will likely result in payments being made to charities that have been approved by the Shariah supervisory board. To the extent such payments are made, the return to investors will be reduced by the amount of such payments, adversely affecting Target Fund performance compared to funds with a similar investment objective that do not have to make such payments.

Although the Target Fund fully intends to observe the Shariah guidelines at all times, no such assurance can be given, as there may be occasions when the Target Fund's investment may accidentally become non compliant to the Shariah for factors that are outside the control of the Target Fund. The Target Fund shall report such incidents to the Shariah supervisory board within a month of the incident.

Small and mid-sized companies risk

The stock prices of small and mid-sized companies can perform differently than larger, more recognised, companies and have the potential to be more volatile. A lower degree of liquidity in their securities, a greater sensitivity to changes in economic conditions and interest rates, and uncertainty over future growth prospects may all contribute to such increased price volatility. Additionally, smaller companies may be unable to generate new funds for growth and development, may lack depth in management, and may be developing products in new and uncertain markets all of which are risks to consider when investing in such companies. These risks are typically increased for securities issued by smaller companies registered or performing a significant part of their activities in developing countries and emerging markets, especially as the liquidity of securities issued by companies in emerging markets may be substantially smaller than with comparable securities in industrialised countries.

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

2. TARGET FUND INFORMATION

2.1. ABOUT FRANKLIN SHARIAH TECHNOLOGY FUND (“TARGET FUND”)

Franklin Templeton Shariah Funds (the “**Company**”) is incorporated in Luxembourg under the laws of the Grand Duchy of Luxembourg as a société anonyme and qualifies as a *société d'investissement à capital variable* (“SICAV”), regulated by the *Commission de Surveillance du Secteur Financier* (“CSSF”).

The Company is registered on the official list of undertakings for collective investment in transferable securities pursuant to Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time (the “Law of 17 December 2010”). The Company qualifies as an Undertaking for Collective Investment in Transferable Securities (“UCITS”) under Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended.

The Company has appointed Franklin Templeton International Services S.à r.l., *société à responsabilité limitée* with its registered office at 8A, rue Albert Borschette, L-1246 Luxembourg, Grand-Duchy of Luxembourg as management company (the “**Target Fund Management Company**”) to provide investment management, administration and marketing services to the Company with the possibility to delegate part or all of such services to third-parties.

The Target Fund Management Company has delegated the investment management activities of the Target Fund to Franklin Advisers, Inc. (“**Target Fund Investment Manager**”), which act as investment manager of the Target Fund and provide day-to-day management in respect of the investment and reinvestment of the assets of the Target Fund.

The Depositary Bank is the Luxembourg branch of HSBC Continental Europe, a public limited company incorporated in France with company registration number 775 670 284. HSBC Continental Europe is a wholly owned subsidiary of HSBC Holdings plc. The Depositary Bank's registered office is located at 16, boulevard d'Avranches, Luxembourg and is registered with the Luxembourg trade and companies register under number B 227.159. HSBC Continental Europe is supervised by the European Central Bank, as part of the Single Supervisory Mechanism, the French Prudential Supervisory and Resolution Authority (*l'Autorité de Contrôle Prudentiel et de Résolution*) as the French national competent authority and the French Financial Markets Authority (*l'Autorité des Marchés Financiers*) for the activities carried out over financial instruments or in financial markets. HSBC Continental Europe, Luxembourg is authorised to act as depositary bank in Luxembourg by the *Commission de Surveillance du Secteur Financier* (the “CSSF”); as a consequence thereof, when servicing Luxembourg undertakings for collective investment, the Depositary Bank is subject to the general supervision of the CSSF.

This Information Memorandum describes the features of the Target Fund in accordance with the Target Fund Prospectus and we recommend this document should be read in conjunction with the Target Fund Prospectus and the relevant key investor information document. We take all reasonable efforts to ensure the accuracy that the disclosure in this Information Memorandum in relation to the Target Fund, including obtaining the confirmation from the Target Fund Investment Manager. However, in the event of any inconsistency or ambiguity in relation to the disclosure, including any word or phrase used in this Information Memorandum regarding the Target Fund as compared to the Target Fund Prospectus, the Target Fund Prospectus shall prevail.

Investment Objective and Investment Strategies of the Target Fund

The objective of the Target Fund is capital appreciation.

The Target Fund invests at least two thirds of its net invested assets in Shariah-compliant equity securities of US and non-US companies expected to benefit from the development, advancement, and use of technology and communication services and equipment. These may include, for example, companies in the following industries:

- communication and computing related outsourcing services;
- technology services, including computer software, data services, and Internet services;
- electronic technology, including computers, computer products, and electronic components;
- telecommunications, including networking, wireless, and wire-line services and equipment;
- media and information services, including the distribution of information and content providers;
- semiconductors and semiconductor equipment; and
- precision instruments.

The Target Fund invests in Shariah-compliant securities of US and non-US large, well-established companies, as well as small to medium-sized companies, that the Target Fund Investment Manager believes provide good emerging growth opportunities.

The Target Fund may also invest in Shariah-compliant equity or debt securities of any type of foreign or US issuer as well as in American, European or Global Depositary Receipts.

The Target Fund may invest up to 15% of its net assets in China A-Shares (through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect) and in China B-Shares.

The Target Fund uses a growth approach that employs intensive, bottom-up, fundamental research of companies. The Target Fund Investment Manager also takes into consideration broad-based trends when considering the selection of investments. In general, the Target Fund Investment Manager looks for companies it believes display, or will display, some of the following characteristics, among others: quality management; robust growth prospects; strong market positioning; high, or rising profit margins; and good return on capital investment.

Benchmark

The benchmark of the Target Fund is the S&P Global 1200 Shariah Information Technology Index. The benchmark is used solely as a reference for investors to compare against the Target Fund's performance, and this benchmark is neither used as a constraint on how the Target Fund's portfolio is to be constructed nor set as a target for the Target Fund's performance to beat. The Target Fund is actively managed.

Dividend Policy

No distribution of dividends shall be but the net income attributable will be reflected in the increased value of the shares of the Target Fund.

2.2. INVESTMENT RESTRICTIONS AND SHARIAH INVESTMENT GUIDELINES OF THE TARGET FUND COMPANY

The investment restrictions imposed by Luxembourg law must be complied with by the Target Fund. Those restrictions in paragraph 1. e) below are applicable to the Company as a whole.

2.2.1 INVESTMENT IN SHARIAH-COMPLIANT TRANSFERABLE SECURITIES AND ISLAMIC LIQUID ASSETS

- a) The Company will invest in:
- (i) Shariah-compliant transferable securities and Islamic money market instruments admitted to or dealt in on a regulated market within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments; and/or
 - (ii) Shariah-compliant transferable securities and Islamic money market instruments dealt in on another market in a Member State which is regulated, operates regularly and is recognised and open to the public;
 - (iii) Shariah-compliant transferable securities and Islamic money market instruments admitted to official listing on a stock exchange in a non-Member State or dealt in on another market in a non-Member State, which is regulated, operates regularly and is recognised and open to the public;
 - (iv) recently issued Shariah-compliant transferable securities and Islamic money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another regulated market, in the countries of the areas referred to under (i), (ii) and (iii) above, which operates regularly and is recognised and open to the public, and such admission is secured within one year of the issue;
 - (v) units of UCITS and/or other UCIs, whether or not established in a Member State, provided that:
 - such other UCIs have been authorised under the laws of any Member State or under laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority to be equivalent to that laid down in EU law and that cooperation between authorities is sufficiently ensured,
 - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended,
 - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
 - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs.

For the purpose of this restriction and the limits set forth in 1.f) below, the following definitions shall apply:

"UCITS" shall mean an undertaking for collective investment in transferable securities authorised according to the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended;

"other UCI" shall mean an undertaking for collective investment or investment fund within the meaning of Article 1, paragraph (2), (2), point a) and b) of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended.

- (vi) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in EU law;
- (vii) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in subparagraphs (i) to (iv) above, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
 - the underlying consists of instruments covered by this appendix under 1. a), financial indices, foreign exchange rates or currencies, in which the Target Fund may invest according to its investment objectives,
 - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority,
 - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative,
- (viii) Islamic money market instruments other than those dealt in on a regulated market and which fall under 1. a), if the issuer or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
 - issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
 - issued by an undertaking any securities of which are dealt in on regulated markets referred to above, or
 - issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by the EU law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by EU law, or
 - issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least 10 million euro and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity which, within a group of companies which include one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
- b) The Company may invest up to 10% of the net assets of the Target Fund in Shariah-compliant transferable securities and Islamic money market instruments other than those referred to in (a) above;
- c) The Target Fund may hold ancillary liquid assets;
- d) (i) The Target Fund may invest no more than 10% of its net assets in Shariah-compliant transferable securities and Islamic money market instruments issued by the same body. The Target Fund may not invest more than 20% of its net assets in Islamic deposits made with the same body. The risk exposure to a counterparty of the Target Fund in an OTC derivative transaction may not exceed 10% of its assets when the counterparty is a credit institution referred to in 1. a) (vi) above or 5 % of its net assets in other cases.

(ii) The total value of the Shariah-compliant transferable securities and Islamic money market instruments held in the issuing bodies of which the Target Fund invests more than 5 % of its net assets must not exceed 40 % of the value of its assets. This limitation does not apply to Islamic deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

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

- investments in Shariah-compliant transferable securities or Islamic money market instruments issued by a single body,
- Islamic deposits made with a single body, and/or
- exposures arising from OTC derivative transactions undertaken with a single body,

in excess of 20 % of its assets.

(iii) The limit laid down under the first sentence of paragraph 1. d) (i) above shall be of 35 % where the Target Fund has invested in Shariah-compliant transferable securities or Islamic money market instruments issued or guaranteed by a Member State, by its local authorities, by a non-Member State or by public international bodies of which one or more Member States are members.

(iv) The limit laid down under the first sentence of paragraph 1. d) (i) above shall be of 25 % for bonds issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued profit.

If the Target Fund invests more than 5 % of its net assets in the bonds above and issued by one issuer, the total value of such investments may not exceed 80 % of the value of the assets of the Target Fund.

(v) The Shariah-compliant transferable securities and Islamic money market instruments referred to in paragraphs 1. d) (iii) and 1. d) (iv) are not included in the calculation of the limit of 40% referred to in paragraph 1. d) (ii).

The limit set out above under 1. d) (i), (ii), (iii) and (iv) may not be combined, and thus investments in Shariah-compliant transferable securities or Islamic money market instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with section 1. d) (i), (ii), (iii) and (iv) may not exceed a total of 35 % of the net assets of the Target Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained under 1. d). The Target Fund may cumulatively invest up to 20 % of its net assets in Shariah-compliant transferable securities and Islamic money market instruments within the same group.

(vi) Without prejudice to the limits laid down in paragraph e), the limits laid down in this paragraph d) shall be 20% for investments in shares and/or bonds issued by the same body when the aim of the Target Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Luxembourg supervisory authority, provided

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

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

(vii) Where the Target Fund has invested in accordance with the principle of risk spreading in Shariah-compliant transferable securities and Islamic money market instruments issued or guaranteed by any Member State, its local authorities, OECD member states, Singapore, Brazil, Russia, Indonesia and South Africa or any member state of the G20 or public international bodies of which one or more EU Member States are members or by any other State of the OECD, the Company may invest 100% of the assets of the Target Fund in such securities provided that the Target Fund must hold securities from at least six different issues and securities from one issue must not account for more than 30% of the Target Fund's assets.

- e) The Company or the Target Fund may not invest in voting shares of companies allowing it to exercise a significant influence in the management of the issuer. Further, the Target Fund may acquire no more than (i) 10% of the non-voting shares of any single issuing body, (ii) 10% of the debt securities of any single issuing body, (iii) 25% of the units of any single collective investment undertaking, (iv) 10% of the Islamic money market instruments of any single issuing body. However, the limits laid down under (ii), (iii) and (iv) may be disregarded at the time of acquisition if, at that time, the gross amount of the bonds or of the Islamic money market instruments or the net amount of the instruments in issue cannot be calculated.

The limits under this section e) shall not apply to (i) Shariah-compliant transferable securities or Islamic money market instruments issued or guaranteed by a Member State, its local authorities, or public international bodies of which one or more Member States of the EU are members or by any other State, nor to (ii) shares held by the Company in the capital of a company incorporated in a State which is not a Member State of the EU investing its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State, provided that, however, the Company, in its investment policy, complies with the limits laid down in Articles 43 and 46 and in paragraphs (1) and (2) of Article 48 of the Law of 17 December 2010.

- f) (i) Unless otherwise provided in the investment policy of the Target Fund, the Target Fund will not invest more than 10% of its net assets in units of UCITS and/or other UCIs.

(ii) In the case restriction f) (i) above is not applicable to the Target Fund, as provided in its investment policy, the Target Fund may acquire units of UCITS and/or other UCIs referred to in paragraph 1. a) (v), provided that no more than 20% of the Target Fund's net assets be invested in the units of a single UCITS or other UCI.

For the purpose of the application of this investment limit, each compartment of a UCITS and/or other UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

(iii) Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net assets of the Target Fund.

(iv) When the Target Fund invests in the units of UCITS and/or other UCIs linked to the Company by common management or control, or by a substantial direct or indirect holding, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such other UCITS and/or UCIs.

In respect of the Target Fund's investments in units of other UCITS and other UCIs linked to the Company as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to the Target Fund and each of the UCITS or other UCIs concerned shall not exceed 2% of the value of the relevant investments. The Company will indicate in its annual report the total management fees charged both to the Target Fund and to the UCITS and other UCIs in which the Target Fund has invested during the relevant period.

(v) The Target Fund may acquire no more than 25% of the units of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS/UCI concerned, all compartments combined.

(vi) The underlying investments held by the UCITS or other UCIs in which the Target Fund invests do not have to be considered for the purpose of the investment restrictions set forth under 1. d) above.

(vii) The Target Fund may subscribe, acquire and/or hold securities to be issued or issued by one or more other funds ("destination fund") under the condition that:

- the destination fund does not, in turn, invest in the Target Fund invested in this destination fund; and
 - no more than 10% of the assets of the destination fund whose acquisition is contemplated, may, according to its investment policy, be invested in units of other UCITS or other UCIs; and
 - the Target Fund may not invest more than 20% of its net assets in units of a destination fund; and
 - for as long as these securities are held by the Target Fund, the value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the Law of 17 December 2010; and
 - there is no duplication of management/subscription or sale fees between those at the level of the Target Fund having invested in the destination fund, and this destination fund.
- g) The Company may not (i) acquire for the benefit of the Target Fund securities which are partly paid or not paid or involving liability (contingent or otherwise) unless according to the terms of issue such securities will or may at the option of the holder become free of such liabilities within one year of such acquisition and (ii) underwrite or subunderwrite securities of other issuers for the Target Fund.
- h) The Company may not purchase or otherwise acquire any investment in which the liability of the holder is unlimited.
- i) The Company may not purchase securities or debt instruments issued by the Target Fund Investment Manager or any connected person or by the Target Fund Management Company.
- j) The Company may not purchase any securities on margin (except that the Company may, within the limits set forth in clause 2. e) below, obtain such short term credit as may be necessary for the clearance of purchases or sales of securities) or make uncovered sales of Shariah-compliant transferable securities, Islamic money market instruments or other financial instruments referred to above; except that the Company may make initial and maintenance margin deposits in respect of futures and forward contracts (and options thereon).

2.2.2 INVESTMENT IN OTHER ASSETS

- a) The Company may not purchase real estate, nor acquire any options, rights or interest in respect thereof, provided that the Company may invest for the account of the Target Fund in securities secured by real estate or interest therein or in securities of companies investing in real estate.
- b) The Company may not make investments in precious metals or certificates representing them.
- c) The Company may not enter into direct commodities transactions or commodity contracts, except that the Company may, in order to hedge risk, enter into financial derivative instruments giving exposure, through financial indices, to commodities within the limits laid down in the Shariah guidelines and section 2.2.3 below.

- d) The Company may not extend financing to other persons or act as a guarantor on behalf of third parties or assume, endorse or otherwise become directly or contingently liable for, or in connection with, any obligation or indebtedness or any person in respect of borrowed monies.
- e) The Company may not seek financing for the account of the Target Fund, other than amounts which do not in aggregate exceed 10% of the net assets of the Target Fund, taken at market value and then only as a temporary measure.
- f) The Company may not mortgage, pledge, hypothecate or in any manner transfer as security for indebtedness, any of the securities or other assets of the Target Fund, except as may be necessary in connection with the borrowings mentioned in clause e) above. The purchase or sale of securities on a when-issued or delayed-delivery basis, and collateral arrangements with respect to the writing of options or the purchase or sale of forward or futures contracts are not deemed the pledge of the assets.

2.2.3 FINANCIAL DERIVATIVE INSTRUMENTS

As specified in section 2.2.1 a) (vii) above, the Company may use Shariah-compliant financial derivative instruments for hedging purposes only (unless otherwise indicated for a specific Fund in its investment policy).

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

The Company on behalf of the Target Fund may only choose swap counterparties that are first class financial institutions selected by the Company's board of directors and that are subject to prudential supervision and belonging to the categories approved by the CSSF for the purposes of OTC derivative transactions and specialized in these types of transactions.

As the case may be, collateral received by the Target Fund in relation to OTC derivative transactions may offset net exposure by counterparty if it complies with the criteria set out in applicable laws, regulations and circulars issued by the CSSF from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability as further set out below. Collateral primarily consist of cash and highly rated sovereign fixed income securities. Collateral value is reduced by a percentage (a "haircut") which provides for short term fluctuations in the value of the collateral. Net exposures are calculated daily by counterparty and subject to the terms of the agreements, including a minimum transfer amount, collateral levels may fluctuate between the Target Fund and the counterparty depending on the market movement of the exposure. Non-cash collateral received is not sold, reinvested or pledged. Cash collateral may be reinvested in a manner consistent with the Shariah guidelines, where applicable the provisions established in the Credit Support Annex ("CSA") of the International Swaps and Derivatives Association Master Agreement ("ISDA Master Agreement") executed with the relevant counterparty and with the risk diversification requirements detailed in Appendix C "Investment Restrictions" of the Target Fund Prospectus (a) shares or units issued by short term money market undertakings for collective investment as defined in the Guidelines on a Common Definition of European Money Market Funds, (b) deposits with credit institutional having its registered office in a Member State or with a credit institution situated in a non-Member State provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, (c) high quality government fixed income securities that are deemed eligible collateral according to the terms of the CSA of the ISDA Master Agreement (where applicable), and (d) reverse repurchase agreement transactions provided the transactions are with credit institutions subject to the prudential supervision and the Company may recall at any time the full amount of cash on accrued basis. The Company has policies with respect to the reinvestment of collateral (specifically, that derivatives or other instruments that may contribute to leverage may not be used) such that it would not impact the global exposure calculation.

The global exposure relating to financial derivative instruments is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions.

The Target Fund may invest in financial derivative instruments within the limits laid down in clause 1. a) (vii) provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in clause 1. d) (i) to (v). When the Target Fund invests in index-based financial derivative instruments, these investments do not have to be combined in respect of the limits laid down in clause 1. d). When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this restriction.

The Target Fund may use financial derivative instruments for hedging or investment purposes, within the limits of the Law of 17 December 2010 and of the Shariah guidelines. Under no circumstances shall the use of these instruments and techniques cause the Target Fund to diverge from its investment policy. Where appropriate, the Target Fund apply either the Value-at-Risk (VaR) approach or the Commitment Approach to calculate their global exposure, whichever is deemed to be appropriate.

When the investment objective of the Target Fund indicates a benchmark against which the performance might be compared, the method used to calculate the global exposure may consider a different benchmark than the one mentioned for performance or volatility purposes in the Target Fund's investment objective.

Total return swaps transactions

Investments in total return swaps by the Target Fund are only permitted to the extent they comply with the Shariah guidelines as described in Appendix B of the Target Fund Prospectus.

The Target Fund which is authorised as per its investment policy to invest in total return swaps but which does not enter into such transactions as of the date of the Target Fund Prospectus may however enter into total return swaps transactions provided that the maximum proportion of the net assets of the Target Fund that could be subject to such transactions does not exceed 20% and that the relevant section relating to the Target Fund is updated accordingly at the next available opportunity. In such cases, the counterparty to the transaction will be a counterparty approved and monitored by the Target Fund Management Company or the Target Fund Investment Manager. At no time will a counterparty in a transaction have discretion over the composition or the management of the Target Fund's investment portfolio or over the underlying of the total return swap. While there are no predetermined legal status or geographical criteria applied in the selection of the counterparties, these elements are typically taken into account in the selection process. The Target Funds' actual activity in total return swaps is disclosed in the Company's financial statements for the Target Fund which are engaged in total return swap contracts.

The following types of assets can be subject to total return swaps: currency or commodity indices and fixed income securities or indices, most notably domestic currency denominated treasury securities, high yield corporate and bank loan related exposures.

The risk of counterparty default and the effect on investors returns are more fully described under section "Risk Considerations".

Where the Target Fund enters into total return swaps transactions as of the date of the Target Fund Prospectus, the expected proportion of Target Fund's net assets that could be subject to total return swaps transactions shall be calculated as the sum of notionals of the derivatives used and is set out in the "Fund Information, Objectives and Investment Policies" section of the Target Fund. If and when the Target Fund enters into total return swaps transactions, it is for the purpose of generating additional capital or income and/or for reducing costs or risks.

All revenues arising from total return swaps transactions will be returned to the Target Fund, and the Target Fund Management Company will not take any fees or costs out of those revenues additional to the investment management fee for the Target Fund as set out under section "Investment Management Fees" of the Target Fund Prospectus.

2.2.4 USE OF TECHNIQUES AND INSTRUMENTS RELATING TO TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS

As of the date of the Target Fund Prospectus, no funds are authorized to enter into repurchase agreements and reverse repurchase agreements nor in the other transactions covered by Regulation (EU/2015/2365) on transparency of securities financing transactions and of reuse ("SFTR"), except for the Franklin Global Sukuk Fund (you may refer to the Company's prospectus relating to the fund). If the Target Fund uses any such transactions in the future, the Target Fund Prospectus will be amended in accordance with SFTR.

2.2.5 ADDITIONAL LOCAL RESTRICTIONS

If and for so long as the Target Fund accepts investment by any Malaysia-domiciled feeder fund(s) managed by Franklin Templeton GSC Asset Management Sdn. Bhd. or any other Malaysian investment funds authorised by the Securities Commission Malaysia, the Target Fund's investments in a foreign market shall be limited to (i) markets where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions (IOSCO) and (ii) securities and instruments issued by supranational organisations.

2.2.6 SHARIAH GUIDELINES

The business of the Target Fund shall at any time be managed in accordance with the guidelines below that shall apply in addition to the investment restrictions specified in the section 2.2.1 above. In general, Shariah-compliant investment refers to contractual arrangements and investment guidelines that are in compliance with Shariah (as such guidelines shall be determined by the Shariah supervisory board). Subject to their investment objectives and policies, the Target Fund may only invest in transferable securities of companies whose business is permissible (*Halal*) and therefore not invest in the following forbidden sectors (*Haram*):

- Manufacturing or distributing alcohol or tobacco products;
- Gaming or gambling;
- Producing or distributing content for purely entertainment purposes through any medium;
- Manufacturing or distributing weapons and defense related products;
- Producing, processing, packaging or any other business activity relating to pork or pork products and other meats and poultry not specifically defined as acceptable products within the screening criteria;
- Conventional banking, insurance or any other interest related financial services activity; and

- Producing or distributing pornographic materials.

Shariah-Compliance Screening

1. Securities Screening

Shariah-compliance securities screening will apply to the Target Fund.

The Shariah screening provider chosen to perform the Shariah screening is IdealRatings, Inc. The Company may elect to change its Shariah screening provider in the future as appropriate, working in consultation with its Shariah supervisory board.

IdealRatings, Inc. has agreed to supply, on a quarterly basis and on an ad hoc basis, a list of companies screened according to criteria as required by the Company's Shariah supervisory board, as set forth below (the "Criteria") and as advised by Company's Shariah supervisory board from time to time.

The Criteria specifically agreed upon for the stocks screening include the following:

Business Activities Screening:

Investment is not allowed in companies generating operating revenue from any of the following activities where such activities represent more than 5% of their revenue (cumulatively, in all such activities). Such activities are deemed to be "prohibited activities". Revenue that Islamic financial institutions derive from financial services will not be considered revenue from a prohibited activity. Islamic financial institutions will not be subject to the financial screening as defined further below.

Prohibited Activities:

- Alcohol: distillers, vintners and producers of alcoholic beverages, including producers of beer and malt liquors, owners and operators of bars and pubs.
- Tobacco: cigarettes and other tobacco products manufacturers and retailers.
- Gambling / Casino: owners and operators of casinos and gaming facilities, including companies providing lottery and betting services.
- Music: producers and distributors of music, owners and operators of radio broadcasting systems.
- Cinema: companies engaged in the production, distribution, and screening of movies and television shows, owners and operators of television broadcasting systems and providers of cable or satellite television services.
- Defense / Weapons: manufacturers of military aerospace and defense equipment, parts or products, including defense electronics and space equipment.
- Pork related products: companies involved in the manufacture and retailing of pork products.
- Conventional financial services: commercial banks involved in retail banking, corporate lending, investment banking; companies involved in mortgage and mortgage related services; providers of financial services, including insurance, capital markets and specialised finance; credit agencies; stock exchanges; specialty boutiques; consumer finance services, including personal credit, credit cards, lease financing, travel-related money services and pawn shops; financial institutions primarily engaged in investment management, related custody and securities fee-based services; companies operating mutual funds, closed-end funds and unit investment trusts; financial institutions primarily engaged in investment banking and brokerage services, including equity and debt underwriting, mergers and acquisitions; securities lending and advisory services institutions; and insurance and reinsurance brokerage firms, including companies providing property, casualty, life, disability, indemnity or supplemental health insurance.
- Adult Entertainment: owners and operators of adult entertainment products and activities.

Financial Screening:

Shariah investment principles do not allow investment in companies deriving significant income (more than 5%) from interest or from companies that have excessive leverage. Measures of excessive leverage are defined as follows:

- (a) Total conventional debt divided by the higher of (i) total assets or (ii) average market capitalization over last 24 months, not to exceed 33.33%; and
- (b) Sum of a company's cash and interest bearing securities divided by the higher of (i) total assets or (ii) average market capitalization over last 24 months, not to exceed 33.33%.

None of the financial ratios may exceed 33.33%. Securities will be considered non-compliant with respect to financial screening if any of the financial ratios exceed 33.33%.

No investment in fixed income preferred shares is allowed.

No investment in trust units is allowed.

The Company retains the right to adjust the financial ratios above with the advice and consent of the Company's Shariah supervisory board, as appropriate.

Other Permitted Investment

- (i) Islamic money market instruments
- (ii) Units or shares of Shariah compliant UCITS
- (iii) Islamic deposits with any credit institutions – in the event there is no Islamic deposit available, then the cash of Fund must be placed in a non-interest bearing account
- (iv) Shariah compliant financial derivative instrument – Sharia compliant credit linked notes

Note: The above list is not meant to be exhaustive. As the Islamic finance market is always evolving, the fund manager would be allowed to invest in newly introduced investment instruments if they are deemed as Shariah compliant by the Shariah supervisory board.

2. Sukuk Screening

The specific standards to select Sukuk investments will follow the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) standards. These standards will adhere to the Gulf Cooperation Council (GCC) and Malaysian Shariah Advisory Council of SC screens.

The Sukuk screening provider chosen to perform the sukuk screening is IdealRatings, Inc. The Company may elect to change its Shariah screening provider in the future as appropriate, working in consultation with its Shariah supervisory board.

IdealRatings, Inc. has agreed to supply a monthly list of sukuk Sharia ratings according to criteria as required by the Company's Shariah supervisory board and as advised by Company's Shariah supervisory board from time to time (the Sukuk Rulebook).

Where the Shariah supervisory board requests a change to the Shariah guidelines, it shall give the Company and the Target Fund Investment Manager a reasonable period of time to effect such change in the Target Fund Prospectus in accordance with the requirements of any applicable law and regulation.

Purification of Prohibited Income

The Shariah supervisory board will from time to time issue guidelines to quantify the annual amount of income of the Target Fund that should be donated to charity, being derived from eligible securities for investment pursuant to the investment objective, policy and restrictions set out in the Target Fund Prospectus, but that are engaged in an activity or activities of a marginal nature which are not Shariah-compliant and which are not screened out by the Shariah restrictions. Such amount will be calculated on an annual basis, based on the purification ratios, expressed as a percentage of each target company's dividend payments. The resulting amount will be donated to a charity and will be detailed in the Company's annual report. Any such amounts will be deducted only upon their actual determination and no anticipated accrual thereof shall be made. An up-to-date list of the relevant charities is available on request and free of charge at the registered office of the Company.

Zakat

The Target Fund is responsible for the payment of its own Zakat.

2.3. SWING PRICING ADJUSTMENT

The Target Fund may suffer reduction of the NAV per share due to its investors purchasing, selling and/or switching in and out of the Target Fund at a price that does not reflect the dealing costs associated with the Target Fund's portfolio trades undertaken by the Target Fund Investment Manager to accommodate cash inflows or outflows.

To counter this dilution impact and to protect its shareholders' interests, a swing pricing mechanism may be adopted by the Company as part of its valuation policy.

The Target Fund operates a swing pricing mechanism which is applied when the total capital activity (aggregate of inflows and outflows) at the Target Fund level exceeds a pre-determined threshold as determined as a percentage of the net assets of the Target Fund for the valuation day. The Target Fund can operate a full swing pricing mechanism where the threshold is set to zero or a partial swing pricing mechanism where the threshold is greater than zero.

Typically, such adjustment will increase the NAV per share when there are net inflows into the Target Fund and decrease the NAV per share when there are net outflows. The NAV per share of each share class in the Target Fund will be calculated separately but any adjustment will, in percentage terms, affect the NAV per share of each share class in the Target Fund identically. Swing pricing does not address the specific circumstances of each individual investor transaction.

The adjustments will seek to reflect the anticipated prices at which the Target Fund will be buying and selling assets, as well as estimated transaction costs. Investors of the Target Fund are advised that the volatility of the Target Fund's NAV might not reflect the true portfolio performance as a consequence of the application of swing pricing.

The size of the adjustment impact is determined by factors such as the volume of transactions, the purchase or sale prices of the underlying investments and the valuation method adopted to calculate the value of such underlying investments of the Target Fund.

The swing pricing mechanism may be applied across all funds of the Company. The extent of the price adjustment will be reset by the Company on a periodic basis to reflect an approximation of current dealing and other costs. Such adjustment may vary from fund to fund and under normal market conditions will not exceed 2% of the original NAV per share. The board of directors of the Company can approve an increase of this limit in case of exceptional circumstances, unusually large shareholders trading activities, and if it is deemed to be in the best interest of its shareholders.

The Target Fund Management Company mandates authority to the Swing Pricing Oversight Committee to implement and on a periodic basis review, the operational decisions associated with swing pricing. This committee is responsible for decisions relating to swing pricing and the ongoing approval of swing factors which form the basis of pre-determined standing instructions.

The price adjustment is available on request from the Target Fund Management Company at its registered office.

On certain share classes, the Target Fund Management Company may be entitled to a performance fee, where applicable, this will be based on the unswung NAV.

Additional information on swing pricing can be found at: www.franklintempleton.lu/investor/resources/investor-tools/swing-pricing

2.4. TEMPORARY SUSPENSION

1. The Company may suspend the determination of the net asset value of the shares of the Target Fund and the purchase and sale of the shares and the switch of shares from and to the Target Fund during:
 - (a) any period when any of the principal stock exchanges or markets on which any substantial portion of the investments of the Company attributable to the Target Fund from time to time are quoted is closed, or during which dealings therein are restricted or suspended;
 - (b) the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of assets owned by the Company attributable to the Target Fund would be impracticable;
 - (c) any breakdown or restriction in the means of communication normally employed in determining the price or value of any of the investments of the Target Fund or the current price or value on any stock exchange or market;
 - (d) any period when the Company is unable to repatriate funds for the purpose of making payments due on redemption of shares of the Target Fund or any period when the transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of such shares cannot, in the opinion of the Company's board of directors, be effected at normal rates of exchange;
 - (e) any period when the net asset value of shares of the Target Fund or share class may not be determined accurately; or
 - (f) during any period when in the opinion of the directors there exist unusual circumstances where it would be impractical or unfair towards the its shareholders to continue dealing in the shares of the Company or the Target Fund or any other circumstances, or circumstances where a failure to do so might result in the shareholders or the Target Fund incurring any liability to taxation or suffering other pecuniary disadvantage or other detriment which the shareholders or the Target Fund might not otherwise have suffered;
 - (g) if the Company or the Target Fund or a share class is being or may be wound-up, on or following the date on which such decision is taken by the board of directors of the Company or notice is given to its shareholders of a general meeting of shareholders at which a resolution to wind-up the Company or the Target Fund or a share class is to be proposed;
 - (h) in the case of a merger, if the board of directors of the Company deems this to be justified for the protection of its shareholders; or
 - (i) in the case of a suspension of the calculation of the net asset value of one or several underlying investment funds in which the Target Fund has invested a substantial portion of assets.
2. Any such suspension shall be publicized, if appropriate, by the Company and shall be notified to its shareholders instructing the sale or switch of their shares by the Company at the time of the filing of the written request for such sale or switch.

2.5. TARGET FUND SOFT CLOSURE

The Target Fund, or its share class, may be closed to new investors or to all new subscriptions or switches in (but not to redemptions, switches out or transfers) if, in the opinion of the Target Fund Management Company, closing is necessary to protect the interests of existing shareholders. Without limiting the circumstances where closing may be appropriate, one such circumstance would be where the Target Fund has reached a size such that the capacity of the market and/or the capacity of the Target Fund Investment Manager has been reached, and where to permit further inflows would be detrimental to the performance of the Target Fund. The Target Fund, or its share class, may be closed to new investors or all new subscriptions or switches in without notice to its shareholders.

Notwithstanding the above, the Target Fund Management Company may allow, at its discretion, the continuation of subscriptions from regular savings schemes on the basis that these types of flows present no challenge with respect to capacity. Once closed, the Target Fund or its share class will not be re-opened until, in the opinion of the Target Fund Management Company, the circumstances which required closure no longer prevail. Shareholders and potential investors should confirm with the Company, the Target Fund Management Company or the distributor(s) or check the website for the current status of the Target Funds or its share classes.

2.6. SPECIFIC RISKS OF THE TARGET FUND

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

2.7. FEES CHARGED BY THE TARGET FUND (CLASS I USD ACCUMULATION)

| FEES/EXPENSES | |
|----------------------|--|
| Initial Charge | Nil |
| Management Fee | 0.70% per annum <i>Note: The management fee charged by the Target Fund will be paid out of the Management Fee charged by us 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.</i> |
| Redemption Fee | Nil |
| Performance Fee | Nil |
| Depositary Fee | Up to 0.70% of the NAV (Monthly) |
| Administration Fee | Up to 0.20% of the NAV (Monthly) |
| Shariah Advisory Fee | An annual fee of USD 15,000 |

Note: For more information about Target Fund Prospectus and supplement, please refer to the website at www.franklintempleton.lu.

3. FEES, CHARGES AND EXPENSES

3.1. CHARGES

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

3.1.1. Application Fee

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

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

| | Class ABC (Denominated in 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. The Application Fee imposed will be rounded to two (2) decimal places.

3.1.2. Withdrawal Penalty

The 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 penalty 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 and an investment into another Class or Principal Malaysia's fund (or its class). You may be charged a switching fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class) 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, you may be charged administrative fee for each 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

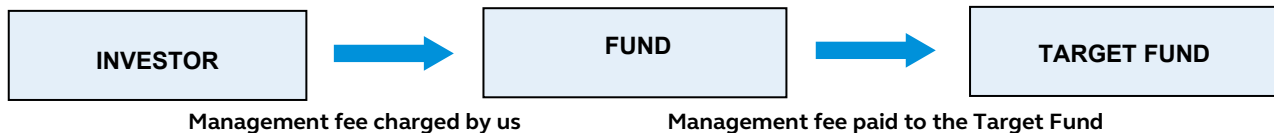
Management Fee is charged to the respective Class at the Class level, based on the NAV of the Class. Please refer to the Annexure of the respective Class for further information. The Management Fee shall be accrued daily and paid monthly.

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 Islamic 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 18 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 for the Fund.

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

$$\begin{aligned}
 \text{Trustee Fee for the day} &= \text{NAV of the Fund} \times \text{annual Trustee Fee rate for the Fund (\%)} / 365 \text{ days} \\
 &= \text{USD 150 million} \times 0.03\% \text{ per annum} / 365 \text{ days} \\
 &= \text{USD 123.28}
 \end{aligned}$$

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

3.2.3. Other costs of investing in a feeder fund

As the Fund will invest in units of the Target Fund, there are other fees and expenses incurred by the Target Fund which is set out in detail under "Fees charged by the Target Fund" section at page 18.

3.2.4. 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;
- costs involved with external specialists approved by the Trustee in investigating and evaluating any proposed investment;
- Remuneration relating to the custodial function for the Fund's assets outside Malaysia that is delegated to sub-custodians;
- 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 semi-annual (if any) reports;
- remuneration and out of pocket expenses of the person(s) undertaking the oversight functions of the Fund and/or the members of the Shariah committee or advisers (if any) of the Fund unless we decide to bear the same;
- tax and other duties imposed by the government and other authorities, and bank fees;
- the fees and other expenses properly incurred by the auditor of the Fund and tax agent;
- fees incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent;
- costs incurred for the modification of the Deed otherwise than for the benefit of the Manager or Trustee;
- costs incurred for any meeting of Unit holders other than those convened for our benefit or Trustee's;
- fees for valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- the engagement of valuers, advisers and contractors of all kinds;
- termination of the Fund or Class and the retirement or removal of the Trustee or the Manager and the appointment of a new trustee or manager;

- any proceedings, arbitration or other dispute concerning the Fund, Class or any asset of the Fund, including proceedings against the Trustee or the Manager by the other of them for the benefit of the Fund or Class (except to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed out of the Fund);
- costs of obtaining experts opinion by the Trustee and the Manager for the benefit of the Fund or Class;
- the costs of printing and dispatching to Unit Holders the accounts of the Fund, tax certificates, distribution warrants, notices of meeting of Unit holders, newspaper advertisement and such other similar costs as may be approved by the Trustee;
- all costs and/or expenses associated with the distributions declared pursuant to the 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.

Expenses not authorised by the Deed must be borne by us or the Trustee if incurred for our own respective benefit.

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

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

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

3.3. REBATES AND SOFT COMMISSIONS

We and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund unless the soft commission bring direct benefit or advantage to the management of the Fund and may include research and advisory related services. Any dealings with broker or dealer is executed on terms which are most favourable for the Fund. The availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with any broker or dealer, and we and the fund manager must not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions. Any rebates or shared commission will be directed to the account of the Fund.

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

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

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 expenses from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you or seek your approval on the amendments to the fees and charges.

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 applicable law and guidelines. The valuation bases for the investment permitted by the Fund are as below:

- **Islamic CIS**
The value of the unlisted Islamic CIS (i.e. the Target Fund) shall be determined by reference to the last published repurchase or redemption price for the Target Fund.
- **Islamic Deposit**
The value of Islamic Deposit shall be determined each day by reference to the principal value of such permitted investment and the accrued income thereon for the relevant period.
- **Islamic Derivative**
For unlisted Islamic derivative instruments, we shall ensure that the valuation of the investment is valued daily at fair value as determination 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 Reuters at UK time 4:00 p.m. on the same day (Malaysian time 11:00 p.m. or 12:00 a.m.), or such other time as stipulated in the IMS.

4.2. UNIT PRICING

We adopt a single pricing method for any transactions (i.e. applications, withdrawals, switches and/or transfers) based on forward prices. This means that we will process your transactions request based on the NAV per unit at the next valuation point after we receive the completed relevant transaction requests 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 for that 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 Reuters at UK time 4:00 p.m. on the same day (Malaysian time 11:00 p.m. or 12:00 a.m.), or such other time as stipulated in the IMS. The NAV per unit for a Business Day is available on our website at www.principal.com.my after 5:30 p.m. on the following Business Day (T+1).

Illustration:

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

At the end of the Business Day on 7 June 2022 your units will be based on the NAV per unit on 7 June 2022 which will be calculated on 8 June 2022. The NAV per unit will be made known on our website after 5:30 p.m. on 8 June 2022.

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

At the end of the Business Day on 7 June 2022, your units will be based on the NAV per unit on 8 June 2022, which will be calculated on 9 June 2022. The NAV per unit will be made known on our website after 5:30 p.m. on 9 June 2022.

The Fund must be valued at least once every Business Day. The method of determining NAV per unit of the Class is calculated as follows:

$$\text{NAV per unit of the Class} = \frac{\text{NAV of the Class}}{\text{Number of units in issue of the Class}}$$

The NAV of the Fund is the sum of the value of all investments and cash held by the Fund (calculated in accordance with the Deed) including income derived by the Fund which has not been distributed to you, less all amounts owing or payable in respect of the Fund 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 Reuters 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% | ⁽¹⁾ 93.22% | ⁽¹⁾ 6.78% |
| Add: Income | 30,000.00 | ⁽²⁾ 27,967.12 | ⁽²⁾ 2,032.88 |
| Less: Expenses | (10,000.00) | ⁽²⁾ (9,322.37) | ⁽²⁾ (677.63) |
| Benefits or costs of hedging (if any) | | - | 900 |
| NAV of the Fund before management and trustee fee | 185,962,897.00 | 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 |
| NAV per unit | | 1.0197 | 0.4200 |
| Currency exchange rate | | N/A | (MYR/USD) 4.00 |
| NAV per unit | | USD 1.0197 | MYR 1.6800 |

| | 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 |
| ⁽³⁾ Creation of units | 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 | 30,595,238.10 units |
| NAV per unit | | 1.0197 | 0.4216 |
| Currency exchange rate | | N/A | (MYR/USD) 4.00 |
| NAV per unit | | USD 1.0197 | MYR 1.6864 |

Note :

⁽¹⁾ 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 x 100</u> | <u>12,600,000 x 100</u> |
| NAV of the Fund before income and expenses | 185,942,897 | 185,942,897 |
| | = 93.22% | = 6.78% |

⁽²⁾Apportionment based on MCR is as follows:

| | (USD) | Class ABC (Denominated in USD) (USD) | Class XYZ (Denominated in MYR) (USD) |
|----------------|----------|--|---|
| Add: Income | 30,000 | MCR x Income = Income for Class ABC = 93.22% x USD 30,000 = USD 27,966 | MCR x Income = Income for Class XYZ = 6.78% x USD 30,000 = USD 2,034 |
| Less: Expenses | (10,000) | MCR x Expenses = Expenses for Class ABC = 93.22% x USD 10,000 = USD 9,322 | MCR x Expenses = Expenses for Class XYZ = 6.78% x USD 10,000 = USD 678 |

⁽³⁾Creation of units

| | Class ABC (Denominated in USD) (USD) | Class XYZ (Denominated in MYR) (USD) |
|------------------------|--|--|
| Creation of units | USD 1,000,000 | MYR 1,000,000 |
| NAV per unit | USD 1.0197 | MYR 1.6800 |
| Number of units | 980,680.59 units | 595,238.10 units |
| Currency exchange rate | N/A | (MYR/USD) 4.00 |
| Creation of units | USD 1,000,000 | USD 250,000 |

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 in 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 = RM1.0000 (truncated to 4 decimal places)

Application Fee = 5.00%

You wish to invest RM10,000 in the Fund.

Calculation of number of units that you will receive*

= Investment amount / NAV per unit of Class XYZ

= RM10,000.00 / RM1.0000

= 10,000 units

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

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

= RM1.0000 x 10,000 units x 5.00%

= RM500.00

Calculation of total amount that you will have to pay

= Investment amount + Application Fee paid

= RM10,000.00 + RM500.00

= RM10,500.00

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

Calculation of investment value

Assuming you have 10,000 units Class XYZ of the Fund and the NAV per unit of Class XYZ for the Business Day is RM1.0240 (truncated to 4 decimal places).

Calculation of investment value

= Number of units x NAV per unit of Class XYZ
= 10,000.00 units x RM1.0240
= RM10,240.00.

Calculation of withdrawal value and amount payable to you

Assuming you request for a 10,000 units withdrawal from your investment on the fifth month* from the Commencement Date. Your withdrawal request is received by us by 4:00 p.m. on a Business Day. The NAV per unit of Class XYZ for that Business Day is RM1.0240 (truncated to 4 decimal places).

Calculation of amount payable to you

= Number of units withdrawn x NAV per unit of Class XYZ
= 10,000 units x RM1.0240
= RM10,240.00

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

4.3. INCORRECT PRICING

We shall take immediate remedial action to rectify any incorrect valuation and/or pricing of the Fund or units of the Fund. 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 Fund for any withdrawal of units; and/or
 - ii. you, if you have purchased units of the Fund at a higher price; or
- (b) in the event of under valuation and/or pricing, we shall reimburse:
 - i. the Fund for any subscription of units; and/or
 - ii. you, if you have withdrawn units of the Fund at a lower price.

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

- (i) is equal or more than 0.50% of the NAV per unit; and
- (ii) results in a sum total of MYR10 (or the same amount of ten (10) in the respective Class currency) or more to be reimbursed to a Unit holder for each sale or repurchase 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 a Sophisticated Investor who is:

- an individual 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 Sophisticated Investors and 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).

However, we have the right to reject an application on reasonable grounds.

Further, if we become aware of a USA person (i.e. someone who has a USA address (permanent or mailing) or contact number) or USA entity (i.e. a corporation, trust, partnership or other entity created or organised in or under the laws of the 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 will issue a notice to that Unit holder requiring him/her to, within thirty (30) days, either withdraw the units or transfer the units to a non-USA person or non-USA entity.

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

4.4.2. How to invest?

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

You may invest:

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

4.4.3. Regular Savings Plan

RSP may be made available for certain Class. Please refer to the Annexure of the respective Class for further information. Where available, the RSP allows you to make regular monthly investments, 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 our Distributors to invest a pre-determined amount in the Class each month. You may 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. All applicants must be at least eighteen (18) years of age.

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

4.4.5. Who is distributing this Fund?

The Fund may be distributed via the following channels:

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

You may invest into the Fund via us or any of our Distributors. 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 at **(03) 7723 7260** or whatsapp at **+6016 2999792** or refer to our website at **www.principal.com.my** for more information.

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

4.4.6. Please take note that if your investments are made through an IUTA via a nominee system of ownership, you would not be deemed 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 a complete application by 4:00 p.m. on a Business Day, we will process it using the NAV per unit for that Business Day. If we receive the application after 4:00 p.m. on a Business Day, we will process it using the NAV per unit for the next Business Day. We will only process the completed applications with all the necessary or required information. The number of units you receive will be rounded to two (2) decimal places.

4.6. MINIMUM WITHDRAWALS

The minimum withdrawal amount for each Class may differ and may be determined by us from time to time, unless you are withdrawing your entire investment. Please refer to the Annexure of the respective Class for further information. You may withdraw by completing a withdrawal form and sending it to the relevant Distributor or our head office. There is no restriction on the frequency of withdrawals. We will transfer the withdrawal proceeds to the bank account number (or foreign currency bank account number, as the case may be) provided by you. Please note that for EPF-MIS (where available), your withdrawal proceeds will be paid to EPF.

4.6.1. Processing a withdrawal

If we receive a complete withdrawal request by 4:00 p.m. on a Business Day, we will process it using the NAV per unit for that Business Day. If we receive the withdrawal request after 4:00 p.m. on a Business Day, we will process 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. 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. You will have to bear the applicable bank fees and charges, if any.

You should note that the time taken to pay the withdrawal proceeds to you (i.e. seven (7) Business days) may be extended/delayed if:

- (i) The determination of the NAV of the Shares of the Target Fund is suspended ^{Note 1};
- (ii) The redemption proceeds of the Target Fund is deferred ^{Note 2}; or
- (iii) There are any unforeseen circumstances that caused a delay in us receiving redemption proceeds, subject to concurrence from Trustee.

Should any of the above events occur, we may not be able to pay the withdrawal proceeds to you within seven (7) Business days. However, we will pay the withdrawal proceeds to you within five (5) Business days subsequent to the receipt of redemption proceeds from the Target Fund.

Note 1: *The determination of the prices of shares of the Target Fund may be suspended during a period when trading on a relevant stock exchange is substantially restricted or when other specified circumstances exist which make it impracticable to dispose of or value any of the investments (as described in section 2.4 “Temporary Suspension” above). No share of the Target Fund may be issued, redeemed or switched during a period of suspension.*

Note 2: *The Company may limit the number of shares redeemed or switched on any valuation day to 10% of the total number of shares in issue of the Target Fund. In such event, the redemption may be deferred for a period not exceeding ten (10) Luxembourg business days. These instructions to redeem will be executed in priority to later instructions.*

Please refer to the 2.4 “Temporary Suspension” section at page 17 for more information. If in doubt, please consult your professional advisers.

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 drops 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

Individual Sophisticated Investors have six (6) Business Days after your initial investment (i.e. the date the complete application is received and accepted by us or our Distributors) to reconsider its appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased or prevailing NAV per unit at the point of cooling-off (whichever is lower) (“Refund amount”). We will pay the Refund amount to you in the currency of the respective Class within seven (7) Business days from the date we receive the completed documentations. If there are unforeseen circumstances that caused a delay in receiving the cooling-off proceeds from the Target Fund, we will pay to you the Refund amount within five (5) Business days of the receipt of the Refund amount from the Target Fund. 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 or a person registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.

4.9. SWITCHING

Switching is available between the Classes of the Fund or between a Class and other Principal Malaysia's fund which should be denominated in the same currency. You may contact our Customer Care Centre at (03) 7723 7260 or whatsapp at +6016 299 9792 for more information on the availability of switching. Please also refer to the Annexure of the respective Class for further information.

To switch, simply complete a switch request form and send to the relevant Distributor or our head office. 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, either generally (for all investors) or specifically (for any particular investor, a group of investors or investments made via any digital platform).

4.9.1. Processing a switch

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

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

4.10. TRANSFER FACILITY

You may transfer your units to another investor subject to such terms and conditions as may be stipulated in the Deed. 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

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

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 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 valid and active bank account in the currency denomination of that Class, that all distribution payment shall be paid into (the cost and expense will be borne by you). No Application Fee is payable for the reinvestment.

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

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

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 capital, realised income and/or realised gains, as well as the performance of the Fund.

4.13. UNCLAIMED MONEYS

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

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

5.2. INFORMATION ON YOUR INVESTMENT

We will send you the following:

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

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

5.3. TERMINATION OF FUND AND/OR ANY OF THE CLASSES

Subject to the provision set out below, the Fund and/or any of the Class may be terminated or wound-up without the need to seek Unit Holders' prior approval as proposed by us with the consent of the Trustee (which consent shall not be unreasonably withheld) upon the occurrence of any of the following events, by giving not less than three (3) months' notice in writing to the Unit holders as hereinafter provided (i) if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Fund or Class, as the case may be or (ii) if in our reasonable opinion it is impracticable or inadvisable to continue the Fund or Class, as the case may be. A Class may be terminated by Unit holders 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.

5.4. RIGHTS, LIABILITIES AND LIMITATIONS OF UNIT HOLDERS

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

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

Please take note that if your investments are made through the Distributor (i.e. the IUTA via a nominee system of ownership), you would not be deemed to be a Unit holder under the Deed and as a result, 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).

Rights

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

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

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

Liabilities

- Your liability is limited to the purchase price paid or agreed to be paid for a unit. You do not need to indemnify the Trustee or us in the event that the liabilities incurred by us and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the Fund.
- Any right of indemnity of us and/or the Trustee shall be limited to recourse to the Fund.

Limitations

You cannot:

- interfere with or question the exercise by the Trustee, or us on its behalf, of the rights of the Trustee as the registered owner of the assets of the Fund;
- claim any interest in the asset of the Fund; or
- require the asset of the Fund to be transferred to you.

Note: You may refer to the Deed for full details of your rights.

5.5. DOCUMENTS AVAILABLE FOR INSPECTION

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

- The Deed and supplemental deed, if any;
- Information Memorandum and supplementary or replacement information memorandum, if any;
- The latest annual and quarterly 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 Information Memorandum; and
- The audited financial statements of the Manager and the Fund (where applicable) for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement.

5.6. POTENTIAL CONFLICTS OF INTERESTS AND RELATED PARTY TRANSACTIONS

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

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

The Fund may maintain Islamic Deposit 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.

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.

As for the Trustee 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 as IUTA;
- (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 that Fund (i.e. Trustee's delegate); and
- (4) where the Fund obtains financing as permitted under the SC's guidelines, from the related party of the Trustee.

The Depositary Bank of the Target Fund is the Luxembourg branch of HSBC Continental Europe, and is a related party of the Trustee. Nevertheless, 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 Information Memorandum have been paid to any promoter of the Fund, or the Trustee (either to become a trustee or for other services in connection with the Fund), or us for any purpose.

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 repurchase of units;
- calculating the amount of income to be distributed to Unit holders, if any; and
- maintaining proper records of the Fund.

As at LPD, there is no litigation or arbitration 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 Designated person responsible for fund management function

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

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

7. SHARIAH ADVISER OF THE FUND

7.1. ABOUT AMANIE ADVISORS SDN BHD

Amanie Advisors Sdn Bhd ("Amanie") is a Shariah advisory, consultancy, training and research and development boutique for institutional and corporate clientele focusing on Islamic financial services. Amanie is a registered Shariah adviser with the SC. It has been established with the aim of addressing the global needs for experts' and Shariah scholars' pro-active input. This will ultimately allow the players in the industry to manage and achieve their business and financial goals in accordance with the Shariah principles. Amanie also focuses on organizational aspect of the development of human capital in Islamic finance worldwide through providing updated quality learning embracing both local and global issues on Islamic financial products and services. The company is led by Tan Sri Dr. Mohd Daud Bakar and teamed by an active and established panel of consultants covering every aspect related to the Islamic banking and finance industry both in Malaysia and the global market. Currently the team comprises of eight (8) full-time consultants who represent dynamic and experienced professionals with a mixture of corporate finance, accounting, product development, Shariah law and education. As at 1 April 2022, there are more than one hundred and eleven (111) funds which Amanie acts as Shariah adviser.

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

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

Amanie will meet us every quarterly to address Shariah advisory matters pertaining to the Shariah funds. Our portfolio will be reviewed on monthly basis and Amanie shall issue an annual Shariah certificate for the Fund at the financial year end.

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

- Suhaida Mahpot
- Ahmad Anas Fadzil

7.1.1. Designated Person Responsible for Shariah Adviser Function

| | |
|---------------------|--|
| Name: | Tan Sri Dr. Mohd Daud Bakar |
| Designation: | Executive Chairman, Amanie Advisors Sdn Bhd. |
| Experience: | <p>Tan Sri Dr. Mohd Daud Bakar is the Founder and Executive Chairman of Amanie Group. One of its flagship companies namely Amanie Advisors, is operating in few cities globally. He serves as the Chairman of the Shariah Advisory Council (SAC) at the Central Bank of Malaysia, the Securities Commission of Malaysia, the Labuan Financial Services Authority, the Astana International Financial Centre (AIFC), Kazakhstan, the First Abu Dhabi Bank, and Permodalan Nasional Berhad (PNB).</p> <p>Tan Sri Dr. Daud is also a Shariah board member of various global financial institutions, including the National Bank of Oman (Oman), Amundi Asset Management (France), Bank of London and Middle East (London), BNP Paribas Najma (Bahrain), Natixis Bank (Dubai), Morgan Stanley (Dubai), Sedco Capital (Saudi and Luxembourg), and Dow Jones Islamic Market Index (New York) amongst many others.</p> <p>Currently, Tan Sri serves as the Chairman of Federal Territory Islamic Religious Department [Majlis Agama Islam Persekutuan (MAIWP)]. In the corporate world, he is currently a member of the PNB Investment Committee. Previously, he served as a Board Director at Sime Darby Property Berhad and Chairman to Malaysia Islamic Economic Development Foundation (YaPEIM). In addition, he is the co-founder of Experts Analytics Centre Sdn Bhd and MyFinB. He also serves as the Chairman of Berry Pay Sdn. Bhd., Data Sukan Consulting Sdn. Bhd., Bio Fluid Sdn. Bhd., KAB Gold Dynamics Sdn. Bhd., Bio-Angle Vacs Sdn. Bhd., Tulus Digital Sdn. Bhd., and Amanie-Afra Halal Capital Co (Bangkok). He is currently the 8th President of the International Islamic University of Malaysia (IIUM).</p> |

| | |
|------------------------|---|
| | In 2014, he received the “Most Outstanding Individual” award by His Majesty, the King of Malaysia, in conjunction with the national-level Prophet Muhammad’s birthday. Under his leadership, Amanie Advisors received the “Islamic Economy Knowledge Infrastructure Award” at the Global Islamic Economy Summit, Dubai 2015, by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, Oct 2015. On 13 November 2021, he was conferred the Darjah Kebesaran Panglima Setia Mahkota (P.S.M.) which carries the title of “Tan Sri”. |
| Qualifications: | He received his first degree in Shariah from University of Kuwait in 1988 and obtained his PhD from University of St. Andrews, United Kingdom in 1993. In 2002, he completed his external Bachelor of Jurisprudence at University of Malaya. |

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

8. THE TRUSTEE

8.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

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

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 GLOLA. 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 GLOLA. 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 for purposes of performing its duties and obligations in accordance to the Deed, the CMSA, GLOLA 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.

8.1.1. Trustee's Delegate

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

However, the Trustee is not liable for the acts, omissions or failure of 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.

8.1.2. Trustee's Disclosure of Material Litigation

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

8.1.3. Trustee's Statement of Responsibility

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

Note: *We have obtained the necessary consent and/or confirmation from the Trustee with regards to the information disclosed in this section.*

ANNEXURE - CLASS USD

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

CLASS INFORMATION

| Class USD | | Page |
|------------------------------|---|------|
| Currency denomination | USD | |
| Distribution policy | Given the Fund's investment objective, the class of the Fund is not expected to pay any distribution. Distributions, if any, are at our discretion and will vary from period to period depending on the availability of realised income for distribution and performance of the Fund. | 28 |

FEES & CHARGES

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

| Charges | Class USD | Page |
|---|---|------|
| Application Fee | Up to 5.00% of the NAV per unit. | 19 |
| 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. | 19 |
| Switching Fee | Switching is treated as a withdrawal from Class USD and an investment into another Class or Principal Malaysia's fund (or its class). As such, you will be charged a switching fee equal to the difference (if any) between the Application Fee of 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. | 19 |
| Transfer Fee | A maximum of USD15 may be charged for each transfer. | 19 |
| Other charges payable directly by you when purchasing or withdrawing the units | Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you. | |

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

| Fees | Class USD | Page |
|--|--|------|
| Management Fee | Up to 1.80% per annum of the NAV of the Class. | 19 |
| Trustee Fee | Up to 0.03% per annum (including local custodian fee but excluding foreign sub-custodian fee and charges). | 20 |
| Expenses directly related to Fund or Class | Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class respectively. Examples of relevant expenses are audit fee and tax agent's fee. | 20 |
| Other fees payable indirectly by you when investing in the Fund | Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level. | 20 |

Note: Despite the maximum Application Fee disclosed above, you may negotiate with us or Distributors for lower fees or charges. We and our Distributors reserve our sole and absolute discretion to accept or reject your request and without having to assign any reason.

Subject always to the provisions of the Deed and the GLOLA, 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, 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 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.

TRANSACTION INFORMATION

| | Class USD | Page |
|--------------------------------------|---|------|
| Minimum initial investment | USD1,000 or such other amount as we may decide from time to time. | 26 |
| Minimum additional investment | USD500 or such other amount as we may decide from time to time. | 26 |
| Minimum withdrawal | 500 units or such other number of units as we may decide from time to time. | 27 |
| Minimum balance | 1,000 units or such other number of units as we may decide from time to time. | 27 |
| Regular Savings Plan | Currently, RSP is not available. | 26 |
| Switching | Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal applicable to the Class; ○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and ○ the withdrawal penalty of the Class (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and ○ the switching fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p> | 28 |
| Transfer | We may, at our absolute discretion allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed. | 28 |

Note: We reserve our sole and absolute discretion without providing any reason whatsoever and at any time to accept, reject, amend, vary, waive and/ or reduce (as the case maybe): (i) your request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units; and/ or (ii) the minimum balance. For increase in the number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.

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

There are fees and charges involved and 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 Information Memorandum.

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 transaction information.

ANNEXURE - CLASS MYR

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

CLASS INFORMATION

| Class MYR | Page |
|----------------------------------|--|
| Currency denomination MYR | |
| Distribution policy | Given the Fund's investment objective, the class of the Fund is not expected to pay any distribution. Distributions, if any, are at our discretion and will vary from period to period depending on the availability of realised income for distribution and performance of the Fund. 28 |

FEES & CHARGES

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

| Charges | Class MYR | Page |
|---|--|------|
| Application Fee | Up to 5.00% of the NAV per unit. | 19 |
| 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. | 19 |
| Switching Fee | Switching is treated as a withdrawal from Class MYR and an investment into another Class or Principal Malaysia's fund (or its class). As such, you will be charged a switching fee equal to the difference (if any) between the Application Fee of Class MYR 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 MYR100 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee. | 19 |
| Transfer Fee | A maximum of MYR50 may be charged for each transfer. | 19 |
| Other charges payable directly by you when purchasing or withdrawing the units | Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you. | |

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

| Fees | Class MYR | Page |
|--|--|------|
| Management Fee | Up to 1.80% per annum of the NAV of the Class. | 19 |
| Trustee Fee | Up to 0.03% per annum (including local custodian fee but excluding foreign sub-custodian fee and charges). | 20 |
| Expenses directly related to Fund or Class | Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class respectively. Examples of relevant expenses are audit fee and tax agent's fee. | 20 |
| Other fees payable indirectly by you when investing in the Fund | Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level. | 20 |

Note: Despite the maximum Application Fee disclosed above, you may negotiate with us or Distributors for lower fees or charges. We and our Distributors reserve our sole and absolute discretion to accept or reject your request and without having to assign any reason.

Subject always to the provisions of the Deed and the GLOLA, 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, 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 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.

TRANSACTION INFORMATION

| | Class MYR | Page |
|--------------------------------------|---|------|
| Minimum initial investment | MYR1,000 or such other amount as we may decide from time to time. | 26 |
| Minimum additional investment | MYR500 or such other amount as we may decide from time to time. | 26 |
| Minimum withdrawal | 500 units or such other number of units as we may decide from time to time. | 27 |
| Minimum balance | 1,000 units or such other number of units as we may decide from time to time. | 27 |
| Regular Savings Plan | RSP is available. The RSP allows you to make regular monthly investments of MYR500 or more, direct from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is MYR1,000 or such other amount as we may decide from time to time. | 26 |
| Switching | Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal applicable to the Class; ○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and ○ the withdrawal penalty of the Class (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and ○ the switching fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p> | 28 |
| Transfer | We may, at our absolute discretion allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed. | 28 |

Note: We reserve our sole and absolute discretion without providing any reason whatsoever and at any time to accept, reject, amend, vary, waive and/ or reduce (as the case maybe): (i) your request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units; and/ or (ii) the minimum balance. For increase in the number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.

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

There are fees and charges involved and 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 this Information Memorandum.

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 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 Information Memorandum before investing and keep this Information Memorandum for your records. In determining which investment is right for you, we recommend you speak to professional advisers. Principal Asset Management Berhad, member companies of the PFG, CIMB Group and the Trustee do not guarantee the return of capital.

CLASS INFORMATION

| Class MYR-Hedged | | Page |
|-----------------------|---|------|
| Currency denomination | MYR | |
| Distribution policy | Given the Fund's investment objective, the class of the Fund is not expected to pay any distribution. Distributions, if any, are at our discretion and will vary from period to period depending on the availability of realised income for distribution and performance of the Fund. | 28 |

FEES & CHARGES

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

| Charges | Class MYR-Hedged | Page |
|--|--|------|
| Application Fee | Up to 5.00% of the NAV per unit. | 19 |
| 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. | 19 |
| Switching Fee | Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you will be charged a switching fee equal to the difference (if any) between the Application Fee of this Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class) 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 MYR100 as the administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fee. | 19 |
| Transfer Fee | A maximum of MYR50 may be charged for each transfer. | 19 |
| Other charges payable directly by you when purchasing or withdrawing the units | Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you. | |

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

| Fees | Class MYR-Hedged | Page |
|---|--|------|
| Management Fee | Up to 1.80% per annum of the NAV of the Class. | 19 |
| Trustee Fee | Up to 0.03% per annum (including local custodian fee but excluding foreign sub-custodian fee and charges). | 20 |
| Expenses directly related to Fund or Class | Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class respectively. Examples of relevant expenses are audit fee and tax agent's fee. | 20 |
| Other fees payable indirectly by you when investing in the Fund | Other fees indirectly incurred by a feeder fund such as dilution adjustment, annual depositary fees and transaction fees of the Target Fund. As such, you are indirectly bearing the dilution adjustment, depositary fees and transaction fees charged at the Target Fund level. | 20 |

Note: Despite the maximum Application Fee disclosed above, you may negotiate with us or Distributors for lower fees or charges. We and our Distributors reserve our sole and absolute discretion to accept or reject your request and without having to assign any reason.

Subject always to the provisions of the Deed and the GLOLA, 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, 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 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.

TRANSACTION INFORMATION

| Class MYR-Hedged | | Page |
|--------------------------------------|--|------|
| Minimum initial investment | MYR1,000 or such other amount as we may decide from time to time. | 26 |
| Minimum additional investment | MYR500 or such other amount as we may decide from time to time. | 26 |
| Minimum withdrawal | 500 units or such other number of units as we may decide from time to time. | 27 |
| Minimum balance | 1,000 units or such other number of units as we may decide from time to time. | 27 |
| Regular Savings Plan | RSP is available. The RSP allows you to make regular monthly investments of MYR500 or more, direct from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is MYR1,000 or such other amount as we may decide from time to time. | 26 |
| Switching | <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"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal applicable to the Class; ○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and ○ the withdrawal penalty of the Class (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and ○ the switching fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p> | 28 |
| Transfer | We may, at our absolute discretion allow or refuse transfer of units subject to such terms and conditions as may be stipulated in the Deed. | 28 |

Note: We reserve our sole and absolute discretion without providing any reason whatsoever and at any time to accept, reject, amend, vary, waive and/ or reduce (as the case maybe): (i) your request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units; and/ or (ii) the minimum balance. For increase in the number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.

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

There are fees and charges involved and 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 this Information Memorandum.

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 transaction information.

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

Enquiries:

Customer Care Centre **+603 7723 7260**

Email **service@principal.com.my**

Website **www.principal.com.my**