

## Prospectus

1 July 2021

# Master Prospectus (Islamic Funds)

<b>Manager</b>	:	<b>Principal Asset Management Berhad</b> (199401018399 (304078-K))
<b>Trustee</b>	:	<b>AmanahRaya Trustees Berhad</b> (200701008892 (766894-T)) <b>HSBC (Malaysia) Trustee Berhad</b> (193701000084 (1281-T)) <b>Universal Trustee (Malaysia) Berhad</b> (197401000629 (17540-D)) <b>MTrustee Berhad</b> (198701004362 (163032-V)) <b>Maybank Trustees Berhad</b> (196301000109 (5004-P))

**THIS IS A REPLACEMENT MASTER PROSPECTUS (ISLAMIC FUNDS). THIS MASTER PROSPECTUS (ISLAMIC FUNDS) IS ISSUED TO REPLACE AND/OR SUPERSEDE THE MASTER PROSPECTUS (ISLAMIC FUNDS) DATED 31 DECEMBER 2019.**

This Master Prospectus (Islamic Funds) is dated 1 July 2021 and incorporates the following 11 Funds namely:

<b>Equity Funds</b>	<b>Constitution Date</b>
Principal DALI Equity Growth Fund	7 May 1998
Principal DALI Equity Fund	30 April 2003
Principal Islamic Malaysia Opportunities Fund	1 August 2012
Principal DALI Asia Pacific Equity Growth Fund	8 October 2004
Principal Islamic Enhanced Opportunities Fund	15 June 1995
Principal Islamic Small Cap Opportunities Fund	30 April 2003
Principal Islamic Asia Pacific Dynamic Equity Fund	2 June 2006
<b>Mixed Asset Funds</b>	
Principal Islamic Lifetime Balanced Fund	8 March 2001
Principal Islamic Lifetime Balanced Growth Fund	26 May 2003
<b>Sukuk Funds</b>	
Principal Islamic Lifetime Enhanced Sukuk Fund	23 February 2005
Principal Islamic Lifetime Sukuk Fund	8 October 2004

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE MASTER PROSPECTUS (ISLAMIC FUNDS). IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 22.**

# ABOUT THIS DOCUMENT

This Master Prospectus (Islamic Funds) introduces you to Principal Malaysia and its diverse range of Islamic Funds comprising equity funds, mixed asset funds and sukuk funds. This Master Prospectus (Islamic Funds) outlines in general the information you need to know to make an informed decision as to which Fund best suits your financial needs.

If you have any questions about the information in this Master Prospectus (Islamic Funds) or would like to know more about investing in the Principal Malaysia family of unit trust funds, please call our Customer Care Centre at (03) 7718 3000 during our business hour between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. and 4:45 p.m. on Fridays.

Unless otherwise indicated, any reference in this Master Prospectus (Islamic Funds) 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 Master Prospectus (Islamic Funds) shall be a reference to that time, day or date in Malaysia, unless otherwise stated. Reference to “days” in this Master Prospectus (Islamic Funds) will be taken to mean calendar days unless otherwise stated.

Please note that all references to currency amounts and NAV per unit in this Master Prospectus (Islamic Funds) are in Malaysian Ringgit unless otherwise indicated.

## MASTER PROSPECTUS (ISLAMIC FUNDS) DETAILS

Issue No.	12
Prospectus Date	1 July 2021

## RESPONSIBILITY STATEMENTS

This Master Prospectus (Islamic Funds) has been reviewed and approved by the directors of Principal Malaysia and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this Master Prospectus (Islamic Funds) false or misleading.

## STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia has authorised the Funds and a copy of this Master Prospectus (Islamic Funds) has been registered with the Securities Commission Malaysia.

The authorisation of the Funds, and registration of this Master Prospectus (Islamic Funds), should not be taken to indicate that Securities Commission Malaysia recommends the Funds or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Master Prospectus (Islamic Funds).

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Principal Malaysia who is responsible for the Funds and takes no responsibility for the contents in this Master Prospectus (Islamic Funds). The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Master Prospectus (Islamic Funds), and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE UNABLE TO MAKE YOUR OWN EVALUATION, YOU ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.**

## ADDITIONAL STATEMENTS

You should note that you may seek recourse under the *Capital Markets and Services Act 2007* for breaches of securities laws including any statement in the Master Prospectus (Islamic Funds) that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Master Prospectus (Islamic Funds) or the conduct of any other person in relation to the Funds.

*Principal DALI Equity Growth Fund, Principal DALI Equity Fund, Principal Islamic Malaysia Opportunities Fund, Principal DALI Asia Pacific Equity Growth Fund, Principal Islamic Enhanced Opportunities Fund, Principal Islamic Small Cap Opportunities Fund, Principal Islamic Asia Pacific Dynamic Equity Fund, Principal Islamic Lifetime Balanced Fund, Principal Islamic Lifetime Balanced Growth Fund, Principal Islamic Lifetime Enhanced Sukuk Fund and Principal Islamic Lifetime Sukuk Fund have been certified as being Shariah-compliant by the Shariah Adviser appointed for these Funds.*

# DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Master Prospectus (Islamic Funds):

Application Fee	- Preliminary charge on each investment.
ART	- AmanahRaya Trustees Berhad.
BNM	- Bank Negara Malaysia.
Business Day	- Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and/or banks in Kuala Lumpur and/or Selangor are open for business. <b>Note:</b> We may declare certain Business Days to be a non-Business Day for a Fund, if the Fund's investment in foreign markets (if any) which are closed for business or suspended is at least 50% of the Fund's NAV. This information will be communicated to you via our website at <a href="http://www.principal.com.my">www.principal.com.my</a> . Alternatively, you may contact our Customer Care Centre at 603- 7718 3000.
CIMB Group	- CIMB Group Sdn. Bhd.
DALI	- Dana Al-Ihsan.
CIS	- Refers to collective investment schemes.
CMSA	- Capital Markets and Services Act 2007.
Deed	- The principal deed and all supplemental deed in respect of the Funds made between us and the Trustee, in which Unit holders agree to be bound by the provisions of the Deeds.
Distributor	- Any relevant persons and bodies appointed by Principal Malaysia from time to time, who are responsible for selling units of the Funds, including Principal Distributors and IUTAs.
Eligible Market	- A market which is regulated by a regulatory authority, operates regularly, is open to the public and has adequate liquidity for the purposes of the Fund.
EPF	- Employees' Provident Fund.
EPF-MIS	- EPF's Members Investment Scheme.
ETF	- Exchange-Traded Fund; an authorised CIS listed on the exchange.
FBM EMAS Shariah Index	- FTSE Bursa Malaysia EMAS Shariah Index.
FTSE	- Financial Times Stock Exchange.
Fund	Refers to Principal Malaysia's fund which are segregated into three different sections: - <b><u>SECTION 1: EQUITY FUNDS</u></b> Principal DALI Equity Growth Fund DALI Principal DALI Equity Fund DALI2 Principal Islamic Malaysia Opportunities Fund iOP-MO Principal DALI Asia Pacific Equity Growth Fund DALI4 Principal Islamic Enhanced Opportunities Fund iOP-EO Principal Islamic Small Cap Opportunities Fund iOP-SCO Principal Islamic Asia Pacific Dynamic Equity Fund iDY-APDE <b><u>SECTION 2: MIXED ASSET FUNDS</u></b> Principal Islamic Lifetime Balanced Fund iLI-B Principal Islamic Lifetime Balanced Growth Fund iLI-BG <b><u>SECTION 3: SUKUK FUNDS</u></b> Principal Islamic Lifetime Enhanced Sukuk Fund iLI-ES Principal Islamic Lifetime Sukuk Fund iLI-S
GDP	- Gross Domestic Product.
GII	- Government Investment Issues.
GUTF	- Guidelines on Unit Trust Funds issued by the SC.
HSBCT	- HSBC (Malaysia) Trustee Berhad.
ICE	- ICE Data Services, Inc.
IMS	- Investment Management Standards issued by the Federation of Investment Managers Malaysia.
IOSCO	- International Organization of Securities Commissions. For further details, please refer to <a href="http://www.iosco.org">www.iosco.org</a> .
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. 30 April 2021, in which all information provided herein, shall remain current and relevant as at such a date.
Long-term	- Refers to a period of five (5) years or more.
MARC	- Malaysian Rating Corporation Berhad.
Management Fee	- A percentage of the NAV of the Fund that is paid to us for managing the portfolio of the Fund.
Master Prospectus (Islamic Funds)	- Refers to this document issued by us describing the details of the Funds.
Medium-term	- Refers to a period of more than one (1) year and less than three (3) years.
MTB	- Maybank Trustees Berhad.
MTrustee	- MTrustee Berhad.
MYR	- Malaysian Ringgit.
NAV	- Net Asset Value.
NAV of the Fund	- The NAV of the Fund is the value of all Fund's assets less the value of all the Fund's liabilities, at the point of valuation. For the purpose of computing the annual Management Fee (if any) and annual Trustee Fee (if any), the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day.
NAV per unit	- The NAV of the Fund divided by the number of units in circulation, at the valuation point.
OTC	- Over-the-counter.
PIA	- Principal International (Asia) Ltd.
PFG	- Principal Financial Group and its affiliates.
Principal Malaysia or the Manager	- Principal Asset Management Berhad
Principal Singapore	- Principal Asset Management (S) Pte. Ltd.
Principal Distributors	- Refers to the authorised unit trust scheme consultants registered with Principal Malaysia.
RAM	- RAM Rating Services Berhad.
S&P	- Standard & Poor's.
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 ijtehad 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.
Short-term	- Refers to a period of one (1) year or less.
Special Resolution	- A resolution passed by a majority of not less than 3/4 of Unit holders voting at a meeting of Unit holders.  For the purpose of terminating or winding up a fund, a Special Resolution is passed by a majority in number representing at least 3/4 of the value of the units held by Unit holders voting at the meeting.
Sub-Manager	- A fund management company/asset management company that assumes all/or part of the investment function role of the Manager.
Sukuk	- Refers to certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts.  <b>Note:</b> For local Sukuk, it must also comply with Shariah principles and concepts endorsed by the SAC of SC.
Switching Fee	- A charge that may be levied when switching is done from one (1) fund to another.
Transfer Fee	- A nominal fee levied for each transfer of units from one (1) Unit holder to another.
Trustee	- MTrustee, ART, HSBCT, MTB and/or UTMB.
Trustee Fee	- A percentage of the NAV of the Fund that is paid to the Trustee for its services rendered as trustee of the Fund.
UK	- United Kingdom.
Unrated Islamic fixed income securities	- Refers to Islamic fixed income securities which are not rated by any rating agencies, including but not limited to Islamic treasury bills, Sukuk issued by government, government agency, statutory board or a corporation.

**Note:** In this context, Unrated Islamic fixed income securities are not junk Islamic fixed income securities. The Fund will only invest in Unrated Islamic fixed income securities that fulfil the selection criteria of our credit evaluation process.

- Unrated Sukuk
- Unrated Sukuk refers to Sukuk which are not rated by any rating agencies, including but not limited to Islamic treasury bills, Sukuk issued by government, government agency, statutory board or a corporation.
- Note:** In this context, Unrated Sukuk are not junk Sukuk. The Fund will only invest in Unrated Sukuk that fulfils the selection criteria of our credit evaluation process.
- 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.
- UTMB
- Universal Trustee (Malaysia) Berhad.
- Withdrawal Fee
- A charge levied upon withdrawal under certain terms and conditions (if applicable).

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

# CORPORATE DIRECTORY

## The Manager

Principal Asset Management Berhad

### Business address

10th Floor Bangunan CIMB  
Jalan Semantan, Damansara Heights  
50490 Kuala Lumpur MALAYSIA  
Tel : (03) 2084 8888

### Registered address

8th Floor Bangunan CIMB  
Jalan Semantan, Damansara Heights  
50490 Kuala Lumpur MALAYSIA  
Tel : (03) 2084 8888

### Postal address

Principal Asset Management Berhad  
PO Box 10571, 50718 Kuala Lumpur MALAYSIA

### Customer Care Centre

50, 52 & 54 Jalan SS 21/39  
Damansara Utama  
47400 Petaling Jaya Selangor MALAYSIA  
Tel : (03) 7718 3000  
Fax : (03) 7718 3003

### Website

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

### E-mail

[service@principal.com.my](mailto:service@principal.com.my)

## Shariah Adviser of the Funds

Amanie Advisors Sdn Bhd

### Business address

Level 13A-2, Menara Tokio Marine Life  
189 Jalan Tun Razak  
50400 Kuala Lumpur MALAYSIA  
Tel : (03) 2161 0260  
Fax : (03) 2161 0262  
Email : [info@amanieadvisors.com](mailto:info@amanieadvisors.com)  
Website : [amanieadvisors.com](http://amanieadvisors.com)

### Registered address

Unit 11-3A, 3<sup>rd</sup> Mile Square, No. 151  
Jalan Klang Lama Batu 3 ½  
58100 Kuala Lumpur MALAYSIA

## Sub-Manager for iDY-APDE, DALI2, DALI4 & iLI-B

Principal Asset Management (S) Pte. Ltd.

### Business/Registered address

50 Raffles Place #22-03A&B Singapore Land Tower  
SINGAPORE 048623  
Tel : (65) 6390 0800

Website : [www.principal.com.sg](http://www.principal.com.sg)

## The Trustees

### Trustee for iOP-MO, DALI4, iOP-EO & iLI-S

AmanahRaya Trustees Berhad

### Business address

Tingkat 14, Wisma AmanahRaya  
No. 2, Jalan Ampang  
50508 Kuala Lumpur MALAYSIA  
Tel : (03) 2036 5129  
Fax : (03) 2072 0322  
Email : [art@arb.com.my](mailto:art@arb.com.my)  
Website : [www.artrustees.my](http://www.artrustees.my)

### Registered address

Tingkat 11, Wisma AmanahRaya  
No. 2, Jalan Ampang  
50508 Kuala Lumpur MALAYSIA  
Tel : (03) 2055 7388

### Trustee for DALI

MTrustee Berhad

### Business address

15th Floor, Menara AmFirst  
No. 1, Jalan 19/3  
46300 Petaling Jaya Selangor MALAYSIA  
Tel : (03) 7954 6862  
Fax : (03) 7954 3712  
Email : [Mtrustee-Legal@mtrustee.com](mailto:Mtrustee-Legal@mtrustee.com)  
Website : <http://mtrustee.com/>

### Registered address

B-2-9, (2nd Floor), Pusat Perdagangan Kuchai  
No. 2, Jalan 1/127, Off Jalan Kuchai Lama  
50200 Kuala Lumpur MALAYSIA

### Trustee for DALI2, iOP-SCO and iLI-B

Universal Trustee (Malaysia) Berhad

### Business address

No.1, Jalan Ampang (3rd Floor)  
50450 Kuala Lumpur MALAYSIA  
Tel : (03) 2070 8050  
Fax : (03) 2031 8715 / 2032 3194  
Email : [info@utmb.com.my](mailto:info@utmb.com.my)  
Website : [www.universaltrustee.com.my](http://www.universaltrustee.com.my)

### Registered address

Suite 11.1A, Level 11, Menara Weld  
76, Jalan Raja Chulan, 50200 Kuala Lumpur

### Trustee for the iLI-BG

Maybank Trustees Berhad

### Business/Registered address

8th Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur MALAYSIA  
Tel : (03) 2074 8580/ 2074 8952  
Fax : (03) 2070 9387

### Trustee for iLI-ES & iDY-APDE

HSBC (Malaysia) Trustee Berhad

### Business/Registered address

13th Floor, Bangunan HSBC, South Tower  
No 2, Leboh Ampang  
50100 Kuala Lumpur MALAYSIA  
Tel : (03) 2075 7800  
Fax : (03) 8894 2611

**Note:** You may contact our **Customer Care Centre** at **(03) 7718 3000** for more information.

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# 1. FUNDS INFORMATION

## 1.1. FUNDS DETAILS

### EQUITY FUNDS

#### 1.1.1. PRINCIPAL DALI EQUITY GROWTH FUND

<b>Fund Category/Type</b>	: Equity (Shariah-compliant) / Growth.
<b>Investment Objective</b>	: To achieve consistent capital growth over the medium to long-term. <i>We will require your approval if there is any material change to the Fund's investment objective.</i>
<b>Benchmark</b>	: FTSE Bursa Malaysia EMAS Shariah Index. <b>Note:</b> <i>The Fund's benchmark is for performance comparison purpose only. You are cautioned that the risk profile of the Fund is higher than the benchmark. Information on the benchmark can be obtained from <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>.</i>
<b>Distribution Policy</b>	: We have the discretion to distribute a part or all of the Fund's distributable income. The distribution (if any) may vary from period to period depending on the investment objective and the performance of the Fund.
<b>Launch Date</b>	: 7 May 1998.

#### Investment Policy and Strategy

The Fund may invest a minimum of 70% and up to a maximum of 98% of its NAV principally in Shariah-compliant equities aimed to provide growth and up to 28% of its NAV in other permissible Shariah-compliant investments, such as Sukuk with a minimum credit rating of "A3" or "P2" by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or "BBB-" by S&P or equivalent rating by any other international rating agencies. The Fund may also opt to seek investment exposure via Islamic CIS that is in line with the Fund's objective, subject to the requirements of the GUTF. In line with its objective, the investment strategy and policy of the Fund is to rebalance the portfolio to suit market conditions in order to reduce short-term volatility and provide consistency in capital growth.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV will be invested in Shariah-compliant equities;
- up to 28% of the Fund's NAV in other permissible Shariah-compliant investments; and
- at least 2% of the Fund's NAV will be invested in Islamic liquid assets.

The asset allocation will be reviewed periodically depending on the country's economic and stock market outlook. In a rising market, the 98% limit may be exceeded. However, we will seek to adjust this within three (3) months from the date the limit is exceeded.

We combine a top-down asset and sector allocation process with a bottom-up stock selection process. The asset allocation decision is made after a review of macroeconomic trends in Malaysia and other global economies. In particular, we analyze the direction of GDP growth, interest rates, inflation, currencies and government policies. We will then assess their impact on corporate earnings and determine if there are any predictable trends. These trends form the basis for sector selection. Stock selection is based on the growth style of equity investing. As such, the criteria for stock selection would include improving fundamentals and growth at reasonable valuations. Stock valuation fundamentals considered are earnings per share growth rate, return on equity, price earnings ratio and net tangible assets multiples.

As part of its risk management strategy, the Fund is constructed and managed within pre-determined guidelines. We employ an active asset allocation strategy depending upon the equity market expectation. Where appropriate, we will also employ an active trading strategy with frequency that will depend on the market conditions and the market outlook.

We may lower down the equity exposure when it feels that the equity market is close to its peak in term of valuations, and/or the market condition is unfavourable. In such circumstances, we may take a temporary defensive position by either (1) reducing its proportion of higher risk assets, such as Shariah-compliant equities and increase its asset allocation to lower risk assets, such as Sukuk and Islamic liquid assets, to safeguard the investment portfolio of the Fund, and/or (2) investing in Shariah-compliant stocks that have low correlation to market movements. When deemed necessary, we may also utilize Shariah-compliant derivative instruments, subject to the GUTF, for the purpose of hedging. In the event of a downgrade of a counter-party of an OTC Islamic derivative below the minimum long-term rating as per the GUTF, we reserve the right to deal with the OTC Islamic derivative in the best interest of the Unit holders.

If the Fund is an EPF-MIS approved fund, the investments made by the Fund will be subject to EPF's requirements. Please note there may be changes to the status of the Fund, you may refer to our website at [www.principal.com.my](http://www.principal.com.my) or [www.kwsp.gov.my](http://www.kwsp.gov.my) for updated information.

## 1.1.2. PRINCIPAL DALI EQUITY FUND

<b>Fund Category/Type</b>	: Equity (Shariah-compliant) / Growth.
<b>Investment Objective</b>	: To achieve a consistent capital growth over the medium to long-term. <i>We will require your approval if there is any material change to the Fund's investment objective.</i>
<b>Benchmark</b>	: 70% FTSE Bursa Malaysia EMAS Shariah Index + 30% MSCI AC Asia ex Japan Islamic Index. <b>Note:</b> <i>The Fund's benchmark is for performance comparison purpose only. The benchmark is customised as such to align it closer to the structure of the portfolio and to reflect the composition of the portfolio in line with the markets they operate in and its objectives. You are cautioned that the risk profile of the Fund is higher than the benchmark. Information on the FTSE Bursa Malaysia EMAS Shariah Index can be obtained from <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>. Information on the MSCI AC Asia ex Japan Islamic Index can be obtained from <a href="https://www.msci.com/indexes">https://www.msci.com/indexes</a>. Information on the benchmark can be obtained from <a href="http://www.principal.com.my">www.principal.com.my</a>.</i>
<b>Distribution Policy</b>	: We have the discretion to distribute a part or all of the Fund's distributable income. The distribution (if any) may vary from period to period depending on the investment objective and the performance of the Fund.
<b>Launch Date</b>	: 30 April 2003.

### Investment Policy and Strategy

The Fund is a Shariah-compliant equity growth fund and it may invest a minimum of 70% and up to a maximum of 98% of its NAV principally in Shariah-compliant equities aimed to provide growth and up to 28% of its NAV in other permissible Shariah-compliant investments, such as Sukuk with a minimum credit rating of "A3" or "P2" by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or "BBB-" by S&P or equivalent rating by any other international rating agencies. The Fund may opt to invest in foreign Shariah-compliant equities up to a maximum of 30% of its NAV. Such foreign Shariah-compliant equities may be securities of companies domiciled in, listed in and/or have significant operations in countries in the Asia Pacific ex Japan. 'Significant operations' means major businesses of the company. For example, the Fund can invest in a company with significant business and/or operations in Thailand but listed on the New York Stock Exchange. The threshold for 'significant operations' would be if more than 25% of total group revenue derives from countries in Asia Pacific ex Japan. Notwithstanding, up to 20% of the Fund's investment in foreign Shariah-compliant equities may be from companies that are listed globally with some operations or businesses within the Asia Pacific ex Japan region to capture growth opportunities with effect from 16 August 2021. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports). The Fund may also opt to seek investment exposure via Islamic CIS that is in line with the Fund's objective, subject to the requirements of the GUTF. In line with its objective, the investment strategy and policy of the Fund is to rebalance the portfolio to suit market conditions in order to reduce short-term volatility and provide consistency in capital growth.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV will be invested in Shariah-compliant equities;
- up to 28% of the Fund's NAV in other permissible Shariah-compliant investments; and
- at least 2% of the Fund's NAV in Islamic liquid assets.

The asset allocation will be reviewed periodically depending on the country's economic and stock market outlook. In a rising market, the 98% limit may be exceeded. However, we will seek to adjust this within three (3) months from the date the limit is exceeded.

We combine a top-down asset and sector allocation process with a bottom-up stock selection process. The asset allocation decision is made after a review of macroeconomic trends in Malaysia and other global economies. In particular, we analyze the direction of GDP growth, interest rates, inflation, currencies and government policies. We will then assess their impact on corporate earnings and determine if there are any predictable trends. These trends form the basis for sector selection. Stock selection is based on the growth style of equity investing. As such, the criteria for stock selection would include improving fundamentals and growth at reasonable valuations. Stock valuation fundamentals considered are earnings per share growth rate, return on equity, price earnings ratio and net tangible assets multiples.

The Fund may invest up to 30% of its NAV in foreign markets where the regulatory authorities are ordinary or associate members of the IOSCO. Where necessary, we will obtain the licenses/permits for investments in countries that require licenses/permits. If we are unable to obtain the necessary licenses/permits, or the licenses/permits are revoked or not renewed (as the case may be), we will seek to invest in other accessible markets. Notwithstanding the aforesaid, we may decide not to invest in foreign securities.

We have appointed Principal Singapore as the Sub-Manager for the foreign investments of the Fund. The Sub-Manager will be investing and managing these foreign investments in accordance with the investment objective and within the investment restrictions. Nevertheless, we are equally responsible for the investments of the Fund. All costs of this appointment will be borne by us to ensure no additional fee is levied on you.

As part of its risk management strategy, the Fund is constructed and managed within pre-determined guidelines. We employ an active asset allocation strategy depending upon the equity market expectation. Where appropriate, we will also employ an active trading strategy with frequency that will depend on the market conditions and the market outlook.

We may lower down the equity exposure when it feels that the equity market is close to its peak in term of valuations, and/or the market condition is unfavourable. In such circumstances, we may take a temporary defensive position by either (1) reducing its

proportion of higher risk assets, such as Shariah-compliant equities and increase its asset allocation to lower risk assets, such as Sukuk and Islamic liquid assets, to safeguard the investment portfolio of the Fund, and/or (2) investing in Shariah-compliant stocks that have low correlation to market movements. When deemed necessary, we may also utilize Shariah-compliant derivative instruments, subject to the GUTF, for the purpose of hedging. In the event of a downgrade of a counter-party of an OTC Islamic derivative below the minimum long-term rating as per the GUTF, we reserve the right to deal with the OTC Islamic derivative in the best interest of the Unit holders.

If the Fund is an EPF-MIS approved fund, the investments made by the Fund will be subject to EPF's requirements. Please note there may be changes to the status of the Fund, you may refer to our website at [www.principal.com.my](http://www.principal.com.my) or [www.kwsp.gov.my](http://www.kwsp.gov.my) for updated information.

### 1.1.3. PRINCIPAL ISLAMIC MALAYSIA OPPORTUNITIES FUND

<b>Fund Category/Type</b>	: Equity (Shariah-compliant) / Growth.
<b>Investment Objective</b>	: The Fund aims to achieve consistent capital growth over the medium to long-term. <i>We will require your approval if there is any material change to the Fund's investment objective.</i>
<b>Benchmark</b>	: FTSE Bursa Malaysia EMAS Shariah Index. <b>Note:</b> <i>The Fund's benchmark is for performance comparison purpose only. You are cautioned that the risk profile of the Fund is higher than the benchmark. Information on the benchmark can be obtained from <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>.</i>
<b>Distribution Policy</b>	: Given its investment objective, the Fund is not expected to pay any distribution. However, distribution, if any, will be incidental and will vary from period to period depending on the interest rates*, market conditions and the performance of the Fund. <i>*The Fund does not invest in interest bearing instruments; the interest rate referred herein is to the general interest rate of the country as a benchmark which may affect the value of the investments of the Fund.</i>
<b>Launch Date</b>	: 1 August 2012.

#### Investment Policy and Strategy

The Fund seeks to achieve its objective by investing a minimum of 70% and up to 98% of its NAV in Shariah-compliant Malaysian equities. The Fund may also invest up to 30% of the Fund's NAV in other Shariah-compliant investments, such as Sukuk, and Islamic liquid assets, with at least 2% of the Fund's NAV maintained in the form of Islamic liquid assets such as Islamic money market instruments and/or Islamic Deposits for liquidity purpose. For this Fund, the investment in Sukuk must satisfy a minimum credit rating of "A3" or "P2" by RAM or equivalent rating by MARC; or "BBB-" by S&P or equivalent rating by any other international rating agencies. The Fund may also opt to seek investment exposure via Islamic CIS that is in line with the Fund's objective, subject to the requirements of the GUTF. In line with its objective, the investment strategy and policy of the Fund is to rebalance the portfolio to suit market conditions in order to reduce short-term volatility and provide consistency in capital growth.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV will be invested in Shariah-compliant Malaysian equities; and
- up to 30% of the Fund's NAV in other Shariah-compliant investments and Islamic liquid assets, with at least 2% of the Fund's NAV to be maintained in Islamic liquid assets.

The asset allocation will be reviewed periodically depending on the country's economic and stock market outlook. In a rising market, the 98% limit may be exceeded. However, we will seek to rectify this within three (3) months from the date the limit is exceeded.

We combine a top-down asset and sector allocation process with a bottom-up stock selection process. The asset allocation decision is made after a review of macroeconomic trends in Malaysia and other global economies. In particular, we analyze the direction of GDP growth, interest rates, inflation, currencies and government policies. We will then assess their impact on corporate earnings and determine if there are any predictable trends. These trends form the basis for sector selection. Stock selection is based on the growth style of equity investing. As such, the criteria for stock selection would include improving fundamentals and growth at "reasonable valuations"\*. Stock valuation fundamentals considered are earnings per share growth rate, return on equity, price earnings ratio and net tangible assets multiples.

As part of its risk management strategy, the Fund is constructed and managed within pre-determined guidelines. We employ an active asset allocation strategy depending upon the equity market expectation. Where appropriate, we will also employ an active trading strategy with frequency that will depend on the market conditions and the market outlook.

As this is an equity fund, it has a proportionally higher equity exposure. Thus, we are unable to take equity exposure down substantially even if it feels that the market is close to its peak. We will therefore take a defensive stance and invest in Shariah-compliant stocks that have low correlation to market movements. Notwithstanding the aforesaid, in times of adversity in equity markets and as part of its risk management strategy, we may from time to time reduce its proportion of higher risk assets, such as Shariah-compliant equities and increase its asset allocation to lower risk assets, such as Sukuk and Islamic liquid assets, to safeguard the investment portfolio of the Fund. When deemed necessary, we may also utilize Shariah-compliant derivative instruments, subject to the GUTF, for the purpose of hedging. In the event of a downgrade of a counter-party of an OTC Islamic derivative below the minimum long-term rating as per the GUTF, we reserve the right to deal with the OTC Islamic derivative in the best interest of the Unit holders.

If the Fund is an EPF-MIS approved fund, the investments made by the Fund will be subject to EPF's requirements. Please note there may be changes to the status of the Fund, you may refer to our website at [www.principal.com.my](http://www.principal.com.my) or [www.kwsp.gov.my](http://www.kwsp.gov.my) for updated information.

\* We define "reasonable valuations" as below, and is not limited to the following:

- picking investments slightly undervalued but are still expected to have solid earnings growth in the coming years; or
- benchmarking individual stocks' valuation against industry average (e.g. average of last 5-years); or
- using valuation matrix like PEG (i.e. price-earnings to growth ratio) as an indicator.

#### 1.1.4. PRINCIPAL DALI ASIA PACIFIC EQUITY GROWTH FUND

<b>Fund Category/Type</b>	: Equity (Shariah-compliant) / Growth.
<b>Investment Objective</b>	: To provide investors with long-term capital growth by investing principally in equities. The Fund also seeks to outperform the benchmark. <i>We will require your approval if there is any material change to the Fund's investment objective.</i>
<b>Benchmark</b>	: 30% FTSE Bursa Malaysia EMAS Shariah Index + 70% MSCI AC Asia ex Japan Islamic Index. <b>Note:</b> <i>The Fund's benchmark is for performance comparison purpose only. The benchmark is customised as such to align it closer to the structure of the portfolio and to reflect the composition of the portfolio in line with the markets they operate in and its objectives. You are cautioned that the risk profile of the Fund is higher than the benchmark. Information on the FTSE Bursa Malaysia EMAS Shariah Index can be obtained from <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>. Information on the MSCI AC Asia ex Japan Islamic Index can be obtained from <a href="https://www.msci.com/indexes">https://www.msci.com/indexes</a>. Information on the benchmark can be obtained from <a href="http://www.principal.com.my">www.principal.com.my</a>.</i>
<b>Distribution Policy</b>	: We have the discretion to distribute a part or all of the Fund's distributable income. The distribution (if any) may vary from period to period depending on the investment objective and the performance of the Fund.
<b>Launch Date</b>	: 8 October 2004.

#### Investment Policy and Strategy

The Fund will invest a minimum of 70% and up to a maximum of 98% of its NAV in Shariah-compliant equities in order to gain long-term capital growth and up to 28% of its NAV in other permissible Shariah-compliant investments. The Fund may opt to invest in foreign Shariah-compliant equities up to a maximum of 70% of its NAV. Such foreign Shariah-compliant equities must be securities of companies domiciled in, listed in, and/or have significant operations in countries in Asia Pacific ex Japan. 'Significant operations' means major businesses of the company. For example, the Fund can invest in a company with significant business and/or operations in Thailand but listed on the New York Stock Exchange. The threshold for 'significant operations' would be if more than 25% of total group revenue derives from countries in Asia Pacific ex Japan. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports). Notwithstanding, up to 20% of the Fund's investment in foreign Shariah-compliant equities may be from companies that are listed globally with some operations or businesses within the Asia Pacific ex Japan region to capture growth opportunities with effect from 16 August 2021. The Fund may also opt to seek investment exposure via Islamic CIS that is in line with the Fund's objective, subject to the requirements of the GUTF. In addition, Islamic liquid assets may be strategically used if we feel that the market downside risk is high in the short-term. In line with its objective, the investment strategy and policy of the Fund is to have a diversified portfolio of the Shariah-compliant stocks that aims to outperform the market at different cycles of the market.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV will be invested in Shariah-compliant equities;
- up to 28% of the Fund's NAV in other permissible Shariah-compliant investments; and
- at least 2% of the Fund's NAV in Islamic liquid assets.

We will switch between sectors and stocks at different market cycles in order to outperform the benchmark. We will have higher exposure to growth stocks at the bottom of the market cycles and increase exposure in defensive stocks at the higher end of the market cycles. The asset allocation will be reviewed periodically depending on the country's economic and stock market outlook. In a rising market, the 98% limit may be exceeded. However, we will seek to adjust this within three (3) months from the date the limit is exceeded.

We combine a top-down asset and sector allocation process with a bottom-up stock selection process. The asset allocation decision is made after a review of macroeconomic trends in Malaysia and other global economies. In particular, we analyze the direction of GDP growth, interest rates, inflation, currencies and government policies. We will then assess their impact on corporate earnings and determine if there are any predictable trends. These trends form the basis for sector selection. Stock selection is based on the growth style of equity investing. As such, the criteria for stock selection would include improving fundamentals and growth at reasonable valuations. Stock valuation fundamentals considered are earnings per share growth rate, return on equity, price earnings ratio and net tangible assets multiples.

The Fund may invest up to 70% of its NAV in foreign markets where the regulatory authorities are ordinary or associate members of the IOSCO. Where necessary, we will obtain the licenses/permits for investments in countries that require licenses/permits. If we are unable to obtain the necessary licenses/permits, or the licenses/permits are revoked or not renewed (as the case may be), we will seek to invest in other accessible markets.

We have appointed Principal Singapore as the Sub-Manager for the foreign investments of the Fund. The Sub-Manager will be investing and managing these foreign investments in accordance with the investment objective and within the investment restrictions. Nevertheless, we are equally responsible for the investments of the Fund. All costs of this appointment will be borne by us to ensure no additional fee is levied on you.

As part of its risk management strategy, the Fund is constructed and managed within pre-determined guidelines. We employ an active asset allocation strategy depending upon the equity market expectation. Where appropriate, we will also employ an active trading strategy with frequency that will depend on the market conditions and the market outlook.

We may lower down the equity exposure when it feels that the equity market is close to its peak in term of valuations, and/or the market condition is unfavourable. In such circumstances, we may take a temporary defensive position by either (1) reducing its proportion of higher risk assets, such as Shariah-compliant equities and increase its asset allocation to lower risk assets, such as Sukuk and Islamic liquid assets, to safeguard the investment portfolio of the Fund, and/or (2) investing in Shariah-compliant stocks that have low correlation to market movements. When deemed necessary, we may also utilize Shariah-compliant derivative instruments, subject to the GUTF, for the purpose of hedging. In the event of a downgrade of a counter-party of an OTC Islamic derivative below the minimum long-term rating as per the GUTF, we reserve the right to deal with the OTC Islamic derivative in the best interest of the Unit holders.

If the Fund is an EPF-MIS approved fund, the investments made by the Fund will be subject to EPF's requirements. Please note there may be changes to the status of the Fund, you may refer to our website at [www.principal.com.my](http://www.principal.com.my) or [www.kwsp.gov.my](http://www.kwsp.gov.my) for updated information.

### 1.1.5. PRINCIPAL ISLAMIC ENHANCED OPPORTUNITIES FUND

<b>Fund Category/Type</b>	: Equity (Shariah-compliant) / Growth.
<b>Investment Objective</b>	: To earn reasonable returns for investors by investing in approved equities* listed on Bursa Malaysia as well as unlisted securities and other non-interest bearing assets acceptable under Shariah principles. <i>* This refers to equities classified as Shariah compliant by the SAC of SC. We will require your approval if there is any material change to the Fund's investment objective.</i>
<b>Benchmark</b>	: FTSE Bursa Malaysia EMAS Shariah Index. <b>Note:</b> <i>The Fund's benchmark is for performance comparison purpose only. You are cautioned that the risk profile of the Fund is higher than the benchmark. Information on the benchmark can be obtained from <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a></i>
<b>Distribution Policy</b>	: Distribution (if any) is expected to be distributed every January at our discretion.
<b>Launch Date</b>	: 15 June 1995.

#### Investment Policy and Strategy

The Fund may invest a minimum of 70% and up to a maximum of 98% of the Fund's NAV in local Shariah-compliant equities. The Fund may also invest up to 28% of its NAV in other permissible Shariah-compliant investments. As an aggressive Fund, the Fund will be managed with higher beta and tracking error. The investment policy and strategy of the Fund will be to invest in Shariah-compliant stocks which are selected based on their future growth prospects. The Fund may also opt to seek investment exposure via Islamic CIS that is in line with the Fund's objective, subject to the requirements of the GUTF. In addition, Islamic liquid assets may also be strategically used if we feel that the market downside risk is high in the short-term.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV will be invested in Shariah-compliant equities;
- up to 28% of the Fund's NAV in other permissible Shariah-compliant investments; and
- at least 2% of the Fund's NAV in Islamic liquid assets.

The asset allocation will be reviewed periodically depending on the country's economic and stock market outlook. In a rising market, the 98% limit may be exceeded. However, we will seek to adjust this within three (3) months from the date the limit is exceeded.

We combine a top-down asset and sector allocation process with a bottom-up stock selection process. The asset allocation decision is made after a review of macroeconomic trends in Malaysia and other global economies. In particular, we analyze the direction of GDP growth, interest rates, inflation, currencies and government policies. We will then assess their impact on corporate earnings and determine if there are any predictable trends. These trends form the basis for sector selection. Stock selection is based on the growth style of equity investing. As such, the criteria for stock selection would include improving fundamentals and growth at reasonable valuations. Stock valuation fundamentals considered are earnings per share growth rate, return on equity, price earnings ratio and net tangible assets multiples.

As part of its risk management strategy, the Fund is constructed and managed within pre-determined guidelines. We employ an active asset allocation strategy depending upon the equity market expectation. Where appropriate, we will also employ an active trading strategy with frequency that will depend on the market conditions and the market outlook.

We may lower down the equity exposure when it feels that the equity market is close to its peak in term of valuations, and/or the market condition is unfavourable. In such circumstances, we may take a temporary defensive position by either (1) reducing its proportion of higher risk assets, such as Shariah-compliant equities and increase its asset allocation to lower risk assets, such as Sukuk and Islamic liquid assets, to safeguard the investment portfolio of the Fund, and/or (2) investing in Shariah-compliant stocks that have low correlation to market movements. When deemed necessary, we may also utilize Shariah-compliant derivative instruments, subject to the GUTF, for the purpose of hedging. In the event of a downgrade of a counter-party of an OTC Islamic derivative below the minimum long-term rating as per the GUTF, we reserve the right to deal with the OTC Islamic derivative in the best interest of the Unit holders.

If the Fund is an EPF-MIS approved fund, the investments made by the Fund will be subject to EPF's requirements. Please note there may be changes to the status of the Fund, you may refer to our website at [www.principal.com.my](http://www.principal.com.my) or [www.kwsp.gov.my](http://www.kwsp.gov.my) for updated information.

## 1.1.6. PRINCIPAL ISLAMIC SMALL CAP OPPORTUNITIES FUND

<b>Fund Category/Type</b>	: Equity (small cap) (Shariah-compliant) / Growth.
<b>Investment Objective</b>	: To seek medium to long-term growth in capital by investing principally in emerging companies listed on Bursa Securities and this must be in accordance with the Shariah principles. <i>We will require your approval if there is any material change to the Fund's investment objective.</i>
<b>Benchmark</b>	: FTSE Bursa Malaysia Small Cap Shariah Index <b>Note:</b> <i>The Fund's benchmark is for performance comparison purpose only. You are cautioned that the risk profile of the Fund is higher than the benchmark. Information on the benchmark can be obtained from <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a></i>
<b>Distribution Policy</b>	: We have the discretion to distribute a part or all of the Fund's distributable income. The distribution (if any) may vary from period to period depending on the investment objective and the performance of the Fund.
<b>Launch Date</b>	: 30 April 2003.

### Investment Policy and Strategy

The Fund may invest a minimum of 70% and up to a maximum of 98% of the Fund's NAV in Shariah-compliant stocks of emerging companies\*. The investment policy and strategy of the Fund will therefore focus on investments in Shariah-compliant instruments of such emerging companies\* with potential growth and hands-on management policies but may be lacking in track records. The Fund may also invest up to 28% of its NAV in other permissible Shariah-compliant investments such as Islamic fixed income securities for the purpose of cash management. The Fund may also opt to seek investment exposure via Islamic CIS that is in line with the Fund's objective, subject to the requirements of the GUTF. In addition, Islamic liquid assets may be strategically used if we feel that the market downside risk is high in the short-term.

*\*Emerging companies in this context refers to companies that are listed on Bursa Malaysia with market capitalization of up to three (3) billion MYR at the point of purchase. However, should there be lack of liquidity or when we deem necessary to reduce volatility of the Fund, the Fund may invest up to 20% of its NAV in companies with market capitalization above three (3) billion MYR at the point of purchase.*

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV will be invested in Shariah-compliant equities;
- up to 28% of the Fund's NAV in other permissible Shariah-compliant investments; and
- at least 2% of the Fund's NAV in Islamic liquid assets.

The asset allocation will be reviewed periodically depending on the country's economic and stock market outlook. In a rising market, the 98% limit may be exceeded. However, we will seek to adjust this within three (3) months from the date the limit is exceeded.

We combine a top-down asset and sector allocation process with a bottom-up stock selection process. The asset allocation decision is made after a review of macroeconomic trends in Malaysia and other global economies. In particular, we analyze the direction of GDP growth, interest rates, inflation, currencies and government policies. We will then assess their impact on corporate earnings and determine if there are any predictable trends. These trends form the basis for sector selection. Stock selection is based on the growth style of equity investing. As such, the criteria for stock selection would include improving fundamentals and growth at reasonable valuations. Stock valuation fundamentals considered are earnings per share growth rate, return on equity, price earnings ratio and net tangible assets multiples.

As Shariah-compliant small cap stocks tend to be under-researched, we will depend upon proprietary research and selected research from brokers. In particular, stock selection will depend upon the growth potential of the company and its industry, management quality, franchise value and corporate governance considerations. The key strategy is to invest in Shariah-compliant companies that are trading below their intrinsic values and selling them when the share price has passed their intrinsic values.

As part of its risk management strategy, the Fund is constructed and managed within pre-determined guidelines. We employ an active asset allocation strategy depending upon the equity market expectation. Where appropriate, we will also employ an active trading strategy with frequency that will depend on the market conditions and market outlook.

We may lower down the equity exposure when it feels that the equity market is close to its peak in term of valuations, and/or the market condition is unfavourable. In such circumstances, we may take a temporary defensive position by either (1) reducing its proportion of higher risk assets, such as Shariah-compliant equities and increase its asset allocation to lower risk assets, such as Sukuk and Islamic liquid assets, to safeguard the investment portfolio of the Fund, and/or (2) investing in Shariah-compliant stocks that have low correlation to market movements. When deemed necessary, we may also utilize Shariah-compliant derivative instruments, subject to the GUTF, for the purpose of hedging. In the event of a downgrade of a counter-party of an OTC Islamic derivative below the minimum long-term rating as per the GUTF, we reserve the right to deal with the OTC Islamic derivative in the best interest of the Unit holders.

If the Fund is an EPF-MIS approved fund, the investments made by the Fund will be subject to EPF's requirements. Please note there may be changes to the status of the Fund, you may refer to our website at [www.principal.com.my](http://www.principal.com.my) or [www.kwsp.gov.my](http://www.kwsp.gov.my) for updated information.



### 1.1.7. PRINCIPAL ISLAMIC ASIA PACIFIC DYNAMIC EQUITY FUND

<b>Fund Category/Type</b>	: Equity (Shariah-compliant) / Growth.
<b>Investment Objective</b>	: Aims to achieve long-term capital appreciation and income while complying with Shariah investment criteria, through investments in the emerging and developed markets of Asia Pacific ex Japan region. <i>We will require your approval if there is any material change to the Fund's investment objective.</i>
<b>Benchmark</b>	: MSCI AC Asia ex Japan Islamic Index. <b>Note:</b> <i>The Fund's benchmark is for performance comparison purpose only. You are cautioned that the risk profile of the Fund is higher than the benchmark. Information on the benchmark can be obtained from <a href="https://www.msci.com/indexes">https://www.msci.com/indexes</a>.</i>
<b>Distribution Policy</b>	: Regular distributions are not the focus of this fund. Distributions, if any, are at our discretion.
<b>Launch Date</b>	: 2 June 2006.

#### Investment Policy and Strategy

The Fund is predominantly an equity fund which invests through securities of companies domiciled in, listed in, and/or have significant operations in the emerging and developed markets of Asia Pacific ex Japan. 'Significant operations' means major businesses of the company. For example, the Fund can invest in a company with significant business and/or operations in Thailand but listed on the New York Stock Exchange. The threshold for 'significant operations' would be if more than 25% of total group revenue derives from countries in the emerging and developed markets of Asia Pacific ex Japan. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports). With effect from 16 August 2021, The Fund may also invest up to 20% of its NAV in companies that are listed globally with some operations and/or businesses within the Asia Pacific ex Japan region to capture growth opportunities. The Fund will only invest in markets where the regulatory authority is an ordinary or associate member of IOSCO. Between 70% to 98% (both inclusive) of the Fund's NAV can be invested in Shariah-compliant equities, Shariah-compliant warrants, Islamic options, participation in Islamic CIS which are permitted under the GUTF. Up to 30% of the Fund may also invest into Sukuk and Islamic Deposits. For this Fund, the investments in Sukuk must satisfy a minimum rating requirement of at least a "BBB3" or "P2" rating by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or "BB" by S&P or equivalent rating by any other international rating agencies.

The asset allocation strategy for this Fund is as follows:

- at least 70% of the Fund's NAV will be invested in Shariah-compliant equities;
- up to 30% of the Fund's NAV in Sukuk and Islamic Deposits; and
- at least 2% of the Fund's NAV in Islamic liquid assets.

We have appointed Principal Singapore as the Sub-Manager for the foreign investments of the Fund. The Sub-Manager will be investing and managing these foreign investments in accordance with the investment objective and within the investment restrictions. Nevertheless, we are equally responsible for the investments of the Fund. All costs of this appointment will be borne by us to ensure no additional fee is levied on you.

We and/or the Sub-Manager will adopt an active investment strategy. The countries and securities invested in this Fund will undergo a rigorous research exercise before they are included in the respective portfolios. Even though the combination of both bottom-up and top-down investment approaches ultimately drive the process, we believe long-term investment performance can be achieved by employing a rigorous research process that enables us to identify companies that generate superior returns as well as by identifying companies that are undervalued.

Fundamental and valuation analysis (bottom-up) forms an integral part of our research effort. Key elements of this include:

- fundamental evaluation;
- valuation analysis; and
- financial models.

In addition, company visits, meetings with management and participation in conference calls are important to our research effort. In the stock screening process, we will actively screen reasonable number of equities from a larger universe. The top-down assessment of the markets and asset allocation involves a detailed quarterly review of market conditions and risk adjusted expectations across asset classes and regions in order to establish internal targeted allocations for the various portfolios. We may invest the assets of the Fund, from time to time, in any industry or sector, which in its opinion offers good growth opportunity and investment value provided that the investments are within the investment objective of this Fund.

As part of its risk management strategy, the Fund is constructed and managed within pre-determined guidelines. We employ an active asset allocation strategy depending upon the equity market expectations. Where appropriate, we will also employ an active trading strategy with frequency that will depend on the market conditions and the market outlook.

In response to adverse conditions and as part of its risk management strategy, we may from time to time reduce its proportion of higher risk assets, such as equities and increase its asset allocation to lower risk assets, such as Sukuk and Islamic liquid assets, to safeguard the investment portfolio of the Fund provided that such investments conform to the Shariah principles. When deemed necessary, we may also utilize Shariah-compliant derivative instruments, subject to the GUTF, for the purpose of hedging. In the event of a downgrade of a counter-party of an OTC Islamic derivative below the minimum long-term rating as per the GUTF, we reserve the right to deal with the OTC Islamic derivative in the best interest of the Unit holders.

If the Fund is an EPF-MIS approved fund, the investments made by the Fund will be subject to EPF's requirements. Please note there may be changes to the status of the Fund, you may refer to our website at [www.principal.com.my](http://www.principal.com.my) or [www.kwsp.gov.my](http://www.kwsp.gov.my) for updated information.

## MIXED ASSET FUNDS

### 1.1.8. PRINCIPAL ISLAMIC LIFETIME BALANCED FUND

<b>Fund Category/Type</b>	: Balanced (Shariah-compliant) / Growth & Income.
<b>Investment Objective</b>	: To achieve medium to long-term growth in both capital and income by investing in permissible Shariah-compliant investments. We will require your approval if there is any material change to the Fund's investment objective.
<b>Benchmark</b>	: 30% FTSE Bursa Malaysia EMAS Shariah Index + 30% MSCI AC Asia ex Japan Islamic Index + 40% CIMB Islamic 1-month Fixed Return Income Account-i (FRIA-i). <i>Note: The Fund's benchmark is for performance comparison purpose only. The benchmark is customised as such to align it closer to the structure of the portfolio and the objective of the Fund. You are cautioned that the risk profile of the Fund is higher than the benchmark. Information on FTSE Bursa Malaysia EMAS Shariah Index can be obtained from <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>. Information on MSCI AC Asia ex Japan Islamic Index can be obtained from <a href="https://www.msci.com/indexes">https://www.msci.com/indexes</a>. Information on CIMB Islamic 1-month FRIA-i can be obtained from <a href="http://www.cimbislamic.com">www.cimbislamic.com</a>. Information on the benchmark can be obtained from <a href="http://www.principal.com.my">www.principal.com.my</a>.</i>
<b>Distribution Policy</b>	: We have the discretion to distribute a part or all of the Fund's distributable income. The distribution (if any) may vary from period to period depending on the investment objective and the performance of the Fund.
<b>Launch Date</b>	: 8 March 2001.

#### Investment Policy and Strategy

The Fund aims to invest in a diversified portfolio of Shariah-compliant equities and Islamic fixed income securities. In line with its objective, the investment policy and strategy will be to maintain a balanced portfolio between Shariah-compliant equities and Islamic fixed income securities in the ratio of 60:40. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investments by the Fund in Shariah-compliant equities shall not exceed 60% of the NAV of the Fund and investments in Islamic fixed income securities and Islamic liquid assets shall not be less than 40% of the NAV of the Fund with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or "BBB-" by S&P or equivalent rating by any other international rating agencies. The Fund may invest up to 40% of its NAV in Unrated Islamic fixed income securities. The Fund may opt to invest in foreign Shariah-compliant equities up to a maximum of 30% of its NAV. Such foreign Shariah-compliant equities may be of securities of companies domiciled in, listed in, and/or have significant operations in countries in Asia Pacific ex Japan. 'Significant operations' means major businesses of the company. For example, the Fund can invest in a company with significant business and/or operations in Thailand but listed on the New York Stock Exchange. The threshold for 'significant operations' would be if more than 25% of total group revenue derives from countries in Asia Pacific ex Japan. Notwithstanding, up to 20% of the Fund's investment in foreign Shariah-compliant equities may be from companies that are listed globally with some operations or businesses within the Asia Pacific ex Japan region to capture growth opportunities with effect from 16 August 2021. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports). The Fund may also opt to seek investment exposure via Islamic CIS that is in line with the Fund's objective, subject to the requirements of the GUTF.

The asset allocation strategy for this Fund is as follows:

- the Shariah-compliant equities will not exceed 60% of the NAV of the Fund, subject to a minimum of 40%;
- investments in Islamic fixed income securities and Islamic liquid assets shall not be less than 40% of the NAV of the Fund, subject to a maximum of 60%;
- up to 40% of the Fund's NAV in Unrated Islamic fixed income securities; and
- at least 2% of the Fund's NAV in Islamic liquid assets.

The asset allocation will be reviewed periodically depending on the country's economy and stocks market outlook. In a rising market, the 60% limit may be exceeded. However, we will seek to adjust this within three (3) months from the date the limit is exceeded.

We will adopt an active trading strategy with frequency that will depend on the market conditions and market outlook. For the equities portion, we combine a top-down asset and sector allocation process with a bottom-up stock selection process. The asset allocation decision is made after a review of macroeconomic trends in Malaysia and other global economies. In particular, we analyze the direction of GDP growth, interest rates, inflation, currencies and government policies. We will then assess their impact on corporate earnings and determine if there are any predictable trends. These trends form the basis for sector selection. Stock selection is based on the growth style of equity investing. As such, the criteria for stock selection would include improving fundamentals and growth at reasonable valuations. Stock valuation fundamentals considered are earnings per share growth rate, return on equity, price earnings ratio and net tangible assets multiples.

As for the fixed income portion, we formulate an interest rate outlook by considering factors such as the Malaysian inflation rate, monetary policies and economic growth. With an interest rate outlook and yield curve analysis, we identify the weighting of the investment tenor and credit for the Fund. In the unlikely event of a credit rating downgrade, we reserve the right to deal with the security in the best interest of the Unit holders. As an active fund manager, we have in place flexible tolerance limits to cater to

such situations. We can for example, continue to hold the downgraded security if the immediate disposal of the security would not be in the best interest of the Unit holders.

The Fund may invest up to 30% of its NAV in foreign markets where the regulatory authorities are ordinary or associate members of the IOSCO. Where necessary, we will obtain the licenses/permits for investments in countries that require licenses/permits. If we are unable to obtain the necessary licenses/permits, or the licenses/permits are revoked or not renewed (as the case may be), we will seek to invest in other accessible markets. Notwithstanding the aforesaid, we may decide not to invest in foreign securities.

We have appointed Principal Singapore as the Sub-Manager for the foreign investments of the Fund. The Sub-Manager will be investing and managing these foreign investments in accordance with the investment objective and within the investment restrictions. Nevertheless, we are equally responsible for the investments of the Fund. All costs of this appointment will be borne by us to ensure no additional fee is levied on you.

As part of its risk management strategy, the Fund is constructed and managed within pre-determined guidelines. Essentially, we employ an active asset allocation strategy depending upon the equity market expectation, and at the same time monitors the Islamic fixed income securities portfolio according to three (3) parameters: tenure, credit ratings and sector. The duration of the Islamic fixed income securities portfolio is also monitored and modified according to our interest rate outlook (i.e. the sensitivity of the portfolio to interest rate changes).

In response to adverse conditions and as part of its risk management strategy, we may from time to time reduce its proportion of higher risk assets, such as Shariah-compliant equities and increase its asset allocation to lower risk assets, such as Islamic fixed income securities and Islamic liquid assets, to safeguard the investment portfolio of the Fund. Additionally, for investments in debt markets, we may reduce holdings in long tenured assets and channel these moneys into short-term Islamic Deposits. When deemed necessary, we may also utilize Shariah-compliant derivative instruments, subject to the GUTF, for the purpose of hedging. In the event of a downgrade of a counter-party of an OTC Islamic derivative below the minimum long-term rating as per the GUTF, we reserve the right to deal with the OTC Islamic derivative in the best interest of the Unit holders.

If the Fund is an EPF-MIS approved fund, the investments made by the Fund will be subject to EPF's requirements. Please note there may be changes to the status of the Fund, you may refer to our website at [www.principal.com.my](http://www.principal.com.my) or [www.kwsp.gov.my](http://www.kwsp.gov.my) for updated information.

### 1.1.9. PRINCIPAL ISLAMIC LIFETIME BALANCED GROWTH FUND

<b>Fund Category/Type</b>	: Balanced (Shariah-compliant) / Growth & Income.
<b>Investment Objective</b>	: To grow the value of the Unit holders' investments over the long-term in a diversified mix of Malaysian assets in approved Shariah instruments* while providing consistent income. <i>* This refers to instruments that are certified as Shariah-compliant by the relevant authority. We will require your approval if there is any material change to the Fund's investment objective.</i>
<b>Benchmark</b>	: 60% FBM EMAS Shariah Index + 40% CIMB Islamic 1-month Fixed Return Income Account-i (FRIA-i) <b>Note:</b> <i>The Fund's benchmark is for performance comparison purpose only. The benchmark is customised as such to align it closer to the structure of the portfolio and the objective of the Fund. You are cautioned that the risk profile of the Fund is higher than the benchmark. Information on the FBM EMAS Shariah Index can be obtained from <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>. Information on the CIMB Islamic 1-month FRIA-i can be obtained from the <a href="http://www.cimbislamic.com">www.cimbislamic.com</a>. Information on the benchmark can be obtained from <a href="http://www.principal.com.my">www.principal.com.my</a>.</i>
<b>Distribution Policy</b>	: Distribution (if any) is expected to be distributed every January at our discretion.
<b>Launch Date</b>	: 26 May 2003.

#### Investment Policy and Strategy

The Fund aims to invest in a diversified portfolio of Malaysian assets comprising Shariah-compliant equities and Islamic fixed income securities. In line with its objective, the investment policy and strategy of the Fund is to maintain a balanced portfolio between Shariah-compliant equities and Islamic fixed income securities in the ratio of 60:40. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investment by the Fund in Shariah-compliant equities shall not be less than 40% of the NAV of the Fund and investments in Islamic fixed income securities and Islamic liquid assets shall not exceed 60% of the NAV of the Fund with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or "BBB-" by S&P or equivalent rating by any other international rating agencies. The Fund may invest up to 40% of its NAV in Unrated Islamic fixed income securities. The Fund may also opt to seek investment exposure via Islamic CIS that is in line with the Fund's objective, subject to the requirements of the GUTF.

The asset allocation strategy for this Fund is as follows:

- at least 40% of the Fund's NAV in Shariah-compliant equities, subject to a maximum of 60%;
- up to a maximum of 60% of the Fund's NAV in Islamic fixed income securities and Islamic liquid assets, subject to a minimum of 40%;
- up to 40% of the Fund's NAV in Unrated Islamic fixed income securities; and
- at least 2% of the Fund's NAV in Islamic liquid assets.

The asset allocation will be reviewed periodically depending on the country's economy and stocks market outlook. In a rising market, the 60% limit may be exceeded. However, we will seek to adjust this within three (3) months from the date the limit is exceeded. We will adopt an active trading strategy with frequency that will depend on the market conditions and market outlook.

For the equities portion, we combine a top-down asset and sector allocation process with a bottom-up stock selection process. The asset allocation decision is made after a review of macroeconomic trends in Malaysia and other global economies. In particular, we analyze the direction of GDP growth, interest rates, inflation, currencies and government policies. We will then assess their impact on corporate earnings and determine if there are any predictable trends. These trends form the basis for sector selection. Stock selection is based on the growth style of equity investing. As such, the criteria for stock selection would include improving fundamentals and growth at reasonable valuations. Stock valuation fundamentals considered are earnings per share growth rate, return on equity, price earnings ratio and net tangible assets multiples.

As for the fixed income portion, we formulate an interest rate outlook by considering factors such as the Malaysian inflation rate, monetary policies and economic growth. With an interest rate outlook and yield curve analysis, we identify the weighting of the investment tenor and credit for the Fund. In the unlikely event of a credit rating downgrade, we reserve the right to deal with the security in the best interest of the Unit holders. As an active fund manager, we have in place flexible tolerance limits to cater to such situations. We can for example, continue to hold the downgraded security if the immediate disposal of the security would not be in the best interest of the Unit holders.

As part of its risk management strategy, the Fund is constructed and managed within pre-determined guidelines. Essentially, we employ an active asset allocation strategy depending upon the equity market expectation, and at the same time monitors the Islamic fixed income securities portfolio according to three (3) parameters: tenure, credit ratings and sector. The duration of the Islamic fixed income securities portfolio is also monitored and modified according to our interest rate outlook (i.e. the sensitivity of the portfolio to interest rate changes).

In response to adverse conditions and as part of its risk management strategy, we may from time to time reduce its proportion of higher risk assets, such as Shariah-compliant equities and increase its asset allocation to lower risk assets, such as Islamic fixed income securities and Islamic liquid assets, to safeguard the investment portfolio of the Fund. Additionally, for investments in debt markets, we may reduce holdings in long tenured assets and channel these moneys into short-term Islamic Deposits. When deemed necessary, we may also utilize Shariah-compliant derivative instruments, subject to the GUTF, for the purpose of hedging.

In the event of a downgrade of a counter-party of an OTC Islamic derivative below the minimum long-term rating as per the GUTF, we reserve the right to deal with the OTC Islamic derivative in the best interest of the Unit holders.

If the Fund is an EPF-MIS approved fund, the investments made by the Fund will be subject to EPF's requirements. Please note there may be changes to the status of the Fund, you may refer to our website at [www.principal.com.my](http://www.principal.com.my) or [www.kwsp.gov.my](http://www.kwsp.gov.my) for updated information.

## SUKUK FUNDS

### 1.1.10. PRINCIPAL ISLAMIC LIFETIME ENHANCED SUKUK FUND

<b>Fund Category/Type</b>	: Sukuk / Income.
<b>Investment Objective</b>	: To grow the value of Unit holders' investments over the medium-term in Sukuk portfolio with most tenures ranging from 3-10 years as well as to provide regular income. <i>We will require your approval if there is any material change to the Fund's investment objective.</i>
<b>Benchmark</b>	: 85% CIMB Islamic 1-month Fixed Return Income Account-i (FRIA-i) + 15% FBM EMAS Shariah Index <b>Note:</b> <i>The Fund's benchmark is for performance comparison purpose only. The benchmark is customised as such to align it closer to the structure of the portfolio and the objective of the Fund. You are cautioned that the risk profile of the Fund is higher than the benchmark. Information on the CIMB Islamic 1-Month FRIA-i can be obtained from <a href="http://www.cimbislamic.com">www.cimbislamic.com</a>. Information on the FBM EMAS Shariah Index can be obtained from <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>. Information on the benchmark can be obtained from <a href="http://www.principal.com.my">www.principal.com.my</a>.</i>
<b>Distribution Policy</b>	: Distribution (if any) is expected to be distributed annually at our discretion.
<b>Launch Date</b>	: 23 February 2005.

#### Investment Policy and Strategy

A minimum of 70% and up to a maximum of 98% of the Fund's NAV may be invested in Sukuk carrying at least a "BBB3" or "P2" rating by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or "BBB-" by S&P or equivalent rating by any other international rating agencies. The Fund may invest up to 40% of its NAV in Unrated Sukuk. The Fund may also invest between 0% to 20% (both inclusive) of its NAV in Shariah-compliant equities, of which up to 10% of its NAV may be invested in Shariah-compliant warrants of Shariah-compliant companies. The investment strategy and policy of the Fund is biased towards Islamic fixed income securities that aim to provide consistency in income, while allowing some exposure in Shariah-compliant equities and Shariah-compliant warrants that aim to provide the added return in a rising market. The Fund may also opt to seek investment exposure via Islamic CIS that is in line with the Fund's objective, subject to the requirements of the GUTF.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV in Sukuk;
- up to 40% of the Fund's NAV in Unrated Sukuk;
- between 0% to 20% (both inclusive) of the Fund's NAV in Shariah-compliant equities, of which up to 10% may be invested in Shariah-compliant warrants; and
- at least 2% of the Fund's NAV in Islamic liquid assets.

In a rising market, the limit may be exceeded. However, we will seek to adjust this within three (3) months from the date the limit is exceeded. We will adopt an active trading strategy with frequency that will depend on the market conditions and market outlook.

For the fixed income portion, we formulate an interest rate outlook by considering factors such as the Malaysian inflation rate, monetary policies and economic growth. With an interest rate outlook and yield curve analysis, we identify the weighting of the investment tenor and credit for the Fund. In the unlikely event of a credit rating downgrade, we reserve the right to deal with the security in the best interest of the Unit holders. As an active fund manager, we have in place flexible tolerance limits to cater to such situations. We can for example, continue to hold the downgraded security if the immediate disposal of the security would not be in the best interest of the Unit holders.

As for the equities portion, we combine a top-down asset and sector allocation process with a bottom-up stock selection process. The asset allocation decision is made after a review of macroeconomic trends in Malaysia and other global economies. In particular, we analyze the direction of GDP growth, interest rates, inflation, currencies and government policies. We will then assess their impact on corporate earnings and determine if there are any predictable trends. These trends form the basis for sector selection. Stock selection is based on the growth style of equity investing. As such, the criteria for stock selection would include improving fundamentals and growth at reasonable valuations. Stock valuation fundamentals considered are earnings per share growth rate, return on equity, price earnings ratio and net tangible assets multiples.

The Fund may invest up to 30% of its NAV in foreign markets where the regulatory authorities are ordinary or associate members of the IOSCO. Where necessary, we will obtain the licenses/permits for investments in countries that require licenses/permits. If we are unable to obtain the necessary licenses/permits, or the licenses/permits are revoked or not renewed (as the case may be), we will seek to invest in other accessible markets. Notwithstanding the aforesaid, we may decide not to invest in foreign securities.

As part of its risk management strategy, the Fund is constructed and managed within pre-determined guidelines. Essentially, we employ an active asset allocation strategy depending upon the equity market expectations and at the same time monitors the sukuk portfolio according to three (3) parameters: tenure, credit ratings and sector. The duration of the sukuk portfolio is also monitored and modified according to our interest rate outlook (i.e. the sensitivity of the portfolio to interest rate changes).

In response to adverse conditions and as part of its risk management strategy, we may from time to time reduce its proportion of higher risk assets, such as Shariah-compliant equities and increase its asset allocation to lower risk assets, such as Islamic liquid

assets, to safeguard the investment portfolio of the Fund. Additionally, for investments in Sukuk, we may reduce holdings in long tenured assets and channel these moneys into short-term Islamic Deposits. When deemed necessary, we may also utilize Shariah-compliant derivative instruments, subject to the GUTF, for the purpose of hedging. In the event of a downgrade of a counterparty of an OTC Islamic derivative below the minimum long-term rating as per the GUTF, we reserve the right to deal with the OTC Islamic derivative in the best interest of the Unit holders.

If the Fund is an EPF-MIS approved fund, the investments made by the Fund will be subject to EPF's requirements. Please note there may be changes to the status of the Fund, you may refer to our website at [www.principal.com.my](http://www.principal.com.my) or [www.kwsp.gov.my](http://www.kwsp.gov.my) for updated information.



### 1.1.11. PRINCIPAL ISLAMIC LIFETIME SUKUK FUND

<b>Fund Category/Type</b>	: Sukuk / Income.
<b>Investment Objective</b>	: To gain higher than average income over the medium to long-term by investing in a diversified portfolio consisting principally of Sukuk, certificates of deposit*, short-term money market instruments* and other permissible investments under the Shariah principles. <i>* This refers to instruments that are certified as Shariah-compliant by the relevant authority. We will require your approval if there is any material change to the Fund's investment objective.</i>
<b>Benchmark</b>	: Quantshop GII Medium Index. <b>Note:</b> <i>The Fund's benchmark is for performance comparison purpose only. You are cautioned that the risk profile of the Fund is higher than the benchmark. Information on the benchmark can be obtained from <a href="http://www.quantshop.com">www.quantshop.com</a>.</i>
<b>Distribution Policy</b>	: Distribution (if any) is expected to be distributed annually, depending on the performance of the Fund and at our discretion.
<b>Launch Date</b>	: 8 October 2004.

#### Investment Policy and Strategy

In line with its objective, the investment strategy and policy of the Fund is to invest in a diversified portfolio of Islamic fixed income securities consisting principally of Sukuk, which aim to provide a steady stream of income from the profit of Sukuk. A minimum of 70% and up to a maximum of 98% of the Fund's NAV may be invested in Sukuk carrying at least a "BBB3" or "P2" rating by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance; or "BBB-" by S&P or equivalent rating by any other international rating agencies. The Fund may invest up to 40% of its NAV in Unrated Sukuk and up to 28% of its NAV in other permissible Shariah-compliant investments. The Fund may also opt to seek investment exposure via Islamic CIS that is in line with the Fund's objective, subject to the requirements of the GUTF. The rest of the Fund is maintained in the form of Islamic liquid assets to meet any withdrawal payments to Unit holders.

The asset allocation strategy for this Fund is as follows:

- between 70% to 98% (both inclusive) of the Fund's NAV in Sukuk;
- up to 28% of the Fund's NAV in other permissible Shariah-compliant investments;
- up to 40% of the Fund's NAV in Unrated Sukuk; and
- at least 2% of the Fund's NAV in Islamic liquid assets.

We will adopt an active trading strategy with frequency that will depend on the market conditions and market outlook. We formulate an interest rate outlook through examining factors such as the Malaysian inflation rate, monetary policies and economic growth. With an interest rate outlook and yield curve analysis, we identify the weighting of the investment tenor and credit for the Fund.

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

The Fund may invest up to 30% of its NAV in foreign markets where the regulatory authorities are ordinary or associate members of the IOSCO. Where necessary, we will obtain the licenses/permits for investments in countries that require licenses/permits. If we are unable to obtain the necessary licenses/permits, or the licenses/permits are revoked or not renewed (as the case may be), we will seek to invest in other accessible markets. Notwithstanding the aforesaid, we may decide not to invest in foreign securities.

As part of its risk management strategy, the Fund is constructed and managed within pre-determined guidelines. Essentially, we monitor the Sukuk portfolio according to three (3) parameters: tenure, credit ratings and sector. The duration of the Sukuk portfolio is also monitored and modified according to our interest rate outlook (i.e. the sensitivity of the portfolio to interest rate changes).

In response to adverse conditions and as part of its risk management strategy, we may reduce holdings in long tenured assets and channel these moneys into short-term Islamic Deposits. We may also from time to time invest in Islamic liquid assets to safeguard the investment portfolio of the Fund. When deemed necessary we may also utilize Shariah-compliant derivative instruments, subject to the GUTF, for the purpose of hedging. In the event of a downgrade of a counter-party of an OTC Islamic derivative below the minimum long-term rating as per the GUTF, we reserve the right to deal with the OTC Islamic derivative in the best interest of the Unit holders.

If the Fund is an EPF-MIS approved fund, the investments made by the Fund will be subject to EPF's requirements. Please note there may be changes to the status of the Fund, you may refer to our website at [www.principal.com.my](http://www.principal.com.my) or [www.kwsp.gov.my](http://www.kwsp.gov.my) for updated information.

## 1.2. PERMITTED INVESTMENTS

Subject to the Deeds, the investment policies for the Funds and the requirements of the SC and any other regulatory body, we have the absolute discretion as to how the assets of the Funds are to be invested. Under the Deeds and provided always that there are no inconsistencies with the objectives of the Funds, the Funds can invest in a wide range of securities, including but not limited to the following:

### EQUITY FUNDS

- Shariah-compliant equities and Sukuk traded in or under the rules of an Eligible Market;
- Shariah-compliant warrants that carry the right in respect of a security traded in or under the rules of an Eligible Market;
- Unlisted Shariah-compliant instruments including securities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the fund by the issuer;
- Islamic deposits and Islamic money market instruments;
- Shariah-compliant derivative instruments, including but not limited to Islamic options, Islamic futures contracts, Islamic forward contracts and Islamic swaps;
- All types of Islamic CIS<sup>Note 1</sup>;
- Islamic structured products<sup>Note 1</sup>;
- Shariah-compliant instruments listed or traded on foreign markets where the regulatory authority is an ordinary or associate member of the IOSCO<sup>Note 2</sup>; and
- Any other form of Shariah-compliant investments as may be permitted by the SC from time to time that is in line with the Fund's objectives.

**Note 1:** Not applicable to *iOP-MO*.

**Note 2:** Not applicable to *iOP-MO*, *iOP-EO* and *iOP-SCO*.

### MIXED ASSET FUNDS

- Shariah-compliant equities and Sukuk traded in or under the rules of an Eligible Market;
- Shariah-compliant warrants that carry the right in respect of a security traded in or under the rules of an Eligible Market;
- Unlisted Shariah-compliant instruments including securities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the fund by the issuer;
- Islamic deposits and Islamic money market instruments;
- Shariah-compliant derivative instruments, including but not limited to Islamic options, Islamic futures contracts, Islamic forward contracts and Islamic swaps;
- All types of Islamic CIS;
- Islamic structured products;
- Shariah-compliant instruments listed or traded on foreign markets where the regulatory authority is an ordinary or associate member of the IOSCO<sup>Note 1</sup>; and
- Any other form of Shariah-compliant investments as may be permitted by the SC from time to time that is in line with the Fund's objectives.

**Note 1:** Not applicable to *iLI-BG*.

### SUKUK FUNDS

- Shariah-compliant equities and Sukuk traded in or under the rules of an Eligible Market;
- Shariah-compliant warrants that carry the right in respect of a security traded in or under the rules of an Eligible Market;
- Unlisted Shariah-compliant instruments including securities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the fund by the issuer;
- Islamic deposits and Islamic money market instruments;
- Shariah-compliant derivative instruments, including but not limited to Islamic options, Islamic futures contracts, Islamic forward contracts and Islamic swaps;
- All types of Islamic CIS;
- Islamic structured products;
- Shariah-compliant instruments listed or traded on foreign markets where the regulatory authority is an ordinary or associate member of the IOSCO; and
- Any other form of Shariah-compliant investments as may be permitted by the SC from time to time that is in line with the Fund's objectives.

**Note:** Provided always that the Shariah-compliant permitted investments for respective Funds as set out above shall at all times conform to the requirements of the Shariah principles and the advice of the Shariah Adviser for the time being appointed by the Manager.

### 1.3. INVESTMENT RESTRICTIONS AND LIMITS

	Exposure limit	Investment spread limits	Investment concentration limits
Equity Funds	the value of the Fund's investment in unlisted securities must not exceed 10% of the Fund's NAV.	<ul style="list-style-type: none"> <li>▪ the value of the Fund's investment in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;</li> <li>▪ the value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV <sup>Note 1</sup>;</li> <li>▪ the value of the Fund's placement in Islamic deposits with any single licensed Islamic financial institution must not exceed 20% of the Fund's NAV;</li> <li>▪ the value of the Fund's investment in Islamic structured products issued by a single counter-party must not exceed 15% of the Fund's NAV;</li> <li>▪ the aggregate value of the Fund's investments in Shariah-compliant transferable securities, Islamic money market instruments, Islamic deposits, OTC Islamic derivatives and Islamic structured products issued by or placed with (as the case may be) any single issuer/licensed financial institution must not exceed 25% of the Fund's NAV <sup>Note 1</sup>;</li> <li>▪ the value of the Fund's investment in units/shares of any Islamic CIS must not exceed 20% of the Fund's NAV;</li> <li>▪ the value of the Fund's investment in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV <sup>Note 1</sup></li> </ul>	<ul style="list-style-type: none"> <li>▪ the Fund's investments in Shariah-compliant transferable securities (other than Sukuk) must not exceed 10% of the securities issued by any single issuer;</li> <li>▪ the Fund's investments in Sukuk must not exceed 20% of the Sukuk issued by any single issuer;</li> <li>▪ the Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to Islamic money market instruments that do not have a pre-determined issue size;</li> <li>▪ the Fund's investments in Islamic CIS must not exceed 25% of the units/shares in any one Islamic CIS.</li> </ul>
Mixed Asset Funds		<p>For investments in Islamic derivatives (including for hedging purpose):</p> <ul style="list-style-type: none"> <li>▪ The Fund's exposure from Islamic derivatives positions should not exceed the Fund's NAV;</li> <li>▪ the exposure to the underlying assets must not exceed the investment spread limits stipulated in the GUTF;</li> <li>▪ the value of the Fund's OTC Islamic derivative transaction with any single counter-party must not exceed 10% of the Fund's NAV; and</li> <li>▪ the counter-party of an OTC Islamic derivative is a financial institution with a minimum long-term rating provided by any domestic or global rating agency that indicates strong capacity for timely payment of financial obligations.</li> </ul>	
Sukuk Funds			

**Note:** The above restrictions and limits do not apply to Shariah-Compliant instruments issued or guaranteed by the Malaysian government or Bank Negara Malaysia.

**Note 1:**

Not applicable for **iLI-ES** and **iLI-S**. Instead, the following apply:

- the value of the Fund's investments in Sukuk issued by any single issuer must not exceed 20% of the Fund's NAV. This single issuer limit may be increased to 30% if the Sukuk are rated by any domestic or global rating agency to be of the best quality and offer highest safety for timely payment of profit and principal;
- the value of the Fund's investments in Sukuk issued by any group of companies must not exceed 30% of the Fund's NAV. Where the single issuer limit is increased to 30%, the aggregate value of a fund's investment must not exceed 30%.

In respect of the above investment restrictions and limits, the GUTF provides for an allowance of 5% from the restrictions and limits due to appreciation or depreciation of the NAV of the Fund (whether as a result of an appreciation or depreciation in value of the Fund's investments, or as a result of repurchase of units or payment made out of the Fund). If the Fund is not within the investment restrictions and limits, we should not make any further acquisitions in relation to the relevant restrictions and limits and we must rectify as soon as practicable (maximum three (3) months from the date of occurrence).

### 1.3.1. Minimum requirement for Islamic liquid assets

Islamic liquid assets include cash, Islamic deposits with licensed Islamic financial institutions, Islamic money market instruments and Sukuk with a remaining maturity of less than one (1) year.

	Requirement
Equity Funds	Hold a minimum of 2.00% of Fund's NAV (or such other amount agreed between us and the Trustee from time to time), whichever is lower, in Islamic liquid assets.
Mixed Asset Funds	
Sukuk Funds	

## 1.4. APPROVALS AND CONDITIONS

We have obtained variations and /or exemptions to the GUTF for the following Funds:

### Principal Islamic Lifetime Enhanced Sukuk Fund

Principal Malaysia has obtained approval from the SC for a variation of Clause 10.38 of the GUTF which allow Principal Malaysia to calculate withdrawal based on several valuation points (instead of the next valuation point upon receipt of withdrawal request).

Principal Malaysia has obtained approval from the SC for a variation of Clause 10.16 (a) of the GUTF which allow Principal Malaysia to pay Unit holder(s) within fifteen (15) days of the receipt of the withdrawal notice, when the Fund's total withdrawal amount is 15% or more of the total NAV of the Fund.

### Principal Islamic Lifetime Sukuk Fund

Principal Malaysia has obtained approval from the SC for a variation of Clause 10.16 (a) of the GUTF which allow Principal Malaysia to pay Unit holder(s) within fifteen (15) days of receipt of the withdrawal notice, when the Fund's total withdrawal amount is 15% or more of the total NAV of the Fund.

### Principal Islamic Small Cap Opportunities Fund

Principal Malaysia has obtained approval from the SC for a variation of Clause 10.16 (a) of the GUTF which allow Principal Malaysia to pay Unit holder(s) within fifteen (15) days of the receipt of the withdrawal notice, when the Fund's total withdrawal amount is 15% or more of the total NAV of the Fund.

### Principal Islamic Asia Pacific Dynamic Equity Fund, Principal DALI Equity Fund, Principal Islamic Lifetime Balanced Fund, Principal Islamic Lifetime Enhanced Sukuk Fund and Principal Islamic Lifetime Sukuk Fund

Principal Malaysia has obtained approval from the SC for an exemption to comply with Schedule C: Valuation of other unlisted bonds of the GUTF which allow Principal Malaysia to obtain the price of any unlisted non MYR-denominated Sukuk from the ICE for valuation purpose subject to these conditions:

1. the Manager is to keep abreast of the development of ICE's pricing methodology; and
2. the Manager is to continuously keep track on the acceptability of ICEF's prices in the market place.

## 1.5. SHARIAH INVESTMENT GUIDELINES

At all times, the Funds 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:

### 1.5.1. Screening process

1. For Shariah-compliant securities listed on Bursa Malaysia, the Funds shall invest in Shariah-compliant securities listed under the List of Shariah-compliant securities by the SAC of the SC
2. For initial public offering, the Funds shall invest in Shariah-compliant securities that are approved by SAC of the SC and/or Shariah Adviser.
3. For foreign Shariah-compliant securities, the Funds shall invest in Shariah-compliant securities which are listed under the List of Shariah-compliant securities by index providers or service providers subject to approval from Shariah Adviser.
4. For Islamic fixed income, the Funds shall invest in Malaysian's fixed income approved by SC whereas for foreign Islamic fixed income or Islamic fixed income that do not require SC approval, those must be approved by the Shariah Adviser upon review of the Islamic fixed income's offering documents and/or relevant documents of the said Islamic fixed income, e.g. Shariah pronouncement/approval of the said Islamic fixed income.
5. The Funds shall invest in domestic and foreign Islamic collective investments schemes;

6. 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 Funds are also prohibited from investing in interest-bearing Deposits and recognising any interest income.
7. Islamic Money market instruments issued in Malaysia must be approved by SAC of BNM and/or the SAC of the SC. 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.
8. Any other Shariah-compliant instruments or Shariah-compliant instruments that are not being mentioned in items 1 to 7 above, the Funds should seek approval from Shariah Adviser pre-investment being made.

#### **1.5.2. Rules on divestment of Shariah non-compliant instruments**

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

##### **1. “Shariah-compliant “instruments” which are subsequently classified as “Shariah non-compliant”.**

These refer to Shariah-compliant instruments which were earlier classified as Shariah-compliant but due to certain factors, such as changes in the companies’ business operations and financial positions, are subsequently reclassified as Shariah non-compliant. In this regard, if on the date the Shariah-compliant instruments turned Shariah non-compliant, the respective market price of Shariah non-compliant instruments exceeds or is equal to the investment cost, Funds that hold such Shariah non-compliant instruments must dispose them off. Any dividends received up to the date of the announcement/review and capital gains arising from the disposal of the Shariah non-compliant instruments on the date of the announcement/review can be kept by the Funds.

However, any dividends received and excess capital gain from the disposal of Shariah non-compliant instruments after the date of the announcement/review at a market price that is higher than the closing price on the date of the announcement/review should be channeled to baitulmal and/or charitable bodies approved by the Shariah Adviser.

On the other hand, Funds are allowed to hold their investment in the Shariah non-compliant instruments if the market price of the said securities is below the Funds’ investment costs. It is also permissible for the Funds to keep the dividends received during the holding period until such time when the total amount of dividends received and the market value of the Shariah non-compliant instruments held equal the investment cost. At this stage, they are advised to dispose of their holding.

In addition, during the holding period, Funds are allowed to subscribe to:

- (a) any issue of new Shariah-compliant instruments by a company whose Shariah non-compliant instruments are held by the Funds, for example rights issues, bonus issues, special issues and warrants (excluding Shariah-compliant instruments whose nature is Shariah non-compliant e.g. loan stocks); and
- (b) Shariah-compliant instruments of other companies offered by the company whose Shariah non-compliant instruments are held by the Funds.

on condition that they expedite the disposal of the Shariah non-compliant instruments.

Where the Funds invest in Shariah-compliant instruments (save for money market instruments, deposit and equities or equities related i.e. warrants, right issue etc) earlier classified as Shariah-compliant but considered to have become non-compliant (by the Shariah adviser appointed by the issuer of that security) then guidance from the Shariah Adviser should be obtained.

Where the Funds invest in money market instruments or deposits earlier classified as Shariah-compliant that are subsequently determined, regarded or deemed to be Shariah non-compliant as a result of a new or previously unknown fatwa/ruling and/or upon advice by the Shariah Adviser, the Manager would be required to sell such money market instruments or withdraw such deposits, as soon as practicable of having notice, knowledge or advice of the status of the money market instruments or deposits. Any profit received from such money market instruments or such deposits prior to the occurrence of the aforesaid event shall be retained by the Fund. Any profit received subsequent to the occurrence of the aforesaid event shall be channelled to baitulmal and/or charitable bodies, as endorsed by the Shariah Adviser.

#### **2. 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-compliant instruments. Any gain, dividend and/or return received before or after the disposal of the Shariah-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 Funds, the Manager must bear the losses by ensuring the loss portion be restored and returned to the Funds.

### 1.5.3. Cleansing process

Under the Shariah principles, any income or distribution received by the Funds from 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.

### 1.5.4. Periodic review

The Shariah Adviser will review the Funds twice a year 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.

### 1.5.5. The Funds' compliance to the Shariah principles

The Shariah Adviser is of the view that, given the prevailing circumstances, the Islamic Funds and their respective investments as disclosed and presented are acceptable and within the principles of Shariah, subject to proper execution of the legal documents and other transactions related to the Funds.

**The investment portfolio of the Funds comprises instruments which have been classified as Shariah-compliant by the SAC of the SC and, where applicable the SAC of the 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 will be determined in accordance with the ruling of the Shariah Adviser and Shariah Investment Guidelines.**

## 1.6. FINANCING

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

## 1.7. SECURITIES LENDING

Subject to Shariah Adviser's approval, the Funds may participate in the lending of securities under the GUTF on Securities Borrowing and Lending issued when we find it appropriate to do so with a view of generating additional income for the Funds with an acceptable degree of risk.

The lending of securities is permitted under the Deeds and must comply with the above mentioned as well as with the relevant rules and/or directives issued by Bursa Malaysia, Bursa Malaysia Depository Sdn. Bhd., Bursa Malaysia Securities Clearing Sdn. Bhd. and any other relevant authority.

## 1.8. RISK FACTORS

### 1.8.1. GENERAL RISKS OF INVESTING IN A FUND

Any investment carries with it an element of risk. Therefore, prior to making an investment, you should consider the following risk factors in addition to the other information set out in this Master Prospectus (Islamic Funds).

#### Returns 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 investment objective will be achieved.

#### Market risk

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

#### Inflation risk

This is the risk that your investment in the unit trust fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the value of the investment in monetary terms has increased.

#### Financing risk

This risk occurs when you obtain financing to finance your investment. The inherent risk of investing with money obtained from financing includes you being unable to service the financing payments. In the event units are used as collateral, you may be required to top-up your existing installment if the prices of units fall below a certain level due to market conditions. Failing which, the units may be sold at a lower NAV per unit as compared to the NAV per unit at the point of purchase towards settling the financing.

**Manager risk**

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

**Shariah non-Compliance Risk**

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

Please refer to page 20 for more information on Shariah Investment Guidelines.

**1.8.2. SPECIFIC RISKS ASSOCIATED WITH THE INVESTMENT PORTFOLIO OF THE FUNDS**

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

**EQUITY FUNDS****1.8.2.1. Principal DALI Equity Growth Fund****Stock specific risk**

Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund's NAV.

**Risks associated with investment in warrants**

There are inherent risks associated with investment in warrants. The value of warrants are influenced by the current market price of the underlying security, the exercise price of the contract, the time to expiration of the contract and the estimate of the future volatility of the underlying security's price over the life of the contract. Generally, the erosion in value of Shariah-compliant warrants accelerates as it approaches its expiry date. Like securities, we will undertake fundamental research and analysis on these instruments with an aim to mitigate its risks.

**Interest rate risk**

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

**Risk associated with investing in CIS**

Since the Fund may invest into Islamic CIS, there is a risk of concentration into Islamic CIS, in which the Islamic CIS's management company has absolute discretion over the Islamic CIS's investment technique and knowledge, operational controls and management. In the event of mismanagement of the Islamic CIS and/or the management company, the NAV of the Fund, which invests into those Islamic CIS would be affected negatively. Should the situation arise, we will seek for another Islamic CIS that is consistent with the objective of this Fund.

**1.8.2.2. Principal DALI Equity Fund****Stock specific risk**

Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund's NAV.

**Country risk**

Investments of the Fund in any country may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or price of units to fall.

**Currency risk**

As the investments of the Fund may be denominated in currencies other than the base currency of the Fund, any fluctuation in the exchange rate between the base currency of the Fund and the currencies in which the investments are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the Fund, this will have an adverse effect on the NAV of the Fund in the

base currency of the Fund and vice versa. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

#### **Risk of investing in emerging markets**

In comparison with investments in the developed markets, investment in emerging markets may involve a higher degree of risk due to the greater possibility of political or economic instability and societal tensions. Emerging markets are markets that are, by definition, “in a state of transition” and are therefore exposed to rapid political change and economic declines. The securities in the emerging markets may face a higher risk of price drop while the exchange rates in these emerging markets are generally more volatile than those of developed markets. As such, you should be aware that investments in emerging markets may be subject to higher price volatility and therefore will tend to have a higher investment risk that will affect the Fund’s growth. These risks may be minimized through active asset allocation management and diversification across different countries and sectors, in addition to our continuous bottom-up and top-down research and analysis.

#### **Risks associated with investment in warrants**

There are inherent risks associated with investment in warrants. The value of warrants are influenced by the current market price of the underlying security, the exercise price of the contract, the time to expiration of the contract and the estimate of the future volatility of the underlying security’s price over the life of the contract. Generally, the erosion in value of Shariah-compliant warrants accelerates as it approaches its expiry date. Like securities, we will undertake fundamental research and analysis on these instruments with an aim to mitigate its risks.

#### **Interest rate risk**

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

#### **Risk associated with investing in CIS**

Since the Fund may invest into Islamic CIS, there is a risk of concentration into Islamic CIS, in which the Islamic CIS’s management company has absolute discretion over the Islamic CIS’s investment technique and knowledge, operational controls and management. In the event of mismanagement of the Islamic CIS and/or the management company, the NAV of the Fund, which invests into those Islamic CIS would be affected negatively. Should the situation arise, we will seek for another Islamic CIS that is consistent with the objective of this Fund.

### **1.8.2.3. Principal Islamic Malaysia Opportunities Fund**

#### **Stock specific risk**

Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund’s NAV.

#### **Credit and default risk**

The Fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the Fund invests in Sukuk, Islamic money market instruments and/or place Islamic Deposits. Credit risk relates to the creditworthiness of the securities issuers or counterparties and their expected ability to make timely payment of profit and/or principal. Any adverse situations faced by the issuer or counterparties may impact the value as well as liquidity of the investments. In the case of rated Sukuk, this may lead to a credit downgrade. Default risk relates to the risk that a securities issuer or counterparties either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investments. This could adversely affect the value of the Fund. We aim to mitigate this risk by performing bottom-up and top-down credit research and analysis to determine the creditworthiness of its issuers or counterparties, and impose investment limits on exposures for issuers or counterparties with different credit profiles as a precautionary step to limit any loss that may arise directly or indirectly as a result of a defaulted transaction.

#### **Interest rate risk**

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

**Please note that although Sukuk is a non-interest bearing instrument, its price movement is correlated to the movement in the interest rates. As such, investment in Sukuk will have an exposure to the movement of the interest rates. Even though the Fund does not invest in interest bearing instruments, the interest rate referred herein is to the general interest rate of the country, which may affect the value of the investment of the Fund.**

#### **Risk associated with investing in CIS**

Since the Fund may invest into Islamic CIS, there is a risk of concentration into Islamic CIS, in which the Islamic CIS’s management company has absolute discretion over the Islamic CIS’s investment technique and knowledge, operational controls and management. In the event of mismanagement of the Islamic CIS and/or the management company, the NAV of the Fund, which



invests into those Islamic CIS would be affected negatively. Should the situation arise, we will seek for another Islamic CIS that is consistent with the objective of this Fund.

#### **1.8.2.4. Principal DALI Asia Pacific Equity Growth Fund**

##### **Stock specific risk**

Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund's NAV.

##### **Country risk**

Investments of the Fund in any country may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or price of units to fall.

##### **Currency risk**

As the investments of the Fund may be denominated in currencies other than the base currency of the Fund, any fluctuation in the exchange rate between the base currency of the Fund and the currencies in which the investments are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the Fund, this will have an adverse effect on the NAV of the Fund in the base currency of the Fund and vice versa. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

##### **Risk of investing in emerging markets**

In comparison with investments in the developed markets, investment in emerging markets may involve a higher degree of risk due to the greater possibility of political or economic instability and societal tensions. Emerging markets are markets that are, by definition, "in a state of transition" and are therefore exposed to rapid political change and economic declines. The securities in the emerging markets may face a higher risk of price drop while the exchange rates in these emerging markets are generally more volatile than those of developed markets. As such, you should be aware that investments in emerging markets may be subject to higher price volatility and therefore will tend to have a higher investment risk that will affect the Fund's growth. We attempt to mitigate these risks through active asset allocation management and diversification, in addition to our continuous bottom-up and top-down research and analysis.

##### **Risks associated with investment in warrants**

There are inherent risks associated with investment in warrants. The value of warrants are influenced by the current market price of the underlying security, the exercise price of the contract, the time to expiration of the contract and the estimate of the future volatility of the underlying security's price over the life of the contract. Generally, the erosion in value of Shariah-compliant warrants accelerates as it approaches its expiry date. Like securities, we will undertake fundamental research and analysis on these instruments with an aim to mitigate its risks.

##### **Risk associated with investing in CIS**

Since the Fund may invest into Islamic CIS, there is a risk of concentration into Islamic CIS, in which the Islamic CIS's management company has absolute discretion over the Islamic CIS's investment technique and knowledge, operational controls and management. In the event of mismanagement of the Islamic CIS and/or the management company, the NAV of the Fund, which invests into those Islamic CIS would be affected negatively. Should the situation arise, we will seek for another Islamic CIS that is consistent with the objective of this Fund.

#### **1.8.2.5. Principal Islamic Enhanced Opportunities Fund**

##### **Stock specific risk**

Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund's NAV.

##### **Risks associated with investment in warrants**

There are inherent risks associated with investment in warrants. The value of warrants are influenced by the current market price of the underlying security, the exercise price of the contract, the time to expiration of the contract and the estimate of the future volatility of the underlying security's price over the life of the contract. Generally, the erosion in value of Shariah-compliant warrants accelerates as it approaches its expiry date. Like securities, we will undertake fundamental research and analysis on these instruments with an aim to mitigate its risks.

##### **Risk associated with investing in CIS**

Since the Fund may invest into Islamic CIS, there is a risk of concentration into Islamic CIS, in which the Islamic CIS's management company has absolute discretion over the Islamic CIS's investment technique and knowledge, operational controls and management. In the event of mismanagement of the Islamic CIS and/or the management company, the NAV of the Fund, which invests into those Islamic CIS would be affected negatively. Should the situation arise, we will seek for another Islamic CIS that is consistent with the objective of this Fund.

### **1.8.2.6. Principal Islamic Small Cap Opportunities Fund**

#### **Stock specific risk**

Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund's NAV.

#### **Liquidity risk**

Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the Fund holds assets that are illiquid, or are difficult to dispose of, the value of the Fund will be negatively affected when it has to sell such assets at unfavourable prices.

#### **Risks associated with investment in warrants**

There are inherent risks associated with investment in warrants. The value of warrants are influenced by the current market price of the underlying security, the exercise price of the contract, the time to expiration of the contract and the estimate of the future volatility of the underlying security's price over the life of the contract. Generally, the erosion in value of Shariah-compliant warrants accelerates as it approaches its expiry date. Like securities, we will undertake fundamental research and analysis on these instruments with an aim to mitigate its risks.

#### **Risk associated with investing in CIS**

Since the Fund may invest into Islamic CIS, there is a risk of concentration into Islamic CIS, in which the Islamic CIS's management company has absolute discretion over the Islamic CIS's investment technique and knowledge, operational controls and management. In the event of mismanagement of the Islamic CIS and/or the management company, the NAV of the Fund, which invests into those Islamic CIS would be affected negatively. Should the situation arise, we will seek for another Islamic CIS that is consistent with the objective of this Fund.

### **1.8.2.7. Principal Islamic Asia Pacific Dynamic Equity Fund**

#### **Stock specific risk**

Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund's NAV.

#### **Country risk**

Investments of the Fund in any country may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or price of units to fall.

#### **Currency risk**

As the investments of the Fund may be denominated in currencies other than the base currency of the Fund, any fluctuation in the exchange rate between the base currency of the Fund and the currencies in which the investments are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the Fund, this will have an adverse effect on the NAV of the Fund in the base currency of the Fund and vice versa. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

#### **Risks associated with investment in warrants and/or options**

There are inherent risks associated with investment in warrants and/or options. The value of warrants and/or options are influenced by the current market price of the underlying security, the exercise price of the contract, the time to expiration of the contract and the estimate of the future volatility of the underlying security's price over the life of the contract. Generally, the erosion in value of Shariah-compliant warrants accelerates as it approaches its expiry date. Like securities, we will undertake fundamental research and analysis on these instruments with an aim to mitigate its risks.

#### **Credit and default risk**

The Fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the Fund invests in Sukuk and/or place Islamic Deposits. Credit risk relates to the creditworthiness of the securities issuers or counterparties and their expected ability to make timely payment of profit and/or principal. Any adverse situations faced by the issuer or counterparties may impact the value as well as liquidity of the investments. In the case of rated Sukuk, this may lead to a credit downgrade. Default risk relates to the risk that a securities issuer or counterparties either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investments. This could adversely affect the value of the Fund. We aim to mitigate this risk by performing bottom-up and top-down credit research and analysis to determine the creditworthiness of its issuers or counterparties, and impose investment limits on exposures for issuers or counterparties with different credit profiles as a precautionary step to limit any loss that may arise directly or indirectly as a result of a defaulted transaction.

#### **Interest rate risk**

Interest rate risk refers to the impact of interest rate changes on the valuation of Sukuk and Islamic money market instruments. When interest rates rise, Sukuk and Islamic money market instruments prices generally decline and this may lower the market value of the Fund's investment in Sukuk and Islamic money market instruments. In managing the Sukuk, we take into account the

coupon rate and time to maturity of the Sukuk with an aim to mitigate the interest rate risk. As for Islamic money market instruments, the typical tenor of these instruments are less than 12-month maturity and unlike Sukuk, any change to interest rate will only have a minor impact to the prices of these instruments.

#### **Risk associated with investing in CIS**

Since the Fund may invest into Islamic CIS, there is a risk of concentration into Islamic CIS, in which the Islamic CIS's management company has absolute discretion over the Islamic CIS's investment technique and knowledge, operational controls and management. In the event of mismanagement of the Islamic CIS and/or the management company, the NAV of the Fund, which invests into those Islamic CIS would be affected negatively. Should the situation arise, we will seek for another Islamic CIS that is consistent with the objective of this Fund.

### **MIXED ASSET FUNDS**

#### **1.8.2.8. Principal Islamic Lifetime Balanced Fund**

##### **Stock specific risk**

Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund's NAV.

##### **Credit and default risk**

The Fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the Fund invests in Sukuk, Islamic money market instruments and/or place Islamic Deposits. Credit risk relates to the creditworthiness of the securities issuers or counterparties and their expected ability to make timely payment of profit and/or principal. Any adverse situations faced by the issuer or counterparties may impact the value as well as liquidity of the investments. In the case of rated Sukuk, this may lead to a credit downgrade. Default risk relates to the risk that a securities issuer or counterparties either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investments. This could adversely affect the value of the Fund. We aim to mitigate this risk by performing bottom-up and top-down credit research and analysis to determine the creditworthiness of its issuers or counterparties, and impose investment limits on exposures for issuers or counterparties with different credit profiles as a precautionary step to limit any loss that may arise directly or indirectly as a result of a defaulted transaction.

##### **Interest rate risk**

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

**Please note that although Sukuk is a non-interest bearing instrument, its price movement is correlated to the movement in the interest rates. As such, investment in Sukuk will have an exposure to the movement of the interest rates. Even though the Fund does not invest in interest bearing instruments, the interest rate referred herein is to the general interest rate of the country which may affect the value of the investment of the Fund.**

##### **Country risk**

Investments of the Fund in any country may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or price of units to fall.

##### **Currency risk**

As the investments of the Fund may be denominated in currencies other than the base currency of the Fund, any fluctuation in the exchange rate between the base currency of the Fund and the currencies in which the investments are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the Fund, this will have an adverse effect on the NAV of the Fund in the base currency of the Fund and vice versa. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

##### **Risk of investing in emerging markets**

In comparison with investments in the developed markets, investment in emerging markets may involve a higher degree of risk due to the greater possibility of political or economic instability and societal tensions. Emerging markets are markets that are, by definition, "in a state of transition" and are therefore exposed to rapid political change and economic declines. The securities in the emerging markets may face a higher risk of price drop while the exchange rates in these emerging markets are generally more volatile than those of developed markets. As such, you should be aware that investments in emerging markets may be subject to higher price volatility and therefore will tend to have a higher investment risk that will affect the Fund's growth. We attempt to mitigate these risks through active asset allocation management and diversification, in addition to our continuous bottom-up and top-down research and analysis.

**Risk associated with investing in CIS**

Since the Fund may invest into Islamic CIS, there is a risk of concentration into Islamic CIS, in which the Islamic CIS's management company has absolute discretion over the Islamic CIS's investment technique and knowledge, operational controls and management. In the event of mismanagement of the Islamic CIS and/or the management company, the NAV of the Fund, which invests into those Islamic CIS would be affected negatively. Should the situation arise, we will seek for another Islamic CIS that is consistent with the objective of this Fund.

**1.8.2.9. Principal Islamic Lifetime Balanced Growth Fund****Stock specific risk**

Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund's NAV.

**Credit and default risk**

The Fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the Fund invests in Sukuk, Islamic money market instruments and/or place Islamic Deposits. Credit risk relates to the creditworthiness of the securities issuers or counterparties and their expected ability to make timely payment of profit and/or principal. Any adverse situations faced by the issuer or counterparties may impact the value as well as liquidity of the investments. In the case of rated Sukuk, this may lead to a credit downgrade. Default risk relates to the risk that a securities issuer or counterparties either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investments. This could adversely affect the value of the Fund. We aim to mitigate this risk by performing bottom-up and top-down credit research and analysis to determine the creditworthiness of its issuers or counterparties, and impose investment limits on exposures for issuers or counterparties with different credit profiles as a precautionary step to limit any loss that may arise directly or indirectly as a result of a defaulted transaction.

**Interest rate risk**

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

**Please note that although Sukuk is a non-interest bearing instrument, its price movement is correlated to the movement in the interest rates. As such, investment in Sukuk will have an exposure to the movement of the interest rates. Even though the Fund does not invest in interest bearing instruments, the interest rate referred herein is to the general interest rate of the country which may affect the value of the investment of the Fund.**

**Risk associated with investing in CIS**

Since the Fund may invest into Islamic CIS, there is a risk of concentration into Islamic CIS, in which the Islamic CIS's management company has absolute discretion over the Islamic CIS's investment technique and knowledge, operational controls and management. In the event of mismanagement of the Islamic CIS and/or the management company, the NAV of the Fund, which invests into those Islamic CIS would be affected negatively. Should the situation arise, we will seek for another Islamic CIS that is consistent with the objective of this Fund.

**SUKUK FUNDS****1.8.2.10. Principal Islamic Lifetime Enhanced Sukuk Fund****Stock specific risk**

Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund's NAV.

**Credit and default risk**

The Fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the Fund invests in Sukuk, Islamic money market instruments and/or place Islamic Deposits. Credit risk relates to the creditworthiness of the securities issuers or counterparties and their expected ability to make timely payment of profit and/or principal. Any adverse situations faced by the issuer or counterparties may impact the value as well as liquidity of the investments. In the case of rated Sukuk, this may lead to a credit downgrade. Default risk relates to the risk that a securities issuer or counterparties either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investments. This could adversely affect the value of the Fund. We aim to mitigate this risk by performing bottom-up and top-down credit research and analysis to determine the creditworthiness of its issuers or counterparties, and impose investment limits on exposures for issuers or counterparties with different credit profiles as a precautionary step to limit any loss that may arise directly or indirectly as a result of a defaulted transaction.

**Interest rate risk**

Interest rate risk refers to the impact of interest rate changes on the valuation of Sukuk and Islamic money market instruments. When interest rates rise, Sukuk and Islamic money market instruments prices generally decline and this may lower the market

value of the Fund's investment in Sukuk and Islamic money market instruments. In managing the Sukuk, we take into account the coupon rate and time to maturity of the Sukuk with an aim to mitigate the interest rate risk. As for Islamic money market instruments, the typical tenor of these instruments are less than 12-month maturity and unlike Sukuk, any change to interest rate will only have a minor impact to the prices of these instruments.

**Please note that although Sukuk is a non-interest bearing instrument, its price movement is correlated to the movement in the interest rates. As such, investment in Sukuk will have an exposure to the movement of the interest rates. Even though the Fund does not invest in interest bearing instruments, the interest rate referred herein is to the general interest rate of the country which may affect the value of the investment of the Fund.**

#### **Risks associated with investment in warrants**

There are inherent risks associated with investment in warrants. The value of warrants are influenced by the current market price of the underlying security, the exercise price of the contract, the time to expiration of the contract and the estimate of the future volatility of the underlying security's price over the life of the contract. Generally, the erosion in value of Shariah-compliant warrants accelerates as it approaches its expiry date. Like securities, we will undertake fundamental research and analysis on these instruments with an aim to mitigate its risks.

#### **Risk of investing in emerging markets**

In comparison with investments in the developed markets, investment in emerging markets may involve a higher degree of risk due to the greater possibility of political or economic instability and societal tensions. Emerging markets are markets that are, by definition, "in a state of transition" and are therefore exposed to rapid political change and economic declines. The securities in the emerging markets may face a higher risk of price drop while the exchange rates in these emerging markets are generally more volatile than those of developed markets. As such, you should be aware that investments in emerging markets may be subject to higher price volatility and therefore will tend to have a higher investment risk that will affect the Fund's growth. We attempt to mitigate these risks through active asset allocation management and diversification, in addition to our continuous bottom-up and top-down research and analysis.

#### **Country risk**

Investments of the Fund in any country may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or price of units to fall.

#### **Currency risk**

As the investments of the Fund may be denominated in currencies other than the base currency of the Fund, any fluctuation in the exchange rate between the base currency of the Fund and the currencies in which the investments are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the Fund, this will have an adverse effect on the NAV of the Fund in the base currency of the Fund and vice versa. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

#### **Risk associated with investing in CIS**

Since the Fund may invest into Islamic CIS, there is a risk of concentration into Islamic CIS, in which the Islamic CIS's management company has absolute discretion over the Islamic CIS's investment technique and knowledge, operational controls and management. In the event of mismanagement of the Islamic CIS and/or the management company, the NAV of the Fund, which invests into those Islamic CIS would be affected negatively. Should the situation arise, we will seek for another Islamic CIS that is consistent with the objective of this Fund.

### **1.8.2.11. Principal Islamic Lifetime Sukuk Fund**

#### **Credit and default risk**

The Fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the Fund invests in Sukuk, Islamic money market instruments and/or place Islamic Deposits. Credit risk relates to the creditworthiness of the securities issuers or counterparties and their expected ability to make timely payment of profit and/or principal. Any adverse situations faced by the issuer or counterparties may impact the value as well as liquidity of the investments. In the case of rated Sukuk, this may lead to a credit downgrade. Default risk relates to the risk that a securities issuer or counterparties either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investments. This could adversely affect the value of the Fund. We aim to mitigate this risk by performing bottom-up and top-down credit research and analysis to determine the creditworthiness of its issuers or counterparties, and impose investment limits on exposures for issuers or counterparties with different credit profiles as a precautionary step to limit any loss that may arise directly or indirectly as a result of a defaulted transaction.

#### **Interest rate risk**

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

**Please note that although Sukuk is a non-interest bearing instrument, its price movement is correlated to the movement in the interest rates. As such, investment in Sukuk will have an exposure to the movement of the interest rates. Even though the Fund does not invest in interest bearing instruments, the interest rate referred herein is to the general interest rate of the country which may affect the value of the investment of the Fund.**

#### **Risk of investing in emerging markets**

In comparison with investments in the developed markets, investment in emerging markets may involve a higher degree of risk due to the greater possibility of political or economic instability and societal tensions. Emerging markets are markets that are, by definition, “in a state of transition” and are therefore exposed to rapid political change and economic declines. The securities in the emerging markets may face a higher risk of price drop while the exchange rates in these emerging markets are generally more volatile than those of developed markets. As such, you should be aware that investments in emerging markets may be subject to higher price volatility and therefore will tend to have a higher investment risk that will affect the Fund’s growth. We attempt to mitigate these risks through active asset allocation management and diversification, in addition to our continuous bottom-up and top-down research and analysis.

#### **Risks associated with investment in warrants**

There are inherent risks associated with investment in warrants. The value of warrants are influenced by the current market price of the underlying security, the exercise price of the contract, the time to expiration of the contract and the estimate of the future volatility of the underlying security’s price over the life of the contract. Generally, the erosion in value of Shariah-compliant warrants accelerates as it approaches its expiry date. Like securities, we will undertake fundamental research and analysis on these instruments with an aim to mitigate its risks.

#### **Country risk**

Investments of the Fund in any country may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or price of units to fall.

#### **Currency risk**

As the investments of the Fund may be denominated in currencies other than the base currency of the Fund, any fluctuation in the exchange rate between the base currency of the Fund and the currencies in which the investments are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the investments are denominated depreciate against the base currency of the Fund, this will have an adverse effect on the NAV of the Fund in the base currency of the Fund and vice versa. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

#### **Risk associated with investing in CIS**

Since the Fund may invest into Islamic CIS, there is a risk of concentration into Islamic CIS, in which the Islamic CIS’s management company has absolute discretion over the Islamic CIS’s investment technique and knowledge, operational controls and management. In the event of mismanagement of the Islamic CIS and/or the management company, the NAV of the Fund, which invests into those Islamic CIS would be affected negatively. Should the situation arise, we will seek for another Islamic CIS that is consistent with the objective of this Fund.

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

## 2. FEES, CHARGES AND EXPENSES

### 2.1. CHARGES

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

#### 2.1.1. Application Fee

When applying unit of the Funds, you may be charged an Application Fee based on the NAV per unit of the respective funds, which may differ between distribution channels. The table below shows the maximum Application Fee that may be charged.

	Maximum Application Fee (% of the NAV per unit)	
	Principal Distributors	IUTAs
	%	%
<b>Equity Funds</b>		
Principal DALI Equity Growth Fund	6.50	6.50
Principal DALI Equity Fund	6.50	6.50
Principal Islamic Malaysia Opportunities Fund	6.50	5.50
Principal DALI Asia Pacific Equity Growth Fund	6.50	6.50
Principal Islamic Enhanced Opportunities Fund	5.00	5.00
Principal Islamic Small Cap Opportunities Fund	6.50	6.50
Principal Islamic Asia Pacific Dynamic Equity Fund	5.00	5.00
<b>Mixed Asset Funds</b>		
Principal Islamic Lifetime Balanced Fund	6.50	6.50
Principal Islamic Lifetime Balanced Growth Fund	6.00	5.00
<b>Sukuk Funds</b>		
Principal Islamic Lifetime Enhanced Sukuk Fund	2.00	2.00
Principal Islamic Lifetime Sukuk Fund	2.00	2.00

Despite the maximum Application Fees disclosed above, you may negotiate with us or our Distributors for lower 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 GUTF, we reserve our sole and absolute discretion without providing any reason whatsoever and at any time to amend, vary, waive and/ or reduce the fees and charges (except for Trustee Fee), whether payable by the Fund, Class, payable by you to the Fund or payable by any other investors to the Fund.

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

**Note:** Please refer to the “Calculation of investment amount and units entitlement” section in the “Transaction Information” chapter for an illustration on how the Application Fee is calculated. The Application Fee imposed will be rounded to two (2) decimal places.

#### 2.1.2. Withdrawal Fee

There is no Withdrawal Fee for withdrawals from any of the Funds.

#### 2.1.3. Dilution Fee

There is no dilution fee for withdrawals from any of the Funds.

#### 2.1.4. Switching Fee

Switching is treated as a withdrawal from one (1) Fund and an investment into another Principal Malaysia’s fund. You may be charged a Switching Fee equal to the difference (if any) between the Application Fees of these two (2) funds when you switch from one fund to another.

For example, you have invested in a fund with an Application Fee of 2.00% on the NAV per unit and now wish to switch to another fund which has an Application Fee of 5.50% on the NAV per unit. Hence, we will impose a Switching Fee of 3.50% on the NAV per unit (being the difference between 2.00% and 5.50%) on the amount switched.

In addition, we impose a MYR100 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees. We also have the discretion to waive the Switching Fee and/or administrative fee.

Switching from Islamic fund to conventional fund is discouraged for Muslim investors. The term 'discouraged' is not a Shariah ruling imposed by the Shariah Adviser of the fund to the investor, rather a suggestion for the Muslim investor to continue practicing the Islamic conducts, ie: shariah investing.

#### 2.1.5. Transfer Fee

You may be charged Transfer Fee of not more than MYR50.00 for each transfer.

## 2.2. FEES AND EXPENSES

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

#### 2.2.1. Management Fee

Table below stipulates the annual Management Fee charged for the respective Funds, based on the NAV of the Fund. The Management Fee shall be accrued daily based on the NAV of the Fund and paid monthly.

Funds	Maximum Management Fee (% p.a. of the NAV of the Fund)
<b>Equity Funds</b>	
Principal DALI Equity Growth Fund	1.50
Principal DALI Equity Fund	1.85
Principal Islamic Malaysia Opportunities Fund	1.50
Principal DALI Asia Pacific Equity Growth Fund	1.50
Principal Islamic Enhanced Opportunities Fund	1.50
Principal Islamic Small Cap Opportunities Fund	1.85
Principal Islamic Asia Pacific Dynamic Equity Fund	1.80
<b>Mixed Asset Funds</b>	
Principal Islamic Lifetime Balanced Fund	1.50
Principal Islamic Lifetime Balanced Growth Fund	1.50
<b>Sukuk Funds</b>	
Principal Islamic Lifetime Enhanced Sukuk Fund	1.00
Principal Islamic Lifetime Sukuk Fund	0.95

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

$Management\ Fee\ for\ the\ day = NAV\ of\ the\ Fund \times annual\ Management\ Fee\ rate\ for\ the\ Fund\ (\%) / 365\ days$

If the NAV of the Fund is MYR500 million, then

$Management\ Fee\ for\ the\ day = MYR500\ million \times 1.00\% \text{ per annum} / 365\ days$   
 $= MYR13,698.63$

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

#### 2.2.2. Trustee Fee

The table below stipulates the annual Trustee Fee and custodian fee for the respective Funds, based on the NAV of the Fund. The Trustee Fee and custodian fee shall be accrued daily based on the NAV of the Fund and paid monthly.

Funds	Trustee	Maximum Trustee Fee (% p.a. of the NAV of the Fund)
<b>Equity Funds</b>		
Principal DALI Equity Growth Fund	MTrustee	0.06
Principal DALI Equity Fund	UTMB	0.06
Principal Islamic Malaysia Opportunities Fund	ART	0.05
Principal DALI Asia Pacific Equity Growth Fund	ART	0.06
Principal Islamic Enhanced Opportunities Fund	ART	0.09
Principal Islamic Small Cap Opportunities Fund	UTMB	0.06
Principal Islamic Asia Pacific Dynamic Equity Fund	HSBCT	0.07



<b>Mixed Asset Funds</b>		
Principal Islamic Lifetime Balanced Fund	UTMB	0.10
Principal Islamic Lifetime Balanced Growth Fund	MTB	0.07
<b>Sukuk Funds</b>		
Principal Islamic Lifetime Enhanced Sukuk Fund	HSBCT	0.07
Principal Islamic Lifetime Sukuk Fund	ART	0.06

**Note:** The Trustee Fee includes local custodian fee but excludes foreign sub-custodian fee (if any). Foreign sub-custodian fee is dependant on the country invested and is charged monthly in arrears.

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

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

If the NAV of the Fund is MYR500 million, then

Trustee Fee for the day = MYR500 million x 0.06% per annum / 365 days  
= MYR821.92

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

### 2.2.3. Other Expenses

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

- expenses incurred in the sale, purchase, insurance/Takaful, custody and any other dealings of investments including commissions/fees paid to brokers and costs involved with external specialists approved by the Trustees in investigating and evaluating any proposed investment;
- (where the foreign custodial function is delegated by the Trustees), charges/fees paid to the sub-custodian;
- expenses incurred in the printing of, the purchasing of stationery and postage for the annual and interim (if any) reports;
- tax and other duties imposed by the government and other authorities and bank fees;
- Shariah Adviser's fee and expenses;
- tax agent's and auditor's fees and expenses in relation to the Funds;
- valuation fees paid to independent valuers for the benefit of the Funds;
- costs incurred in modifying the Deeds for your benefit; and
- cost of convening and holding meetings of Unit holders (other than those meetings convened for our benefit or the benefit of the Trustees); and
- all costs, bank charges and expenses related to income distribution of the Funds; for example, postage and printing of all cheques, statements and notices to you.

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

- 2.2.4. We and the Trustees are required to ensure that any fees or charges payable are reasonable and in accordance with the Deeds which stipulate the maximum rate in percentage terms that can be charged. Should the Fund invest into units of other CIS that are managed by us or our related corporation, we will ensure that all initial charges are waived and there is no double charging of management fees.

Subject always to the provisions of the Deed and GUTF, we reserve our sole and absolute discretion and at any time to amend, vary, waive and/ or reduce the fees and charges (except for Trustee Fee), whether payable by the Fund, 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 Funds; and/ or (c) transactional values including but not limited to the units or amount, for any Unit holder and/or investments made via any distribution channels or platform.

### 2.3. REBATES AND SOFT COMMISSIONS

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

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

**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 Funds or you as disclosed or illustrated in the Master Prospectus (Islamic Funds).**

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 Deeds. Where necessary, we will notify the Trustee and communicate to you or seek your approval on the amendments to the fees and charges.

# 3. TRANSACTION INFORMATION

## 3.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUND

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

- **Listed Shariah-compliant securities**  
The value of any Shariah-compliant permitted investments, which are quoted on an approved exchange, shall be calculated daily by reference to the last transacted price on that approved exchange. If the last transacted price does not represent the fair value of the securities, then the securities should be valued at fair price as determined in good faith by us, based on the methods or bases approved by the Trustee after appropriate technical consultation, such as the mean of bid and offer prices at the close of trading. Suspended Shariah-compliant securities will be valued at their last done price unless there is conclusive evidence to show that the value has gone below the suspended price or where the quotation of the securities has been suspended for a period exceeding fourteen (14) days or such shorter period as agreed by the trustee, whereupon their fair value will be determined in good faith by us based on the methods or bases approved by the Trustee after appropriate technical consultation.
- **Unlisted Shariah-compliant securities**  
The valuation of Shariah-compliant securities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the Fund by the issuer shall be valued daily at the issue price of such Shariah-compliant securities. The value will be determined by the financial institution that issued the securities.
- **Unlisted Sukuk**  
The value of any unlisted MYR-denominated Sukuk shall be calculated on a daily basis using prices quoted by a bond pricing agency (“BPA”) registered with the SC. Where such prices are not available or where the Manager is of the view that the price quoted by the BPA for a specific Sukuk differs from the market price by more than twenty (20) basis points, the Manager may use the market price by reference to the last available quote provided such quote was obtained within the previous thirty (30) days and the Manager records its basis for using a non-BPA price, obtained necessary internal approvals to use the non-BPA price and keeps an audit trail of all decisions and basis for adopting the market yield.

For **iDY-APDE, DALI2, iLI-B, iLI-ES, and iLI-S**, the value of any unlisted non-MYR-denominated Sukuk shall be calculated daily using prices quoted by ICE using its proprietary methodology. The Sukuk prices are calculated using prices contributed by financial institutions and other market inputs listed in approximate order of priority, include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data (e.g. corporate action announcements and ratings). Where the prices from ICE are not available on any business day, these Sukuk will be valued by reference to the average indicative yield quoted by three (3) independent and reputable financial institutions. However, where quotations are still not available, such unlisted non-MYR-denominated Sukuk will be valued daily at fair price determined in good faith by us, based on the methods or bases, which have been verified by the auditor of the Fund and approved by the Trustee.

- **Unlisted Islamic derivative instruments**  
For unlisted Islamic derivative instruments, the Manager shall ensure that the valuation of the investment is valued daily at fair value as determination in good faith by the Manager, on methods and bases which have been verified by the auditor of the Fund and approved by the Trustee.
- **Islamic collective investment schemes**  
The value of any investment in Islamic CIS which are quoted on an approved exchange shall be calculated daily in the same manner as other listed Shariah-compliant instruments described above. When investing in unlisted Islamic CIS, the value shall be determined daily by reference to the last published repurchase/redemption price for that Islamic CIS.
- **Islamic money market instruments**  
Valuation of Islamic money market instruments such as negotiable instrument of deposits and commercial papers shall be valued by reference to the quotes provided by independent and reputable pricing source(s), which is deemed fair value, includes but not limited to Bond Pricing Agency (“BPA”) registered by the SC. Where the quotes are provided by financial institutions, the valuation of the money market instruments will be based on the average of bid and offer prices quoted by three (3) independent and reputable financial institutions of similar standing at the close of trading. The valuation method is verified by the auditor and approved by the Trustee.
- **Islamic Deposits**  
The value of Islamic Deposits shall be determined each day by reference to the principal value of such Shariah-compliant permitted investments and the profit accrued thereon for the relevant period.

If the value of the Fund’s asset is denominated in a foreign currency, the assets are translated on a daily basis to MYR. Currently, the assets are translated using the bid foreign exchange rate quoted by either Reuters or Bloomberg, at UK 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.

## 3.2. UNIT PRICING

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

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

The valuation point of the Funds for a Business Day will depend on whether the portfolio consists of foreign investments.

### For Funds without foreign investments:

We will value the Fund for a Business Day at the end of that Business Day (T day). The NAV per unit for a Business Day is available on our website at [www.principal.com.my](http://www.principal.com.my) after 10:00 a.m. on the following Business Day (T+1).

### For Funds with foreign investments:

We will value the Fund for a Business Day on the next Business Day (T+1) by 4:00 p.m. This is to cater for the currency translation of the foreign Shariah-compliant instruments or Shariah-compliant instruments to the Funds' base currency. Currently, the currency translation is 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](http://www.principal.com.my) after 5:30 p.m. on the following Business Day (T+1).

### Illustration (for Funds with foreign investments):

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

At the end of the Business Day on 7 December 2020, your units will be based on the NAV per unit on 7 December 2020, which will be calculated on 8 December 2020. The NAV per unit will be available on our website after 5:30 p.m. on 8 December 2020.

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

At the end of the Business Day on 7 December 2020, your units will be based on the NAV per unit on 8 December 2020, which will be calculated on 9 December 2020. The NAV per unit will be available on our website after 5:30 p.m. on 9 December 2020.

Each Fund must be valued at least once for every Business Day. The NAV per unit is calculated by dividing the NAV of the Fund with the number of units in issue at the valuation point, as follows:

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

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 Deeds) including income derived by the Fund which has not been distributed to our Unit holders, less all amounts owing or payable in respect of the Fund which also including any provisions that we and the Trustees consider should be made. For example, a provision may be made for possible future losses on an investment which cannot be fairly determined.

**Note:** We will ensure the accuracy of the prices submitted to the Federation of Investment Managers Malaysia – Funds Malaysia System.

### 3.2.1. 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 the Fund.

#### Illustrations:

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

Assumptions:

NAV per unit	=	MYR0.5000 (truncated to 4 decimal places)
Application Fee charged by IUTA	=	5.50%
You wish to invest MYR10,000 in the Fund through an IUTA.		

#### Calculation of total number of units that you will receive\*

---

$$\begin{aligned} &= \text{Investment amount} / \text{NAV per unit} \\ &= \text{MYR10,000} / \text{MYR0.5000} \\ &= 20,000 \text{ units} \end{aligned}$$

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

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$$\begin{aligned} &= \text{NAV per unit} \times \text{number of units received} \times \text{Application Fee rate} \\ &= \text{MYR0.5000} \times 20,000 \text{ units} \times 5.50\% \\ &= \text{MYR550.00} \end{aligned}$$

Calculation of total amount that you will have to pay

---

= Investment amount + Application Fee paid  
= MYR10,000 + RM550  
= MYR10,550.00

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

# The Application Fee imposed will be rounded to two (2) decimal places.

**Calculation of investment amount**

Following the illustration above, assuming the NAV per unit calculated for a Business Day is MYR0.5110 (truncated to 4 decimal places).

Calculation of investment amount

---

= Number of units x NAV per unit  
= 20,000 units x MYR0.5110  
= MYR10,220.00

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

Assuming you request for a withdrawal of 10,000 units. Your withdrawal request is received by us by 4:00 p.m. on a Business Day. NAV per unit for that Business Day (which will be made known on the following Business Day) is MYR0.5230 (truncated to 4 decimal places).

Calculation of amount payable to you

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= Number of units withdrawn x NAV per unit  
= 10,000 units x MYR0.5230  
= MYR5,230.00

### **3.3. INCORRECT PRICING**

We shall take immediate remedial action to rectify any incorrect valuation and/or pricing of the Fund or units of the Fund. Where such error has occurred, 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 purchase 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 withdraw units of the Fund at a lower price.

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

- (i) is equal to or more than 0.50% of the NAV per unit; and
- (ii) results in a sum total of MYR10.00 or more to be reimbursed to a Unit holder for each sale or withdrawal transaction.

We shall have the right to amend, vary or revise the abovesaid limits from time to time subject to any regulatory or governing body's requirements.

### **3.4. INVESTING**

#### **3.4.1. Who can invest?**

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

- an individual who is at least eighteen (18) years of age and you are not an undischarged bankrupt. As an individual investor, you may also opt to invest in joint names (i.e. as a joint Unit holder and both applicants must be at least eighteen (18) years of age).
- an institution including a company, corporation, co-operative, trust or pension fund.

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

Further, if we are aware a USA person (i.e. someone who has a USA address (permanent or mailing)) or USA entity (i.e. a corporation, trust, partnership or other entity created or organised in or under the laws of the United States or any state thereof or any estate or trust the income of which is subject to United States Federal Income Tax regardless of source) holding units in the Fund, we may issue a notice to that person requiring him/her to, within thirty (30) days, either withdraw his/her units or transfer his/her units to a non-USA person or non-USA entity.

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

### 3.4.2. How to invest?

You may invest through any of our Distributors or 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, money order or cashier’s order (made payable as advised by us or our Distributors as the case may be). You will have to bear the commission charges for outstation cheques, if any;
- directly from your bank account 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.

### 3.4.3. Regular Savings Plan (RSP)

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 Fund each month. You can cancel your RSP at any time by providing written instructions to the relevant Distributors to cancel your standing instruction.

### 3.4.4. 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 by the Trustee and the Manager as having ownership to such unit. The Manager or Trustee may require such necessary evidence proving the death of the Unit holder. His/her units will be dealt with in accordance with the Deed and applicable laws and regulations.

### 3.4.5. Who is distributing these Funds?

The Funds may be distributed via the following channels:

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

You may invest into the Funds via us 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) 7718 3000** 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 or employee of Principal Malaysia when purchasing units of a fund.**

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

## 3.5. MINIMUM INVESTMENTS

The minimum initial and additional investment for each of the Funds is stipulated in the table below.

Funds	Minimum initial investment# (MYR)	Minimum additional investment# (MYR)	Regular Savings Plan (RSP)	
			Minimum initial investment# (MYR)	Minimum additional investment# (MYR)
<b>Equity Funds</b>				

Funds	Minimum initial investment# (MYR)	Minimum additional investment# (MYR)	Regular Savings Plan (RSP)	
			Minimum initial investment# (MYR)	Minimum additional investment# (MYR)
Principal DALI Equity Growth Fund	500	200	500	200
Principal DALI Equity Fund	500	200	500	200
Principal Islamic Malaysia Opportunities Fund	500	200	500	200
Principal DALI Asia Pacific Equity Growth Fund	500	200	500	200
Principal Islamic Enhanced Opportunities Fund	500	200	500	200
Principal Islamic Small Cap Opportunities Fund	500	200	500	200
Principal Islamic Asia Pacific Dynamic Equity Fund	500	200	500	200
<b>Mixed Asset Funds</b>				
Principal Islamic Lifetime Balanced Fund	500	200	500	200
Principal Islamic Lifetime Balanced Growth Fund	500	200	500	200
<b>Sukuk Funds</b>				
Principal Islamic Lifetime Enhanced Sukuk Fund	2,000	500	2,000	500
Principal Islamic Lifetime Sukuk Fund	2,000	500	2,000	500

# The amount includes any applicable fees and charges, such as application fee (if any), which are subject to any applicable taxes.

**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) You may request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units; and/ or (ii) the minimum balance. For increase in the number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.

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

The minimum initial investment for EPF-MIS shall be RM1,000 or such other amount as determined by EPF. The list of Funds that is allowed under the EPF-MIS approved fund will be updated on the website at [www.principal.com.my](http://www.principal.com.my) as and when EPF revises the list. Alternatively, you may contact our Customer Care Centre at (03) 7718 3000 for further information.

**3.5.1. 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 pm. on a Business Day, we will process it using the NAV per unit for the next Business Day. We will only process complete applications, i.e. when we have received all the necessary information and/or documentations. The number of units you receive will be rounded down to two (2) decimal places.

**3.6. MINIMUM WITHDRAWALS AND MINIMUM BALANCE**

The minimum withdrawals and minimum balance for the Funds are stipulated in the table below, unless you are withdrawing your entire investment. 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 provided by you. Please note that for EPF-MIS, your withdrawal proceeds will be paid to EPF.

Funds	Minimum withdrawal (units)	Minimum balance (units)
<b>Equity Funds</b>		
Principal DALI Equity Growth Fund	200	250
Principal DALI Equity Fund	200	250
Principal Islamic Malaysia Opportunities Fund	800	1,000
Principal DALI Asia Pacific Equity Growth Fund	400	500
Principal Islamic Enhanced Opportunities Fund	200	250
Principal Islamic Small Cap Opportunities Fund	400	500
Principal Islamic Asia Pacific Dynamic Equity Fund	400	500

Funds	Minimum withdrawal (units)	Minimum balance (units)
<b>Mixed Asset Funds</b>		
Principal Islamic Lifetime Balanced Fund	400	500
Principal Islamic Lifetime Balanced Growth Fund	400	500
<b>Sukuk Funds</b>		
Principal Islamic Lifetime Enhanced Sukuk Fund	500	1,000
Principal Islamic Lifetime Sukuk Fund	500	1,000

**Note:**

- *There is no exit and re-entry option.*
- *Withdrawal is subject to the minimum balance being maintained.*
- *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) You may request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units; and/ or (ii) the minimum balance. For increase in the number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.*
- *We may for any reason and at any time, waive or reduce: (a) any fees (except the Trustee Fee); (b) other charges payable by you in respect of the Funds; and/ or (c) transactional values including but not limited to the units or amount, for any Unit holder and/or investments made via any distribution channels or platform.*

### 3.6.1. 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 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 Fee, if any. You will be paid in MYR within ten (10) calendar days of receipt of the complete withdrawal request. You will have to bear the applicable bank fees and charges, if any. If the balance (i.e. number of units) of your investment drops below the minimum balance stipulated above, further investment will be required until the balance of the investment is restored to at least the stipulated minimum balance.

For **iLI-S**, **iOP-SCO** and **iLI-ES**, if the Fund's total withdrawal amount is fifteen percent (15%) or more of the total NAV of the Fund for a Business Day, we will pay to you within fifteen (15) calendar days from the day we receive the withdrawal notice. For details, please refer to "Approvals and Conditions" chapter on page 20.

## 3.7. COOLING-OFF PERIOD

For first time investor investing with us, You have six (6) Business Days from the date the completed 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. We will refund the investment amount including the Application Fee (if any) to you within ten (10) calendar days from the day we receive the complete documentations. Please note that the cooling-off right is only given to first time investor investing with us. However, Principal Malaysia's staff and person(s) registered with a body approved by the SC to deal in unit trust are not entitled to the cooling-off right.

If the Fund is an EPF-MIS approved fund and you have invested via EPF-MIS, your cooling-off right is subject to EPF's terms and conditions.

## 3.8. SWITCHING

You have the option to switch into any of Principal Malaysia's fund that allow switching of units. The switching is based on the value of your investments in the Fund, at the point of exercising the switch.

Switching will be conducted based on the value of your investment in the Fund. The minimum amount for a switch is subject to:

- For switching out of the Fund:
  - the minimum withdrawal applicable to the Fund;
  - the minimum balance required for the Fund, unless you are withdrawing from the Fund in entirety; and
  - the Withdrawal Fee of the Fund (if any).
- For switching into the Fund:
  - the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Fund; and
  - the Switching Fee applicable for the proposed switch (if any).

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



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 Funds; and/ or (c) transactional values including but not limited to the units or amount, for any Unit holder and/or investments made via any distribution channels or platform.

**Note:** *Switching into another fund is ultimately at the investor's personal choice and option. However, Muslim investors are encouraged to switch into any other Islamic fund rather than into any other conventional fund as it is not permitted from the Shariah perspective.*

### 3.8.1. Processing a switch

We process a switch as a withdrawal from one fund and an investment into another fund within Principal Malaysia's funds. Switching application should be made by the cut-off time of 4.00 p.m. on any Business Day. 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, we will process the switch-out 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.

## 3.9. TRANSFER FACILITY

You may transfer your units to another investor subject to terms and conditions as may be stipulated in the respective Deeds. A Transfer Fee of not more than MYR50.00 may be charged for each transfer. However, we may refuse to register a transfer of unit at our absolute discretion.

## 3.10. TEMPORARY SUSPENSION

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

## 3.11. DISTRIBUTION PAYMENT

Depending on the distribution policy of a Fund, distribution (if any) will be made at the end of each distribution period according to its distribution policy. Each unit of the Fund 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 Fund with the distribution amount in cent per unit. On the distribution date, the NAV per unit will adjust accordingly. For more information on the distribution policy of each Fund, please see the respective Fund under "Funds information" chapter.

All distributions (if any) will be automatically reinvested into additional units in the Fund at the NAV per unit on the distribution date (the number of units will be rounded down to two (2) decimal places), unless written instructions to the contrary are communicated to us (the cost and expense will be borne by you). There will be no Application Fee for the reinvestment.

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

**Note:** *Please note that for Funds that provide distribution, we have the right to make provisions for reserves in respect of distribution of the Fund. If the income available is too small or insignificant, any distribution may not be of benefit to you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Funds.*

## 3.12. UNCLAIMED MONEYS

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

However, for income distribution payout to you by cheque, if any, which 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 in circumstances where you still hold units of the Fund. As for income distribution payout by bank transfer, if any, shall be transmitted to your valid and active bank account. If the bank transfer remained unsuccessful and unclaimed for six (6) months, it will be reinvested into the Fund within thirty (30) Business Days after the six (6) months period

based on the prevailing NAV per unit on the day of the reinvestment in circumstances where you still holds units of the Fund. No Application Fee is payable for the reinvestment. In the event that you no longer hold any unit in the Fund, the distribution money would be subject to the treatment mentioned in the above paragraph as prescribed by the UMA.

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

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

## 4. ADDITIONAL INFORMATION

### 4.1. FINANCIAL YEAR-END

		Financial Year End
<b>Equity Funds</b>	Principal DALI Equity Growth Fund	31 May.
	Principal DALI Equity Fund	31 May.
	Principal Islamic Malaysia Opportunities Fund	28 February.
	Principal DALI Asia Pacific Equity Growth Fund	31 October.
	Principal Islamic Enhanced Opportunities Fund	31 December.
	Principal Islamic Small Cap Opportunities Fund	31 May.
	Principal Islamic Asia Pacific Dynamic Equity Fund	30 April.
<b>Mixed Asset Funds</b>	Principal Islamic Lifetime Balanced Fund	30 September.
	Principal Islamic Lifetime Balanced Growth Fund	31 December.
<b>Sukuk Funds</b>	Principal Islamic Lifetime Enhanced Sukuk Fund	31 March.
	Principal Islamic Lifetime Sukuk Fund	31 August.

### 4.2. INFORMATION ON YOUR INVESTMENT

We will send you the following:

- Your Principal Malaysia account number;
- Confirmation on all your transactions and distributions (if any);
- Confirmation on any changes to your address if you have written to us to make the changes;
- Quarterly statement showing details of your transactions and distributions (if any); and
- Interim and audited annual report showing snapshots of the Fund and details of the portfolio for the respective period reported. Both the interim report and the audited annual report will be sent to you within two (2) months of the end of the period reported.

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

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

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

You may obtain up-to-date fund information and NAV per unit from our monthly fund fact sheets and our website, [www.principal.com.my](http://www.principal.com.my).

If you have any questions about the information in this Master Prospectus (Islamic Funds) or would like to know more about investing in the Funds, please contact our **Customer Care Centre** at **(603) 7718 3000** during our business hour between 8:45 am to 5:45 pm (Malaysian time) on Mondays to Thursdays and between 8:45 am to 4:45 pm (Malaysian time) on Fridays or you can email us at [service@principal.com.my](mailto:service@principal.com.my).

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

**Principal Asset Management Berhad**  
**Customer Care Centre**  
50, 52 & 54 Jalan SS 21/39  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan MALAYSIA

### 4.3. DEEDS

This table describes the Deeds governing the Funds.

	Deeds
Equity Funds	<ul style="list-style-type: none"><li>• Master Deed dated 15 May 2008</li><li>• First Supplemental Master Deed dated 26 May 2008</li><li>• Second Supplemental Master Deed dated 5 June 2008</li><li>• Third Supplemental Master Deed dated 25 June 2008</li><li>• Fourth Supplemental Master Deed dated 25 June 2008</li><li>• Fifth Supplemental Master Deed dated 25 June 2008</li></ul>
Mixed Asset Funds	<ul style="list-style-type: none"><li>• Sixth Supplemental Master Deed dated 14 July 2008</li><li>• Seventh Supplemental Master Deed dated 19 November 2008</li><li>• Eighth Supplemental Master Deed dated 26 December 2008</li><li>• Ninth Supplemental Master Deed dated 21 April 2009</li><li>• Tenth Supplemental Master Deed dated 23 July 2009</li><li>• Eleventh Supplemental Master Deed dated 1 December 2009</li><li>• Twelfth Supplemental Master Deed dated 14 June 2010</li><li>• Thirteenth Supplemental Master Deed dated 23 February 2012</li></ul>
Sukuk Funds	<ul style="list-style-type: none"><li>• Fourteenth Supplemental Master Deed dated 26 June 2012</li><li>• Fifteenth Supplemental Master Deed dated 21 September 2012</li><li>• Sixteenth Supplemental Master Deed dated 19 March 2015</li><li>• Seventeenth Supplemental Master Deed dated 25 March 2015</li><li>• Eighteenth Supplemental Master Deed dated 29 April 2015</li><li>• Nineteenth Supplemental Master Deed dated 18 June 2019</li></ul>

### 4.4. DOCUMENTS AVAILABLE FOR INSPECTION

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

- The Deed;
- This Master Prospectus (Islamic Funds) and its supplementary or replacement prospectus, if any;
- The latest annual and interim reports of the Funds, 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 Funds;
- Material contracts or documents disclosed in this Master Prospectus (Islamic Funds);
- The audited financial statements of the Manager for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement;
- Any report, letter or other document, valuation and statement by any expert, any part of which is extracted or referred to in this Master Prospectus (Islamic Funds);
- Writ and relevant cause papers for all material litigation and arbitration disclosed in this Master Prospectus (Islamic Funds); and
- Any consent given by experts disclosed in this Master Prospectus (Islamic Funds), if any.

### 4.5. CONSENT

Ernst & Young Tax Consultants Sdn. Bhd., Maybank Trustees Berhad, AmanahRaya Trustees Berhad, HSBC (Malaysia) Trustee Berhad, MTrustee Berhad, Universal Trustee (Malaysia) Berhad, Principal Asset Management (S) Pte. Ltd. and Amanie Advisors Sdn Bhd have given their written consent to act in their respective capacity. They have also given their consent for the inclusion of their names and/or statements and/or reports in this Master Prospectus (Islamic Funds) in the form and context in which it appears and have not subsequently withdrawn their consent to the inclusion of their names and/or statements and/or reports in the form and context in which it appears in this Master Prospectus (Islamic Funds).

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

We (including our directors) will at all times act in your best interests and will not conduct ourselves in any manner that will result in a conflict of interest or potential conflict of interest. In the unlikely event that any conflict of interest arises, such conflict shall be resolved such that the Funds are not disadvantaged. In the unlikely event that we face conflicts in respect of our duties as the Manager to the Funds and to other Principal Malaysia's fund 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 Deeds.

We shall not act as principal in the sale and purchase of any securities or investments to and from the Funds. We shall not make any investment for the Funds 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 Funds.

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

Director / Shareholder	Position	Shareholding (Direct / Indirect)	Name of corporation
CIMB Group Sdn Bhd	Shareholder	Direct	Principal Islamic Asset Management Sdn Bhd
		Indirect	CIMB-Mapletree Management Sdn Bhd *

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

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

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

#### Trustee

As for the Trustees and service providers for all Funds, there may be related party transaction involving or in connection with the Funds in the following events:

- 1) where a Fund invests in instruments offered by the related party of the Trustees (i.e. placement of moneys, structured products, etc.);
- 2) where a Fund is being distributed by the related party of the Trustees as IUTA;
- 3) where the assets of a Fund are being custodised by the related party of the Trustees both as sub-custodian and/or global custodian of the Fund (Trustees' delegate); and
- 4) where a Fund obtains financing as permitted under the GUTF, from the related party of the Trustees.

The Trustees has in place policies and procedures to deal with any conflict of interest situation. The Trustees will not make improper use of their position as the owner of a 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 Trustees and/or their related group of companies may deal with each other, the Funds or any Unit holder or enter into any contract or transaction with each other, the Funds or any form of such contract or transaction or act in the same and similar capacity in relation to any other scheme.

#### 4.7. INTERESTS IN THE FUNDS

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

#### 4.8. EMPLOYEES' SECURITIES DEALINGS

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

# 5. THE MANAGER

## 5.1. ABOUT PRINCIPAL ASSET MANAGEMENT BERHAD

Principal Malaysia was incorporated on November 1995 and has 25 years of experience in the fund management industry. We offer various solutions are designed to help people and companies build, protect and advance their financial well-being that includes but not limited to unit trust, retirement services, mandates and asset management expertise. We are driven to help clients of all income and portfolio sizes make progress towards a more secure financial future. Principal Malaysia is a joint venture between PFG, a FORTUNE 500® and Nasdaq-listed global financial services company, and CIMB Group, one of Southeast Asia's leading universal banking groups. We are headquartered in Malaysia and have a presence across Southeast Asia.

Our major shareholder, PFG was established in 1879 as an insurance company. Since then, PFG has grown to become a global investment manager leader.

Our joint venture partner, CIMB Group is a leading ASEAN universal bank and one of the region's foremost corporate advisors. It is also a world leader in Islamic finance. The Group is headquartered in Kuala Lumpur, Malaysia, and offers consumer banking, commercial banking, investment banking, Islamic banking and asset management products and services.

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

- maintaining a register of Unit holders;
- implementing the appropriate investment strategies to achieve the Funds' investment objectives;
- ensuring that the Funds have 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 Funds.

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.

### 5.1.1 The Board of Directors

As at LPD, the Board of Directors consists of nine (9) members including four (4) Independent directors and one (1) alternate director. The Board of Directors oversees the management and operations of the Principal Malaysia and meets at least four (4) times a year.

Effendy bin Shahul Hamid	- Non-independent director	Dato' Jaganath Derek Steven Sabapathy	-Independent director
Munirah binti Khairuddin	- Non-independent director	Wong Joon Hian	- Independent director
Thomas Cheong Wee Yee	- Non-independent director	Liew Swee Lin	- Independent director
Chong Chooi Wan <sup>1</sup>	- Non-independent director	Hisham bin Zainal Mokhtar	- Independent director
Juan Ignacio Eyzaguirre Baraona	- Non-independent director		

<sup>1</sup> Alternate director to Effendy bin Shahul Hamid.

### 5.1.2 The Investment Committee

As at LPD, the Investment Committee consists of six (6) members including three (3) independent members. Generally, the Investment Committee meets once a month and is responsible for ensuring that the investment management of the Funds is consistent with the objectives of the Funds, the Deeds, the GUTF and relevant securities laws, our internal investment restrictions and policies, as well as acceptable and efficacious investment management practices within the unit trust industry. In this role, the powers and duties of the Investment Committee include formulating and monitoring our implementation of appropriate investment management strategies for the Funds and the measurement and evaluation of our performance.

### 5.1.3 Designated person responsible for fund management function

<b>Name:</b>	Patrick Chang Chian Ping
<b>Designation:</b>	Chief Investment Officer (CIO), Malaysia & Chief Investment Officer, Equities, ASEAN Region
<b>Experience:</b>	Patrick Chang joined Principal Malaysia on 22 February 2016 and currently holds the positions of CIO, Malaysia and CIO Equities, ASEAN Region effective 1 October 2018. He comes with more than 19 years of experience in asset management. He was previously the Head of ASEAN equities at BNP Paribas Investment Partners, Malaysia where he oversees ASEAN equities for both Malaysian and offshore clients from 2012. Prior to that, he served as Senior Vice President for CIMB-Principal Asset Management where he specialized in ASEAN and specialist Asia ex Japan funds. He also worked as a portfolio manager at Riggs and Co International Private Banking in London specializing in managing global ETF portfolios and holds the Capital Markets Services Representative License.

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**Qualifications:** MSc Finance from City University Business School and BSc Accounting and Financial Analysis from University of Warwick, UK.

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

## 6. THE SUB-MANAGER

### 6.1. ABOUT PRINCIPAL ASSET MANAGEMENT (S) PTE. LTD.

The Manager has appointed Principal Singapore as the Sub-Manager for the investment foreign portion of **Principal DALI Equity Fund**, **Principal DALI Asia Pacific Equity Growth Fund**, **Principal Islamic Lifetime Balanced Fund** and **Principal Islamic Asia Pacific Dynamic Equity Fund**. Principal Singapore was granted the discretion to manage, realise, invest, reinvest or howsoever deal with the respective portion of these Funds allocated to foreign investments in accordance with the investment objectives of each of these Funds. The Sub-Manager's discretionary authority over the foreign investments of these Funds is subject to the GUTF, the CMSA and the internal policies and procedures.

Principal Malaysia shall be responsible for the review, monitoring and oversight of Principal Singapore in the performance of its duties and obligations in respect of these Funds.

Principal Singapore was incorporated in Singapore on 18 May 2006, and has been in the fund management industry for more than ten (10) years. The company is a wholly-owned subsidiary of Principal Malaysia. Principal Singapore is a regional asset management company established in Singapore offering both Islamic and conventional fund management services. The company manages regional investment activities for the Principal Asset Management group of companies.

Principal Singapore is a licensed fund regulated by the Monetary Authority of Singapore.

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

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

<b>Name:</b>	Christopher Leow
<b>Designation:</b>	Chief Executive Officer and Chief Investment Officer, Principal Singapore
<b>Experience:</b>	Mr Leow joined Principal Malaysia in December 2003 and was transferred to Principal Singapore in May 2007. He has more than 20 years of experience in the equities and fund management industry. He is the Chief Executive Officer, Chief Investment Officer and a director of Principal Singapore, and is responsible for leading the International Investment team based in Singapore. He has been registered with the Authority under the Securities and Futures Act as a Representative of Principal Singapore in fund management since September 2007.
<b>Qualifications:</b>	Bachelor of Commerce in Accounting and Finance (Hons) from the University of Western Australia. He is a CFA and a Certified Financial Planner.

**Note:** For more information, updated information and/or change in sub-management arrangement (if any), please refer to our website at [www.principal.com.my](http://www.principal.com.my).



# 7. THE SHARIAH ADVISER

## 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 Datuk 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. Since 2005, Amanie has acquired sixteen (16) years of experience in the advisory role of unit trusts and as at LPD, we have advised 102 active funds locally and globally.

The roles and responsibilities of Amanie as the appointed Shariah Adviser for the Funds are as follows:

- To ensure that the Fund is managed and administered in accordance with Shariah principles. The Shariah Adviser will meet with the Manager once every quarter to discuss Shariah matters relating to the Fund.
- To provide expertise and guidance in all matters relating to Shariah principles, including the Fund's deed and the Prospectus, its structure and investment process, and other operational and administrative matters.
- To consult with SC where there is any ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process.
- To act with due care, skill and diligence in carrying out its duties and responsibilities.
- Responsible for scrutinizing the Fund's compliance report as provided by the compliance officer and investment transaction report provided by, or duly approved by, the Trustee to ensure that the Fund's investments are in line with Shariah principles.
- To prepare a report to be included in the Fund's interim and annual reports certifying whether the Fund has been managed and administered in accordance with Shariah principles for the period concerned.

Amanie will meet us every quarterly to review on the Islamic fund's investment and address Shariah advisory matters pertaining to the Islamic funds to ensure compliance with Shariah principles or any other relevant principles at all times. An annual Shariah certificate will also be issued for each Fund at the financial year end.

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

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

### 7.1.1. Designated Person Responsible For Shariah Adviser Function

<b>Name:</b>	Datuk Dr. Mohd Daud Bakar
<b>Designation:</b>	Executive Chairman, Amanie Advisors Sdn Bhd
<b>Experience:</b>	<p>Datuk 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>Datuk 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), Oasis Asset Management (South Africa), Noor Islamic Bank (Dubai), Morgan Stanley (Dubai), Sedco Capital (Saudi and Luxembourg), and Dow Jones Islamic Market Index (New York) amongst many others.</p> <p>In the corporate world, Datuk 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 (a fintech company), the Chairman of Berry Pay, Snap &amp; Pay, as well as Data Sukan Consulting. He holds Non-Executive Director position for Bio Fluid Sdn Bhd and KAB Gold Dynamics Sdn Bhd.</p>
<b>Qualifications:</b>	<p>Currently in the academic side, he is the 8th President of the International Islamic University of Malaysia (IIUM) due to his vast skill and experience serving the university. Previously, his last post there was as the Deputy Vice-Chancellor. 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.</p>

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

## 8. THE TRUSTEES

### 8.1. ROLES, DUTIES AND RESPONSIBILITIES OF THE TRUSTEES.

The Trustees' main functions are to act as trustee and custodian of the assets of the Funds and to safeguard the interests of the Unit holders of the Fund. They shall:

- act in accordance with the provisions of the Deeds, the CMSA, the GUTF and securities laws;
- take into its custody the investments of the Funds and hold the investments in trust for the Unit holders;
- ensure that the Manager operates and administers the Funds in accordance with the provisions of the Deeds, the CMSA, the GUTF and acceptable business practice within the unit trust industry;
- ensure that it is fully informed of the investment policies of the Funds and of any changes made thereto, and if it is of the opinion that the policies are not in the interests of the Unit holders, it shall instruct the Manager to take appropriate action as the Trustees deem fit and/or summon a Unit holders' meeting for the purpose of giving such instructions to the Manager as the meeting thinks proper;
- as soon as practicable notify the SC of any irregularity or an actual or anticipated material breach of the provisions of the Deeds, the GUTF and any other matters which in the Trustees' opinion may indicate that the interests of Unit holders are not being served;
- exercise due care, skill, diligence and vigilance in carrying out its functions and duties, in actively monitoring the administration of the Funds by the Manager and in safeguarding the interests of Unit holders;
- maintain, or cause the Manager to maintain, proper accounting and other records in relation to those rights and interests, and of all transactions effected by the Manager on account of the Funds; and
- cause those accounts to be audited at least annually by the auditor of the Fund and send or cause those accounts to be sent to Unit holders within two (2) months of the relevant accounting period.

### 8.2. TRUSTEES' STATEMENT OF RESPONSIBILITY

The respective Trustees have agreed to assume the position of Trustee of the respective Funds and all the obligations in accordance with the respective Deeds, all relevant laws and rules of law. The respective Trustees shall be entitled to be indemnified out of the respective Funds against all losses, damages or expenses incurred by the Trustees in performing any of its duties or exercising any of its powers under this Deed in relation to the Funds. 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 Trustees having regard to the provisions of the respective Deeds.

### 8.3. EXEMPTIONS OR VARIATIONS

There have been no exemptions or variations from any relevant securities laws or the GUTF granted to the Trustees by the SC.

### 8.4. ABOUT AMANAHRAYA TRUSTEES BERHAD

ART is the trustee of the **iOP-MO**, **DALI4**, **iOP-EO** and **ILI-S**. ART was incorporated under the laws of Malaysia on 23 March 2007 and registered as a trust company under the Trust Companies Act 1949.

ART is a subsidiary of Amanah Raya Berhad (ARB) which is wholly owned by the Government of Malaysia. ART took over the corporate trusteeship functions of ARB and acquired ARB's experience of more than 50 years in trustee business. ART has been registered and approved by the SC to act as trustee to unit trust funds.

#### 8.4.1. ART's delegate

ART has delegated its custodian function for the foreign investments of the DALI4 to Citibank N.A, Singapore Branch. Citibank N.A. in Singapore began providing Securities and Funds Services in the mid-1970's and a fully operational global custody product was launched in the early 1990's. To-date, their securities services business claims a global client base of premier banks, fund managers, broker dealers and insurance companies.

The roles and duties of Citibank N.A, Singapore as the trustee's delegate are as follows:

- To act as sub-custodian for the selected cross-border investment of the fund(s) including the opening of cash and custody accounts and to hold in safekeeping the assets of the fund(s).
- To act as paying agent for selected cross-border investments which include trade settlement and fund transfer services.
- To provide corporate action information or entitlements arising from the above underlying assets and to provide regular reporting on the activities of the invested portfolios.

#### 8.4.2. Material Litigation and Arbitration

As at LPD, neither ART nor its delegates are engaged in any material litigation and arbitration, either as plaintiff or defendant, and the Trustee and its delegate are not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect their financial position or business.

## 8.5. ABOUT MTRUSTEE BERHAD

MTrustee is the trustee for DALI with its registered office at B-2-9, (2nd Floor), Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur. MTrustee was incorporated on 28 July 1987 and registered as a Trust Company under the Trust Companies Act 1949 on 8 February 1989.

MTrustee has commenced its operations in March 1992 and has been involved in the unit trust industry as a trustee since 1997.

### 8.5.1. Delegation of MTrustee custodial functions (for DALI)

MTrustee has delegated its custodian of quoted and unquoted local investments of the Funds to Malayan Banking Berhad (“MBB”). The assets of the local Funds are held through MBB’s nominee company, and it was set up to act as custodian for investment advisers, managers of large portfolios, lending banks and international custodians.

MTrustee retains control of the assets of the Fund at all times.

### 8.5.2. Material Litigation and Arbitration

As at LPD, MTrustee is not engaged in any material litigation as plaintiff or defendant and MTrustee is not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect its financial position or business.

## 8.6. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

HSBCT is the trustee for ILI-ES and iDY-APDE. HSBCT is a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at 13th Floor, Bangunan HSBC, South Tower, No 2, Leboh Ampang, 50100 Kuala Lumpur.

Since 1993, the Trustee has acquired experience in the administration of unit trusts and has been appointed as trustee for unit trust funds, exchange traded funds, wholesale funds and funds under private retirement scheme.

HSBCT’s main function is to act as trustee and custodian of the assets of the Funds and to safeguard the interests of Unit holders of the Funds. In respect of moneys paid by an investor for the application of units, HSBCT’s responsibility arises when the moneys are received in the relevant account of HSBCT for the Funds and in respect of redemption, HSBCT’s responsibility is discharged once it has paid the redemption amount to the Manager.

HSBCT 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, HSBCT shall not be liable for any loss resulting from compliance of such policies, except in the case of negligence, wilful default or fraud of HSBCT.

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

HSBCT shall be entitled to process, transfer, release and disclose from time to time any information relating to the Funds, the Manager and/or investors/Unit holders for purposes of performing its duties and obligations in accordance to the Deed, Capital Markets and Services Act 2007, the GUTF and any other legal and/or regulatory obligations such as conducting financial crime risk management to HSBCT’s parent company, subsidiaries, associate companies, affiliates, delegates, service providers and/or 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 purpose) 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.

### 8.6.1. HSBCT’s delegate

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

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

However, HSBCT 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.

## 8.6.2. Material Litigation and Arbitration

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

## 8.7. ABOUT MAYBANK TRUSTEES BERHAD

MTB is the Trustee of the **ili-BG** with its registered office at 8th Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur.

MTB was incorporated on 12 April 1963 and registered as a Trust Company under the Trust Companies Act 1949 on 11 November 1963. It was one of the first local trust companies to provide trustee services with the objective of meeting the financial needs of both individual and corporate clients.

MTB has acquired experience in the administration of unit trust funds/ schemes since 1991.

### 8.7.1. MTB's Delegate

MTB has delegated its custodian function to Malayan Banking Berhad. The custodian function is run under Maybank Securities Services ("MSS"), a unit within Malayan Banking Berhad. Maybank Securities Services provides a comprehensive end to end clearing and custody services for global and domestic equities and fixed income securities. MSS provides a complete suite of corporate outsourcing solutions with a proven track record in servicing international institutional clients: Sub Custodian for major Foreign Banks and Global Custodians. MSS also provides Global custody services in more than 100 different markets via a special arrangement with their reputable partners. They have also consistently been awarded in the Global Custodian Awards for Excellence as well as other major publications.

The roles and duties of the trustee's delegate, MSS, are as follows:

- Safekeep, reconcile and maintain assets holdings records of funds against trustee's instructions;
- Act as settlement agent for shares and monies to counterparties against trustee's instructions;
- Act as agents for money market placement where applicable against trustee's instructions;
- Disseminate listed companies' announcements to and follow through for corporate actions instructions from trustee;
- Compile, prepare and submit holdings report to trustee and beneficial owners where relevant; and
- Other ad-hoc payments for work done for the funds against trustee's instructions, etc.

The custodian acts only in accordance with instructions from the Trustee.

### 8.7.2. Material Litigation and Arbitration

As at 30 September 2019, save for the suit mentioned herein below, the Trustee is not engaged in any material litigation as plaintiff or defendant and the Trustee is not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect its financial position or business.

Several holders of the bonds ("Bondholders") issued by Aldwich Berhad [In Receivership] ("Aldwich") had sued Aldwich for its failure to settle its indebtedness to the Bondholders following the default of the said bonds in 2010 and named the Trustee as one of 6 co-defendants under Kuala Lumpur High Court Civil Suit No. D-22NCC-1622-11/2012 ("Aldwich Bondholders' Suit"). The claim against the Trustee is for the sum of MYR177,248,747.31 or any other sum that the Court deems fit and proper. The other co-defendants are the holding company of Aldwich ("Holding Company"), the Chief Executive Officer of the holding company of Aldwich ("CEO"), the Security Agent and the Reporting Accountant. The Trustee denied all allegations and claimed trial.

The High Court had on 24 July 2017 delivered its judgement on the Aldwich Bondholders' Suit ("Judgement") that (a) all the defendants [i.e. Aldwich, Holding Company, CEO, Security Agent, Trustee and Reporting Accountant] are liable to the Bondholders for the sum of MYR177,248,747.31 ("Judgement Sum"); (b) Aldwich, Holding Company and CEO are 100% liable for the Judgement Sum; and (c) among Security Agent, Trustee and Reporting Accountant, liability is apportioned in the proportion of 50%, 30% and 20% of the Judgement Sum respectively.

The High Court had on 5 October 2017 decided in respect of the outstanding matters arising from the Judgement that (a) the quantum of the Judgement Sum is maintained, and (b) interest is payable based on the reduced sum of MYR148,653,953.20 at the rate of 5% per annum from 1 November 2011 to the date of payment.

The Trustee had filed an appeal against the Judgement ("Appeal") at the Court of Appeal. The Appeal was heard on 12 – 13, 15, 22 – 23 and 27 – 29 November 2018. The Court of Appeal then directed the parties to file and serve their respective Note of Reply Submissions by 11 January 2019.

On 18 September 2019, the Court of Appeal dismissed the Appeals and affirmed the decision of the High Court and awarded further costs of MYR100,000.00 against the Trustee.

The Aldwich Bondholders' Suit will not materially affect the business or financial position of the Trustee.

## **8.8. ABOUT UNIVERSAL TRUSTEE (MALAYSIA) BERHAD**

UTMB as the trustee of the **DALI2**, **iOP-SCO** and **iLI-B** was incorporated in 1974 in Malaysia and is registered as a trust company under the Trust Companies Act 1949. UTMB is qualified to act as a trustee for collective investment schemes approved pursuant to the CMSA and has more than 30 years of experience in handling unit trust matters.

### **8.8.1. UTMB's delegate**

UTMB has appointed Citibank Berhad as their delegate for local custody services. Citibank Berhad in Malaysia was established on 26 August 1959 as the First National City Bank. It became the first American bank to be locally incorporated on 1 July 1994. It has 11 branches across West Malaysia and an offshore banking unit in Labuan. Citibank Berhad has been an active player in the securities clearing and sub-custody industry in Malaysia since 1985. It is one of the largest institutional trades clearing bank in the securities market. The custody operations unit is also ISO certified.

UTMB has appointed Citibank, N.A., Singapore Branch as their delegate for global custody services. Citibank, N.A., Singapore Branch was set up in 1902 and is today the largest foreign bank operating in the territory. With a staff force of about 8,500, Citibank, N.A., Singapore Branch provides a wide array of banking and financial services to institutions, consumers and professional markets in the community. Citibank, N.A. in Singapore began providing Securities & Fund Services in the mid-1970's and a fully operational global custody product was launched in the early 1990's. To date, Citibank, N.A., Singapore's Securities & Fund Services business claims a global client base of premier banks, fund managers, broker dealers and insurance companies.

### **8.8.2. Material Litigation and Arbitration**

As at LPD, neither UTMB nor its delegates are engaged in any material litigation and arbitration, either as plaintiff or defendant, and the Trustee and its delegate are not aware of any proceedings, pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect their financial position or business.

## 9. SALIENT TERMS OF DEEDS

Money invested by you in the Fund will purchase a number of units, which represents your interest in the Funds. Each unit held in the Funds 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 Funds or a right to participate in the management or operation of the Funds (other than through Unit holders' meetings).

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

### 9.1. RIGHTS, LIABILITIES AND LIMITATION OF UNIT HOLDERS

#### 9.1.1. Rights

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

- (i) to inspect the register, free of charge, at any time at our registered office, and obtain such information pertaining to its units as permitted under the Deeds and the GUTF;
- (ii) to receive the distribution of the Funds (if any), participate in any increase in the capital value of the units and to other rights and privileges as set out in the Deeds;
- (iii) to call for Unit holders' meetings;
- (iv) to vote for the removal of the Trustees or the Manager through a Special Resolution;
- (v) to receive annual reports, interim reports or any other reports of the Funds; and
- (vi) to exercise cooling-off for qualified investors.

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

#### 9.1.2. Liabilities

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

#### 9.1.3. Limitations

You cannot:

- (i) interfere with any of our rights or powers and/or the rights or powers of the Trustees under the Deeds;
- (ii) exercise a right in respect of an asset of the Funds or lodge a caveat or other notice affecting the asset of the Funds or otherwise claim any interest in the asset of the Funds; or
- (iii) require the asset of the Funds to be transferred to you.

**Note:** For full details of the rights of a registered Unit holder of the Funds, please refer to the Deeds.

### 9.2. MAXIMUM FEES, CHARGES AND EXPENSES PERMITTED BY THE DEEDS

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

	Charges		
	Application Fee % / MYR	Withdrawal Fee % / MYR	Switching Fee % / MYR
<b>Equity Funds</b>			
Principal DALI Equity Growth Fund	Up to 10% is charged on the NAV per unit.	Nil	Any switching fee to be charged will be based on the difference between the application fee charged of the fund to be switched from and the fund to be switched into. An administrative fee in relation to switching may be charged as set out in the Master Prospectus (Islamic Funds).
Principal DALI Equity Fund	Up to 10% is charged on the NAV per unit.	Up to 5% of the NAV per unit.	Any switching fee to be charged will be based on the difference between the application fee charged of the fund to be switched from and the fund to be switched into. An administrative fee in

	Charges		
	Application Fee % / MYR	Withdrawal Fee % / MYR	Switching Fee % / MYR
			relation to switching may be charged as set out in the Master Prospectus (Islamic Funds).
Principal Islamic Malaysia Opportunities Fund	Up to 7% is charged on the NAV per unit.	Up to 5% of the NAV per unit.	A fee not exceeding 7% of the NAV per unit. An administrative fee in relation to switching may be charged as set out in the Master Prospectus (Islamic Funds).
Principal DALI Asia Pacific Equity Growth Fund	Up to 10% is charged on the NAV per unit.	Up to 5% of the NAV per unit.	Any switching fee to be charged will be based on the difference between the application fee charged of the fund to be switched from and the fund to be switched into. An administrative fee in relation to switching may be charged as set out in the Master Prospectus (Islamic Funds).
Principal Islamic Enhanced Opportunities Fund	Up to 6% is charged on the NAV per unit.	Nil	Any switching fee to be charged will be based on the difference between the application fee charged of the fund to be switched from and the fund to be switched into. An administrative fee in relation to switching may be charged as set out in the Master Prospectus (Islamic Funds).
Principal Islamic Small Cap Opportunities Fund	Up to 10% is charged on the NAV per unit.	Up to 5% of the NAV per unit.	Any switching fee to be charged will be based on the difference between the application fee charged of the fund to be switched from and the fund to be switched into. An administrative fee in relation to switching may be charged as set out in the Master Prospectus (Islamic Funds).
Principal Islamic Asia Pacific Dynamic Equity Fund	Up to 5% is charged on the NAV per unit.	Nil	Any switching fee to be charged will be based on the difference between the application fee charged of the fund to be switched from and the fund to be switched into. An administrative fee in relation to switching may be charged as set out in the Master Prospectus (Islamic Funds).
<b>Mixed Assets Funds</b>			
Principal Islamic Lifetime Balanced Fund	Up to 10% is charged on the NAV per unit.	Up to 5% of the NAV per unit.	Any switching fee to be charged will be based on the difference between the application fee charged of the fund to be switched from and the fund to be switched into. An administrative fee in relation to switching may be charged as set out in the Master Prospectus (Islamic Funds).
Principal Islamic Lifetime Balanced Growth Fund	Up to 6% is charged on the NAV per unit.	Nil	Any switching fee to be charged will be based on the difference between the application fee charged of the fund to be switched from and the fund to be switched into. An administrative fee in relation to switching may be charged as set out in the Master Prospectus (Islamic Funds).
<b>Sukuk Funds</b>			
Principal Islamic Lifetime Enhanced Sukuk Fund	Up to 2% is charged on the NAV per unit.	Nil	(a) If a switch is made from a money market fund into any other equity fund(s), a maximum fee of up to 5.0% may be imposed by the Manager on each switch; (b) If a switch is made from a Sukuk fund into any other equity fund(s), a maximum fee of up to 3.0% may be imposed by the Manager on each switch; (c) such other sum as may be determined by the Manager from time to time.

	Charges		
	Application Fee % / MYR	Withdrawal Fee % / MYR	Switching Fee % / MYR
Principal Islamic Lifetime Sukuk Fund	Up to 10% is charged on the NAV per unit.	Up to 5% of the NAV per unit.	Any switching fee to be charged will be based on the difference between the application fee charged of the fund to be switched from and the fund to be switched into. An administrative fee in relation to switching may be charged as set out in the Master Prospectus (Islamic Funds).

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

	Fees	
	Management Fee % / MYR	Trustee Fee % / MYR
<b>Equity Funds</b>		
Principal DALI Equity Growth Fund	Up to 2.25% per annum, calculated daily on the NAV.	0.06% per annum, calculated daily on the NAV.
Principal DALI Equity Fund	Up to 3.00% per annum, calculated daily on the NAV.	0.06% per annum, calculated daily on the NAV.
Principal Islamic Malaysia Opportunities Fund	Up to 3.00% per annum, calculated daily on the NAV.	Up to 0.05% per annum (including local custodian fees and charges), calculated daily on the NAV.
Principal DALI Asia Pacific Equity Growth Fund	Up to 3.00% per annum, calculated daily on the NAV.	0.06% per annum, calculated daily on the NAV.
Principal Islamic Enhanced Opportunities Fund	Up to 1.50% per annum, calculated daily on the NAV.	0.09% per annum, calculated daily on the NAV.
Principal Islamic Small Cap Opportunities Fund	Up to 3.00% per annum, calculated daily on the NAV.	0.06% per annum, calculated daily on the NAV.
Principal Islamic Asia Pacific Dynamic Equity Fund	Up to 1.85% per annum, calculated daily on the NAV.	0.07% per annum, calculated daily on the NAV (excluding foreign sub-custodian fees and charges).
<b>Mixed Asset Funds</b>		
Principal Islamic Lifetime Balanced Fund	Up to 1.50% per annum, calculated daily on the NAV.	0.10% per annum, calculated daily on the NAV.
Principal Islamic Lifetime Balanced Growth Fund	Up to 2.00% per annum, calculated daily on the NAV.	0.07% per annum, calculated daily on the NAV (excluding foreign sub-custodian fees and charges).
<b>Sukuk Funds</b>		
Principal Islamic Lifetime Enhanced Sukuk Fund	Up to 1.50% per annum, calculated daily on the NAV.	0.07% per annum, calculated daily on the NAV (excluding foreign sub-custodian fees and charges).
Principal Islamic Lifetime Sukuk Fund	Up to 3.00% per annum, calculated daily on the NAV.	0.06% per annum, calculated daily on the NAV.

A lower fee and/or charges than what is stated in the Deeds may be charged, all current fees and/or charges will be disclosed in the Master Prospectus (Islamic Funds).

Any increase of the fees and/or charges above that stated in the current Master Prospectus (Islamic Funds) may be made provided that a supplemental master prospectus is issued and the maximum stated in the Deeds shall not be breached.

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



### 9.2.1. Expenses permitted by the Deeds

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

- commissions/fees paid to brokers/dealers in effecting dealings in the investments of the Funds, shown on the contract notes or confirmation notes or difference accounts;
- (where the custodial function is delegated by the Trustees), charges/fees paid to the sub-custodian;
- tax and other duties charged on the Funds by the government and other authorities if any and bank fees;
- the fees and other expenses properly incurred by the auditor of the Fund;
- remuneration and out of pocket expenses of the independent members of the investment committee and/or the members of the Shariah committee or advisers (if any) of the Funds, unless we decide to bear the same;
- fees for valuation of any investment of the Funds by independent valuers for the benefit of the Funds;
- costs incurred for the modification of the Deeds otherwise than for our benefit or the Trustees;
- costs incurred for any meeting of Unit holders other than those convened for our benefit or the Trustees;
- the sale, purchase, insurance, custody and any other dealings of investments including commissions/fees paid to brokers;
- costs involved with external specialists approved by the Trustees in investigating and evaluating any proposed investment;
- the engagement of valuers, advisers and contractors of all kinds;
- preparation and audit of the taxation returns and accounts of the Funds;
- termination of the Funds and the retirement or removal of the Trustees or the Manager and the appointment of a new trustee or manager;
- any proceedings, arbitration or other dispute concerning the Funds or any asset, including proceedings against us or the Trustees by the other of them for the benefit of the Funds (except to the extent that legal costs incurred for the defense of either of them are not ordered by the court to be reimbursed out of the Funds);
- costs of obtaining experts opinion by us or the Trustees for the benefit of the Funds; and
- all costs and/or expenses associated with the distributions declared pursuant to this Deed and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or distribution warrant or telegraphic transfer.

The Trustees and us are required to ensure that any fees or charges payable are reasonable and in accordance with the Deeds.

### 9.3. RETIREMENT, REMOVAL OR REPLACEMENT OF THE MANAGER

We must retire as the Manager when required to retire by law.

We may retire upon giving twelve (12) months' notice to the Trustee of its desire to do so, or such lesser time as we and Trustees may agree, in favour of another corporation.

We shall retire under the following circumstances:

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

We may be removed by the Trustees under certain circumstances outlined in the Deeds. These include:

- if we have gone into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustees) or cease to carry on business or if a receiver shall be appointed of the undertaking or assets of the Manager or if any encumbrances shall take possession of any of its assets; or
- if we cease to carry on business; or
- if the Trustees are of the opinion that we have, to the prejudice of the Unit holders, failed to comply with any provision or covenant under the Deeds or contravened any of the provisions of the CMSA; or
- if we have failed or neglected to carry out its duties to the satisfaction of the Trustees and the Trustees consider that it would be in the interests of the Unit holders for it to do so, after the Trustees have given notice to it of that opinion and the reasons for that opinion, and has considered any representations made by us in respect of that opinion, and after consultation with the SC and with the approval of the Unit holders.

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

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

### 9.4. RETIREMENT, REMOVAL OR REPLACEMENT OF THE TRUSTEES

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

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

We may remove the Trustee and the Trustees covenant that it will retire or be removed from the Funds constituted by or pursuant to the Deeds if and when requested to do so by us if:

- the Trustees shall go into liquidation;
- the Trustees are placed under receivership, ceases to exist, fails or neglects its duties;
- the Trustees cease to be approved by the SC to be a trustee for unit trust schemes; or

- a Special Resolution is duly passed by the Unit holders that the Trustees be removed.

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

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

## 9.5. TERMINATION OF THE FUNDS

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

- (a) the SC's authorization is withdrawn under Section 256E of the CMSA;
- (b) a Special Resolution is passed at a Unit holders' meeting to terminate or wind-up the Funds, following the occurrence of events stipulated under Section 301(1) of the CMSA and the court has confirmed the resolution, as required under Section 301(3) of the CMSA;
- (c) a Special Resolution is passed at a Unit holders' meeting to terminate or wind-up the Funds;
- (d) the Fund(s) has reached the maturity date (if any); or
- (e) the effective date of an approved transfer scheme, as defined under the SCGuidelines, has resulted in the Funds, which is the subject of the transfer scheme, being left with no asset/property.

## 9.6. MEETINGS OF UNIT HOLDERS

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

Where we or the Trustees convenes a meeting, the notice of the time and place of the meeting and terms of resolution to be proposed shall be given to the Unit holders in the following manner:

- (a) by sending by post a notice of the proposed meeting at least fourteen (14) days before the date of the proposed meeting, to each Unit holder at the Unit holder's last known address or, in the case of joint holders, to the joint Unit holder whose name stands first in our records at the joint Unit holder's last known address; and
- (b) by publishing, at least fourteen (14) days before the date of the proposed meeting, an advertisement giving notice of the meeting in a national language newspaper published daily and circulating generally throughout Malaysia, and in one other newspaper as may be approved by the SC.

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

- (i) by sending a notice by post of the proposed meeting at least seven (7) days before the date of the proposed meeting to each of those Unit holders at his/her last known address or in the case of joint Unit holder, to the joint Unit holder whose name stands first in our records at the joint Unit holder's last known address; and
- (ii) by publishing at least fourteen (14) days before the date of the proposed meeting, an advertisement giving notice of the meeting in a national language national daily newspaper and in one other newspaper as may be approved by the SC,

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

The quorum for a meeting of Unit holders of the Fund is five (5) Unit holders of the Fund present in person or by proxy, provided that for a meeting which requires a Special Resolution the quorum for that meeting shall be five (5) Unit holders, whether present in person or by proxy, holding in aggregate at least twenty-five per centum (25%) of the units in issue for the Fund at the time of the meeting. If the Fund has five (5) or less Unit holders, the quorum required shall be two (2) Unit holders, whether present in person or by proxy and if the meeting requires a Special Resolution the quorum for that meeting shall be two (2) Unit holders, whether present in person or by proxy, holding in aggregate at least twenty-five per centum (25%) of the units in issue for the Fund at the time of the meeting.

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

# 10. TAXATION REPORT

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30 April 2021

Dear Sirs,

## Taxation of the unit trust fund and unit holders

This letter has been prepared for inclusion in this Replacement Master Prospectus (Islamic Funds) in connection with the offer of units in the unit trust fund managed by Principal Asset Management Berhad as listed in Attachment 1 (hereinafter referred to as “the Fund”).

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

## Taxation of the Fund

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

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

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

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

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

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

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

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

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

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

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

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

#### Exempt income

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

- **Malaysian sourced dividends**

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

- **Malaysian sourced interest (profits)**

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

- **Discount**

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

#### Foreign sourced income

Dividends, profits and other income derived from sources outside Malaysia and received in Malaysia by a resident unit trust is exempt from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

Gains from the realisation of investments

Pursuant to Section 61(1) (b) of the MITA, gains from the realisation of investments will not be treated as income of the Fund and hence, are not subject to income tax. Such gains may be subject to real property gains tax (RPGT) under the Real Property Gains Tax Act 1976 (RPGT Act), if the gains are derived from the disposal of chargeable assets, as defined in the RPGT Act.

#### Implementation of Sales and Service Tax (“SST”)

Sales and Service Tax (“SST”) was re-introduced effective 1 September 2018. Sales Tax of 10% (most common rate) or 5% is charged by Malaysian manufacturers of taxable goods or upon importation into Malaysia of such taxable goods, unless specifically exempted under the Sales Tax (Goods Exempted From Tax) Order 2018. Service Tax at the rate of 6% is charged on certain prescribed taxable services performed by taxable persons as stipulated under Service Tax Regulations 2018. The input tax recovery mechanism under the previous GST regime does not apply to SST. Therefore, any SST incurred is not recoverable and will form a cost element for businesses.

Based on the Service Tax Regulations 2018, a unit trust fund is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Fund incurs expenses such as management fees, the management services provided by asset and fund managers are specifically excluded from the scope of Service Tax. As for other

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

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

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

fees, such as trustee fees and other administrative charges, these may be subject to 6% service tax provided they fall within the scope of service tax (i.e. are provided by a “taxable person”, who exceeds the required annual threshold (in most cases RM 500,000 per annum) and the services qualify as “taxable services”).

### Taxation of unit holders

For Malaysian income tax purposes, unit holders will be taxed on their share of the distributions received from the Fund.

The income of unit holders from their investment in the Fund broadly falls under the following categories:

1. taxable distributions; and
2. non-taxable and exempt distributions.

In addition, unit holders may also realise a gain from the sale of units.

The tax implications of each of the above categories are explained below:

#### 1. Taxable distributions

Distributions received from the Fund will have to be grossed up to take into account the underlying tax paid by the Fund and the unit holder will be taxed on the grossed up amount.

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

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

#### 2. Non-taxable and exempt distributions

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

### Rates of tax

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

Unit holders	Malaysian income tax rates
<p><i>Malaysian tax resident:</i></p> <ul style="list-style-type: none"> <li>• Individual and non-corporate unit holders (such as associations and societies)</li> <li>• Co-operatives<sup>4</sup></li> <li>• Trust bodies</li> </ul>	<ul style="list-style-type: none"> <li>• Progressive tax rates ranging from 0% to 30%</li> <li>• Progressive tax rates ranging from 0% to 24%</li> <li>• 24%</li> </ul>
<ul style="list-style-type: none"> <li>• Corporate unit holders               <ul style="list-style-type: none"> <li>(i) A company with paid up capital in respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment) and gross income from a source or sources consisting of a business not exceeding</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• First RM600,000 of chargeable income @ 17%</li> <li>• Chargeable income in excess of RM600,000 @ 24%</li> </ul>

<sup>4</sup> Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society—

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

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

Unit holders	Malaysian income tax rates
<i>RM50 million for the basis period for the year of assessment<sup>5 6</sup></i>	
(ii) <i>Companies other than (i) above</i>	<ul style="list-style-type: none"> <li>• 24%</li> </ul>
<i>Non-Malaysian tax resident (Note 1):</i>	
<ul style="list-style-type: none"> <li>• <i>Individual and non-corporate unit holders</i></li> <li>• <i>Corporate unit holders and trust bodies</i></li> </ul>	<ul style="list-style-type: none"> <li>• 30%</li> <li>• 24%</li> </ul>

**Note 1:**

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

**Gains from sale of units**

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

**Unit splits and reinvestment of distributions**

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

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

\*\*\*\*\*

<sup>5</sup> A company would not be eligible for the 17% tax rate on the first RM600,000 of chargeable income if:-

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

<sup>6</sup> The above excludes a business trust and a company which is established for the issuance of asset-backed securities in a securitization transaction approved by the Securities Commission.

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

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

Yours faithfully

**Ernst & Young Tax Consultants Sdn Bhd**

Bernard Yap  
Partner

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

**No. Name of Fund**

**Equity Funds**

- 1 Principal DALI Equity Growth Fund
- 2 Principal DALI Equity Fund
- 3 Principal Islamic Malaysia Opportunities Fund
- 4 Principal DALI Asia Pacific Equity Growth Fund
- 5 Principal Islamic Enhanced Opportunities Fund
- 6 Principal Islamic Small Cap Opportunities Fund
- 7 Principal Islamic Asia Pacific Dynamic Equity Fund

**Mixed Asset Funds**

- 8 Principal Islamic Lifetime Balanced Fund
- 9 Principal Islamic Lifetime Balanced Growth Fund

**Sukuk Funds**

- 10 Principal Islamic Lifetime Enhanced Sukuk Fund
- 11 Principal Islamic Lifetime Sukuk Fund



# 11. DISTRIBUTORS OF THE FUNDS

As at LPD, the Funds are available (but not limited to) from the following:

## 11.1. OUR BRANCHES

### Main Branch

50, 52 & 54, Jalan SS21/39  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan MALAYSIA  
Tel: (603) 7718 3000

### Northern Branch

No.5, Jalan Todak 4  
Bandar Sunway  
Seberang Jaya  
13700 Perai  
Penang MALAYSIA  
Tel: (604) 370 2155/2156

### Southern Branch

23 & 23A Jalan Harimau Tarum  
Taman Century  
80250 Johor Bahru  
Johor MALAYSIA  
Tel: (607) 334 1748

### Central Branch

46, 2nd Floor, Jalan SS 21/39  
Damansara Utama  
47400 Petaling Jaya  
Selangor MALAYSIA  
Tel: (603) 7712 2888

### Sarawak Branch

5B Lot 414 Section 10  
KTLD Jalan Rubber  
93400 Kuching  
Sarawak MALAYSIA  
Tel: (6082) 259 777

### Sabah Branch

1 Jalan Pasar Baru Kampung Air  
88000 Kota Kinabalu  
Sabah MALAYSIA  
Tel: (6088) 239 951/952

### Ampang Branch

13B 2nd Floor Jalan Mamanda 7/1  
Off Jalan Ampang  
68000 Ampang  
Selangor MALAYSIA  
Tel: (603) 4270 2970

### Sri Petaling Branch

169-2, Jalan Radin Bagus  
Bandar Baru Sri Petaling  
57000 Kuala Lumpur MALAYSIA  
Tel: (603) 9059 2333

### Melaka Branch

21 Jalan Melaka Raya 24  
Taman Melaka Raya  
75000 Melaka MALAYSIA  
Tel: (606) 281 1111

### Kuantan Branch

No 44 & 44A Jalan Putra Square 6,  
Putra Square,  
25000 Kuantan,  
Pahang MALAYSIA  
Tel: (609) 513 4400

### Kota Bharu Branch

Ground Floor No 298-B  
Jalan Tok Hakim  
15000 Kota Bharu  
Kelantan MALAYSIA  
Tel: (609) 747 1172/1190

### 11.3. PRINCIPAL DISTRIBUTORS

#### **Nsg Wealth Advisors**

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

#### **Platinum**

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

#### **Dynamics Wealth Advisors**

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

#### **Megas**

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

#### **Amg Synergy Multiresources Sdn Bhd**

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

#### **Elite Group Consultants**

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

#### **Success Concepts Life Planners**

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

#### **Diamond Star Agency Office**

Block E-1-03A & E-2-03A  
Jalan SS6/20A  
Dataran Glomac  
47301 Kelana Jaya  
Selangor  
Tel: (603) 7880 7082

#### **Charisma Legacy**

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

#### **AAAAA Wealth Builders**

*(formerly known as O-tye Group Consultants)*  
Lot C-615 & Lot C-616  
Level 6 Block C Kelana Square  
17 Jalan Ss7/26  
Kelana Jaya  
47301 Petaling Jaya Selangor  
Tel: 03-7880 6893

#### **My Financial Freedom Advisors**

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

#### **Preferred Wealth Advisors**

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

#### **Otye Xcellence Consultants**

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

#### **Prestige Wealth Advisors**

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

#### **Magnificent Champion Agency Office**

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

#### **Jat Xo Group**

2nd Floor Lot 156  
Jalan Haji Taha  
Kuching 93400 Sarawak  
Tel: (6019) 2713 269

**Aces Advisors**

37-2, Jalan Cecawi 6/33  
PJU 5, Kota Damansara  
47810 Petaling Jaya  
Tel: (603) 6142 2970

**Premier Wealth Advisors**

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

**GVG Solution Agency**

24-1, Jalan Padi Emas 4/1  
Pusat Bandar Tampoi  
Johor Bahru  
81200 Johor  
Tel: (607) 2326 976

**JAT XO Group Bintulu**

SL No2, Blk49, of Parent Lot2646  
Parkcity Commerce Square  
Jln Kambiar, Off Jln Tun Ahmad  
Zaidi, Bintulu 97000 Sarawak  
Tel: (6012) 2172 269

**The One Asia Advisors**

No B-3A-23 Merchant Square  
Jalan Tropicana Selatan 1  
Tropicana Golf & Country Resort  
47410 Petaling Jaya  
Selangor  
Tel: (603) 7887 4408

**Soha Barakah Wealth Consultancy**

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

**Evoque Wealth Advisors**

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

**KPG Management**

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

**Victorious Agency**

98-02 Jalan Pertama 1  
Pusat Perdagangan Danga Utama  
81200 Johor Bahru  
Johor  
Tel: (6011) 1211 840

**Monalisa Private Wealth Advisors**

No. 41B, 43B, Jalan Wan Kadir 2  
Taman Tun Dr Ismail  
60000, Kuala Lumpur  
Tel: (603) 7733 5778

**Sa@7**

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

**My IFP Kemaman**

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

**Tremendous Agency**

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

**Wealth Resources Group Advisors**

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

**GVG Pasir Gudang Solution**

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

**Kyzan Jaguar Agency**

16-01 Jalan Padi Emas 1/5  
UDA Business Centre  
81200 Johor Bahru  
Johor  
Tel: (607) 3009 350

**Premierone Wealth**

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

**Charisma Legacy 1**

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

**KPG Capital Growth Solution**

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

**Nrich Wealth Advisory Group**

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

**SWM Advisors Group**

Block E-13-2 2nd Floor  
Jalan Serai Wangi M/16M  
Alam Avenue 2 Seksyen 16  
40200 Shah Alam  
Selangor

**Charisma Legacy Kota Bharu**

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

**Charisma Legacy 2**

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

**KPG Capital Growth Solution**

No 4 Tingkat 1  
Taman Desa Lunas  
Lunas  
09600 Kedah  
Tel: (6019) 3571 472

**Abraham Hanef Group PLT**

D-25-1 & D-25-2  
Pusat Komercial Arena Bintang  
Jln Zuhail U5/179 Seksyen U5  
Shah Alam  
40150 Selangor  
Tel: (603) 7832 2402

**Global Amazing Entrepreneur**

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

**Charisma Legacy 3**

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

**Synergy Wealth Entrepreneur**

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

**NZ Group**

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

**Zenith Premier Wealth Advisors**

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

**KPG Capital Growth Solution**

No 4A (Tingkat Atas) Susuran KPJ 2  
Kompleks Perniagaan Jitra 2  
Jitra  
06000 Kedah  
Tel: (6019) 3571 472

## 11.5. IUTAs

### **CIMB Bank Berhad**

Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral,  
50470 Kuala Lumpur  
Malaysia  
(03) 6204 7788  
*(Distributor for DALI, DALI2, iOP-MO, DALI4, iOP-EO, iOP-SCO, iLI-B, iLI-BG, iLI-ES, iLI-S, and iDY-APDE)*

### **CIMB Islamic Bank Berhad**

Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral,  
50470 Kuala Lumpur  
Malaysia  
(03) 6204 7788  
*(Distributor for DALI, DALI2, iOP-MO, DALI4, iOP-EO, iOP-SCO, iLI-B, iLI-BG, iLI-ES, iLI-S, and iDY-APDE)*

### **Affin Bank Berhad**

Level 16, Menara Affin,  
80 Jalan Raja Chulan,  
50200 Kuala Lumpur  
(03)8230 2222

*(Distributor for iDY-APDE)*

### **AmBank Islamic Berhad**

22nd Floor, Bangunan AmBank Group  
55, Jalan Raja Chulan  
50200 Kuala Lumpur  
Malaysia  
1300 80 8888  
*(Distributor for iDY-APDE, iLI-B)*

### **Bank Kerjasama Rakyat Malaysia Berhad**

Tingkat 15, Bangunan PERKIM  
150, Jalan Ipoh  
51200 Kuala Lumpur MALAYSIA  
(03) 4027 2500  
*(Distributor for DALI, DALI4, iLI-B, and iDY-APDE)*

### **Hong Leong Bank Berhad**

Level 3, Wisma Hong Leong  
18, Jalan Tun Perak  
50450 Kuala Lumpur  
(03) 2164 2828  
*(Distributor for DALI2, iOP-EO, iOP-SCO, iLI-B, iLI-BG, iLI-ES, and iDY-APDE)*

### **HSBC Bank Malaysia Berhad**

Head Office  
Personal Financial Services  
2 Leboh Ampang  
50100 Kuala Lumpur MALAYSIA  
(03) 2050 7878  
*(Distributor for iLI-B, iOP-EO, iLI-S and iDY-APDE)*

### **CIMB Investment Bank Berhad – Retail Equities**

(A Participating Organisation of Bursa Malaysia Securities Berhad)  
17th Floor, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral,  
50470 Kuala Lumpur MALAYSIA  
(03) 22618888  
*(Distributor iOP-MO, iOP-EO, iLI-BG, iLI-ES, and iDY-APDE)*

### **CIMB Private Banking**

17th Floor, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral,  
50470 Kuala Lumpur  
Malaysia  
(03) 22618888  
*(Distributor for DALI, DALI2, iOP-MO, DALI4, iOP-EO, iOP-SCO, iLI-B, iLI-BG, iLI-ES, iLI-S, and iDY-APDE)*

### **AmBank (M) Berhad**

22nd Floor, Bangunan AmBank Group  
55, Jalan Raja Chulan  
50200 Kuala Lumpur  
Malaysia  
1300 80 8888  
*(Distributor for iDY-APDE, iLI-B)*

### **AmInvestment Bank Berhad**

18th Floor, Bangunan AmBank Group  
55, Jalan Raja Chulan  
50200 Kuala Lumpur  
(03) 2036 1300  
*(Distributor for DALI, DALI2, DALI4, iOP-EO, iOP-SCO, iLI-B, iLI-BG and iLI-S)*

### **Citibank Berhad**

Head Office  
Citibank Investment Services  
Menara Citibank  
165, Jalan Ampang,  
50450 Kuala Lumpur MALAYSIA  
(03) 2383 8833  
*(Distributor for iLI-BG and iDY-APDE)*

### **HSBC Amanah Malaysia Berhad**

2 Leboh Ampang  
50100 Kuala Lumpur MALAYSIA  
(03) 2075 3000  
*(Distributor for iLI-B, iOP-EO, iLI-S and iDY-APDE)*

### **IFAST Capital Sdn Bhd**

Level 28, Menara Standard Chartered  
No 30, Jalan Sultan Ismail  
50250 Kuala Lumpur  
(03) 2149 0660  
*(Distributor for iOP-MO, iDY-APDE, iOP-EO, iLI-B, iLI-BG, iLI-S, iLI-ES and iOP-SCO)*

**Kenanga Investment Bank Berhad**

8th Floor, Kenanga International  
Jalan Sultan Ismail  
50250 Kuala Lumpur MALAYSIA  
(03) 2164 9080  
*(Distributor for DALI, DALI2, DALI4, iOP-EO, iOP-SCO, iLI-B, iLI-BG, iLI-ES, iLI-S, and iDY-APDE)*

**OCBC Al-Amin Bank Berhad**

Head Office  
Menara OCBC  
18, Jalan Tun Perak  
50500 Kuala Lumpur MALAYSIA  
(03) 2034 5034  
*(Distributor for iDY-APDE, iLI-B, iLI-BG, iOP-EO and iLI-ES)*

**Phillip Mutual Berhad**

B-2-7, Megan Avenue II  
Jalan Yap Kwan Seng  
50450 Kuala Lumpur MALAYSIA  
(03) 2783 0300  
*(Distributor for iOP-EO, iOP-SCO, iLI-B, iLI-BG, iLI-ES, iLI-S, iDY-APDE and iOP-MO)*

**Standard Chartered Bank Malaysia Berhad**

Menara Standard Chartered  
Level 8, 30 Jalan Sultan Ismail  
50250 Kuala Lumpur MALAYSIA  
(03) 7718 9688  
*(Distributor for iDY-APDE, iLI-BG and iOP-MO)*

**UOB Kay Hian Securities (M) Sdn Bhd**

Bangunan Heng Guan,  
171 Jalan Burmah,  
10050 Pulau Pinang  
(03) 229 9318  
*(Distributor for DALI, DALI2, iOP-MO, DALI4, iOP-EO, iOP-SCO, iLI-B, iLI-BG, iLI-ES, iLI-S, and iDY-APDE)*

**Kuwait Finance House (Malaysia) Berhad**

Level 26, Menara Prestige,  
1, Jalan Pinang  
50450 Kuala Lumpur  
P.O. Box 10103  
50704 Kuala Lumpur  
(03) 2168 0000  
*(Distributor for DALI, DALI2, and iDY-APDE)*

**OCBC Bank (Malaysia) Berhad**

Head Office  
Menara OCBC  
18, Jalan Tun Perak  
50500 Kuala Lumpur MALAYSIA  
(03) 2034 5034  
*(Distributor for iDY-APDE, iLI-B, iLI-BG, iOP-EO and iLI-ES)*

**RHB Bank Berhad**

Investment Services Department  
Level 9, Tower 2, RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur MALAYSIA  
(03) 9206 8118  
*(Distributor for DALI2, iDY-APDE, iOP-EO, iOP-SCO, iLI-B, iLI-BG and iLI-ES)*

**United Overseas Bank (Malaysia) Bhd**

Level 2, Menara UOB  
Jalan Raja Laut  
50350 Kuala Lumpur MALAYSIA  
(03) 2732 4332  
*(Distributor for iOP-EO, iOP-SCO and iDY-APDE)*

**Note:** We have the discretion in determining the Distributors of the Funds, including its appointment and/or termination from time to time. For updated information on the Distributors of the Funds, please call our **Customer Care Centre** at **(603) 7718 3000** during our business hour between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. and 4:45 p.m. (Malaysian time) on Fridays or refer to our website at [www.principal.com.my](http://www.principal.com.my).

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

Enquiries:

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

Email **[service@principal.com.my](mailto:service@principal.com.my)**

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