

**Disclosure Document**

22 April 2020

# Principal Islamic PRS Plus\*

*(formerly known as CIMB Islamic PRS PLUS)*

**PRS Provider** : **Principal Asset Management Berhad** (199401018399 (304078-K))

**Scheme Trustee** : **Deutsche Trustees Malaysia Berhad** (200701005591 (763590-H))

**THIS IS A SECOND REPLACEMENT DISCLOSURE DOCUMENT. THIS SECOND REPLACEMENT DISCLOSURE DOCUMENT IS ISSUED TO REPLACE AND SUPERSEDE THE DISCLOSURE DOCUMENT OF THE CIMB ISLAMIC PRS PLUS DATED 31 JULY 2014.**

This Second Replacement Disclosure Document for the Principal Islamic PRS Plus (“Scheme”) is dated 22 April 2020 and incorporates the following Islamic Funds namely:

**Core Funds**

Principal Islamic PRS Plus Conservative

Principal Islamic PRS Plus Moderate

Principal Islamic PRS Plus Growth

**Non-Core Funds**

Principal Islamic PRS Plus Equity and

Principal Islamic PRS Plus Asia Pacific Ex Japan Equity

**Formerly known as***CIMB Islamic PRS Plus Conservative**CIMB Islamic PRS Plus Moderate**CIMB Islamic PRS Plus Growth**CIMB Islamic PRS Plus Equity and**CIMB Islamic PRS Plus Asia Pacific Ex Japan Equity*

This Scheme was constituted on 8 November 2012.

**MEMBERS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE DISCLOSURE DOCUMENT. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.**

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE MEMBERS, SEE “RISK FACTORS” COMMENCING ON PAGE 21.**

\* The name “PRS Plus” is the name of the PRS solution by Principal Malaysia. It does not in any way connote or warrant that this Scheme will necessarily outperform other PRS or have additional features that may be lacking in other PRS solutions.

# ABOUT THIS DOCUMENT

This is a Second Replacement Disclosure Document (“Disclosure Document”) which introduces you to Principal Asset Management Berhad (“Principal Malaysia”) and the Principal Islamic PRS Plus (“Scheme”). This Disclosure Document outlines in general the information you need to know to make an informed decision as to whether the Scheme or Funds under the Scheme best suits your financial needs.

If you have any questions about the information in this Disclosure Document or would like to know more about investing in the Principal Malaysia family of PRS, please call our **Customer Care Centre** at **(03) 7718 3000** between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. and 4:45 p.m. (Malaysian time) on Fridays (except on Selangor public holidays).

Unless otherwise indicated, any reference in this Disclosure Document 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 amended, varied, modified, updated, superseded and/or re-enacted from time to time.

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

Please note that all references to currency amounts and NAV per unit in this Disclosure Document are in Ringgit Malaysia unless otherwise indicated.

## RESPONSIBILITY STATEMENTS

This Disclosure Document 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 the Disclosure Document false or misleading.

## STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia has approved the Scheme and authorized the Funds under the Scheme, and a copy of this Disclosure Document has been registered with the Securities Commission Malaysia.

The approval and authorization, as well as the registration of this Disclosure Document should not be taken to indicate that the Securities Commission Malaysia recommends the Scheme or Funds under the Scheme or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Disclosure Document.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of the PRS Provider responsible for the Scheme and Funds under the Scheme, and takes no responsibility for the contents in this Disclosure Document. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Disclosure Document and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

**MEMBERS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, MEMBERS WHO ARE IN DOUBT ON THE ACTION TO BE TAKEN SHOULD CONSULT PROFESSIONAL ADVISERS IMMEDIATELY.**

## ADDITIONAL STATEMENTS

Members are advised to note that recourse for false or misleading statements or acts made in connection with the Disclosure Document is directly available through section 92A(3) of the *Capital Markets and Services Act 2007*.

*Principal Islamic PRS Plus Conservative , Principal Islamic PRS Plus Moderate , Principal Islamic PRS Plus Growth , Principal Islamic PRS Plus Equity and Principal Islamic PRS Plus Asia Pacific Ex Japan Equity have been certified as being Shariah-compliant by the Shariah Adviser appointed for these Funds.*

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# DEFINITIONS

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

- Accrued Benefits - The amount of a Member's beneficial interest in the Scheme.
- BNM - Bank Negara Malaysia.
- Business Day - A day on which the Bursa Malaysia Securities Berhad is open for trading and banks in Kuala Lumpur and/or Selangor are open for business.  
**Note:** 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 <http://www.principal.com.my>. Alternatively, you may contact our Customer Care Centre at **(03) 7718 3000**.
- CIMB Group - CIMB Group Sdn. Bhd.
- CIS - Collective investment scheme.
- Class - Any class of units representing similar interests in the assets of a Fund.
- Class A - Subject to our absolute discretion, Class A is for an individual who has attained the age 18 years as of the date of opening a private pension account. Class A and Class C have different Sales Charge and Management Fee.
- Class C - Subject to our absolute discretion, Class C is for an individual who has attained the age 18 years as of the date of opening a private pension account. Class A and Class C have different Sales Charge and Management Fee.
- Class X - Subject to our absolute discretion, Class X is for a Member who participates via his/her employer. Class X has no Sales Charge.
- CMSA - Capital Markets and Services Act 2007.
- Conditionally Vested Unit - It means a Unit which accords a Member with entitlement to the Unit that is conditional upon fulfilment of condition(s) stipulated in a Vesting Schedule.
- Core Funds - Principal Islamic PRS Plus Conservative, Principal Islamic PRS Plus Moderate and Principal Islamic PRS Plus Growth.
- Deed - The principal and all supplemental deed in respect of the Scheme made between us and the Trustee, in which the Members agree to be bound by the provisions of the deed.
- Default Option - Core Funds that will be selected automatically for a Member who does not specify his or her Fund option upon participating in the Scheme.
- Deposit - As per the definition of "deposit" in the Financial Services Act 2013 and "Islamic deposit" in the Islamic Financial Services Act 2013.  
**Note:** To exclude structured deposits.
- Disclosure Document - Refers to this Second Replacement Disclosure Document in respect of the Funds and includes any supplemental disclosure document or replacement disclosure document, as the case may be.
- Distributor - Any relevant persons and bodies appointed by Principal Malaysia from time to time, who are responsible for selling Units of the Scheme, including Principal Distributors and Institutional PRS Advisers.
- 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 Funds.
- Fund - It refers to the following funds under the Scheme:
- |   |              |
|---|--------------|
| Principal Islamic PRS Plus Conservative<br>(formerly known as CIMB Islamic PRS Plus Conservative)                                 | iPRS-C       |
| Principal Islamic PRS Plus Moderate<br>(formerly known as CIMB Islamic PRS Plus Moderate)   | iPRS-M       |
| Principal Islamic PRS Plus Growth<br>(formerly known as CIMB Islamic PRS Plus Growth)   | iPRS-G       |
| Principal Islamic PRS Plus Equity<br>(formerly known as CIMB Islamic PRS Plus Equity)   | iPRS-DALI    |
| Principal Islamic PRS Plus Asia Pacific Ex Japan Equity<br>(formerly known as CIMB Islamic PRS Plus Asia Pacific Ex Japan Equity) | iPRS-iDYAPDE |
- GDP - Gross Domestic Product.
- 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">http://www.iosco.org</a> .
LPD	- Latest Practicable Date i.e. 31 January 2020, in which all information provided herein, shall remain current and relevant as at such date.
Long-term	- A period of more than five (5) years.
Management Fee	- A fee that is paid to the PRS Provider for managing the portfolio of the Fund.
MARC	- Malaysian Rating Corporation Berhad.
Member	- An individual who has a beneficial interest under the Scheme.
NAV	- Net Asset Value.
NAV of the Class	- The NAV of the Fund multiplied by the Units in circulation of that Class divided by the Units in circulation of the Fund.
NAV of the Fund	- The NAV of the Fund is the value of all the Fund's assets less the value of all the Fund's liabilities, at the point of valuation. For the purpose of computing the annual Management Fee (if any), annual Trustee Fee (if any) and annual PPA fee (if any), the NAV of the Fund must be inclusive of the Management Fee, Trustee Fee and PPA fee for the relevant day.
NAV of the Target Fund	- The NAV of the Target Fund is the value of all the Target Fund's assets less the value of all the Target 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 Target Fund must be inclusive of the management fee and trustee fee for the relevant day.
NAV per Unit	- The NAV of the Class divided by the number of Units in circulation for that Class, at the valuation point.
Nominee	- Means the person nominated by a Member to receive the accrued benefits as- a) a beneficiary in the case of a non-Muslim Member; or b) an executor in the case of a Muslim Member upon the death of such Member.
Non-Core Funds	- Principal Islamic PRS Plus Equity and Principal Islamic PRS Plus Asia Pacific Equity.
OTC	- Over-the-counter.
PFG	- Principal Financial Group and its affiliates.
PIA	- Principal International (Asia) Ltd.
PPA	- Refers to Private Pension Administrator; the PRS administrator who is approved under section 139C of the Capital Markets and Services Act 2007 to perform the function of record keeping, administration and customer service for Members and contributors in relation to contributions made in respect of a PRS and such other duties and functions as may be specified by the SC.
Pre-retirement withdrawal	- It refers to the withdrawals from any of the Funds that occurs prior to a Member reaching the Retirement Age and it is for the following reasons: a) Pre-retirement withdrawal from Sub-account B that would incur a tax penalty; b) Death of Member; c) Permanent departure of a member from Malaysia; d) Due to permanent total disablement, serious disease or mental disability of a Member; e) For healthcare purpose; and f) For housing purpose.
Principal Distributors	- Refers to the PRS consultants of Principal Malaysia (authorised Principal Malaysia distributors).
Principal Malaysia or PRS Provider	- Principal Asset Management Berhad.
PRS	- Private Retirement Scheme.
RAM	- RAM Rating Services Berhad.
Redemption Charge	- A charge levied upon redemption of Units from the Fund under certain terms and conditions (if applicable).
RSP	- Refers to Regular Savings Plan. RSP allows you to make regular monthly investments directly from your account held with a bank approved by Principal Malaysia or Distributor.
Retirement Age	- It means the age of 55 years or any other age may be specified by the SC.
RM or MYR	- Malaysian Ringgit.
SAC	- Shariah Advisory Council.
Sales Charge	- Preliminary charge on each investment made into the Fund.
SC	- Securities Commission Malaysia.
SC Guidelines	- Guidelines on Private Retirement Schemes issued by the SC.

Scheme	- Principal Islamic PRS Plus* ( <i>formerly known as CIMB Islamic PRS Plus</i> ). <b>*The name “PRS Plus” is the name of the PRS solution by Principal Malaysia. It does not in any way connote or warrant that this Scheme will necessarily outperform other PRS or have additional features that may be lacking in other PRS solutions.</b>
Shariah Adviser or Amanie	- Amanie Advisors Sdn Bhd.
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 ijihad of ulamak (personal effort by qualified Shariah scholars to determine the true ruling of the divine law on matters whose revelations are not explicit).
Special Resolution	- A resolution passed by a majority of not less than three-fourth (3/4) of the Members of the Fund, Class or the Scheme, as the case may be, voting at a meeting of Members duly convened and held in accordance with the provisions of the Deed. For the purposes of winding-up of a Non-Core Fund or Class to a Fund, as the case may be, a special resolution is passed by a majority in number representing at least three-fourth (3/4) of the value of the Units held by Members of that Non-Core Fund or Class to that Fund, as the case may be, voting at the meeting duly convened and held in accordance with the provisions of the Deed.
Sub-Adviser	- A fund management company/ asset management company that provides investment research and stock recommendation to Principal Malaysia. Currently, the Sub-Adviser for the Funds is Principal Asset Management (S) Pte. Ltd.
Sukuk	- Refers to certificates of equal value which evidence undivided ownership or instrument in the assets using Shariah principles and concepts endorsed by the SAC of the SC and the Shariah Adviser.
Switching Fee	- A charge that may be levied when switching is done from the Fund to any of the Funds under the Scheme or funds under other schemes managed by the PRS Provider.
S&P	- Standard & Poor's.
Target Fund	- Principal DALI Equity Growth Fund ( <i>formerly known as CIMB Islamic DALI Equity Growth Fund</i> ) or Principal DALI Asia Pacific Equity Growth Fund ( <i>formerly known as CIMB Islamic Asia Pacific Equity Fund</i> ).
Transfer Fee (to another PRS provider)	- A nominal fee levied for each transfer of Accrued Benefits from the PRS Provider to another PRS provider.
Scheme Trustee or Trustee	- Deutsche Trustees Malaysia Berhad.
Trustee Fee	- A fee that is paid to the Trustee for its services rendered as Trustee of the Scheme.
Units or Unit	- It means in relation to a Class or Fund, an undivided proportionate share in the beneficial interest in that Class or Fund as provided by the Deed and in relation to the Scheme, an undivided proportionate share in the beneficial interest in any of the Funds under the Scheme and shall include both Vested Unit and Conditionally Vested Unit.
Units in circulation	- Units created and fully paid.
Vested Unit	- It means a Unit which accords a Member with unconditional entitlement to such Unit.
Vesting Schedule	- Refers to the schedule that determines the entitlement of an employee's accrued benefits based on terms of service.

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

# CORPORATE DIRECTORY

## The PRS Provider

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 SS21/39  
Damansara Utama  
47400 Petaling Jaya Selangor MALAYSIA  
Tel : (03) 7718 3000  
Fax : (03) 7718 3003

### Website

<http://www.principal.com.my>

### E-mail

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

### Board of Directors

Effendy bin Shahul Hamid  
Pedro Esteban Borda  
Juan Ignacio Eyzaguirre Baraona  
Munirah binti Khairuddin  
Paul Wong Chee Kin  
Thomas Cheong Wee Yee<sup>#</sup>  
A.Huzaima bin Dato' Abdul Hamid\*  
Hisham bin Zainal Mokhtar\*  
Wong Joon Hian\*

*# Alternate director to Pedro Esteban Borda with effect from 8 November 2019*

*\* Independent director*

## Shariah Adviser of the Scheme

Amanie Advisors Sdn Bhd

### Business address

Level 13A-2, Menara Tokio Marine Life,  
189 Jalan Tun Razak,  
50400 Kuala Lumpur  
Tel : (603) 2161 0260  
Fax : (603) 2161 0262  
<http://www.amanieadvisors.com>

### Registered address

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

## Investment Committee

Kim Teo Poh Jin\*  
A. Huzaima bin Dato' Abdul Hamid\*  
Yoon Mun Thim\*  
Peter James Warnes\*  
Mohamad Safri Shahrul Hamid  
Alejandro Elias Echegarri Rodriguez

*\*Independent member*

## Audit Committee

Pedro Esteban Borda  
Hisham bin Zainal Mokhtar \*  
Wong Joon Hian\*

*\* Independent Member*

## Company Secretaries

Phang Ai Tee (MAICSA No. 7013346)  
8th Floor Bangunan CIMB  
Jalan Semantan, Damansara Heights  
50490 Kuala Lumpur MALAYSIA  
Tel : (03) 2084 8888

## The Scheme Trustee

Deutsche Trustees Malaysia Berhad

## Business/Registered address

Level 20, Menara IMC  
8, Jalan Sultan Ismail  
50250 Kuala Lumpur MALAYSIA  
Tel : (03) 2053 7522

## Delegate of Deutsche Trustees Malaysia Berhad

(Local & Foreign custodian)  
Deutsche Bank (Malaysia) Berhad

## Registered address

Level 18, Menara IMC  
8, Jalan Sultan Ismail  
50250 Kuala Lumpur MALAYSIA  
Tel : (03) 2053 6788

## Business address

Levels 18-20, Menara IMC  
8, Jalan Sultan Ismail  
50250 Kuala Lumpur MALAYSIA  
Tel : (03) 2053 6788

## Sub-Adviser of the Funds

Principal Asset Management (S) Pte. Ltd.

## Business/Registered address

Principal Asset Management (S) Pte Ltd  
50 Raffles Place  
#22-03A&B Singapore Land Tower  
Singapore 048623  
<http://www.principal.com.sg>

## Auditors of the PRS Provider and of the Scheme

PricewaterhouseCoopers  
Chartered Accountants  
Level 10, 1 Sentral  
Jalan Rakyat, Kuala Lumpur Sentral  
PO Box 10192  
50706 Kuala Lumpur MALAYSIA



**Solicitors**

Soon Gan Dion & Partners  
1st Floor, 73, Jalan SS21/1A  
Damansara Utama  
47400 Petaling Jaya  
Selangor MALAYSIA  
Tel : (03) 7726 3168  
Fax : (03) 7726 3445

**Tax Adviser**

PricewaterhouseCoopers  
Taxation Services Sdn. Bhd.  
Level 10, 1 Sentral  
Jalan Rakyat, Kuala Lumpur Sentral  
PO Box 10192  
50706 Kuala Lumpur MALAYSIA

**Federation of Investment Managers Malaysia  
(FIMM)**

19-06-1, 6th Floor Wisma Tune  
No.19, Lorong Dungun  
Damansara Heights  
50490 Kuala Lumpur MALAYSIA  
Tel : (03) 2092 3800  
E-mail : [info@fimm.com.my](mailto:info@fimm.com.my)  
Website : <http://www.fimm.com.my>

**Principal Banker**

CIMB Bank Berhad  
Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50740 Kuala Lumpur MALAYSIA

# 1. SCHEME AND FUND INFORMATION

## 1.1. SCHEME INFORMATION

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

Principal Islamic PRS Plus		Page
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<b>General information on the Scheme</b>	The Scheme is an investment Scheme designed to facilitate you to accumulate savings* for retirement. The Scheme comprises of a range of Islamic retirement funds, which you may choose to invest based on their retirement needs, risk appetite and age profile.	25
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\* The Funds are neither capital guaranteed nor capital protected funds.

<b>Benefits of contributing to the Scheme</b>	In addition to facilitate you in savings for your retirement, the Scheme provides the following benefits: <ul style="list-style-type: none"> <li>▪ <b>Tax savings</b> A tax relief* of up to RM3,000 a year is allowed for personal contributions made into the Scheme.</li> <li>▪ <b>Choice</b> You can personalize and select a combination of the Funds that best suits your risk and return preference. You have the flexibility to choose Funds that invest in the domestic and regional markets.</li> <li>▪ <b>Convenience and flexibility</b> The Scheme allows automatic monthly contributions. You can determine the amount and time of contribution into the Scheme subject to the minimum amount stated in the Transaction Information chapter.</li> </ul>
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\*For contributions into the PRS and deferred annuities effective from years of assessment 2012 to 2021 and is subject to terms and conditions and/or any amendment/modifications as may be imposed/required by the government or relevant authorities from time to time.

<b>Number of Funds within the Scheme</b>	The Scheme consists of the following 5 Funds:
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Funds	Fund Category
<b>Core Funds</b>	
Principal Islamic PRS Plus Conservative	Core (Conservative)
Principal Islamic PRS Plus Moderate	Core (Moderate)
Principal Islamic PRS Plus Growth	Core (Growth)
<b>Non-Core Funds</b>	
Principal Islamic PRS Plus Equity	Feeder Fund - Equity (Shariah-compliant)
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	Feeder Fund - Equity (Shariah-compliant)

<b>Brief descriptions on operations of the Scheme</b>	You may contribute to the Scheme by selecting any one or a combination of the Funds. However, if you choose to let us determine the Fund for you, we will allocate your contributions into the Default Option that corresponds to your age as listed in the table below:	25
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Age	Funds
55 years and above	Principal Islamic PRS Plus Conservative
45 years and above but have not yet reached 55 years*	Principal Islamic PRS Plus Moderate
Below 45 years*	Principal Islamic PRS Plus Growth

\*Should you become a Member and have made your first contribution to the Scheme a month before you attain the age of 45 or 55 years old, we will allocate such contribution to the Principal Islamic PRS Plus Moderate or the Principal Islamic PRS Plus Conservative as the case may be.

Where you are in the Default Option, we will:

- a) withdraw the Units in the Principal Islamic PRS Plus Growth and purchase Units in the Principal Islamic PRS Plus Moderate before the end of the next calendar month from the day you attain the age of 45 years old;

- b) withdraw the Units in the Principal Islamic PRS Plus Moderate and purchase Units in the Principal Islamic PRS Plus Conservative before the end of the next calendar month from the day you attain the age of 55 years old.

**Note:** The age limit above may be subject to changes as may be determined by the relevant authorities from time to time.

<b>Permitted withdrawals and pre-retirement withdrawals</b>	All contributions made by or on behalf of the Members will be split upon each contribution being made and maintained in two separate sub-accounts:	53
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- Sub-account A refers to a sub-account maintained for you which holds 70% of Member's contributions.
- Sub-account B refers to a sub-account maintained for you which holds 30% of Member's contributions.

Subject to permitted reasons for withdrawals, you may not make a withdrawal from any of the Funds until you reach the Retirement Age. Upon reaching the Retirement Age, you shall be entitled to withdraw the full amount accumulated in the Funds held by you as Accrued Benefits without payment of any tax penalty. Pre-retirement withdrawal before attaining the Retirement Age is allowed for sub-account B and is subject to payment of tax penalty of 8% (or such other applicable tax penalty) of the amount withdrawn, which will be deducted by us. For the avoidance of doubt, the tax penalty would not apply for pre-retirement withdrawals due to:

- (i) death of Member;
- (ii) permanent departure of the Member from Malaysia;
- (iii) due to permanent total disablement, serious disease or mental disability of a member;
- (iv) for healthcare purpose;
- (v) for housing purpose;

or such other conditions as may be imposed by any government authorities.

Withdrawals may be requested by the Member once every calendar year from each PRS provider (from one or multiple funds under any scheme(s) managed by that PRS provider) provided that no withdrawal can be made from a scheme where the individual has been a Member of that scheme (whether via Member contribution or employer contribution) for less than one (1) year.

**Note:**

- For withdrawals following the death of a Member, we must obtain prior authorisation from the PPA before processing the withdrawal.
- Unless the context stated otherwise, all withdrawal transaction is only allowed for Vested Units.

<b>Scheme Trustee</b>	Deutsche Trustees Malaysia Berhad	66
<b>Shariah Advisor</b>	Amanie Advisors Sdn Bhd	64

## 1.2. FUND INFORMATION

Principal Islamic PRS Plus Conservative		Page
<b>Fund category</b>	Core (Conservative)	
<b>Investment objective</b>	<p>The Fund seeks to provide Members with capital preservation* through investment primarily in Sukuk.</p> <p><i>*The Fund is neither a capital guaranteed fund nor a capital protected fund.</i></p>	27
<b>Benchmark</b>	<p>60% Quant shop GII Short Index + 20% CIMB Islamic 1-Year General Investment Account-i (GIA) + 20% FTSE Bursa Malaysia EMAS Shariah Index</p> <p><b>Note:</b> The Fund's benchmark is for performance comparison purpose only. The risk profile of the Fund is not the same as the risk profile of the benchmark.</p>	27
<b>Investment policy and principal investment strategy</b>	<p>The Fund aims to invest in a diversified portfolio of primarily Sukuk with some exposure in Shariah-compliant equities. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to invest in Sukuk, Islamic money market instruments and Shariah-compliant equities either directly or via Islamic CIS.</p> <p><b><u>Before 1 June 2020</u></b></p> <p>At least 80% of the Fund's NAV will be invested in Sukuk and Islamic money market instruments, of which a minimum 20% of the Fund's NAV will be invested in Islamic money market instruments, all of which have a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC. The investments in Shariah-compliant equities shall not exceed 20% of the Fund's NAV.</p> <p><b><u>With effect from 1 June 2020</u></b></p> <p>At least 80% of the Fund's NAV will be invested in local and/or foreign Sukuk and Islamic money market instruments, of which a minimum 20% of the Fund's NAV will be invested in Islamic money market instruments, all of which have a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or "BBB" or "A-2" by S&amp;P or equivalent rating by any other international rating agencies. Notwithstanding, the Fund may also invest up to 5% of its NAV in unrated Sukuk. The investments in Shariah-compliant equities which include foreign exposure shall not exceed 20% of the Fund's NAV.</p>	27
<b>Asset allocation</b>	<p><b><u>Before 1 June 2020</u></b></p> <ul style="list-style-type: none"> <li>▪ At least 80% of the Fund's NAV will be invested in Sukuk and Islamic money market instruments, of which a minimum 20% of the Fund's NAV will be invested in Islamic money market instruments;</li> <li>▪ Up to 20% of the Fund's NAV may be invested in Shariah-compliant equities; and</li> <li>▪ Up to 5% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.</li> </ul> <p><b><u>With effect from 1 June 2020</u></b></p> <ul style="list-style-type: none"> <li>▪ At least 80% of the Fund's NAV will be invested in Sukuk and Islamic money market instruments, of which a minimum 20% of the Fund's NAV will be invested in Islamic money market instruments and up to 5% of the Fund's NAV may be invested in unrated Sukuk;</li> <li>▪ Up to 20% of the Fund's NAV may be invested in Shariah-compliant equities; and</li> <li>▪ Up to 5% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.</li> </ul>	27
<b>Principal risks</b>	Stock specific risk, credit and default risk, interest rate risk <sup>^</sup> , country risk, currency risk and reclassification of Shariah status risk.	21
<b>Member profile</b>	<p>This Fund is suitable for Members who:</p> <ul style="list-style-type: none"> <li>▪ want a Shariah-compliant investment;</li> <li>▪ are risk averse; and/or</li> <li>▪ are seeking capital preservation.</li> </ul> <p><b>Note:</b> Where the Member is in the Default Option, this Fund is selected for a Member who is 55 years and above.</p>	
<b>Distribution policy</b>	The Fund is not expected to pay any distribution.	56
<b>Launch date</b>	12 November 2012.	
<b>Financial year-end</b>	31 August.	57

*^ 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 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.*

<b>Fund category</b>	Core (Moderate)	
<b>Investment objective</b>	The Fund seeks to provide a moderate level of capital growth over the long-term by investing in a diversified portfolio of Shariah-compliant equity and Sukuk.	29
<b>Benchmark</b>	60% FTSE Bursa Malaysia EMAS Shariah Index + 40% Quant shop GII Short Index.	29
	<b>Note:</b> The Fund's benchmark is for performance comparison purpose only. The risk profile of the Fund is not the same as the risk profile of the benchmark.	
<b>Investment policy and principal investment strategy</b>	The Fund will invest in a mix of Shariah-compliant equities and Sukuk to provide a moderate level of capital growth to the Fund. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to invest in Sukuk and Shariah-compliant equities either directly or via Islamic CIS.	29
	<b>Before 1 June 2020</b> The investments by the Fund in Shariah-compliant equities which include foreign exposure shall not exceed 60% of the Fund's NAV and investments in local and/or foreign Sukuk shall not be less than 40% of its NAV with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or "BBB" or "A-2" by S&P or equivalent rating by any other international rating agencies.	
	<b>With effect from 1 June 2020</b> The investments by the Fund in Shariah-compliant equities which include foreign exposure shall not exceed 60% of the Fund's NAV and investments in local and/or foreign Sukuk shall not be less than 40% of its NAV with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or "BBB" or "A-2" by S&P or equivalent rating by any other international rating agencies. Notwithstanding, the Fund may also invest up to 5% of its NAV in unrated Sukuk.	
<b>Asset allocation</b>	<p><b>Before 1 June 2020</b></p> <ul style="list-style-type: none"> <li>▪ At least 40% of the Fund's NAV will be invested in Sukuk;</li> <li>▪ Up to 60% of the Fund's NAV may be invested in Shariah-compliant equities; and</li> <li>▪ Up to 5% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.</li> </ul> <p><b>With effect from 1 June 2020</b></p> <ul style="list-style-type: none"> <li>▪ At least 40% of the Fund's NAV will be invested in Sukuk, of which up to 5% of the Fund's NAV may be invested in unrated Sukuk;</li> <li>▪ Up to 60% of the Fund's NAV may be invested in Shariah-compliant equities; and</li> <li>▪ Up to 5% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.</li> </ul>	29
<b>Principal risks</b>	Stock specific risk, credit and default risk, interest rate risk <sup>^</sup> , country risk, currency risk, risks associated with investment in Shariah-compliant warrants/Islamic options and reclassification of Shariah status risk.	21
<b>Member profile</b>	<p>This Fund is suitable for Members who:</p> <ul style="list-style-type: none"> <li>▪ want a Shariah-compliant investment;</li> <li>▪ are willing to accept some fluctuations in the value of his/her investment; and/or</li> <li>▪ want a diversified portfolio of Shariah-compliant equities and Sukuk that may have some foreign exposure.</li> </ul> <p><b>Note:</b> Where the Member is in the Default Option, this Fund is selected for a Member who is 45 years and above but has yet reached 55 years.</p>	
<b>Distribution policy</b>	The Fund is not expected to pay any distribution.	56
<b>Launch date</b>	12 November 2012.	
<b>Financial year-end</b>	31 August.	57

<sup>^</sup> 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 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.

<b>Fund category</b>	Core (Growth)	
<b>Investment objective</b>	The Fund seeks to provide capital growth over the long-term by investing in a portfolio of primarily Shariah-compliant equities with some exposure in Sukuk.	30
<b>Benchmark</b>	<p><b><u>Before 1 June 2020</u></b> 70% FTSE Bursa Malaysia EMAS Shariah Index + 30% Quant shop GII Short Index.</p> <p><b><u>With effect from 1 June 2020*</u></b> 90% FTSE Bursa Malaysia EMAS Shariah Index + 10% Quant shop GII Short Index. <i>*The benchmark composition will be changed to reflect the Fund's revised investment allocation.</i></p> <p><b>Note:</b> The Fund's benchmark is for performance comparison purpose only. The risk profile of the Fund is not the same as the risk profile of the benchmark.</p>	30
<b>Investment policy and principal investment strategy</b>	<p>The Fund will invest in a portfolio of mixed assets, primarily in Shariah-compliant equities with some exposure in Sukuk, to provide capital growth to the Fund. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to invest in Sukuk and Shariah-compliant equities either directly or via Islamic CIS.</p> <p><b><u>Before 1 June 2020</u></b> The investments by the Fund in Shariah-compliant equities which include foreign exposure may be up to 70% of the Fund's NAV and investments in local and/or foreign Sukuk will be at least 30% of the Fund's NAV with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or "BBB" or "A-2" by S&amp;P or equivalent rating by any other international rating agencies.</p> <p><b><u>With effect from 1 June 2020</u></b> The investments by the Fund in Shariah-compliant equities which include foreign exposure may be up to 90% of the Fund's NAV and investments in local and/or foreign Sukuk will be at least 10% of the Fund's NAV with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or "BBB" or "A-2" by S&amp;P or equivalent rating by any other international rating agencies. Notwithstanding, the Fund may also invest up to 10% of its NAV in unrated Sukuk.</p>	30
<b>Asset allocation</b>	<p><b><u>Before 1 June 2020</u></b></p> <ul style="list-style-type: none"> <li>▪ At least 30% of the Fund's NAV will be invested in Sukuk;</li> <li>▪ Up to 70% of the Fund's NAV may be invested in Shariah-compliant equities; and</li> <li>▪ Up to 5% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.</li> </ul> <p><b><u>With effect from 1 June 2020</u></b></p> <ul style="list-style-type: none"> <li>▪ At least 10% of the Fund's NAV will be invested in Sukuk;</li> <li>▪ Up to 10% of the Fund's NAV may be invested in unrated Sukuk;</li> <li>▪ Up to 90% of the Fund's NAV may be invested in Shariah-compliant equities; and</li> <li>▪ Up to 5% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.</li> </ul>	30
<b>Principal risks</b>	Stock specific risk, credit and default risk, interest rate risk <sup>^</sup> , country risk, currency risk, risks associated with investment in Shariah-compliant warrants/Islamic options and reclassification of Shariah status risk.	21
<b>Member profile</b>	<p>This Fund is suitable for Members who:</p> <ul style="list-style-type: none"> <li>▪ want a Shariah-compliant investment;</li> <li>▪ are seeking for capital appreciation;</li> <li>▪ are willing to accept volatility in the value of his/her investment; and/or</li> <li>▪ want a diversified portfolio of Shariah-compliant equities and Sukuk that may have some foreign exposure.</li> </ul> <p><b>Note:</b> Where the Member is in the Default Option, this Fund is selected for a Member who is below 45 years.</p>	
<b>Distribution policy</b>	The Fund is not expected to pay any distribution.	56
<b>Launch date</b>	12 November 2012.	
<b>Financial year-end</b>	31 August.	57

<sup>^</sup> 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 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.

<b>Fund category</b>	Feeder Fund – Equity (Shariah-compliant)													
<b>Investment objective</b>	The Fund seeks to provide capital growth over the long-term by investing in a target fund with investments in Malaysian securities that comply with the Shariah principles.	32												
<b>Benchmark</b>	FTSE Bursa Malaysia EMAS Shariah Index.	32												
	<i>Note: The Fund's benchmark is for performance comparison purpose only. The risk profile of the Fund is not the same as the risk profile of the benchmark.</i>													
<b>Investment policy and principal investment strategy</b>	<p><b>Before 1 June 2020</b></p> <p>The Fund will invest at least 95% of its NAV in the Principal DALI Equity Growth Fund (<i>formerly known as CIMB Islamic DALI Equity Growth Fund</i>) (“Target Fund”), a Malaysian domiciled fund established on 7 May 1998, which invests in Malaysian Shariah-compliant equities. The Fund may also maintain up to 5% of its NAV in Islamic liquid assets.</p> <p><b>With effect from 1 June 2020</b></p> <p>The Fund will invest at least 85% of its NAV in the Principal DALI Equity Growth Fund (<i>formerly known as CIMB Islamic DALI Equity Growth Fund</i>) (“Target Fund”), a Malaysian domiciled fund established on 7 May 1998, which invests in Malaysian Shariah-compliant equities. The Fund may also maintain up to 15% of its NAV in Islamic liquid assets.</p> <p><u>Information on the Target Fund</u></p> <table border="1"> <tr> <td>Target Fund</td> <td>:</td> <td>Principal DALI Equity Growth Fund</td> </tr> <tr> <td>Target Fund Manager</td> <td>:</td> <td>Principal Asset Management Berhad</td> </tr> <tr> <td>Regulatory authority</td> <td>:</td> <td>Securities Commission Malaysia</td> </tr> <tr> <td>Country of domicile</td> <td>:</td> <td>Malaysia</td> </tr> </table>	Target Fund	:	Principal DALI Equity Growth Fund	Target Fund Manager	:	Principal Asset Management Berhad	Regulatory authority	:	Securities Commission Malaysia	Country of domicile	:	Malaysia	32
Target Fund	:	Principal DALI Equity Growth Fund												
Target Fund Manager	:	Principal Asset Management Berhad												
Regulatory authority	:	Securities Commission Malaysia												
Country of domicile	:	Malaysia												
<b>Asset allocation</b>	<p><b>Before 1 June 2020</b></p> <ul style="list-style-type: none"> <li>At least 95% of the Fund's NAV will be invested in the Target Fund; and</li> <li>Up to 5% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.</li> </ul> <p><b>With effect from 1 June 2020</b></p> <ul style="list-style-type: none"> <li>At least 85% of the Fund's NAV will be invested in the Target Fund; and</li> <li>Up to 15% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.</li> </ul>	32												
<b>Principal risks</b>	Risks associated with investment in the Target Fund	21												
<b>Target Fund risks</b>	Reclassification of Shariah status risk, stock specific risk, risks associated with investment in Shariah-compliant warrants, Interest rate risk <sup>^</sup> and risk associated with investing in Islamic CIS.	23												
<b>Member profile</b>	<p>This Fund is suitable for Members who:</p> <ul style="list-style-type: none"> <li>want a Shariah-compliant investment;</li> <li>are seeking for capital appreciation; and/or</li> <li>are willing to accept significant fluctuation in the value of his/her investment.</li> </ul>													
<b>Distribution policy</b>	The Fund is not expected to pay any distribution.	56												
<b>Launch date</b>	12 November 2012.													
<b>Financial year-end</b>	31 August.	57												

<sup>^</sup> 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 interest rates. Even though the Target 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 Target Fund.



<b>Fund category</b>	Feeder Fund – Equity (Shariah-compliant)																
<b>Investment objective</b>	The Fund seeks to provide capital growth over the long-term by investing in a target fund with investments in the emerging and developed markets of Asia Pacific ex Japan region that comply with the Shariah principles.	36															
<b>Benchmark</b>	The Fund adheres to the benchmark of the Target Fund. The benchmark of the Target Fund is MSCI AC Asia ex Japan Islamic Index.	36															
	<i>Note: The Fund's benchmark is for performance comparison purpose only. The risk profile of the Fund is not the same as the risk profile of the benchmark.</i>																
<b>Investment policy and principal investment strategy</b>	<p><b>Before 1 June 2020</b></p> <p>The Fund will invest at least 95% of its NAV in the Principal Islamic Asia Pacific Dynamic Equity Fund (formerly known as CIMB Islamic Asia Pacific Equity Fund) (“Target Fund”), a Malaysian domiciled fund established on 2 June 2006, which invests in Shariah-compliant equities listed on the stock exchanges in the emerging and developed markets of Asia Pacific ex Japan. The Fund may also maintain up to 5% of its NAV in Islamic liquid assets.</p> <p><b>With effect from 1 June 2020</b></p> <p>The Fund will invest at least 85% of its NAV in the Principal Islamic Asia Pacific Dynamic Equity Fund (formerly known as CIMB Islamic Asia Pacific Equity Fund) (“Target Fund”), a Malaysian domiciled fund established on 2 June 2006, which invests in Shariah-compliant equities listed on the stock exchanges in the emerging and developed markets of Asia Pacific ex Japan. The Fund may also maintain up to 15% of its NAV in Islamic liquid assets.</p> <p><b>Information on the Target Fund</b></p> <table border="1"> <tr> <td>Target Fund</td> <td>:</td> <td>Principal Islamic Asia Pacific Dynamic Equity Fund</td> </tr> <tr> <td>Target Fund Manager</td> <td>:</td> <td>Principal Asset Management Berhad</td> </tr> <tr> <td>Target Fund Sub-Manager</td> <td>:</td> <td>Principal Asset Management (S) Pte Ltd</td> </tr> <tr> <td>Regulatory authority</td> <td>:</td> <td>Securities Commission Malaysia</td> </tr> <tr> <td>Country of domicile</td> <td>:</td> <td>Malaysia</td> </tr> </table>	Target Fund	:	Principal Islamic Asia Pacific Dynamic Equity Fund	Target Fund Manager	:	Principal Asset Management Berhad	Target Fund Sub-Manager	:	Principal Asset Management (S) Pte Ltd	Regulatory authority	:	Securities Commission Malaysia	Country of domicile	:	Malaysia	36
Target Fund	:	Principal Islamic Asia Pacific Dynamic Equity Fund															
Target Fund Manager	:	Principal Asset Management Berhad															
Target Fund Sub-Manager	:	Principal Asset Management (S) Pte Ltd															
Regulatory authority	:	Securities Commission Malaysia															
Country of domicile	:	Malaysia															
<b>Asset allocation</b>	<p><b>Before 1 June 2020</b></p> <ul style="list-style-type: none"> <li>At least 95% of the Fund's NAV will be invested in the Target Fund; and</li> <li>Up to 5% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.</li> </ul> <p><b>With effect from 1 June 2020</b></p> <ul style="list-style-type: none"> <li>At least 85% of the Fund's NAV will be invested in the Target Fund; and</li> <li>Up to 15% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.</li> </ul>	36															
<b>Principal risks</b>	Risks associated with investment in the Target Fund	21															
<b>Target Fund risks</b>	Reclassification of Shariah status risk, stock specific risk, interest rate risk <sup>^</sup> , risk associated with investing in Islamic CIS, country risk, currency risk, risks associated with investment in Shariah-compliant warrants and/or Islamic options and credit and default risk.	23															
<b>Member profile</b>	<p>This Fund is suitable for Members who:</p> <ul style="list-style-type: none"> <li>want a Shariah-compliant investment;</li> <li>are seeking for capital appreciation;</li> <li>are willing to accept significant fluctuation in the value of his/her investment; and/or</li> <li>want investments in the Asia Pacific ex Japan region.</li> </ul>																
<b>Distribution policy</b>	The Fund is not expected to pay any distribution.	56															
<b>Launch date</b>	12 November 2012.																
<b>Financial year-end</b>	31 August.	57															

<sup>^</sup> 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 interest rates. Even though the Target 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 Target Fund.

### 1.3. FEES & CHARGES

The following describes the charges that you may **directly** incur when you subscribe or withdraw Units of the Funds. The Sales Charge may differ between the Funds' respective Classes.

Funds	Sales Charge (% of the NAV per Unit)		
	Class A*	Class C*	Class X
Principal Islamic PRS Plus Conservative	3.00%	0.50%	Nil
Principal Islamic PRS Plus Moderate	3.00%	0.50%	Nil
Principal Islamic PRS Plus Growth	3.00%	0.50%	Nil
Principal Islamic PRS Plus Equity	3.00%	0.50%	Nil
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	3.00%	0.50%	Nil

**Note:** Despite the maximum Sales Charge disclosed above, you may negotiate with us or our Distributors for lower charges. However, you should note that we or our Distributors may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all Members) or specifically (for any particular Member, a group of Members or investments made via any digital platform) and for any period or periods of time without prior notice to you.

Fees	Applicable to all Funds		
	Class A	Class C	Class X
Redemption Charge (% of the NAV per Unit)	Nil		
Switching Fee	There is no Switching Fee charged for switching of Funds under the Scheme or switching between funds of different PRS managed by Principal Malaysia. Switching is not allowed between different classes.		
Transfer Fee (to another PRS provider)	A maximum of RM25 may be charged for each transfer to another PRS provider. <b>Note:</b> All transaction on the transfer between PRS provider are only allowed for Vested Units.		
Other charges payable directly by Members when purchasing or withdrawing Units	Any applicable bank charges and other bank fees incurred as a result of an investment or redemption will be borne by you.		

The following describes the fees that you may **indirectly** incur when you invest in the Funds. The fees may differ between the Funds' respective Classes.

Funds	Management Fee (% p.a. of the NAV of the Fund)		
	Class A	Class C	Class X
Principal Islamic PRS Plus Conservative	1.40%	1.50%	1.40%
Principal Islamic PRS Plus Moderate	1.40%	1.50%	1.40%
Principal Islamic PRS Plus Growth	1.40%	1.50%	1.40%
Principal Islamic PRS Plus Equity	1.40%	1.50%	1.40%
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	1.40%	1.50%	1.40%

**Note:** The annual Management Fee is accrued daily based on the NAV of the Fund and paid monthly.

Funds	Trustee Fee (% p.a. of the NAV of the Fund)		
	Class A	Class C	Class X
Principal Islamic PRS Plus Conservative	0.04%	0.04%	0.04%
Principal Islamic PRS Plus Moderate	0.04%	0.04%	0.04%
Principal Islamic PRS Plus Growth	0.04%	0.04%	0.04%
Principal Islamic PRS Plus Equity	0.04%	0.04%	0.04%
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	0.04%	0.04%	0.04%

**Note:** The annual Trustee Fee is accrued daily based on the NAV of the Fund and paid monthly. The Trustee Fee includes local custodian fees and charges but excludes foreign sub-custodian fees and charges.

Fees	Applicable to all Funds		
	Class A	Class C	Class X
Expenses directly related to Funds	Only expenses that are directly related to the Funds can be charged to the Funds. Examples of relevant expenses are audit fee and tax agent's fee.		
Other fees payable indirectly by a Member	Nil		

This table describes the fees and charges charged by PPA. Information on the PPA can be obtained from <http://www.ppa.my>. You can also compare the fees and charges of other PRS by visiting this website.

Fees & Charges	Applicable to all Funds		
	Class A	Class C	Class X
PPA account opening fee	RM10*	RM10*	RM10**
PPA annual fee <sup>^</sup>	RM8		
PPA pre-retirement withdrawal fee	RM25 per transaction		
PPA transfer fee (to another PRS provider)	RM25 per transaction		
PPA administration fee <sup>#</sup>	0.04% p.a. of the Fund's NAV		

\* This fee is to be waived on any of the following conditions:

- 1) Contribution of minimum RM1,000 per transaction;
- 2) Monthly RSP of minimum RM100 per month through authorized banks; or
- 3) Other conditions as we may decide from time to time.

\*\* This fee will be borne by us.

<sup>^</sup> Not payable for the year the account is opened and on the year where there was no contribution.

<sup>#</sup> The annual PPA administration fee is accrued daily based on the NAV of the Fund and paid monthly.

**The fees and charges payable to the PPA are subject to:**

- 1) any amendments as may be determined by the PPA;
- 2) any discount/rebate/waiver as may be determined by the PPA during any promotional period that may be carried out by the PPA from time to time; and
- 3) any applicable taxes and/or duties as may be imposed by the government and/or the relevant authorities from time to time.

The following describes the fees and charges imposed by the Target Fund of Principal Islamic PRS Plus Equity.

	Fees/Expenses	%
1	Application fee	Up to 6.50% of its NAV
2	Withdrawal fee	Nil.
3	Management fee	Up to 1.50% of its NAV
4	Trustee fee	Up to 0.06% per annum of its NAV (including local custodian fee but excluding foreign sub-custodian fees and charges) on the NAV of the Fund. The foreign sub-custodian fee is dependent on the country invested and is charged monthly in arrears.

Please note that the application fee of the Target Fund will not be charged to the Fund. As this Fund will invest in units of the Target Fund, there are management fee and other fees incurred by this Fund. There is no double charging of annual management fee. The annual management fee charged by the Target Fund will be paid out of the Management Fee charged by us at the Fund level. Other fees that are not waived by the Target Fund will be also paid at the Fund level.

You should also note that there will be higher fees arising from the layered investment structure of the Fund.

The following describes the fees and charges imposed by the Target Fund of Principal Islamic PRS Plus Asia Pacific Ex Japan Equity.

	Fees/Expenses	%
1	Application fee	Up to 5.00% of its NAV
2	Withdrawal fee	Nil.
3	Management fee	Up to 1.80% of its NAV
4	Trustee fee	Up to 0.07% per annum of its NAV (including local custodian fee but excluding foreign sub-custodian fees and charges) on the NAV of the Fund. The foreign sub-custodian fee is dependent on the country invested and is charged monthly in arrears.

Please note that the application fee of the Target Fund will not be charged to the Fund. As this Fund will invest in units of the Target Fund, there are management fee and other fees incurred by this Fund. There is no double charging of annual management fee. The annual management fee charged by the Target Fund will be paid out of the Management Fee charged by us at the Fund level. Other fees that are not waived by the Target Fund will be also paid at the Fund level.

You should also note that there will be higher fees arising from the layered investment structure of the Fund.

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

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

We have the discretion to amend the amount, rate and/or terms and conditions for the above-mentioned fees, charges and expenses from time to time, subject to the requirements stipulated in the Deed and SC Guidelines. Where necessary, we will notify the Trustee and communicate to you or seek your approval on the amendments to the fees and charges. A supplementary or replacement disclosure document disclosing the new fees and charges will be issued should the fees and charges be increased. A notice period of ninety (90) days will be given to you prior to the effective date of the new fees and charges, which is in accordance with the SC Guidelines.

#### 1.4. TRANSACTION INFORMATION

	Minimum initial contribution* (RM)	Minimum subsequent contribution* (RM)	Regular Savings Plan (RSP)		Minimum withdrawal
			Minimum initial contribution* (RM)	Minimum subsequent contribution* (RM)	
<b>Class A</b>					
Principal Islamic PRS Plus Conservative	100	50	100	50	RM50 or 100 Units
Principal Islamic PRS Plus Moderate	100	50	100	50	RM50 or 100 Units
Principal Islamic PRS Plus Growth	100	50	100	50	RM50 or 100 Units
Principal Islamic PRS Plus Equity	100	50	100	50	RM50 or 100 Units
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	100	50	100	50	RM50 or 100 Units
<b>Class C</b>					
Principal Islamic PRS Plus Conservative	100	50	100	50	RM50 or 100 Units
Principal Islamic PRS Plus Moderate	100	50	100	50	RM50 or 100 Units
Principal Islamic PRS Plus Growth	100	50	100	50	RM50 or 100 Units
Principal Islamic PRS Plus Equity	100	50	100	50	RM50 or 100 Units
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	100	50	100	50	RM50 or 100 Units
<b>Class X</b>					
Principal Islamic PRS Plus Conservative	Not applicable				RM100 or 200 Units
Principal Islamic PRS Plus Moderate					RM100 or 200 Units
Principal Islamic PRS Plus Growth					RM100 or 200 Units
Principal Islamic PRS Plus Equity					RM100 or 200 Units
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity					RM100 or 200 Units

\*The amount stipulated in the minimum initial contribution and minimum subsequent contribution includes any applicable fees and charges, such as Sales Charge and PPA account opening fee, as the case may be. In other words, the amount is gross of fees and charges.

**Note:**

- We reserve the right to change the above-stipulated amounts from time to time.
- All transfer from other PRS provider into Principal PRS Plus or Principal Islamic PRS Plus will be subject to the minimum initial contribution amount of the Funds' respective Classes or any amount as may be determined by us from time to time.

	Applicable to all Funds		
	Class A	Class C	Class X
<b>Switching</b>	<p>Subject to our absolute discretion, you have the option to switch your existing contributions into any of the Funds under the Scheme or funds under the Principal PRS Plus. Switching is limited to once a month only regardless of whether it is switching of funds under the same PRS or switching between funds of different PRS managed by Principal Malaysia and switching is not allowed between different classes. Switching will be conducted based on the value of your investments in the Fund at the point of switching. The minimum amount for a switch must be equivalent to the minimum withdrawal amount applicable to a Fund or such amounts as we may from time to time decide. Please note that the minimum amount for a switch must also meet the minimum initial contribution amount or the minimum subsequent contribution amount (as the case may be) applicable to the fund to be switched into. We may, at our absolute discretion, allow switching into (or out of) a Fund.</p> <p>Please note that your new contributions will not be allocated into the fund that you have switched into unless there is a request to change your investment direction for your new or future contributions. Please refer to the “Switching” section under “Transaction Information” chapter for further details.</p> <p><b>Note:</b> <i>Muslim Members are encouraged to switch into any other Shariah-compliant fund rather than into any other conventional fund as investment in the conventional fund is not permitted from the Shariah perspective.</i></p>		
<b>Change of contribution direction for new contributions</b>	<p>You are entitled to change your contribution direction or investment choices in respect of your new contributions to the Funds, once a month, at no extra cost. All of your subsequent contributions will then be allocated to the new fund.</p> <p>Please refer to the “Change of Contribution Direction for New Contributions” section under “Transaction Information” chapter for further details.</p>		
<b>Transfer between PRS providers</b>	<p>Prior to a Member reaching the retirement age, Members are allowed to transfer their accrued benefits of any amount from one or multiple funds under the scheme(s) managed by that PRS provider once every calendar year to another PRS provider provided the individual has been a Member of that scheme (whether via Member contribution or employer contribution) for at least one (1) year and all the accrued benefit to be transferred from a particular fund must be transferred to one (1) other fund. A Member who has reached his retirement age will not be subject to the restriction above.</p> <p>All transaction on the transfer between PRS providers are only allowed for Vested Units.</p> <p>Please refer to the “Transfer between PRS providers” section under “Transaction Information” chapter for further details.</p>		
<b>Cooling-off period</b>	<p>Six (6) Business Days from the date the application form is received and accepted by us. Please note that this cooling-off right is only given to a first time Member registered with PPA who is investing with any PRS provider.</p> <p>Please refer to the “Cooling-off period” section under “Transaction Information” chapter for further details.</p>		
<b>Vesting of contribution</b>	<p>Vesting is only applicable to corporate clients.</p> <p>Please refer to the “Vesting of contribution” section under the “Transaction Information” chapter for further details.</p>		

## 1.5. OTHER INFORMATION

### 1.5.1. Deed

The Scheme is governed by a Deed dated 8 November 2012, First Supplemental Deed dated 2 January 2014, Second Supplemental Deed dated 25 November 2014 and Third Supplemental Deed dated 3 February 2020.

### 1.5.2. Avenues for advice available to prospective Members or lodge a complaint

If you have any questions about the information in this Disclosure Document or would like to know more about investing in this Scheme or would like to lodge a complaint, please contact our **Customer Care Centre** at **(03) 7718 3000** 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 (except on Selangor public holidays) or you can e-mail us at [service@principal.com.my](mailto:service@principal.com.my).

**This is a Private Retirement Scheme.**

**There are fees and charges involved and you are advised to consider them before contributing to the Scheme.**

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

**Past performance of the Fund is not an indicator of its future performance.**

## 2. RISK FACTORS

### 2.1. GENERAL RISKS OF INVESTING IN THE FUNDS

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 Disclosure Document.

#### Returns not guaranteed

The investment of the fund is subject to market fluctuations and its inherent risk. There is **NO GUARANTEE** on the investment returns, nor any assurance that the fund's investment objective will be achieved. You should also note that the fund is neither a capital guaranteed fund nor a capital protected fund. However, we reduce this risk by ensuring diligent management of the assets of the fund based on a structured investment process.

#### Legal risk and regulatory risk

The value of the fund may be affected by uncertainties in the legal and regulatory environment. A change in law or regulation made by government or regulatory body will materially impact the value of securities, business, sector or even market as a whole. These amendments to the laws and regulations may increase the costs of operating a business and hence reduce the attractiveness of its related investments. For example, if the regulatory body imposes a limit on the amount of margin an investment account is able to have, the impact on the stock market would be material as this change may force the existing investors who are currently breaching the limit to sell off their margined positions. You should also note that laws and guidelines relating to PRS may change and this may affect your PRS account and/or your ability to access your account balance.

#### 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.

#### Risks associated with Default Option

If you are in the Default Option, your current investment will be automatically switched into another fund upon attaining the next age group. The NAV per Unit may be lower at the point of switching than the NAV per Unit when you initially contributed into the fund. Hence, you may have to suffer losses relating to your investment costs upon disposal. We will notify you one (1) month before you attain the next age group, that your current investments will be automatically switched into another fund.

#### 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.

In line with the funds' objectives, we will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volumes and those that occasionally could encounter poor liquidity. This is expected to mitigate the risks for the entire portfolio without limiting the funds' growth potentials.

#### Inflation risk

This is the risk that your investment in the fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the value of the investment in monetary terms has increased. This risk can be mitigated by investing in securities that can provide a positive real rate of return.

#### 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. Although the occurrence of such events is very unlikely, we seek to reduce this risk by implementing a consistent and structured investment process, systematic operational procedures and processes along with stringent internal controls.

### 2.2. SPECIFIC RISKS ASSOCIATED WITH THE INVESTMENT PORTFOLIO OF THE FUNDS

There are specific risks associated with the investment portfolio of each Fund. The key ones include but are not limited to the following:

Risk	Fund
<p><b>Stock specific risk</b></p> <p>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.</p> <p>The impact is however reduced as the Fund invests in a wide portfolio of investments; thus, spreading the element of risk. Diversification can be achieved by investing in various companies</p>	<ul style="list-style-type: none"> <li>▪ Principal Islamic PRS Plus Conservative</li> <li>▪ Principal Islamic PRS Plus Moderate</li> <li>▪ Principal Islamic PRS Plus Growth</li> </ul>

Risk	Fund
<p>across different industries or sectors that are uncorrelated. In addition, we will undertake an active bottom-up investment approach to ensure that the fundamentals of the stocks invested in are favourable.</p>	
<p><b>Credit and default risk</b></p> <p>The Fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the Fund invests in Islamic Deposits, Sukuk and/or conducts OTC transactions. 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. 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. In addition, we impose a minimum credit rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund. Please refer to the investment strategy of the respective Funds for more information.</p>	<ul style="list-style-type: none"> <li>▪ Principal Islamic PRS Plus Conservative</li> <li>▪ Principal Islamic PRS Plus Moderate</li> <li>▪ Principal Islamic PRS Plus Growth</li> </ul>
<p><b>Interest rate risk</b></p> <p>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's prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, you should be aware that should the Fund hold a Sukuk until maturity, such price fluctuations would dissipate as it approaches maturity. In order to manage interest rates exposure of the Fund, we will manage the duration of the portfolio via shorter or longer tenured assets depending on our view of the future interest rate trend, which is based on our continuous fundamental research and analysis. As for Islamic Deposit, financial institutions may offer Islamic Deposits with lower interest rates when interest rates decrease. As such, this will reduce the potential returns of future Islamic Deposits placements which in turn will reduce the potential returns of the Fund.</p> <p><i><b>Please note that although Islamic Deposit and Sukuk are non-interest bearing instrument, its profit rate or price movement is correlated to the movement in the interest rates. As such, investment in Islamic Deposit and Sukuk will have an exposure to 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.</b></i></p>	<ul style="list-style-type: none"> <li>▪ Principal Islamic PRS Plus Conservative</li> <li>▪ Principal Islamic PRS Plus Moderate</li> <li>▪ Principal Islamic PRS Plus Growth</li> </ul>
<p><b>Country risk</b></p> <p>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. To mitigate these risks, we will select securities that spread across various countries. The decision on diversification will be based on constant fundamental research and analysis of the global markets.</p>	<ul style="list-style-type: none"> <li>▪ Principal Islamic PRS Plus Conservative</li> <li>▪ Principal Islamic PRS Plus Moderate</li> <li>▪ Principal Islamic PRS Plus Growth</li> </ul>
<p><b>Currency risk</b></p> <p>This risk is associated with investments that are quoted and/or priced in foreign currency denomination. You should be aware that if the RM appreciates against the currencies in which the portfolio of the investment is denominated, this will have an adverse effect on the NAV of the Fund and vice versa. You should note that any gains or losses arising from the movement of the foreign currencies against the Fund's base currency (i.e. RM) may therefore increase/decrease the capital gains/losses of the investment. The currency gains/losses are in addition to the capital gains/losses of the investment. Nevertheless, you should realise that currency risk is considered as one of the major risks to investments in foreign assets due to the volatile nature of the foreign exchange market. We could utilise a two pronged approach in order to mitigate the currency risk; firstly, by spreading the investments across differing currencies (i.e. diversification) and secondly, by hedging the currencies when it is deemed necessary.</p>	<ul style="list-style-type: none"> <li>▪ Principal Islamic PRS Plus Conservative</li> <li>▪ Principal Islamic PRS Plus Moderate</li> <li>▪ Principal Islamic PRS Plus Growth</li> </ul>
<p><b>Risks associated with investment in Shariah-compliant warrants/Islamic options</b></p> <p>There are inherent risks associated with investments in Shariah-compliant warrants/ Islamic options. The value of Shariah-compliant warrants/ Islamic options are influenced by the current market price of the underlying security, the exercise price of the contract, the time to expiration</p>	<ul style="list-style-type: none"> <li>▪ Principal Islamic PRS Plus Moderate</li> <li>▪ Principal Islamic PRS Plus Growth</li> </ul>

Risk	Fund
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.	
<p><b>Risks associated with investment in the Target Fund</b></p> <p>As the Fund invests predominantly in the Target Fund, the Fund is therefore subject to the management risk of the management company and investment manager of the Target Fund. Should there be a substantial change in the Target Fund's structure which is not in line with the Fund's objective, we reserve the right to seek for alternative Islamic CIS that is consistent with the objective of the Fund, subject to your approval. During this transition period, we may liquidate the Fund's holdings from the Target Fund and hold up to 100% of its NAV in cash, which will deviate from the Fund's stipulated investment strategies.</p>	<ul style="list-style-type: none"> <li>Principal Islamic PRS Plus Equity</li> <li>Principal Islamic PRS Plus Asia Pacific Ex Japan Equity</li> </ul>
<p><b>Reclassification of Shariah status risk</b></p> <p>This risk refers to the risk that the currently held Shariah-compliant securities in the Fund may be reclassified as Shariah non-compliant in the periodic review of the securities by the SAC of the SC, the Shariah Adviser or the Shariah Boards of the relevant Islamic indices or Shariah-compliant securities. If this occurs, we will take the necessary steps to dispose such Shariah-compliant securities. There may be opportunity loss to the fund due to the fund not being allowed to retain the capital excess gains derived from the disposal of the Shariah non-compliant securities.</p> <p>In the event that the Shariah non-compliant securities are disposed at a price lower than the investment cost, it may adversely affect the value of the fund. Thus, it may cause the NAV of the fund or price of units to fall.</p>	<ul style="list-style-type: none"> <li>Principal Islamic PRS Plus Conservative</li> <li>Principal Islamic PRS Plus Moderate</li> <li>Principal Islamic PRS Plus Growth</li> </ul>

### 2.3. SPECIFIC RISKS ASSOCIATED WITH THE TARGET FUNDS

As the Principal Islamic PRS Plus Equity and Principal Islamic PRS Plus Asia Pacific Ex Japan Equity invests predominantly in the Target Fund, the Fund also assumes the risks associated with the Target Fund.

Risk	Target Fund
<p><b>Reclassification of Shariah status risk</b></p> <p>This risk refers to the risk that the currently held Shariah-compliant securities in the fund may be reclassified as Shariah non-compliant in the periodic review of the securities by the SAC of the SC, the Shariah Adviser or the Shariah boards of the relevant Islamic indices or Shariah-compliant securities. If this occurs, we will take the necessary steps to dispose such Shariah-compliant securities. There may be opportunity loss to the fund due to the fund not being allowed to retain the capital excess gains derived from the disposal of the Shariah non-compliant securities.</p> <p>In the event that the Shariah non-compliant securities are disposed at a price lower than the investment cost, it may adversely affect the value of the fund. Thus, it may cause the NAV of the fund or price of units to fall.</p>	<ul style="list-style-type: none"> <li>Target Fund of Principal Islamic PRS Plus Equity</li> <li>Target Fund of Principal Islamic PRS Plus Asia Pacific Ex Japan Equity</li> </ul>
<p><b>Stock specific risk</b></p> <p>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 Target Fund's NAV.</p>	<ul style="list-style-type: none"> <li>Target Fund of Principal Islamic PRS Plus Equity</li> <li>Target Fund of Principal Islamic PRS Plus Asia Pacific Ex Japan Equity</li> </ul>
<p><b>Risks associated with investment in Shariah-compliant warrants</b></p> <p>There are inherent risks associated with investment in Shariah-compliant 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.</p>	<ul style="list-style-type: none"> <li>Target Fund of Principal Islamic PRS Plus Equity</li> </ul>
<p><b>Interest rate risk</b></p> <p>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 Target Fund's</p>	<ul style="list-style-type: none"> <li>Target Fund of Principal Islamic PRS Plus Equity</li> <li>Target Fund of Principal Islamic PRS</li> </ul>



Risk	Target Fund
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.	Plus Asia Pacific Ex Japan Equity
<p><b>Risk associated with investing in Islamic CIS</b></p> <p>Since the Target 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 Target 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.</p>	<ul style="list-style-type: none"> <li>▪ Target Fund of Principal Islamic PRS Plus Equity</li> <li>▪ Target Fund of Principal Islamic PRS Plus Asia Pacific Ex Japan Equity</li> </ul>
<p><b>Country risk</b></p> <p>Investments of the Target 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 Target Fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by The Target Fund in those affected countries. This in turn may cause the NAV of The Target Fund or price of units to fall.</p>	<ul style="list-style-type: none"> <li>▪ Target Fund of Principal Islamic PRS Plus Asia Pacific Ex Japan Equity</li> </ul>
<p><b>Currency risk</b></p> <p>As the investments of The Target Fund may be denominated in currencies other than the base currency of The Target Fund, any fluctuation in the exchange rate between the base currency of The Target 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 Target Fund, this will have an adverse effect on the NAV of The Target Fund in the base currency of The Target 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.</p>	<ul style="list-style-type: none"> <li>▪ Target Fund of Principal Islamic PRS Plus Asia Pacific Ex Japan Equity</li> </ul>
<p><b>Risks associated with investment in Shariah-compliant warrants and/or Islamic options</b></p> <p>There are inherent risks associated with investment in Shariah-compliant warrants and/or Islamic options. The value of Shariah-compliant 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.</p>	<ul style="list-style-type: none"> <li>▪ Target Fund of Principal Islamic PRS Plus Asia Pacific Ex Japan Equity</li> </ul>
<p><b>Credit and default risk</b></p> <p>The Target Fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when The Target 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 Target 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.</p>	<ul style="list-style-type: none"> <li>▪ Target Fund of Principal Islamic PRS Plus Asia Pacific Ex Japan Equity</li> </ul>

The Funds are managed and portfolios are constructed within pre-determined parameters, which have been established by taking into consideration the objective of the Funds, their targeted performance against benchmark, risk budgets and controls. The risk management team, within the investment team, monitors and reviews the Funds regularly to ensure that the portfolio parameters are adhered to.

The above summary of risks does not purport to be an exhaustive list of all the risk factors relating to investments in the Funds and are not set out in any particular order of priority. You should be aware that an investment in a PRS 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.

# 3. SCHEME DETAILS

## 3.1. PRINCIPAL ISLAMIC PRS PLUS

Principal Islamic PRS Plus (“Scheme”) is an investment scheme designed to facilitate Members to accumulate savings for retirement. The Scheme comprises a range of Islamic retirement funds, which Members may choose to invest based on their retirement needs, risk appetite and age profile.

The Funds are neither capital guaranteed nor capital protected funds.

In addition to facilitate individuals in savings for their retirement, the Scheme provides the following benefits:

- **Tax savings**  
A tax relief\* of up to RM3,000 a year is allowed for personal contributions made into the Scheme.
- **Choice**  
You can personalize and select a combination of the Funds that best suits your risk and return preference. You have the flexibility to choose Funds that invest in the domestic and regional markets.
- **Convenience and flexibility**  
The Scheme allows automatic monthly contributions. You can determine the amount and time of contribution into the Scheme subject to the minimum amount stated in the Transaction Information chapter.

**Note:** \*For contributions into the PRS and deferred annuities effective from years of assessment 2012 to 2021 and is subject to terms and conditions and/or any amendment/modifications as may be imposed/required by the government or relevant authorities from time to time.

The Scheme consists of the following Funds:

Core Funds	Non-Core Funds
Principal Islamic PRS Plus Conservative	Principal Islamic PRS Plus Equity
Principal Islamic PRS Plus Moderate	Principal Islamic PRS Plus Asia Pacific Ex Japan Equity
Principal Islamic PRS Plus Growth	

You may contribute to the Scheme by selecting any one or a combination of the Funds. However, if you choose to have us determine the Fund for you, we will allocate your contributions into the Default Option that corresponds to your age as listed in the table below. A Member Statement will be sent to you to notify that you have been allocated to the Default Option.

Age	Funds
55 years and above	Principal Islamic PRS Plus Conservative
45 years and above but have not yet reached 55 years*	Principal Islamic PRS Plus Moderate
Below 45 years*	Principal Islamic PRS Plus Growth

\*Should you become a Member and have made your first contribution to the Scheme a month before you attain the age of 45 or 55 years old, we will allocate such contribution to the Principal Islamic PRS Plus Moderate or the Principal Islamic PRS Plus Conservative as the case may be.

Where you are in the Default Option, we will:

- a) withdraw the Units in the Principal Islamic PRS Plus Growth and purchase Units in the Principal Islamic PRS Plus Moderate before the end of the next calendar month from the day you attain the age of 45 years old;
- b) withdraw the Units in the Principal Islamic PRS Plus Moderate and purchase Units in the Principal Islamic PRS Plus Conservative before the end of the next calendar month from the day you attain the age of 55 years old.

We will notify you one (1) month prior to you attaining the age specified above that your investments in the Fund will be switched in accordance with the rules of the Default Option unless you instruct otherwise.

**Note:** The age limit above may be subject to changes as may be determined by the relevant authorities from time to time.

All contributions made by or on behalf of you will be split upon each contribution being made and maintained in two (2) separate sub-accounts by us as follows:

- Sub-account A which refers to a sub-account maintained for you which holds 70% of all contributions made to any of the Funds.
- Sub-account B which refers to a sub-account maintained for you which holds 30% of all contributions made to any of the Funds.

Subject to permitted reasons for withdrawals, you may not make a withdrawal from any of the Funds until you reach the Retirement Age. Upon reaching the Retirement Age, you shall be entitled to withdraw the full amount accumulated in the Funds held by you as Accrued Benefits without payment of any tax penalty.

Request for payment for withdrawals from any of the Funds may be made in part or in full and for the following circumstances and as follows:

No	Circumstances for withdrawal	Sub-account	Extend of withdrawals	Subject to tax penalty
(a)	Upon reaching Retirement Age	A & B	Partial or full	No
(b)	Pre-retirement withdrawals	B	Partial or full	Yes
(c)	Death of Member	A & B	Partial or full	No
(d)	Permanent departure of a member from Malaysia	A & B	Full	No
(e)	Due to permanent total disablement, serious disease or mental disability of a member	A & B	Full	No
(f)	For healthcare purpose	B	Partial or full	No
(g)	For housing purpose	B	Partial or full	No

Please note that the above table may subject to such amendments, modification, variation and/or exemption as may be determined by the SC, PPA and/or relevant ministry or authorities from time to time. Please refer to “Permitted Withdrawals and Pre-retirement Withdrawals” section on page 53 for further information.

The Trustee for the Scheme is Deutsche Trustees Malaysia Berhad.

# 4. FUNDS' DETAILED INFORMATION

## 4.1. FUNDS DETAIL

### 4.1.1. PRINCIPAL ISLAMIC PRS PLUS CONSERVATIVE

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#### Investment objective

The Fund seeks to provide Members with capital preservation\* through investment primarily in Sukuk.

*\*The Fund is neither a capital guaranteed fund nor a capital protected fund.*

*Any material changes to the Fund's investment objective would require your approval.*

#### Benchmark

The benchmark of the Fund is a composite comprising 60% Quant shop GII Short Index + 20% CIMB Islamic 1-Year General Investment Account-i (GIA) + 20% FTSE Bursa Malaysia EMAS Shariah Index

Information on the FBM EMAS Shariah Index can be obtained from <http://www.bursamalaysia.com>.

Information on the CIMB Islamic 1-Year General Investment Account-i (GIA) can be obtained from the <http://www.cimbislamic.com>.

Information on the Quant shop GII Short Index can be obtained from <http://www.quantshop.com>.

Information on the benchmark can be obtained from <http://www.principal.com.my>

**Note:** *The 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 not the same as the risk profile of the benchmark.*

#### Investment policy and principal investment strategy

The Fund aims to invest in a diversified portfolio of primarily Sukuk with some exposure in Shariah-compliant equities. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to invest in Sukuk, Islamic money market instruments and Shariah-compliant equities either directly or via Islamic CIS.

#### Before 1 June 2020

At least 80% of the Fund's NAV will be invested in Sukuk and Islamic money market instruments, of which a minimum 20% of the Fund's NAV will be invested in Islamic money market instruments, all of which have a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC. The investments in Shariah-compliant equities shall not exceed 20% of the Fund's NAV.

The asset allocation strategy for this Fund is as follows:

- At least 80% of the Fund's NAV will be invested in Sukuk and Islamic money market instruments, of which a minimum 20% of the Fund's NAV will be invested in Islamic money market instruments;
- Up to 20% of the Fund's NAV may be invested in Shariah-compliant equities; and
- Up to 5% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.

#### With effect from 1 June 2020

At least 80% of the Fund's NAV will be invested in local and/or foreign Sukuk and Islamic money market instruments, of which a minimum 20% of the Fund's NAV will be invested in Islamic money market instruments, all of which have a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or "BBB" or "A-2" by S&P or equivalent rating by any other international rating agencies. Notwithstanding, the Fund may also invest up to 5% of its NAV in unrated Sukuk. The investments in Shariah-compliant equities which include foreign exposure shall not exceed 20% of the Fund's NAV.

The asset allocation strategy for this Fund is as follows:

- At least 80% of the Fund's NAV will be invested in Sukuk and Islamic money market instruments, of which a minimum 20% of the Fund's NAV will be invested in Islamic money market instruments and up to 5% of the Fund's NAV may be invested in unrated Sukuk;
- Up to 20% of the Fund's NAV may be invested in Shariah-compliant equities; and
- Up to 5% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.

With effect from 1 June 2020, Principal Singapore will be appointed as the Sub-Adviser of the Fund. Principal Singapore will provide investment research and recommendation to us in accordance with the investment objective and within the investment restrictions of the Fund.

We will adopt an active trading strategy with frequency that will depend on market conditions and market outlook. The Fund is managed within predetermined guidelines, as determined our investment team in accordance with our outlook for the economy

and financial markets. The Shariah-compliant equity portfolio is managed according to the outlook of the Shariah-compliant equity market, whereas the Sukuk portfolio is monitored according to three (3) parameters: tenure, credit ratings and sector. The duration of the Sukuk and the Islamic money market instruments portfolios are monitored and modified according to our interest rate outlook (i.e. the sensitivity of the portfolio to interest rate changes). For investments in Islamic CIS, we will ensure that the investments are within the investment objective and strategy of the Fund.

In response to adverse conditions and as part of its risk management strategy, we may take temporary defensive positions that may detract from the Fund's prescribed asset allocation by 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 provided that such investments are within the investment objective of the Fund. Additionally, for investments in Sukuk, the Fund may reduce holdings in longer tenured assets and channel these monies into Islamic Deposits. When deemed necessary, the Fund may also utilize Islamic derivative instruments, subject to the SC Guidelines, for purpose of hedging.

## 4.1.2. PRINCIPAL ISLAMIC PRS PLUS MODERATE

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### Investment objective

The Fund seeks to provide a moderate level of capital growth over the long-term by investing in a diversified portfolio of equity and Sukuk.

*Any material changes to the Fund's investment objective would require your approval.*

### Benchmark

As this Fund may invest up to 60% of its NAV in Shariah-compliant equities with the balance in Sukuk, the benchmark of the Fund is a composite comprising 60% FTSE Bursa Malaysia EMAS Shariah Index + 40% Quant shop GII Short Index.

Information on the FBM EMAS Shariah Index can be obtained from <http://www.bursamalaysia.com>.

Information on the Quant shop GII Short Index can be obtained from <http://www.quantshop.com>.

Information on the benchmark can be obtained from <http://www.principal.com.my>

**Note:** *The 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 not the same as the risk profile of the benchmark.*

### Investment policy and principal investment strategy

The Fund will invest in a mix of Shariah-compliant equities and Sukuk to provide a moderate level of capital growth. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to invest in Sukuk and Shariah-compliant equities either directly or via Islamic CIS.

#### **Before 1 June 2020**

The investments by the Fund in Shariah-compliant equities which include foreign exposure shall not exceed 60% of the Fund's NAV and investments in local and/or foreign Sukuk shall not be less than 40% of its NAV with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or "BBB" or "A-2" by S&P or equivalent rating by any other international rating agencies.

The asset allocation strategy for this Fund is as follows:

- At least 40% of the Fund's NAV will be invested in Sukuk;
- Up to 60% of the Fund's NAV may be invested in Shariah-compliant equities; and
- Up to 5% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.

#### **With effect from 1 June 2020**

The investments by the Fund in Shariah-compliant equities which include foreign exposure shall not exceed 60% of the Fund's NAV and investments in local and/or foreign Sukuk shall not be less than 40% of its NAV with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or "BBB" or "A-2" by S&P or equivalent rating by any other international rating agencies. Notwithstanding, the Fund may also invest up to 5% of its NAV in unrated Sukuk.

The asset allocation strategy for this Fund is as follows:

- At least 40% of the Fund's NAV will be invested in Sukuk, of which up to 5% of the Fund's NAV may be invested in unrated Sukuk;
- Up to 60% of the Fund's NAV may be invested in Shariah-compliant equities; and
- Up to 5% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.

With effect from 1 June 2020, Principal Singapore will be appointed as the Sub-Adviser of the Fund. Principal Singapore will provide investment research and recommendation to us in accordance with the investment objective and within the investment restrictions of the Fund.

We will adopt an active trading strategy with frequency that will depend on market conditions and market outlook. The Fund is managed within predetermined guidelines, as determined by our investment team in accordance with our outlook for the economy and financial markets. The Shariah-compliant equity portfolio is managed according to the outlook of the Shariah-compliant equity market, whereas the Sukuk portfolio is monitored 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). For investments in Islamic CIS, we will ensure that the investments are within the investment objective and strategy of the Fund.

In response to adverse conditions and as part of its risk management strategy, we may take temporary defensive positions that may detract from the Fund's prescribed asset allocation by 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 provided that such investments are within the investment objective of the Fund. Additionally, for investments in debt markets, the Fund may reduce holdings in longer tenured assets and channel these monies into Islamic Deposits. When deemed necessary, the Fund may also utilize Islamic derivative instruments, subject to the SC Guidelines, for purpose of hedging.

### 4.1.3. PRINCIPAL ISLAMIC PRS PLUS GROWTH

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#### Investment objective

The Fund seeks to provide capital growth over the long-term by investing in a portfolio of primarily Shariah-compliant equities with some exposure in Sukuk.

*Any material changes to the Fund's investment objective would require your approval.*

#### Benchmark

##### **Before 1 June 2020**

The benchmark of the Fund is a composite comprising 70% FTSE Bursa Malaysia EMAS Shariah Index + 30% Quant shop GII Short Index.

##### **With effect from 1 June 2020\***

The benchmark of the Fund is a composite comprising 90% FTSE Bursa Malaysia EMAS Shariah Index + 10% Quant shop GII Short Index.

*\*The benchmark composition will be changed to reflect the Fund's revised investment allocation.*

Information on the FBM EMAS Shariah Index can be obtained from <http://www.bursamalaysia.com>.

Information on the Quant shop GII Short Index can be obtained from <http://www.quantshop.com>.

**Note:** *The 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 not the same as the risk profile of the benchmark.*

#### Investment policy and principal investment strategy

The Fund will invest in a portfolio of mixed assets, primarily in Shariah-compliant equities with some exposure in Sukuk, to provide capital growth to the Fund. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to invest in Sukuk and Shariah-compliant equities either directly or via Islamic CIS.

##### **Before 1 June 2020**

The investments by the Fund in Shariah-compliant equities which include foreign exposure may be up to 70% of the Fund's NAV and investments in local and/or foreign Sukuk will be at least 30% of the Fund's NAV with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or "BBB" or "A-2" by S&P or equivalent rating by any other international rating agencies.

The asset allocation strategy for this Fund is as follows:

- At least 30% of the Fund's NAV will be invested in Sukuk;
- Up to 70% of the Fund's NAV may be invested in Shariah-compliant equities; and
- Up to 5% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.

##### **With effect from 1 June 2020**

The investments by the Fund in Shariah-compliant equities which include foreign exposure may be up to 90% of the Fund's NAV and investments in local and/or foreign Sukuk will be at least 10% of the Fund's NAV with a minimum credit rating of "BBB3" or "P2" by RAM or equivalent rating by MARC or "BBB" or "A-2" by S&P or equivalent rating by any other international rating agencies. Notwithstanding, the Fund may also invest up to 10% of its NAV in unrated Sukuk.

The asset allocation strategy for this Fund is as follows:

- At least 10% of the Fund's NAV will be invested in Sukuk;
- Up to 10% of the Fund's NAV may be invested in unrated Sukuk;
- Up to 90% of the Fund's NAV may be invested in Shariah-compliant equities; and
- Up to 5% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.

With effect from 1 June 2020, Principal Singapore will be appointed as the Sub-Adviser of the Fund. Principal Singapore will provide investment research and recommendation to us in accordance with the investment objective and within the investment restrictions of the Fund.

We will adopt an active trading strategy with frequency that will depend on market conditions and market outlook. The Fund is managed within predetermined guidelines, as determined by our investment team in accordance with our outlook for the economy and financial markets. The Shariah-compliant equity portfolio is managed according to the outlook of the Shariah-compliant equity market, whereas the Sukuk portfolio is monitored 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). For investments in Islamic CIS, we will ensure that the investments are within the investment objective and strategy of the Fund.

In response to adverse conditions and as part of its risk management strategy, we may take temporary defensive positions that may detract from the Fund's prescribed asset allocation by 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 provided that such investments are within the investment objective of the Fund. Additionally, for investments in debt markets, the Fund may reduce holdings in longer tenured assets and channel these monies into Islamic Deposits. When deemed necessary, the Fund may also utilize Islamic derivative instruments, subject to the SC Guidelines, for purpose of hedging.



#### 4.1.4. PRINCIPAL ISLAMIC PRS PLUS EQUITY

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##### Investment objective

The Fund seeks to provide capital growth over the long-term by investing in a target fund with investments in Malaysian securities that comply with the Shariah principles.

*Any material changes to the Fund's investment objective would require your approval.*

##### Benchmark

The benchmark of the Fund is FTSE Bursa Malaysia EMAS Shariah Index. Information on the benchmark can be obtained from <http://www.bursamalaysia.com>.

**Note:** *The benchmark is for performance comparison purpose only. You are cautioned that the risk profile of the Fund is not the same as the risk profile of the benchmark.*

##### Investment policy and principal investment strategy

###### Before 1 June 2020

The Fund will invest at least 95% of its NAV in the Principal DALI Equity Growth Fund (*formerly known as CIMB Islamic DALI Equity Growth Fund*) ("Target Fund"), a Malaysian domiciled fund established on 7 May 1998, which invests in Malaysian Shariah-compliant equities.

The asset allocation strategy for this Fund is as follows:

- At least 95% of the Fund's NAV will be invested in the Target Fund; and
- Up to 5% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.

###### With effect from 1 June 2020

The Fund will invest at least 85% of its NAV in the Principal DALI Equity Growth Fund (*formerly known as CIMB Islamic DALI Equity Growth Fund*) ("Target Fund"), a Malaysian domiciled fund established on 7 May 1998, which invests in Malaysian Shariah-compliant equities.

The asset allocation strategy for this Fund is as follows:

- At least 85% of the Fund's NAV will be invested in the Target Fund; and
- Up to 15% of the Fund's NAV may be invested in Islamic liquid assets for liquidity purpose.

The investment strategy adheres to the SC Guidelines pertaining to a feeder fund. As such any changes to these guidelines would tantamount to a change in this investment strategy.

The Fund is a feeder fund that invests predominantly the Target Fund. Hence, the risk management strategies and techniques employed will be at the Target Fund level whereby the Target Fund Manager employs a risk management process which combines financial techniques and instruments to manage at any time the risk of various positions and their contribution to the overall risk of the Target Fund's portfolio.

With effect from 1 June 2020, Principal Singapore will be appointed as the Sub-Adviser of the Fund. Principal Singapore will provide investment research and recommendation to us in accordance with the investment objective and within the investment restrictions of the Fund.

The Fund will be actively managed and the investment in the Fund will be rebalanced from time to time to meet sales and withdrawal transactions. As the Fund is a feeder fund, we do not intend to adopt temporary defensive position for the Fund in response to adverse market, economic and/or any other conditions to allow the Fund to mirror the performance of the Target Fund in either bullish or bearish market condition. However, the defensive strategies may be implemented at the Target Fund level subject to the Target Fund Manager's view on markets and strategy. You should note that the Target Fund Manager may or may not choose to adopt the temporary defensive position; this will in turn impact the performance of the Fund.

#### ABOUT THE PRINCIPAL DALI EQUITY GROWTH FUND

Principal DALI Equity Growth Fund ("Target Fund") is a Malaysian-domiciled fund which was established on 7 May 1998 and approved by the Securities Commission Malaysia.

##### Target Fund Manager

The Target Fund is managed by Principal Asset Management Berhad ("Principal Malaysia"). Please refer to "The PRS Provider" chapter for more information on Principal Malaysia.

##### Investment objective

To achieve consistent capital growth over the medium\* to long-term.

*\* It refers to three (3) years or more.*

## Benchmark

The benchmark of the Target Fund is FTSE Bursa Malaysia EMAS Shariah Index.

**Note:** *The Target Fund's benchmark is for performance comparison purpose only. You are cautioned that the risk profile of the Target Fund is higher than the benchmark. Information on the benchmark can be obtained from <http://www.bursamalaysia.com>.*

## Investment policy and principal investment strategy

The Target 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 Target 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 SC Guidelines on Unit Trust Funds. In line with its objective, the investment strategy and policy of the Target 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 Target Fund is as follows:

- between 70% to 98% (both inclusive) of the Target Fund's NAV will be invested in Shariah-compliant equities;
- up to 28% of the Target Fund's NAV in other permissible Shariah-compliant investments; and
- at least 2% of the Target 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, the Target Fund Manager will seek to adjust this within three (3) months from the date the limit is exceeded.

The Target Fund Manager combines 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, the Target Fund Manager analyzes the direction of GDP growth, interest rates, inflation, currencies and government policies. The Target Fund Manager 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 Target Fund is constructed and managed within pre-determined guidelines. The Target Fund Manager employ an active asset allocation strategy depending upon the equity market expectation. Where appropriate, the Target Fund Manager will also employ an active trading strategy with frequency that will depend on the market conditions and the market outlook.

The Target Fund Manager 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, the Target Fund Manager 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, the Target Fund Manager may also utilize Islamic derivative instruments, subject to the SC Guidelines on Unit Trust Funds, 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 SC Guidelines on Unit Trust Funds, the Target Fund Manager reserve the right to deal with the OTC Islamic derivative in the best interest of the unit holders.

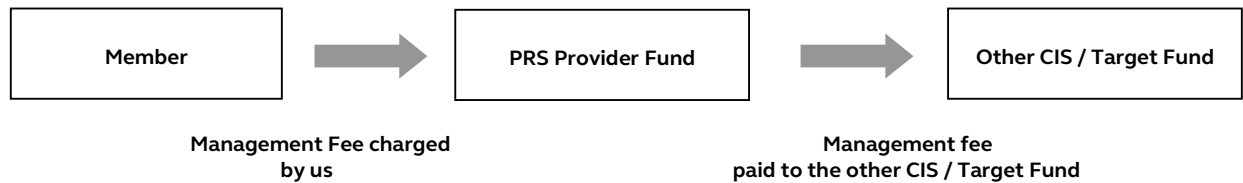
If the Target Fund is eligible to be invested via the EPF's Members Investment Scheme, investments made by the Target Fund will be subject to the EPF's requirements. Please note that there may be changes to the status of the eligibility of the Target Fund under the EPF's Members Investment Scheme from time to time. Please refer to Principal Malaysia's website at <http://www.principal.com.my> or <http://www.kwsp.gov.my> for updated information.

## Fees charged by the Target Fund

	Fees/Expenses	%
1	Application fee	Up to 6.50% of its NAV
2	Withdrawal fee	Nil.
3	Management fee	Up to 1.50% of its NAV
4	Trustee fee	0.06% of its NAV <b>Note:</b> <i>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.</i>

**Please note that the application fee of the Target Fund will not be charged to the Fund. As this Fund will invest in units of the Target Fund, there are management fee and other fees incurred by this Fund. There is no double charging of annual management fee. The annual management fee charged by the Target Fund will be paid out of the Management Fee charged by us at the Fund level. Other fees that are not waived by the Target Fund will be also paid at the Fund level.**

**You should also note that there will be higher fees arising from the layered investment structure of the Fund.**



**Management fee charged by the other CIS / Target Fund will be paid out of the Management Fee charged by us.**

#### **Permitted investments**

The following types of investments permitted for the Target Fund, which are in line with the Target Fund's objectives, include but are not limited to:

- 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 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;
- Islamic deposits and Islamic money market instruments;
- Islamic derivative instruments, including but not limited to Islamic options, Islamic futures contracts, Islamic forward contracts and Islamic swaps;
- 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.

Provided always that the permitted investments as set out above shall at all times conform with the requirements of the Shariah principles and the advice of the Shariah Adviser for the time being appointed by the Target Fund Manager.

#### **Investment restrictions and limits**

The Target Fund is subject to the following investment restrictions/limits:

- the value of the Target Fund's investment in unlisted Shariah-compliant securities must not exceed 10% of the Target Fund's NAV.
- the value of the Target Fund's investment in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Target Fund's NAV;
- the value of the Target Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Target Fund's NAV;
- the value of the Target Fund's placement in Islamic Deposits with any single licensed Islamic financial must not exceed 20% of the Target Fund's NAV;
- the Target Fund's exposure from Islamic derivatives positions should not exceed the Target Fund's NAV. Further,
  - the exposure to the underlying assets must not exceed the investment spread limits stipulated in the SC Guidelines on Unit Trust Funds; and
  - the value of the Target Fund's OTC Islamic derivative transaction with any single counter-party must not exceed 10% of the Target Fund's NAV;
- the value of the Target Fund's investment in Islamic structured products issued by a single counter-party must not exceed 15% of the Target Fund's NAV;
- the aggregate value of the Target 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 Islamic financial must not exceed 25% of the Target Fund's NAV;
- the value of the Target Fund's investment in units/shares of any Islamic CIS must not exceed 20% of the Target Fund's NAV;
- the value of the Target 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;
- the Target Fund's investments in Shariah-compliant transferable securities (other than Sukuk) must not exceed 10% of the securities issued by any single issuer;
- the Target 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; and
- the Target Fund's investments in Islamic CIS must not exceed 25% of the Units/shares in any one (1) Islamic CIS.

For investments in Islamic derivatives (including for hedging purpose):

- The Target Fund's exposure from Islamic derivatives positions should not exceed the Target Fund's NAV;
- the exposure to the underlying assets must not exceed the investment spread limits stipulated in the SC Guidelines on Unit Trust Funds;
- the value of the Target Fund's OTC Islamic derivative transaction with any single counter-party must not exceed 10% of the Target Fund's NAV; and

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;

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

In respect of the above investment restrictions and limits, the SC Guidelines on Unit Trust Funds provides for an allowance of 5% from the restrictions and limits due to appreciation or depreciation of the NAV of the Target 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 Target Fund is not within the investment restrictions and limits, the Target Fund Manager should not make any further acquisitions in relation to the relevant restrictions and limits and must rectify as soon as practicable (maximum three (3) months from the date of occurrence).

**Target Fund's Performance**

Cumulative Performance (%)					
As at 31 December 2019	YTD	1 Year	3 Year	5 Year	Since Inception
Target Fund	4.80 %	4.80 %	-2.67 %	-3.47 %	465.45 %
Benchmark	3.85 %	3.85 %	-0.55 %	-4.47 %	178.38 %

*Source: Fund Factsheet, Principal Asset Management Berhad.*

**Past performance of the Target Fund is not an indication of its future performance.**

#### 4.1.5. PRINCIPAL ISLAMIC PRS PLUS ASIA PACIFIC EX JAPAN EQUITY

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##### Investment objective

The Fund seeks to provide capital growth over the long-term by investing in a target fund with investments in the emerging and developed markets of Asia Pacific ex Japan region that comply with the Shariah principles.

##### Benchmark

The Fund adheres to the benchmark of the Target Fund for performance comparison purpose. The benchmark of the Target Fund is MSCI AC Asia ex Japan Islamic Index.

Information on the benchmark can be obtained from <https://www.msci.com/indexes>

**Note:** *The benchmark is for performance comparison purpose only. You are cautioned that the risk profile of the Fund is not the same as the risk profile of the benchmark.*

##### Investment policy and principal investment strategy

###### Before 1 June 2020

The Fund will invest at least 95% of its NAV in the Principal Islamic Asia Pacific Dynamic Equity Fund (*formerly known as CIMB Islamic Asia Pacific Equity Fund*) (“Target Fund”), a Malaysian domiciled fund established on 2 June 2006, which invests in Shariah-compliant equities listed on the stock exchanges in the emerging and developed markets of Asia Pacific ex Japan.

The asset allocation strategy is as follows:

- At least 95% of the Fund’s NAV will be invested in the Target Fund; and
- Up to 5% of the Fund’s NAV may be invested in Islamic liquid assets for liquidity purpose.

###### With effect from 1 June 2020

The Fund will invest at least 85% of its NAV in the Principal Islamic Asia Pacific Dynamic Equity Fund (*formerly known as CIMB Islamic Asia Pacific Equity Fund*) (“Target Fund”), a Malaysian domiciled fund established on 2 June 2006, which invests in Shariah-compliant equities listed on the stock exchanges in the emerging and developed markets of Asia Pacific ex Japan.

The asset allocation strategy is as follows:

- At least 85% of the Fund’s NAV will be invested in the Target Fund; and
- Up to 15% of the Fund’s NAV may be invested in Islamic liquid assets for liquidity purpose.

The investment strategy adheres to the SC Guidelines pertaining to a feeder fund. As such any changes to these guidelines would tantamount to a change in this investment strategy.

The Fund is a feeder fund that invests predominantly the Target Fund. Hence, the risk management strategies and techniques employed will be at the Target Fund level whereby the Target Fund Manager employs a risk management process which combines financial techniques and instruments to manage at any time the risk of various positions and their contribution to the overall risk of the Target Fund’s portfolio.

With effect from 1 June 2020, Principal Singapore will be appointed as the Sub-Adviser of the Fund. Principal Singapore will provide investment research and recommendation to us in accordance with the investment objective and within the investment restrictions of the Fund.

The Fund will be actively managed and the investment in the Fund will be rebalanced from time to time to meet sales and withdrawal transactions. As the Fund is a feeder fund, we do not intend to adopt temporary defensive position for the Fund in response to adverse market, economic and/or any other conditions to allow the Fund to mirror the performance of the Target Fund in either bullish or bearish market condition. However, the defensive strategies may be implemented at the Target Fund level subject to the Target Fund Manager’s view on markets and strategy. You should note that the Target Fund Manager may or may not choose to adopt the temporary defensive position; this will in turn impact the performance of the Fund.

#### ABOUT THE PRINCIPAL ISLAMIC ASIA PACIFIC DYNAMIC EQUITY FUND

Principal Islamic Asia Pacific Dynamic Equity Fund (“Target Fund”) is a Malaysian-domiciled fund which was established on 2 June 2006 and approved by the Securities Commission Malaysia.

##### Target Fund Manager

The Target Fund is managed by Principal Asset Management Berhad (“Principal Malaysia”). Please refer to “The PRS Provider” chapter for more information on Principal Malaysia.

##### Target Fund Sub-Manager

Principal Singapore was appointed as the Sub-Manager for the Target Fund on 25 April 2011. Principal Singapore will be responsible for managing the Target Fund in accordance with the investment objective and within the investment restrictions of the Target Fund. 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 the Fund.

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 group of companies.

Principal Singapore is a licensed fund manager regulated by the Monetary Authority of Singapore. Please refer to “The Sub-Manager of the Funds” chapter for more information on Principal Singapore.

### **Investment objective**

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.

### **Benchmark**

The benchmark of this Target Fund is the MSCI AC Asia ex Japan Islamic Index.

**Note:** *The Target Fund’s benchmark is for performance comparison purpose only. Investors are cautioned that the risk profile of the Fund is higher than the benchmark. Information on the benchmark can be obtained from <https://www.msci.com/indexes>.*

### **Investment policy and principal investment strategy**

The Target Fund is predominantly an equity fund which invests through Shariah-compliant 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 Target 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). Between 70% to 98% (both inclusive) of the Target Fund’s NAV can be invested in Shariah-compliant equities, Shariah-compliant warrants, Islamic options, participation in Islamic CIS which are permitted under the SC Guidelines on Unit Trust Funds. Up to 30% of the Target Fund may also invest into Sukuk and Islamic Deposits. For this Target 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 Target Fund is as follows:

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

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

The Target Fund Manager and/or the Target Fund Sub-Manager will adopt an active investment strategy. The countries and securities invested in this Target Fund will undergo a rigorous research exercise before they are included in the portfolio. Even though the combination of both bottom-up and top-down investment approaches ultimately drive the process, the Target Fund Manager believe long-term investment performance can be achieved by employing a rigorous research process that enable the Target Fund Manager 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 the Target Fund Manager’s 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 the Target Fund Manager’s research effort. In the stock screening process, the Target Fund Manager 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. The Target Fund Manager may invest the assets of the Target 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 Target Fund.

As part of its risk management strategy, the Target Fund is constructed and managed within pre-determined guidelines. The Target Fund Manager employs an active asset allocation strategy depending upon the equity market expectations. Where appropriate, the Target Fund Manager 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, the Target Fund Manager 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 Target Fund provided that such investments conform to the Shariah principles. When deemed necessary, the Target Fund Manager may also utilize Islamic derivative instruments, subject to the SC Guidelines, 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 SC Guidelines on Unit Trust Funds, the Target Fund Manager reserve the right to deal with the OTC Islamic derivative in the best interest of the unit holders.

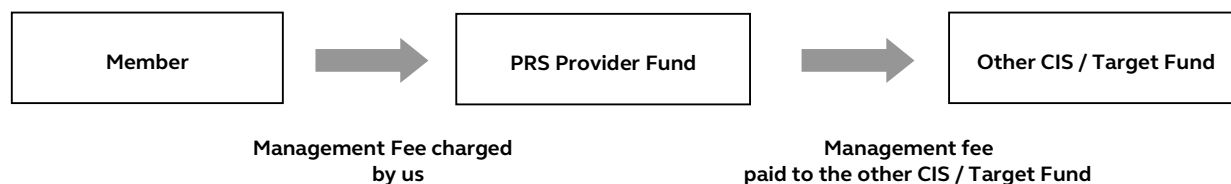
If the Target Fund is eligible to be invested via the EPF's Members Investment Scheme, investments made by the Target Fund will be subject to the EPF's requirements. Please note that there may be changes to the status of the eligibility of the Target Fund under the EPF's Members Investment Scheme from time to time. Please refer to Principal Malaysia's website at <http://www.principal.com.my> or <http://www.kwsp.gov.my> for updated information.

#### Fees charged by the Target Fund

	Fees/Expenses	%
1	Application fee	Up to 5.00% of its NAV
2	Withdrawal fee	Nil.
3	Management fee	Up to 1.80% of its NAV
4	Trustee fee	0.07% of its NAV <i>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.</i>

Please note that the application fee of the Target Fund will not be charged to the Fund. As this Fund will invest in units of the Target Fund, there are management fee and other fees incurred by this Fund. There is no double charging of annual management fee. The annual management fee charged by the Target Fund will be paid out of the Management Fee charged by us at the Fund level. Other fees that are not waived by the Target Fund will be also paid at the Fund level.

You should also note that there will be higher fees arising from the layered investment structure of the Fund.



Management fee charged by the other CIS / Target Fund will be paid out of the Management Fee charged by us.

#### Permitted investments

The following types of investments permitted for the Target Fund, which are in line with the Target Fund's objectives, include but are not limited to:

- 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 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;
- Islamic deposits and Islamic money market instruments;
- Islamic derivative instruments, including but not limited to Islamic options, Islamic futures contracts, Islamic forward contracts and Islamic swaps;
- 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.

Provided always that the permitted investments as set out above shall at all times conform with the requirements of the Shariah principles and the advice of the Shariah Adviser for the time being appointed by the Target Fund Manager.

#### Investment restrictions and limits

The Target Fund is subject to the following investment restrictions/limits:

- the value of the Target Fund's investment in unlisted Shariah-compliant securities must not exceed 10% of the Target Fund's NAV.
- the value of the Target Fund's investment in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Target Fund's NAV;

- the value of the Target Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Target Fund's NAV;
- the value of the Target Fund's placement in Islamic Deposits with any single licensed Islamic financial institution must not exceed 20% of the Target Fund's NAV;
- the Target Fund's exposure from Islamic derivatives positions should not exceed the Target Fund's NAV. Further,
  - the exposure to the underlying assets must not exceed the investment spread limits stipulated in the SC Guidelines on Unit Trust Funds; and
  - the value of the Target Fund's OTC Islamic derivative transaction with any single counter-party must not exceed 10% of the Target Fund's NAV;
- the value of the Target Fund's investment in Islamic structured products issued by a single counter-party must not exceed 15% of the Target Fund's NAV;
- the aggregate value of the Target Fund's investments in Shariah-compliant transferable securities, Islamic money market instruments, Islamic Deposits, OTC Shariah-compliant derivatives and Islamic structured products issued by or placed with (as the case may be) any single issuer/ licensed Islamic financial institution must not exceed 25% of the Target Fund's NAV;
- the value of the Target Fund's investment in units/shares of any Islamic CIS must not exceed 20% of the Target Fund's NAV;
- the value of the Target 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;
- the Target Fund's investments in transferable Shariah-compliant securities (other than Sukuk) must not exceed 10% of the securities issued by any single issuer;
- the Target 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; and
- the Target Fund's investments in Islamic CIS must not exceed 25% of the units/shares in any one (1) Islamic CIS.

For investments in Islamic derivatives (including for hedging purpose):

- The Target Fund's exposure from Islamic derivatives positions should not exceed the Target Fund's NAV;
- the exposure to the underlying assets must not exceed the investment spread limits stipulated in the SC Guidelines on Unit Trust Funds;
- the value of the Target Fund's OTC Islamic derivative transaction with any single counter-party must not exceed 10% of the Target Fund's NAV; and

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;

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

In respect of the above investment restrictions and limits, the SC Guidelines on Unit Trust Funds provides for an allowance of 5% from the restrictions and limits due to appreciation or depreciation of the NAV of the Target 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 Target Fund is not within the investment restrictions and limits, the Target Fund Manager should not make any further acquisitions in relation to the relevant restrictions and limits and must rectify as soon as practicable (maximum three (3) months from the date of occurrence).

#### Target Fund's Performance

Cumulative Performance (%)					
As at 31 December 2019,	YTD	1 Year	3 Year	5 Year	Since Inception
Target Fund	18.35 %	18.35 %	22.09 %	40.91 %	90.62 %
Benchmark	17.64 %	17.64 %	26.56 %	49.77 %	83.46 %

Source: Fund Factsheet, Principal Asset Management Berhad.

Past performance of the Target Fund is not an indication of its future performance.



## 4.2. PERMITTED INVESTMENTS

Subject to the Deed, 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. The following types of investments permitted for the Funds, which are in line with the Fund's objectives, include but are not limited to:

### CORE 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 <sup>Note 2</sup>;
- 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;
- Islamic derivative instruments, including but not limited to Islamic options, Islamic futures contracts, Islamic forward contracts and Islamic swaps, for hedging purposes;
- All types of Islamic CIS;
- Islamic structured products <sup>Note 1</sup>;
- Shariah-compliant instruments listed or traded on foreign markets where the regulatory authority is a member of the IOSCO;
- Ringgit Malaysia denominated foreign Sukuk; 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:** Does not apply to *Principal Islamic PRS Plus Conservative*

**Note 2:** Does not apply to *Principal Islamic PRS Plus Conservative* except as a result of the Fund's holdings in equities

### PRINCIPAL ISLAMIC PRS PLUS EQUITY & PRINCIPAL ISLAMIC PRS PLUS ASIA PACIFIC EX JAPAN EQUITY

- One (1) Islamic CIS provided it is not a fund-of-funds or a feeder fund or any sub-fund of an umbrella fund which is a fund-of-funds or a feeder fund;
- Islamic Deposits and Islamic money market instruments;
- Islamic derivative instruments, including but not limited to Islamic options, Islamic futures contracts, Islamic forward contracts and Islamic swaps, for hedging purposes; 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.

Provided always that the permitted investments as set out above shall at all times conform with the requirements of the Shariah principles and the advice of the Shariah Adviser for the time being appointed by us.

The formulation of the investment policies and strategies of the Funds are based on the objectives of the Funds after taking into consideration the regulatory requirements outlined in the SC Guidelines, with such exemptions/variations (if any) as permitted by the SC.

## 4.3. INVESTMENT RESTRICTIONS AND LIMITS

The Funds are subject to the following investment restrictions/limits:

### CORE FUNDS & NON-CORE FUNDS

- The value of the Fund's investment in unlisted securities must not exceed 10% of the Fund's NAV.
- 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;
- 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>;
- 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;
- The Fund's exposure from Islamic derivatives positions should not exceed the Fund's NAV. Further,
  - a) the exposure to the underlying assets must not exceed the investment spread limits stipulated in the SC Guidelines; and
  - b) the value of the Fund's OTC Islamic derivative transaction with any single counter-party must not exceed 10% of the Fund's NAV;
- 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;
- 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 Islamic financial institution must not exceed 25% of the Fund's NAV <sup>Note 1</sup>;
- Except for investments by Core Funds, the value of the Fund's investments in units/shares of any Islamic CIS must not exceed 20% of the Fund's NAV;

- 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>;
- The Fund's investments in Shariah-compliant transferable securities (other than Sukuk) must not exceed 10% of the securities issued by any single issuer;
- The Fund's investments in Sukuk must not exceed 20% of the Sukuk issued by any single issuer;
- 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.
- Except for investments by Core Funds, the Fund's investments in Islamic CIS must not exceed 25% of the units/shares in any one (1) Islamic CIS.

**Note 1:** Not applicable for *Principal Islamic PRS Plus Conservative ("iPRS-C")*. Instead, the following apply:

- The value of iPRS-C's investments in Sukuk issued by any single issuer must not exceed 20% of the iPRS-C's NAV. This single issuer limit may be increased to 30% if the Sukuk are rated by any domestic rating agency to be of the best quality and offer highest safety for timely payment of interest and principal;
- Where the single issuer limit of investments in Sukuk is increased to 30% of the iPRS-C's NAV, the aggregate value of the iPRS-C's investment must not exceed 30% of the iPRS-C's NAV;
- The value the iPRS-C's investments in Sukuk issued by any one group of companies must not exceed 30% of the iPRS-C's NAV.
- Investment in Sukuk must be rated at least BBB3/P2 by RAM (or equivalent rating by MARC). However, Sukuk which are rated below BBB3/P2 and/or are unrated, may comprise up to 5% of iPRS-C's NAV ("the 5% Limit"). In the event the 5% Limit is exceeded, whether as a result of:
  - (i) a downgrade of any Sukuk to below BBB3/P2;
  - (ii) an increase in the aggregate value of Sukuk which are rated below BBB3/P2 and/or are unrated; or
  - (iii) a decrease in the NAV of iPRS-C's,
 the PRS Provider must reduce such investments to comply with the 5% Limit unless in the opinion of the Scheme Trustee, the disposal of such investments is not in the best interest of the Members;
- Use of Islamic derivatives is for hedging purposes only;
- No investments in Shariah-compliant warrants except as a result of iPRS-C's holdings in Shariah-compliant equities; and
- No investment in products with embedded Islamic derivatives.

## FEEDER FUNDS<sup>Note 2</sup>

- The Fund must be invested in one (1) Islamic CIS.

**Note 2:** Applicable to *Principal Islamic PRS Plus Equity* and *Principal Islamic PRS Plus Asia Pacific Ex Japan Equity* only.

In respect of the above investment restrictions and limits, the SC Guidelines provides for an allowance of 5% from the restrictions and limits due to appreciation or depreciation of the NAV of the Funds (whether as a result of an appreciation or depreciation in value of the Funds' investments, or as a result of repurchase of Units or payment made out of the Funds). If the Funds are 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).

## 4.4. APPROVALS AND CONDITIONS

As at LPD, there is no exemption and/or variation to the SC Guidelines for the Funds.

## 4.5. FINANCING

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

## 4.6. SECURITIES LENDING

Subject to Shariah Adviser's approval, the Funds may participate in the lending of securities within the meaning of the Securities Borrowing and Lending Guidelines 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 must:

- be permitted under the Deed and disclosed in the Disclosure Document;
- comply with the Securities Borrowing and Lending Guidelines; and
- comply with the relevant rules and directives issued by Bursa Malaysia Securities Bhd., Bursa Malaysia Depository Sdn. Bhd. and Bursa Malaysia Securities Clearing Sdn. Bhd.

We will ensure that we have appropriate policies and practices for the lending of securities by the Fund. The Fund's property may not be lent except conditions listed above. In addition, the Fund may not assume, guarantee, endorse or otherwise become directly or contingently liable for, or in connection with, any obligation or indebtedness of any person.

#### **4.7. SHARIAH INVESTMENT GUIDELINES**

At all times, the Funds shall invest in activities and instruments that are allowed under Shariah and shall not invest in activities and instruments that are prohibited under Shariah based on Shariah Adviser's established parameters as below:

##### **4.7.1 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. 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.

##### **4.7.2 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 are reclassified as 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.

**a. 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 channelled 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.

**4.7.3 Purification 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.

**4.7.4 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.

**4.7.5 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.**

## 5. FEES, CHARGES AND EXPENSES

### 5.1. CHARGES

The following describes the charges that you may **directly** incur when you subscribe or withdraw Units in the Funds.

#### 5.1.1. Sales Charge

Sales Charge will be imposed based on the NAV per Unit and may differ between the Funds' respective Classes.

Funds	Sales Charge (% of the NAV of per Unit) *		
	Class A*	Class C*	Class X
Principal Islamic PRS Plus Conservative	3.00%	0.50%	Nil
Principal Islamic PRS Plus Moderate	3.00%	0.50%	Nil
Principal Islamic PRS Plus Growth	3.00%	0.50%	Nil
Principal Islamic PRS Plus Equity	3.00%	0.50%	Nil
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	3.00%	0.50%	Nil

\* Despite the maximum Sales Charge disclosed above, you may negotiate with us or our Distributors for lower charges. However, you should note that we or our Distributors may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all investors) or specifically (for any particular investor or a group of investors) without prior notice to you.

**Note:** Please refer to "Calculation of investment amount and Units entitlement" section under "Transaction Information" chapter for an illustration on how the Sales Charge is calculated. The Sales Charge imposed will be rounded using the normal rounding policy to two (2) decimal places.

#### 5.1.2. Redemption Charge

The Funds have no Redemption Charge.

#### 5.1.3. Switching Fee

There is no Switching Fee charged for switching of Funds under the Scheme or switching between funds of different PRS managed by Principal Malaysia. Switching is not allowed between different classes.

#### 5.1.4. Transfer Fee (to another PRS provider)

A Transfer Fee of not more than RM25 may be charged for each transfer to another PRS provider. All transaction on the transfer between PRS provider are only allowed for Vested Units.

#### 5.1.5. PPA Fee

This table describes the maximum fees and charges charged by the PPA. Information on the PPA can be obtained from <http://www.ppa.my>. Potential Members can also compare the fees and charges of other PRS by visiting this website.

Fees & Charges	Applicable to all Funds		
	Class A	Class C	Class X
PPA account opening fee	RM10*	RM10*	RM10**
PPA annual fee <sup>^</sup>	RM8		
PPA pre-retirement withdrawal fee	RM25		
PPA transfer fee (to another PRS provider)	RM25		
PPA administration fee <sup>#</sup>	0.04% of the Fund's NAV		

\* This fee is to be waived on any of the following conditions:

- 1) Contribution of minimum RM1,000 per transaction;
- 2) RSP of minimum RM100 per month through bank approved by us or our Distributors; or
- 3) Other condition(s) as may be determined by us from time to time.

\*\* This fee will be borne by us

<sup>^</sup> Not payable for the year the account is opened and on the year where there was no contribution

<sup>#</sup> The annual PPA administration fee is accrued daily based on the NAV of the Fund and paid monthly.

The fees and charges payable to the PPA are subject to:

- 1) any amendments as may be determined by the PPA;
- 2) any discount/rebate/waiver as may be determined by the PPA during any promotional period that may be carried out by the PPA from time to time; and
- 3) any applicable taxes and/or duties as may be imposed by the government and/or the relevant authorities from time to time.

## 5.2. FEES AND EXPENSES

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

### 5.2.1. Management Fee

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

Funds	Management Fee (% p.a. of the NAV of the Fund)		
	Class A	Class C	Class X
Principal Islamic PRS Plus Conservative	1.40%	1.50%	1.40%
Principal Islamic PRS Plus Moderate	1.40%	1.50%	1.40%
Principal Islamic PRS Plus Growth	1.40%	1.50%	1.40%
Principal Islamic PRS Plus Equity	1.40%	1.50%	1.40%
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	1.40%	1.50%	1.40%

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

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

If the NAV of Class C for the Fund is RM40 million, then

Management Fee for the day for Class C = RM40 million x 1.50% / 365  
= RM1,643.84

The illustration above can be applied to other Classes taking into consideration the Management Fee of the respective Classes.

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

### 5.2.2. Trustee Fee

The table below stipulates the Trustee Fee charged for each Fund, based on NAV of the Fund. The annual Trustee Fee is accrued daily based on the NAV of the Fund and paid monthly.

Funds	Trustee Fee (% p.a. of the NAV of the Fund)*		
	Class A	Class C	Class X
Principal Islamic PRS Plus Conservative	0.04%	0.04%	0.04%
Principal Islamic PRS Plus Moderate	0.04%	0.04%	0.04%
Principal Islamic PRS Plus Growth	0.04%	0.04%	0.04%
Principal Islamic PRS Plus Equity	0.04%	0.04%	0.04%
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	0.04%	0.04%	0.04%

\* The Trustee Fee includes local custodian fees and charges but excludes foreign custodian fees and charges.

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

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

If the NAV of Class C for the Fund is RM40 million, then

Trustee Fee for the day for Class C = RM40 million x 0.04% / 365  
= RM43.84

The illustration above can be applied to other Classes taking into consideration the Trustee Fee of the respective Classes.

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

The above-mentioned fees and charges payable to us and/or the Funds are subject to:

- 1) any amendments as may be required/imposed by the regulatory authorities such as the SC and the PPA;
- 2) any waiver during promotional period that may be determined by the PRS Provider and/or its Approved Distributors from time to time. For information on the promotions, please contact the PRS Provider and/or its Approved Distributors; and
- 3) any applicable taxes and/or duties as may be imposed by the government and/or the relevant authorities from time to time.

### 5.2.3. Other Expenses

The Deed also provides for payment of other expenses. The major expenses recoverable directly from the Funds (which will be deducted from the Fund) include:

- expenses incurred in the sale, purchase, Takaful/insurance, custody (foreign investment only) and any other dealings of investments including commissions/fees paid to brokers and costs involved with external specialists approved by the Trustee in investigating and evaluating any proposed investment;
- (where the foreign custodial function is delegated by the Trustee), charges/fees paid to the sub-custodian;
- expenses incurred in the printing of, the purchasing of stationery and postage for the annual and interim (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;
- valuation fees paid to independent valuers for the benefit of the Funds;
- costs incurred in modifying the Deed for the benefit of Members; and
- costs of convening and holding meetings of Members (other than those meetings convened by, or for the benefit of the PRS Provider or Trustee).

We and the Trustee are required to ensure that Management Fee, Trustee Fee, Sales Charge, Redemption Charge and Switching Fee are reasonable and in accordance with the Deed which stipulate the maximum rate in percentage terms that can be charged.

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

We may, for any reason at any time, where applicable, waive or reduce the amount of any fees (except the Trustee Fee) or other charges payable by the Member in respect of the Funds, either generally (for all Members) or specifically (for any particular Member, a group of Members or investments made via any digital platform) and for any period or periods of time at our absolute discretion.

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

### 5.3. REBATES AND SOFT COMMISSIONS

We and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the 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 contributing to the Scheme.**

**All the fees and charges above may be increased. A supplementary or replacement disclosure document disclosing the new fees and charges will be issued should the fees and charges be increased. A notice period of ninety (90) days will be given to the Members prior to the effective date of the new fees and charges, which is in accordance with the SC Guidelines.**

## 6. TRANSACTION INFORMATION

### 6.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUNDS

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

- **Listed Shariah-compliant securities**

The value of any permitted investments, which are quoted on an approved exchange, shall be calculated daily by reference to the last transacted price on that approved exchange. If the last transacted price does not represent the fair value of the securities, then the securities must 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 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 the 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 at the issue price of such Shariah-compliant securities. The value will be determined by the financial institution that issued the securities.

The value of any unlisted RM-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 we are 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, we may use the market price by reference to the last available quote provided such quote was obtained within the previous thirty (30) days and we record the 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.

The value of any unlisted non RM-denominated Sukuk shall be valued daily by reference to the average indicative yield quoted by three (3) independent and reputable financial institutions. However, where quotations are not available, such unlisted non RM-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.

- **Islamic CIS**

The value of any investment in Islamic CIS which are quoted on an approved exchange shall be calculated in the same manner as other listed Shariah-compliant securities described above. When investing in unlisted Islamic CIS, the value shall be determined by reference to the last published repurchase/redemption NAV per unit for that Islamic CIS.

- **Islamic money market instruments**

Islamic money market instruments such as Islamic 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 Islamic 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 any Islamic Deposit shall be determined each day by reference to the principal value of such permitted investments and the accrued profit 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 based on 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.

### 6.2. 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 together with the PPA authorization (where required). The Sales Charge (if any) will be computed and charged separately based on your application amount.

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.

**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 <http://www.principal.com.my> after 10:00 a.m. on the following Business Day (T+1).

**Funds with foreign investments:**

We will value the Fund for a Business Day will on the next Business Day (T+1) by 4:00 p.m. This is to cater for the currency translation of the foreign securities/instruments to the Funds' base currency. Currently, the currency translation is based on the bid exchange rate quoted by Bloomberg/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 <http://www.principal.com.my> after 5:30 p.m. on the following Business Day (T+1).

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

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

The NAV of the Fund is the sum of the value of all investments and cash held by the Fund (calculated in accordance with the Deed) including income derived by the Fund which has not been distributed to Members, less all amounts owing or payable in respect of the Fund which also includes any provisions that may be made by us and the Trustee. 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 to the Federation of Investment Managers Malaysia - Funds Malaysia System.

**6.2.1. Multi-class Ratio (MCR)**

MCR is the apportionment of the NAV of each Class over the Fund's NAV based on the size of each Class. The MCR is calculated by dividing the NAV of the respective Class by the NAV of the Fund before income and expenses for the day. The apportionment is expressed as a ratio and calculated as a percentage.

Below is an illustration on computation of the NAV of each Class:-

	Fund	Class A	Class C	Class X
NAV of the Fund	140,000,000.00	40,000,000.00	20,000,000.00	80,000,000.00
Units	280,000,000.00	80,000,000.00	40,000,000.00	160,000,000.00
Closing Market Value of the Fund	140,000,000.00			
Add: Income	2,354,000.00			
Less: Expenses	(250,200.00)			
Gross Asset Value* of the Fund	142,103,800.00			
Multi-class ratio (subject to change based on Units in circulation for each Class)		29%	14%	57%
Gross Asset Value* of the Class		40,601,085.71	20,300,542.86	81,202,171.43
Less: Management Fee (% p.a.)		1.40%	1.50%	1.40%
Management Fee for the day		1,557.30	834.27	3,114.60
Less: Trustee Fee (% p.a.)	0.04%			
Trustee Fee for the day		44.49	22.25	88.99
Less: PPA administration fee (% p.a.)		0.04%	0.04%	0.04%
PPA administration fee for the day		44.49	22.25	88.99
NAV of the Class for the day	142,097,982.36	40,599,439.42	20,299,664.09	81,198,878.85
Units in circulation		80,000,000.00	40,000,000.00	160,000,000.00
NAV per Unit of the Class for the day		0.507493	0.507492	0.507493

\* Before deductions of Management Fee, Trustee Fee and PPA administration fee.

## Calculation of investment amount and Units entitlement

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

The illustrations below can be applied to other Classes taking into consideration the fees of the respective Classes

### Illustration 1

#### Calculation of number of Units received, Sales Charge and total amount payable by you

Assumptions:

NAV per Unit of Class A = RM0.5000 (truncated to 4 decimal places)

Sales Charge for Class A = 3.00%

You wish to invest RM10,000 in Class A of the Fund.

Calculation of total number of Units received by you

---

= Investment amount / NAV per Unit

= RM10,000 / RM0.5000

= 20,000 Units

Calculation of Sales Charge paid by you (which is payable in addition to the investment amount)

---

= NAV per Unit x number of Units received x Sales Charge rate

= RM0.5000 x 20,000 Units x 3.00%

= RM300.00

Calculation of total amount paid by you

---

= Investment amount + Sales Charge paid

= RM10,000.00 + RM300.00

= RM10,300.00

#### Calculation of investment value

Following the example above, assuming the NAV per Unit calculated for a particular Business Day thereafter is RM0.5110 (truncated to 4 decimal places).

Calculation of investment amount

---

= Number of Units x NAV per Unit

= 20,000 Units x RM0.5110

= RM10,220.00

### Illustration 2

#### Calculation of withdrawal value, Redemption Charge and amount payable to you

Assuming you have 150,000 Units, you wish to withdraw RM10,000 from your investment in the Fund. Your withdrawal request is received before 4:00 p.m. of a Business Day. NAV per Unit for that Business Day is RM0.5230 (truncated to 4 decimal places) and there is no Redemption Charge.

Calculation of number of Units withdrawn

---

= Withdrawal value / NAV per Unit

= RM10,000.00 / RM0.5230

= 19,120.46 Units

Calculation of number of remaining Units

---

= Units held before withdrawal – Units withdrawn

= 150,000.00 Units – 19,120.46 Units

= 130,879.54 Units

Calculation of Redemption Charge paid by the you (to be deducted from withdrawal value)

---

= NAV per Unit x number of Units withdrawn x Redemption Charge rate

= RM0.5230 x 19,120.46 Units x 0.00%

= RM0

Calculation of amount payable to the you

---

= Withdrawal value – Redemption Charge paid

= RM10,000.00 – RM0.00

= RM10,000.00

The amount payable to you is RM10,000.00 (subject to payment of tax penalty set by the Inland Revenue Board, which will be deducted by us).

### **Calculation of tax penalty imposed on pre-retirement withdrawal (Applicable to sub-account B)**

Following the example above and assuming that this is a pre-retirement withdrawal, which is subject to a tax penalty of 8% of the amount withdrawn.

#### **Calculation of tax penalty**

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= Amount payable to you x tax penalty of 8% of the amount withdrawn  
= RM10,000.00 X 8%  
= RM800.00

#### **Calculation of net amount payable to you**

---

= Amount payable to you - tax penalty  
= RM10,000.00 - RM800.00  
= RM9,200.00

## **6.3. INCORRECT PRICING**

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

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

Provided always that any reimbursement to you as a result of any withdrawal shall be subject to such tax penalty payable thereto.

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

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

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

## **6.4. INVESTING**

### **6.4.1. 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 is not an undischarged bankrupt; or
- an employer who contributes on behalf of its employees PRS account.

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

Please note that any resident of the USA (i.e. someone who has a USA address, permanent or mailing) is not allowed to invest in the Funds. This includes a US citizen residing in Malaysia.

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.

### **6.4.2. How to invest?**

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 our Distributors, where applicable;
- by cash if the application is made in person at any branch of our Distributors, where acceptable; 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 as we and/or the relevant authorities may impose from time to time.

### 6.4.3. Regular Savings Plan (RSP)

Where available, RSP allows you to make regular monthly contribution, direct from your account held with a bank approved by us or our Distributors. We will process the monthly investments made via 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.

### 6.4.4. Who is distributing this Scheme?

The Scheme may be distributed via the following channels:

- Principal Malaysia's offices;
- Principal Distributors;
- Institutional PRS Advisers; 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 Scheme" 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 <http://www.principal.com.my> for more information.

**You are advised not to make payment in cash when purchasing Units of the Funds via any institutional / retail agent/ employee of Principal Malaysia.**

## 6.5. CONTRIBUTIONS

All contributions made by or on behalf of a Member will be split upon each contribution being made and maintained in two (2) separate sub-accounts by us as follows:

- Sub-account A which refers to a sub-account maintained for each Member which holds 70% of all contributions made to any of the Funds.
- Sub-account B which refers to a sub-account maintained for each Member which holds 30% of all contributions made to any of the Funds.

## 6.6. MINIMUM CONTRIBUTION

The minimum contributions for each Fund are stipulated in the table below.

	Minimum initial contribution* (RM)	Minimum subsequent contribution* (RM)	Regular Savings Plan (RSP)	
			Minimum initial contribution* (RM)	Minimum additional contribution* (RM)
<b>Class A</b>				
Principal Islamic PRS Plus Conservative	100	50	100	50
Principal Islamic PRS Plus Moderate	100	50	100	50
Principal Islamic PRS Plus Growth	100	50	100	50
Principal Islamic PRS Plus Equity	100	50	100	50
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	100	50	100	50
<b>Class C</b>				
Principal Islamic PRS Plus Conservative	100	50	100	50
Principal Islamic PRS Plus Moderate	100	50	100	50
Principal Islamic PRS Plus Growth	100	50	100	50
Principal Islamic PRS Plus Equity	100	50	100	50
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	100	50	100	50
<b>Class X</b>				
Principal Islamic PRS Plus Conservative	Not applicable	Not applicable	Not applicable	Not applicable

	Minimum initial contribution* (RM)	Minimum subsequent contribution* (RM)	Regular Savings Plan (RSP)	
			Minimum initial contribution* (RM)	Minimum additional contribution* (RM)
Principal Islamic PRS Plus Moderate	Not applicable	Not applicable	Not applicable	Not applicable
Principal Islamic PRS Plus Growth	Not applicable	Not applicable	Not applicable	Not applicable
Principal Islamic PRS Plus Equity	Not applicable	Not applicable	Not applicable	Not applicable
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	Not applicable	Not applicable	Not applicable	Not applicable

\*The amount stipulated includes any applicable fees and charges, such as Sales Charge (if any) and PPA account opening fee, as the case may be, which are subject to any applicable taxes. In other words, the amount is gross of fees and charges.

**Note:**

- You may request for a lower amount when purchasing units (or additional units), which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject a lower amount and without having to assign any reason, either generally (for all investors) or specifically (for any particular investor, a group of investors or investments made via any digital platform) without prior notice to you.
- We reserve the right to change the above stipulated amounts from time to time.

**6.6.1. Processing an application**

If we receive a complete application form together with the contribution payment by 12.00p.m. on a Business Day, we will process it within ten (10) calendar days from that Business Day (T). It will be processed using the NAV per Unit for that Business Day (T).

If we receive a complete application form together with the contribution payment after 12.00p.m. on a Business Day, we will process it within ten (10) calendar days from the next Business Day (T+1). It will be processed using the NAV per Unit for the next Business Day (T+1).

Please note that for the first time Member, you are required to complete an additional form which is the PPA account opening form. Incomplete applications will not be processed until we have received all the necessary information. The number of Units you will receive will be rounded down to two (2) decimal places.

**6.7. WITHDRAWALS**

Subject to permitted reasons for withdrawals, you may not withdraw from any of the Funds until you reach the Retirement Age. Upon reaching the Retirement Age, you shall be entitled to withdraw the full amount accumulated in the Funds held by you as Accrued Benefits without payment of any tax. Please refer to “Permitted Withdrawals and Pre-retirement Withdrawals” section on page 53 for further information on the permitted reasons for withdrawals.

Upon receiving your request to withdraw some or all of the Accrued Benefits in any of the Fund, you may be required by us and/or the PPA to provide evidence of the facts necessary to establish your right to withdraw moneys from any of the Fund. We will pay the withdrawal proceeds within ten (10) calendar days after we receive a complete withdrawal request from you and, where required, the authorization of the PPA.

**Note:** Unless the context stated otherwise, all withdrawal transaction is only allowed for Vested Units.

**6.8. MINIMUM WITHDRAWALS**

The minimum withdrawal for each Fund is stipulated in the table below, unless you are withdrawing your entire investment. Withdrawals can be made by completing a withdrawal form and sending it to the relevant Distributor or our head office.

Funds	Minimum withdrawal		
	Class A	Class C	Class X
Principal Islamic PRS Plus Conservative	RM50 or 100 Units	RM50 or 100 Units	RM100 or 200 Units
Principal Islamic PRS Plus Moderate	RM50 or 100 Units	RM50 or 100 Units	RM100 or 200 Units
Principal Islamic PRS Plus Growth	RM50 or 100 Units	RM50 or 100 Units	RM100 or 200 Units
Principal Islamic PRS Plus Equity	RM50 or 100 Units	RM50 or 100 Units	RM100 or 200 Units
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	RM50 or 100 Units	RM50 or 100 Units	RM100 or 200 Units

**Note:**

- You may request for a lower amount or number of units when withdrawing units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject a lower number of units and without having to assign any reason, either generally (for all investors) or specifically (for any particular investor, a group of investors or investments made via any digital platform) without prior notice to you. For increase in the number of units for minimum withdrawal, we will require concurrence from the Trustee and you will be notified of such changes before implementation.
- All withdrawal transaction is only allowed for Vested Units.
- We reserve the right to change the above stipulated amounts from time to time.

**6.8.1. Processing a withdrawal**

If we receive a complete withdrawal request and, where required, the authorization of the PPA by 12.00p.m. on a Business Day, we will process it within ten (10) calendar days from that Business Day (T). It will be processed using the NAV per Unit for that Business Day (T).

If we receive a complete withdrawal request and, where required, the authorization of the PPA after 12.00p.m. on a Business Day, we will process it within ten (10) calendar days from the next Business Day (T+1). It will be processed using the NAV per Unit for the next Business Day (T+1).

If you request for a specific amount in RM, the number of Units will be calculated by dividing the requested amount in RM by the NAV per Unit, and the number of Units will be rounded to two (2) decimal places. The amount that you will receive is calculated by the withdrawal value less the Redemption Charge (if any) and less tax penalty (if any). That amount will be paid in RM within ten (10) calendar days from that Business Day (T) or the next Business Day (T+1) (whichever applicable).

Any applicable bank charges and other bank fees incurred as a result of a withdrawal by way of telegraphic transfer, bank cheque or other special payment method will be charged to you.

**6.9. PERMITTED WITHDRAWALS AND PRE-RETIREMENT WITHDRAWALS**

Subject to permitted reasons for withdrawals, you may not make a withdrawal from any of the Funds until you reach the Retirement Age. Upon reaching the Retirement Age, you shall be entitled to withdraw the full amount accumulated in the Funds held by you as Accrued Benefits without payment of any tax penalty.

Request for payment for withdrawals from any of the Funds may be made for the following circumstances and as follows:

No	Circumstances for withdrawal	Sub-account	Extend of withdrawals	Subject to tax penalty
(a)	Upon reaching Retirement Age	A & B	Partial or full	No
(b)	Pre-retirement withdrawals	B	Partial or full	Yes
(c)	Death of Member	A & B	Partial or full	No
(d)	Permanent departure of a member from Malaysia	A & B	Full	No
(e)	Due to permanent total disablement, serious disease or mental disability of a member	A & B	Full	No
(f)	For healthcare purpose	B	Partial or full	No
(g)	For housing purpose	B	Partial or full	No

Upon receiving the Member’s request to withdraw some or all of the Accrued Benefits in any of the Fund, we and/or PPA may require you to provide evidence of the facts necessary to establish your right to withdraw moneys from any of the Fund.

In relation to item (c), for withdrawal following the death of a Member, we must obtain prior authorization from the PPA before issuing instructions to the Trustee to cancel Units.

In relation to item (b), (f) and (g) above, withdrawals may be requested by the member once every calendar year from each PRS provider (from one or multiple funds under any scheme(s) managed by that PRS provider) provided that the individual has been a member of that scheme (whether via member contribution or employer contribution) for at least one (1) year.

In relation to item (b), we will deduct an 8% tax penalty (or such other application tax penalty) from the withdrawn amount before making payment to you.

In relation to item (f), the withdrawal is only permitted for member’s ownself or immediate family on certain illnesses. Please refer to our website at [www.principal.com.my](http://www.principal.com.my) for the list of illnesses.

Please note that the above table may subject to such amendments, modification, variation and/or exemption as may be determined by the SC, PPA and/or relevant ministry or authorities from time to time.

## 6.10. COOLING-OFF PERIOD

You have six (6) Business Days after your initial contribution (i.e. the date the complete application is received and accepted by us or our Distributors) to reconsider the 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 must obtain prior authorization of the PPA before proceeding with the refund. We will refund the investment amount including the Sales Charge (if any) to you in RM within ten (10) calendar days of receiving the authorization of the PPA. Please note that this cooling-off right is only given to a first time Member registered with PPA who is investing with any PRS provider. However, Principal Malaysia's staff, person(s) registered by a body approved by the SC to deal in PRS and contributions made to PRS by an employer on behalf of the employee are not entitled to the cooling-off right.

## 6.11. SWITCHING

Subject to our absolute discretion, you have the option to switch into any of the Funds under the Scheme or funds under Principal PRS Plus. Switching is limited to once a month only regardless of whether it is switching of funds under the Scheme or switching between funds of different PRS managed by Principal Malaysia and switching is not allowed between different classes.

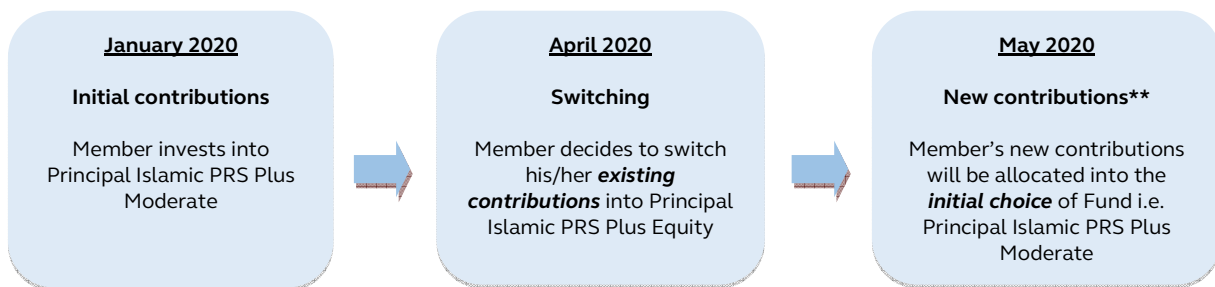
Switching will be conducted based on the value of your investment in the Fund at the point of switching. The minimum amount for a switch is subject to:

- For switching out of the Fund:
  - the minimum withdrawal applicable to the Fund; and
  - the Redemption Charge of the Fund (if any).
- For switching into the Fund:
  - the minimum initial contribution amount or the minimum subsequent contribution amount (as the case may be) applicable to the Fund; and
  - the Switching Fee applicable for the proposed switch (if any).

This switching exercise is a one-off instruction. To switch, simply complete a “switching form” and send it to the relevant Distributors or our head office. You may negotiate to lower the amount for your switch with us or with our Distributors. However, we have the discretion to allow or to reject any switching into (or out of) a Fund, either generally (for all investors) or specifically (for any particular investor, a group of investors or investments made via any digital platform).

Your subsequent contributions will not be allocated into the fund that you have switched into unless there is a request to change your contribution direction\*. Please refer to “Change of contribution direction for new contributions” section on page 55 for further details.

### **Illustration:**



Where you are in the Default Option, we will automatically switch you:

- a) from the Principal Islamic PRS Plus Growth into the Principal Islamic PRS Plus Moderate before the end of the next calendar month from the day you attain the age of 45 years;
- b) from the Principal Islamic PRS Plus Moderate into the Principal Islamic PRS Plus Conservative before the end of the next calendar month from the day you attain the age of 55 years.

**Note:** The age limit above may be subject to changes as may be determined by the relevant authorities from time to time.

Switching under the Default Option will not be subject to any Sales Charge.

\* Contribution direction is an instruction provided by you to us detailing the composition of funds that you would like to invest.

\*\* New contributions refer to subsequent contributions made into the Fund after the switching exercise.

**Note:** Muslim Members are encouraged to switch into any other Islamic fund rather than into any other conventional fund as investment in the conventional fund is not permitted from the Shariah perspective.

### 6.11.1. Processing a switch

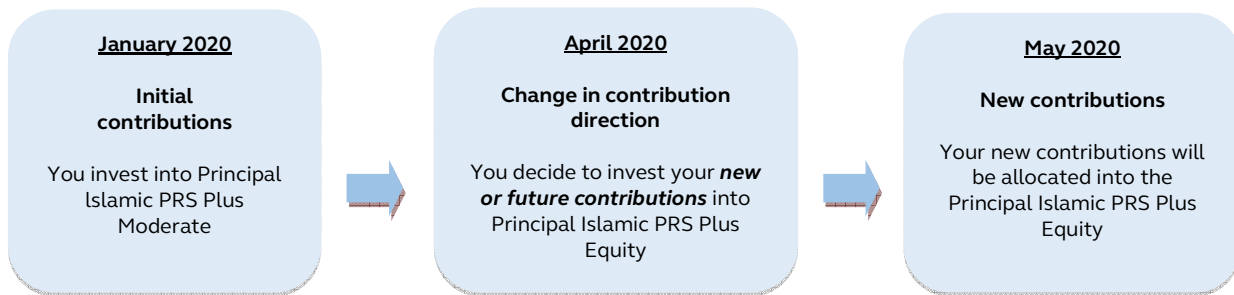
A switch is processed as a withdrawal from one (1) fund and an investment into another fund. If we receive a complete switching request by 12.00pm on a Business Day, we will process it within ten (10) calendar days from that Business Day. If we receive a complete switching request after 12.00pm on a Business Day, we will process it within ten (10) calendar days from the next Business Day.

## 6.12. CHANGE OF CONTRIBUTION DIRECTION FOR NEW CONTRIBUTIONS

You are entitled to change your contribution direction or investment choices in respect of your new contributions to the Funds, once a month, at no extra cost. All of your subsequent contributions will then be allocated to the new Fund.

To change your contribution direction for your new contributions, simply complete a “contribution form” and send to the relevant Distributors or our head office. If a “contribution form” was submitted previously for your new or future contributions, your future contributions will be allocated as per the most recent submission.

### Illustration:



## 6.13. TRANSFER BETWEEN PRS PROVIDERS

Prior to reaching the Retirement Age, you are allowed to transfer your accrued benefits of any amount from one (1) or multiple funds under the scheme(s) managed by that PRS provider once every calendar year to another PRS provider provided that:

- you have been a member of the scheme (whether via member contribution or employer contribution) for at least one (1) year; and
- all the accrued benefit to be transferred from a fund must be transferred to one (1) other fund.

The above also applies if you transfer from any funds under schemes of other PRS providers into any Funds under the Scheme. All information required by the PPA is to be provided in the application for the transfer.

You will not be subject to the restriction above if you have reached the Retirement Age.

A transfer of accrued benefits can involve either:

- a) a transfer from one (1) fund from one PRS provider to one (1) fund of another PRS provider. Where you have more than one (1) fund in the PRS provider, the accrued benefits of each fund can only be transferred to one other fund in the other PRS provider.

#### For example:

- transfer of your Accrued Benefits in Principal Islamic PRS Plus Conservative to fund ABC of another PRS provider; or
- transfer of your Accrued Benefits in Principal Islamic PRS Plus Conservative to fund ABC of another PRS provider and your Accrued Benefits in and Principal Islamic PRS Plus Moderate to fund XYZ of another PRS provider.

- b) a consolidation of all accrued benefits in all schemes to one scheme.

#### For example:

You have contributions in PRS provider A, PRS provider B and PRS provider C. You may:

- transfer all your accrued benefits in PRS provider A, PRS provider B and PRS provider C to PRS provider D; or
- transfer all your accrued benefits in PRS provider B and PRS provider C to PRS provider A; provided that you have been a member of the schemes offered by PRS provider A, B, and C for not less than one (1) year.

A Transfer Fee of RM25 and PPA transfer fee of RM25 may be charged for each transfer to another PRS provider.

**Note:** Unless the context stated otherwise, all transaction on the transfer between PRS provider are only allowed for Vested Units.



## 6.14. VESTING OF CONTRIBUTION

Vesting is only applicable to corporate clients. For the purposes of employers who make contribution into a PRS on behalf of their employees, if not made subject to a Vesting Schedule, shall vest in the employees immediately upon receipt by the PRS provider. However, if a contribution is made subject to a Vesting Schedule will result in the issuance of Vested Unit and Conditionally Vested Unit, the Conditionally Vested Unit shall vest in the employees in accordance with the Vesting Schedule.

## 6.15. NOMINATION

Nomination is the process of naming another individual(s) (not welfare bodies/ corporations/ institutions/ organisations/ societies) as beneficiary(ies) to receive the PRS balance in a Member's account in accordance with that Member's direction in the event of that Member's demise.

Once a nomination is made by a Member, it will be applicable to all PRS account of the Members held with us and any other PRS providers (if any). If a Member chooses not to make any nomination, the PRS balance in that Member's account shall be paid to a lawful executor or administrator of that Member's estate upon that Member's demise.

Nomination can be made to the PPA or us by completing a nomination form in the presence of a witness. The nomination shall become effective only when a duly completed and witnessed nomination form accompanied with the required supporting document(s) (e.g. a copy of your identity card) has/have been received by the PPA or us, whichever is earlier.

A nomination shall be revoked:

- by the death of all nominees during the lifetime of a Member;
- by written notice of revocation made in a revocation form to be specified by the PPA;
- by any subsequent nomination made in a new nomination form; or
- where a nominee fails to submit the relevant withdrawal form within one (1) year from the death of a Muslim Member.

**Note:** *The nomination process is subject to terms and conditions and/or any amendment/modifications as may be imposed/required by the government or relevant authorities from time to time. For more and/or any updated information on nomination, please refer to PPA's website at <http://ppa.my>.*

## 6.16. DISTRIBUTION OF THE FUNDS

The Funds are not expected to make any distributions. All income earned by you will automatically be reinvested into the Fund.

## 6.17. UNCLAIMED MONEYS

Where you have not made any transaction or instruction in relation to the Scheme for more than twelve (12) months subsequent to attaining the age of 80 years, the Trustee may pay any unclaimed Accrued Benefit held by the Trustee to the Registrar of Unclaimed Moneys, in accordance with the provisions of the Unclaimed Moneys Act 1965.

Prior to paying the unclaimed Accrued Benefits to the Registrar of Unclaimed Moneys, the Trustee must obtain approval of the PPA.

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

**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 and SC Guidelines. Where necessary, we will notify the Trustee and communicate to you on the amendments to the transaction information.**

## 7. ADDITIONAL INFORMATION

### 7.1. FINANCIAL YEAR-END

		Financial Year End
Core Funds	Principal Islamic PRS Plus Conservative	31-August.
	Principal Islamic PRS Plus Moderate	31-August.
	Principal Islamic PRS Plus Growth	31-August.
Non-Core Funds	Principal Islamic PRS Plus Equity	31-August.
	Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	31-August.

### 7.2. INFORMATION ON YOUR INVESTMENT

**Note:** These services are only available to Members of selected Distributors.

We will send you the following:

- Your PPA Member number;
- Confirmation on any changes to your address if you have written to us to make the changes;
- The summary of your investment for each half year; 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.**

You may obtain up-to-date fund information and NAV per Unit from our monthly fund fact sheets and our website, <http://www.principal.com.my>

If you have any questions about the information in this Disclosure Document or would like to know more about investing in the Funds, please contact our **Customer Care Centre** at **(03) 7718 3000** between 8:45 a.m. to 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. to 4:45 p.m. (Malaysian time) on Fridays (except on Selangor public holidays) or you may 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

### 7.3. DEED

The Scheme is governed by Deed dated 8 November 2012, First Supplemental Deed dated 2 January 2014, Second Supplemental Deed dated 25 November 2014 and Third Supplemental Deed dated 3 February 2020.

### 7.4. CONSENT

PricewaterhouseCoopers Taxation Services Sdn. Bhd., Deutsche Trustees 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/reports in the Disclosure Document 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/reports in the form and context in which it appears in this Disclosure Document.

### 7.5. DOCUMENTS AVAILABLE FOR INSPECTION

You may inspect the following documents or copies thereof in relation to the Fund (upon request) as may be required by the SC (where applicable) at our principal place of business, the business address of the Trustee and/or such other place as the SC may determine (where applicable) without charge:

- The Deed;
- Current Disclosure Document and supplementary or replacement disclosure document (if any);

- The latest annual and interim reports of the Funds, which includes the audited financial statements of the Funds (where available) for the current financial year and for the last three (3) financials years or if less than three (3) years, from the date of launch of the Fund;
- Material contract or document referred to in the Disclosure Document (if any);
- All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the Disclosure Document (if any);
- The audited financial statements of the PRS Provider for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement;
- Writ and relevant cause paper for all current material litigation and arbitration disclosed in the Disclosure Document; and
- Any consent given by experts or persons whose statement appears in the Disclosure Document.

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

We (including our directors) will at all times act in your best interest 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 PRS Provider to the Funds and to other Principal Malaysia’s fund that we manage, we are obliged to act in the best interests of all our Members and will seek to resolve any conflicts fairly and in accordance with the Deeds.

We shall not act as principals 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) 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 has either direct or indirect interest in other corporations that carry on a similar business with Principal Malaysia, except for the following:

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

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

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

- 1) where a Fund invests in instrument(s) 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 Trustee;
- 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 (Trustee’s delegate); and
- 4) where a Fund obtains financing as permitted under the SC Guidelines, from the related party of the Trustee.

The Trustee will rely on the PRS Provider to ensure that any related party transactions, dealings, investments and appointments are on terms which are the best that are reasonably available for or to the Fund and are on an arm’s length basis as if between independent parties.

While the Trustee has internal policies intended to prevent or manage conflicts of interests, no assurance is given that their application will necessarily prevent or mitigate conflicts of interest. The Trustee’s commitment to act in the best interests of the Members of the Funds does not preclude the possibility of related part transactions or conflicts.

## 7.7. 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 Disclosure Document have been paid to any promoter of the Scheme, or the Trustee (either to become a trustee or for other services in connection with the Scheme), or us for any purpose.

## **7.8. EMPLOYEES' SECURITIES DEALINGS**

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

# 8. THE PRS PROVIDER

## 8.1. ABOUT PRINCIPAL ASSET MANAGEMENT BERHAD

Principal Asset Management Berhad has obtained approval from the SC as a Private Retirement Scheme Provider under Section 139Q of the Capital Markets and Services Act 2007, on 5 April 2012.

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

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

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

The primary roles, duties and responsibilities of Principal Malaysia as the PRS Provider of the Scheme include:

- maintaining a register of Members;
- 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 Members, if any;
- maintaining proper records of the Scheme; and
- perform the duties and responsibilities required by the PPA.

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.

### 8.1.1. The Board of Directors

As at LPD, the Board of Directors consists of nine (9) members including three (3) independent directors and one (1) alternate directors. 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	Juan Ignacio Eyzaguirre	- Non-independent director
Pedro Esteban Borda	- Non-independent director	Wong Joon Hian	- Independent director
Munirah binti Khairuddin	- Non-independent director	A.Huzaima bin Dato' Abdul Hamid	- Independent director
Paul Wong Chee Kin	- Non-independent director	Hisham bin Zainal Mokhtar	- Independent director
Thomas Cheong Wee Yee <sup>#</sup>	- Non-independent director		

<sup>#</sup> Alternate director to Pedro Esteban Borda with effect from 8 November 2019.

### 8.1.2. Investment Committee

As at LPD, the Investment Committee consists of six (6) members including four (4) 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 SC Guidelines 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.

### 8.1.3. Audit Committee

As at LPD, the Audit Committee consists of three (3) members including two (2) independent members. The Audit Committee monitors and ensures transparency and accuracy of financial reporting, and effectiveness of external and internal audit functions of Principal Malaysia. The Audit Committee meets at least four (4) times a year.

<b>Name:</b>	Pedro Esteban Borda
<b>Designation:</b>	President - Southeast Asia & India of Principal International (South Asia) Sdn Bhd

<b>Experience:</b>	He is the President, Southeast Asia & India of Principal International (South Asia) Sdn Bhd (“PISA”) based in Malaysia. He is also a Director of Principal Malaysia since 20 June 2013. Prior to joining PISA, he was Chief Executive Officer, ASEAN Region of Principal Malaysia. In addition, he was the Country Head – Mexico from 2004 to February 2013, Vice President of Principal Financial Group and previously a member of the Board of Directors of Principal Financial Group, Chile.
<b>Qualifications:</b>	Bachelor Degree in Business Administration and a Master Degree in Finance, both from Universidad Argentina de la Empresa (U.A.D.E), Buenos Aires, Argentina.

<b>Name:</b>	Wong Joon Hian *
<b>Designation:</b>	Independent Non-Executive Director and Chairman of Audit Committee of Principal Malaysia
<b>Experience:</b>	Has been an independent non-executive director of Principal Asset Management Berhad since 22 August 2007. He has accumulated over 30 years of working experience in the areas of audit, accountancy, financial services and corporate management. He commenced his career when he joined Price Waterhouse & Co. in England after qualifying as a Chartered Accountant in 1973. He returned to Malaysia in 1975 to work for Price Waterhouse (now known as PricewaterhouseCoopers PLT), Malaysia until 1985. He then served as the Technical Manager of The Malaysian Association of Certified Public Accountants from 1986 until he was appointed as the General Manager-Operations of Supreme Finance (Malaysia) Berhad in December 1987. After Mayban Finance Berhad had completed the acquisition of Supreme Finance (Malaysia) Berhad in 1991, he joined BDO Binder as an Audit Principal until 1994 when he joined Advance Synergy Berhad. He was appointed the managing director of United Merchant Group Berhad (now known as Advance Synergy Capital Sdn Bhd) in 1995. During the period from 1995 till 2007 he was a director of Ban Hin Lee Bank Berhad, Southern Investment Bank Berhad and United Merchant Finance Berhad. Currently, he is a director in several companies under the Advance Synergy Berhad Group and CIMB Group Holdings Berhad Group. He is also an independent non-executive director of Principal Islamic Asset Management Sdn Bhd.
<b>Qualifications:</b>	Member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants and a fellow member of the Institute of Chartered Accountants in England and Wales.

<b>Name:</b>	Hisham bin Zainal Mokhtar *	
<b>Designation:</b>	Director of Principal Malaysia	
<b>Experience:</b>	July 2018 – March 2019 July 2014 – June 2018 April 2009 – June 2014 May 2007 – March 2009 May 2005 – April 2007 April 2001 – April 2005  January 2001 – April 2001 April 2000 – December 2000 August 1999 – February 2000  August 1998 – July 1999 May 1998 – August 1998 October 1996 – March 1998 December 1995 – September 1996 September 1994 – December 1995 March 1994 – July 1994 May 1991 – March 1994	Director, Malaysian Industrial Development Finance Chief Operating Officer – Astro Overseas Limited Director, Investments – Khazanah Nasional Berhad Senior Vice President, Investments – Khazanah Nasional Berhad Vice President, Investments – Khazanah Nasional Berhad Executive Director and Vice President, Corporate & Financial Planning – Tricubes Berhad Head, Analyst – Britac Capital Sdn Bhd Executive Director – K.E. Malaysian Capital Partners Sdn Bhd Financial Consultant – Santander Investment Research (Malaysia) Sdn Bhd Financial Consultant – Sithe Pacific LLC Dealer’s Representative – CIMB Securities Sdn Bhd Senior Research Analyst – UBS Research (Malaysia) Sdn Bhd Investment Analyst – Crosby Research (Malaysia) Sdn Bhd Investment Analyst – Baring Research (Malaysia) Sdn Bhd Head of Research – Keluangsa Sdn Bhd Research Executive – Crosby Research (Malaysia) Sdn Bhd
<b>Qualifications:</b>	Master in Business Administration, Massachusetts Institute of Technology – Sloan School of Management; Master of Science (Mathematics), Illinois State University; Bachelor of Science (Mathematics), Illinois State University; Chartered Financial Analyst Charterholder.	

\*Independent member

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

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

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	License.
<b>Qualifications:</b>	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 <http://www.principal.com.my>.

## 9. SUB-ADVISER OF THE FUNDS

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

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With effect from 1 June 2020, Principal Singapore will be appointed as the Sub-Adviser for the Funds. Principal Singapore will provide investment research and stock recommendation to Principal Malaysia.

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.

#### 9.1.1. 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-advisory arrangement (if any), please refer to our website at <http://www.principal.com.my>.



# 10. SHARIAH ADVISER OF THE FUNDS

## 10.1. ABOUT AMANIE ADVISORS SDN BHD

Amanie Advisors Sdn Bhd is a Shariah advisory, consultancy, training and research and development boutique for institutional and corporate clientele focusing on Islamic financial services. It has been established with the aim of addressing the global needs for experts and Shariah scholars' pro-active input. One of the first global boutique Shariah advisory houses for Islamic Finance, Amanie was founded in 2005 by internationally renowned Shariah scholar Datuk Dr Mohd Daud Bakar. 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 Shariah law, corporate finance, accounting, product development, and education. Amanie is also a registered Shariah Adviser (Corporation) with the SC. As at LPD, Amanie has acquired more than fourteen (14) years of experience in the advisory role of unit trusts and has advised more than 200 funds locally and globally.

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

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

Amanie 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, Amanie will deliver its opinion on the Shariah compliancy. In addition, Amanie will meet Principal Malaysia every quarterly to address Shariah advisory matters pertaining to the Funds. An annual Shariah certificate will also be issued for the Funds 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
- Nurul Liyana Kasman
- Muhammad Hafizuddin Abd. Hamid

### 10.1.1. 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 currently serves as the Chairman of the Shariah Advisory Council at the Central Bank of Malaysia, the Securities Commission of Malaysia, the Labuan Financial Services Authority, the First Abu Dhabi Bank, and Permodalan Nasional Berhad. He 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 sits as a Board Director at Sime Darby Property Berhad and a member of the PNB Investment Committee. He was recently appointed as a Chairman to Malaysia Islamic Economic Development Foundation (YaPEIM). He is also the third Chair Professor in Islamic Banking and Finance of Yayasan Tun Ismail Mohamed Ali Berdaftar (YTI) PNB at Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia (USIM). In addition, he is the co-founder of Experts Analytics Centre Sdn Bhd and MyFinb, as well as the Editor-in-Chief of Malaysian Business.</p>
<b>Qualifications:</b>	<p>Prior to this, Datuk was the Deputy Vice-Chancellor at the International Islamic University Malaysia. 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 <http://www.principal.com.my> and/or Shariah Adviser's website at <http://amanieadvisors.com>.

# 11. THE SCHEME TRUSTEE

## 11.1. ABOUT DEUTSCHE TRUSTEES MALAYSIA BERHAD

Deutsche Trustees Malaysia Berhad (“DTMB”) (Company No. 200701005591 (763590-H)) was incorporated in Malaysia on 22 February 2007 and commenced business in May 2007. The Company is registered as a trust company under the Trust Companies Act 1949, with its business address at Level 20, Menara IMC, 8 Jalan Sultan Ismail, 50250 Kuala Lumpur.

DTMB is a member of Deutsche Bank Group (“Deutsche Bank”). Deutsche Bank provides commercial and investment banking, retail banking, transaction banking and asset and wealth management products and services to corporations, governments, institutional investors, small and medium-sized businesses, and private individuals.

### DTMB’s financial position

	Year Ended 31 December		
	2018 (RM)	2017 (RM)	2016 (RM)
Paid-up share capital	3,050,000	3,050,000	3,050,000
Shareholders’ funds	10,622,259	9,972,631	6,905,127
Revenue	18,857,674	14,179,889	12,284,889
Profit / (loss) before tax	9,713,8774	9,112,433	3,015,208
Profit / (loss) after tax	7,572,256	6,922,631	2,186,159

### Experience in trustee business

DTMB is part of Deutsche Bank’s Securities Services, which provides trust, custody and related services on a range of securities and financial structures. As at LPD, DTMB is the trustee for one hundred and eighty (180) collective investment schemes including unit trust funds, wholesale funds, exchange-traded funds and private retirement schemes.

DTMB’s trustee services are supported by Deutsche Bank (Malaysia) Berhad (“DBMB”), a subsidiary of Deutsche Bank Group, financially and for various functions, including but not limited to financial control and internal audit.

### Board of Directors

Jacqueline William  
Liew Yeh Yin  
Jalalullail Othman\*  
Lew Lup Seong\*

\* *Independent Director*

### Chief Executive Officer

Richard Lim

### What are the roles, duties and responsibilities of the Trustee?

DTMB’s main functions are to act as trustee and custodian of the assets of the Funds and to safeguard the interests of Members of the Funds. In performing these functions, the Trustee has to exercise due care and vigilance and is required to act in accordance with the relevant provisions of the Deed, the Capital Markets & Services Act 2007 and all relevant laws.

### Trustee’s statement of responsibility

The Trustee has given its willingness to assume the position as trustee of the Funds and is willing to assume all its obligations in accordance with the Deed, the Capital Markets & Services Act 2007 and all relevant laws. In respect of monies paid by an investor for the application of Units, the Trustee’s responsibility arises when the monies are received in the relevant account of the Trustee for the Funds and in respect of repurchase; the Trustee’s responsibility is discharged once it has paid the repurchase amount to the PRS Provider.

### Trustee’s Disclosure of Material Litigation

As at LPD, neither the Trustee nor its delegate is (a) engaged in any material litigation and arbitration, including those pending or threatened, nor (b) aware of any facts likely to give rise to any proceedings which might materially affect the business/financial position of the Trustee and any of its delegate.

### **DTMB's delegate**

The Trustee has appointed DBMB as the custodian of the assets of the Fund. DBMB is a wholly-owned subsidiary of Deutsche Bank AG. DBMB offers its clients access to a growing domestic custody network that covers over 30 markets globally and a unique combination of local expertise backed by the resources of a global bank. In its capacity as the appointed custodian, DBMB's roles encompass safekeeping of assets of the Funds; trade settlement management; corporate actions notification and processing; securities holding and cash flow reporting; and income collection and processing.

All investments are automatically registered in the name of, or to the order, of the Funds. DBMB shall act only in accordance with instructions from the Trustee.

### **Disclosure on related-party transactions/conflict of interests**

As the Trustee for the Scheme, there may be related party transactions involving or in connection with the Funds in the following events:

- (1) Where the Funds invest in the products offered by Deutsche Bank AG and any of its group companies (e.g. money market placement, etc.);
- (2) Where the Funds have obtained financing from Deutsche Bank AG and any of its group companies, as permitted under the Securities Commission's guidelines and other applicable laws; and
- (3) Where DTMB has delegated its custodian functions for the Funds to DBMB.

DTMB will rely on the PRS Provider to ensure that any related party transactions, dealings, investments and appointments are on terms which are the best that are reasonably available for or to the Funds and are on an arm's length basis as if between independent parties.

While DTMB has internal policies intended to prevent or manage conflicts of interests, no assurance is given that their application will necessarily prevent or mitigate conflicts of interests. DTMB's commitment to act in the best interests of the Members of the Funds does not preclude the possibility of related party transactions or conflicts.

## 12. SALIENT TERMS OF DEED

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

You will be recognised as a registered Member in the Fund on the Business Day your details are entered onto the register of Members.

### 12.1. RIGHTS, LIABILITIES AND LIMITATIONS OF MEMBERS

#### 12.1.1. Rights

As a Member, you have the right, among others, to:

- inspect the register, free of charge, at any time at the registered office of the PRS Provider, and obtain such information pertaining to its Units as permitted under the Deeds and the SC Guidelines;
- receive the distribution of the Fund (if any), participate in any increase in the capital value of the Units and to other rights and privileges as set out in the Funds' Deeds;
- call for meetings of Members in the manner specified in the Deed;
- vote for the removal of the Scheme Trustee through a Special Resolution;
- receive annual reports, interim reports or any other reports of the Funds; and
- exercise cooling-off for qualified Members.

Members' rights may be varied by changes to the relevant Deeds, the SC Guidelines or judicial decisions or interpretation.

#### 12.1.2. Liabilities

- (i) Your liability is limited to the application price 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 Trustee or ours in respect of the Funds.
- (ii) Our recourse and the recourse of the Trustee and any creditor is limited to the assets of the Funds.

#### 12.1.3. Limitations

You cannot:

- (i) interfere with any of our rights or powers and/or the rights or powers of the Trustee 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.

*For full details of the rights of a registered Member of the Funds, please refer to the Deed.*

### 12.2. MAXIMUM FEES AND CHARGES PERMITTED BY THE DEED

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

	Charges		
	Sales Charge % / RM	Redemption Charge % / RM	Switching Fee % / RM
<b>Class A</b>			
Principal Islamic PRS Plus Conservative	Up to 7% of 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 Disclosure Document.
Principal Islamic PRS Plus Moderate	Up to 7% of 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 Disclosure Document.
Principal Islamic PRS Plus Growth	Up to 7% of 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 Disclosure Document.

	Charges		
	Sales Charge % / RM	Redemption Charge % / RM	Switching Fee % / RM
Principal Islamic PRS Plus Equity	Up to 7% of 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 Disclosure Document.
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	Up to 7% of 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 Disclosure Document.
<b>Class C</b>			
Principal Islamic PRS Plus Conservative	Up to 7% of 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 Disclosure Document.
Principal Islamic PRS Plus Moderate	Up to 7% of 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 Disclosure Document.
Principal Islamic PRS Plus Growth	Up to 7% of 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 Disclosure Document.
Principal Islamic PRS Plus Equity	Up to 7% of 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 Disclosure Document.
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	Up to 7% of 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 Disclosure Document.
<b>Class X</b>			
Principal Islamic PRS Plus Conservative	Up to 7% of 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 Disclosure Document.
Principal Islamic PRS Plus Moderate	Up to 7% of 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 Disclosure Document.
Principal Islamic PRS Plus Growth	Up to 7% of 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 Disclosure Document.
Principal Islamic PRS Plus Equity	Up to 7% of 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 Disclosure Document.
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	Up to 7% of 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 Disclosure Document.

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

	Fees	
	Management Fee % / RM	Trustee Fee % / RM
<b>Class A</b>		
Principal Islamic PRS Plus Conservative	Up to 3% per annum on the NAV	Up to 0.04% per annum, calculated daily on the NAV (including local custodian fee and charges but excluding foreign sub-custodian fees and charges)
Principal Islamic PRS Plus Moderate	Up to 3% per annum on the NAV	Up to 0.04% per annum, calculated daily on the NAV (including local custodian fee and charges but excluding foreign sub-custodian fees and charges)
Principal Islamic PRS Plus Growth	Up to 3% per annum on the NAV	Up to 0.04% per annum, calculated daily on the NAV (including local custodian fee and charges but excluding foreign sub-custodian fees and charges)
Principal Islamic PRS Plus Equity	Up to 3% per annum on the NAV	Up to 0.04% per annum, calculated daily on the NAV (including local custodian fee and charges but excluding foreign sub-custodian fees and charges)
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	Up to 3% per annum on the NAV	Up to 0.04% per annum, calculated daily on the NAV (including local custodian fee and charges but excluding foreign sub-custodian fees and charges)
<b>Class C</b>		
Principal Islamic PRS Plus Conservative	Up to 3% per annum on the NAV	Up to 0.04% per annum, calculated daily on the NAV (including local custodian fee and charges but excluding foreign sub-custodian fees and charges)
Principal Islamic PRS Plus Moderate	Up to 3% per annum on the NAV	Up to 0.04% per annum, calculated daily on the NAV (including local custodian fee and charges but excluding foreign sub-custodian fees and charges)
Principal Islamic PRS Plus Growth	Up to 3% per annum on the NAV	Up to 0.04% per annum, calculated daily on the NAV (including local custodian fee and charges but excluding foreign sub-custodian fees and charges)
Principal Islamic PRS Plus Equity	Up to 3% per annum on the NAV	Up to 0.04% per annum, calculated daily on the NAV (including local custodian fee and charges but excluding foreign sub-custodian fees and charges)
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	Up to 3% per annum on the NAV	Up to 0.04% per annum, calculated daily on the NAV (including local custodian fee and charges but excluding foreign sub-custodian fees and charges)
<b>Class X</b>		
Principal Islamic PRS Plus Conservative	Up to 3% per annum on the NAV	Up to 0.04% per annum, calculated daily on the NAV (including local custodian fee and charges but excluding foreign sub-custodian fees and charges)
Principal Islamic PRS Plus Moderate	Up to 3% per annum on the NAV	Up to 0.04% per annum, calculated daily on the NAV (including local custodian fee and charges but excluding foreign sub-custodian fees and charges)
Principal Islamic PRS Plus Growth	Up to 3% per annum on the NAV	Up to 0.04% per annum, calculated daily on the NAV (including local custodian fee and charges but excluding foreign sub-custodian fees and charges)
Principal Islamic PRS Plus Equity	Up to 3% per annum on the NAV	Up to 0.04% per annum, calculated daily on the NAV (including local custodian fee and charges but excluding foreign sub-custodian fees and charges)
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity	Up to 3% per annum on the NAV	Up to 0.04% per annum, calculated daily on the NAV (including local custodian fee and charges but excluding foreign sub-custodian fees and charges)

A lower fee and/or charges than what is stated in the Deed may be charged, all current fees and/or charges are disclosed in this Disclosure Document.

Any increase of the fees and/or charges above that stated in the Disclosure Document may be made provided that we have notified the Trustee and the SC in writing of the higher charge and the effective date of the charge. In addition, a supplementary or replacement disclosure document is issued and the maximum stated in the Deed shall not be breached.

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

#### **12.2.1. EXPENSES PERMITTED BY THE DEED**

The Deed 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 that Fund's property, shown on the contract notes or confirmation notes or difference accounts;
- (where the foreign custodial function is delegated by the Trustee), charges/fees paid to the sub-custodian;
- tax and other duties charged on that Fund by the government and other authorities if any and bank fees;
- the fees and other expenses properly incurred by the auditor;
- 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 that Fund, unless we decides to bear the same;
- fees for valuation of any investment of that Fund by independent valuers for the benefit of that Fund under the Scheme;
- costs incurred for the modification of the Deed other than those for our benefit or the Trustee's;
- costs incurred for any meeting of Members other than those convened by, or for our benefit or the Trustee's;
- 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 Trustee 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 that Fund;
- winding-up of that Fund or Class and the retirement or removal of the Trustee or PRS Provider and the appointment of a new trustee or PRS provider;
- any proceedings, arbitration or other dispute concerning that Fund, Class or any asset, including proceedings against the Trustee or us or by either of them for the benefit of that Fund or Class (except to the extent that legal costs incurred for the defense of either of them are not ordered by the court to be reimbursed out of that Fund);
- costs of obtaining experts opinion by the Trustee and us for the benefit of the Fund or Class; and
- the costs of printing and dispatching to members the accounts of the Funds, tax certificates, distribution warrants, notices of meeting of members, newspaper advertisement and such other similar costs as may be approved by the Trustee.

We and the Trustee are required to ensure that any fees or charges payable are reasonable and in accordance with the Deed which stipulate the maximum rate in percentage terms that can be charged.

### **12.3. RETIREMENT, REMOVAL AND REPLACEMENT OF THE PRS PROVIDER**

We must retire as the PRS provider of the Scheme when required to retire by law. We may retire by giving twelve (12) months' notice to the Trustee or any shorter notice the Trustee accepts provided always that any such retirement shall not be effective or valid if the SC has decided under the CMSA not to withdraw the approval of us as a PRS provider of the Scheme.

The Trustee shall take all necessary steps to replace us, if:

- (i) we go into liquidation (except for the purpose of amalgamation or reconstruction or some similar purpose) or if a receiver or judicial manager is appointed in respect of any of their assets or if any encumbrancer shall take possession of any of their assets; or
- (ii) unless expressly directed otherwise by the SC, if we have ceased to be eligible to be a PRS provider under the Act; or
- (iii) unless expressly directed otherwise by the SC, if the Trustee is of the opinion that we have, to the prejudice of the Members, failed to comply with any provision or covenant herein or contravened any of the provisions of the Act; or
- (iv) if we have failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of the Members to do so, after the Trustee has given reasonable notice to us of that opinion and the reasons for that opinion, and has considered any representations made by the us in respect of that opinion, and after consultation with the SC.

In any of the cases aforesaid all such replacement shall be subject to the prior approval of the SC and we shall upon notice by the SC cease to be the PRS provider of the Scheme.

On our retirement or replacement, the Trustee shall by writing under its seal appoint some other corporation already approved by the SC to be the PRS provider for the Scheme to act upon and subject to such corporation entering into such deed or deeds as the Trustee may be advised to be necessary or desirable to be entered into by such corporation in order to secure the due performance of its duties as a PRS provider and be bound by the provisions herein which deed shall provide that the new PRS provider to be appointed thereunder shall purchase from the retiring PRS Provider all Units held by us of which they are the Member or deemed to be the Member at the redemption price referred to in the Deed.



## 12.4. RETIREMENT, REMOVAL AND REPLACEMENT OF THE TRUSTEE

The Trustee shall retire as trustee of the Scheme when required to retire by law. The Trustee may retire by giving twelve (12) months' or any shorter notice to us and the Trustee shall agree which shall in any event not be less than three (3) months provided always that the Trustee shall and hereby undertakes that it shall act as Trustee of the Scheme until a new/replacement trustee for the Scheme is appointed and has taken office as the Scheme's trustee.

We shall take the necessary steps to call a meeting of Members of the Scheme to remove the Trustee where we becomes aware that:

- (i) the Trustee ceased to exist or carry on business;
- (ii) the Trustee has not been validly appointed;
- (iii) the Trustee ceases to be approved by the SC to be a trustee for PRS;
- (iv) the Trustee is not or has ceased to be eligible to be appointed or to act as trustee under the law for the time being applicable;
- (v) the Trustee has failed or refused to act as trustee in accordance with the provisions and covenants of this Deed or the CMSA or the SC Guidelines;
- (vi) the Trustee shall go into liquidation or if a receiver is appointed over the whole or substantial part of the assets or undertaking of the Trustee and has not ceased to act under that appointment or a petition has been presented for the winding up of the Trustee (other than for the purpose of and followed by an amalgamation or reconstruction, unless during or following such amalgamation or reconstruction the Trustee becomes or is declared insolvent); or
- (vii) the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 1965 or any securities law.

At any such Members' meeting to remove the Trustee, a Special Resolution of the Members of the Scheme voting at the meeting duly convened in accordance with the Deed is required to remove the Trustee.

## 12.5. TERMINATION OF THE SCHEME AND/OR FUNDS

Prior approval of the SC is required before the Scheme may be terminated. A Fund under a Scheme may be terminated or wound-up upon the occurrence of any of the following events:-

- (a) the SC's approval for the PRS is withdrawn under sub-sections 139X(1) or 139X(2) of the CMSA;
- (b) The SC's authorization for the Fund is revoked under Clause 7.10 of the SC Guidelines;
- (c) A Special Resolution is passed at a members' meeting to wind up the Non-Core Fund;
- (d) The Fund has reached its maturity date as specified in the deed; and
- (e) The effective date of an approved transfer scheme has resulted in the Non-Core Fund, which is the subject of the transfer scheme, being left with no asset or property.

A Class may be wound-up if a Special Resolution is passed at a Members' meeting of that Class to wind-up that Class provided always that such winding-up of that Class does not materially prejudice the interest of any other Class, and in respect of a Core Fund would not result in the winding-up of that Core Fund.

## 12.6. MEETINGS OF MEMBERS

A Members' meeting may be called by us, the Trustee and/or Members. Any such meeting must be convened in accordance with the Deed and/or the SC Guidelines.

Voting is by a show of hands, unless a poll is duly demanded or the resolution proposed is required by this Deed or by law to be decided by a percentage of all Units. At any meeting of Members of the Class, Fund or the Scheme, as the case may be, save and except for a resolution for the termination or winding-up of the Non-Core Fund or a Class to a Fund, as the case may be, each Member present in person or by proxy has one vote on a show of hands, regardless of its NAV per Unit. On a poll save and except for a resolution for the termination or winding-up of the Non-Core Fund or a Class to a Fund, as the case may be, each Member of the Class, Fund or the Scheme, as the case may be, present in person or by proxy has one vote for each whole fully paid Unit held regardless of its NAV per Unit.

The quorum for a meeting of Members of a Class, Fund or the Scheme, as the case may be, is five (5) Members of that Class, Fund or the Scheme, as the case may be, 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) Members of the Class, Fund or the Scheme, as the case may be, whether present in person or by proxy, holding in aggregate at least twenty five per centum (25%) of the Units in issue for that Class, Fund or the Scheme, as the case may be, at the time of the meeting. If the Class, Fund or the Scheme, as the case may be, has five (5) or less Members, the quorum required shall be two (2) Members of that Class, Fund or the Scheme, as the case may be, whether present or by proxy and if the meeting requires a Special Resolution the quorum for that meeting shall be two (2) Members of the Class, Fund or the Scheme, as the case may be, whether present in person or by proxy, holding in aggregate at least twenty five per centum (25%) of the Units in issue for that Class, Fund or the Scheme, as the case may be, at the time of the meeting.

## **12.7. CIRCUMSTANCES WHERE MEMBERS MAY SWITCH FUNDS WITHIN THE SCHEME AND TRANSFER UNITS OF FUNDS TO ANOTHER PRS PROVIDER**

Members have the option to switch into any of the Funds under the Scheme or funds under Principal PRS Plus. Switching is limited to once a month only regardless of whether it is switching of funds under the same PRS or switching between funds of different PRS managed by Principal Malaysia and switching is not allowed between the classes within the Funds.

Switching will be conducted based on the value of your investment in a Fund. The minimum amount for a switch must be equivalent to the minimum withdrawal amount applicable to a fund or such other amount as we may from time to time decide. Please note that the minimum amount for a switch must also meet the minimum initial contribution amount or the minimum subsequent contribution amount (as the case may be) applicable to the fund to be switched into.

Prior to a Member reaching the retirement age, the accrued benefits amount from one or multiple funds under the scheme(s) managed by that PRS provider shall be transferred at the request of a member once every calendar year to another PRS provider provided the individual has been a member of that Scheme (whether via member contribution or employer contribution) for at least one (1) year and all the accrued benefits to be transferred from a particular fund must be transferred to one (1) other fund. This also applies if the Member transfers from any funds under schemes of another PRS providers.

# 13. TAXATION REPORT

## **PricewaterhouseCoopers Taxation Services Sdn Bhd**

Level 10, 1 Sentral  
Jalan Travers  
Kuala Lumpur Sentral  
P.O.Box 10192  
50706 Kuala Lumpur

## **The Board of Directors**

Principal Asset Management Berhad  
(formerly known as CIMB-Principal Asset Management Berhad)  
10th Floor Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur

31 January 2020

Dear Sirs,

## **TAXATION OF THE FUNDS OFFERED UNDER PRINCIPAL ISLAMIC PRS PLUS (FORMERLY KNOWN AS CIMB ISLAMIC PRS PLUS) AND MEMBERS**

This letter has been prepared for inclusion in the Second Replacement Disclosure Document in connection with the offer of units in the Principal Islamic PRS Plus (formerly known as CIMB Islamic Principal PRS Plus) (“the PRS”) which is listed in the Appendix (“the Funds”).

The taxation of income for the Funds, members and employers are subject to the provisions of the Malaysian Income Tax Act 1967 (“the Act”).

### **(A) TAXATION OF THE FUNDS**

The Funds will be regarded as resident for Malaysian tax purposes since the trustee of the Scheme is resident in Malaysia.

#### **(i) Domestic and Foreign Investments**

On the basis that the Funds are private retirement scheme approved by the Securities Commission (“SC”), the income of the Funds accruing in Malaysia or from overseas investments are exempt from tax.

“Private Retirement Scheme” is defined as a retirement scheme approved by the SC in accordance with the Capital Markets and Services Act 2007.

“Approved scheme” is defined to include the Employees Provident Fund, private retirement scheme or any pension or provident fund, scheme or society approved by the Director General under Section 150 of the Act. Approved scheme is exempted from tax under Paragraph 20, Schedule 6 of the Act.

#### **(ii) Malaysian Dividends and other exempt income**

Malaysian dividends paid by companies are single-tier exempt dividends and would not be taxable in the hands of the recipient. Dividends received from companies that are under the single-tier system would be exempted from tax and the expenses incurred on such dividends would be disregarded. There will not be any tax refunds available for single-tier dividends received.

Interest income or profit<sup>1</sup> or discount income derived from the following investments is exempt from tax:

- a) Securities or bonds issued or guaranteed by the Government of Malaysia;
- b) Debentures or sukuk, other than convertible loan stocks, approved or authorized by, or lodged with, the Securities Commission Malaysia; and
- c) Bon Simpanan Malaysia issued by Bank Negara Malaysia.

As such, provided the investment in structured products is seen to be “debentures” under Capital Markets and Services Act 2007, the income received will be exempted.

Interest income or profit<sup>1</sup> derived from the following investments is exempt from tax:

- a) Interest or profit<sup>1</sup> paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 or Islamic Financial Services Act 2013;
- b) Interest or profit<sup>1</sup> paid or credited by any development financial institution regulated under the Development Financial Institutions Act 2002;
- c) Bonds, other than convertible loan stocks, paid or credited by any company listed in Bursa Malaysia Securities Berhad ACE Market; and
- d) Interest or profit<sup>1</sup> paid or credited by Malaysia Building Society Berhad<sup>2</sup>.

In any case, since the retirement fund is exempted under Paragraph 20, Schedule 6 of the Act, all income will be tax exempted.

The interest income or profit<sup>1</sup> or discount income exempted from tax at the Funds level will also be exempted from tax upon distribution to the unit holders.

## **(B) MEMBERS**

### **(i) Tax relief**

Individual members who are Malaysian tax residents who has:-

- a) paid any premium of deferred annuity; or
- b) made or suffered the making of a contribution to a private retirement scheme<sup>1</sup>,

shall be allowed a tax deduction of the aggregate amount of the payments up to RM3,000 for a year of assessment.

This will mean that contributions to the Funds will enjoy this tax relief up to RM3,000.

### **(ii) Withdrawal of contributions**

The withdrawals of contributions from PRS by an individual before the age of 55 (other than by reason of permanent total disablement, serious disease, mental disability, death, permanently leaving Malaysia, healthcare or housing<sup>3</sup>) will be subject to withholding tax of 8% on every ringgit of that contribution withdrawn. The withholding tax is to be deducted by the PRS providers and remitted to the Malaysian Inland Revenue Board (“IRB”) within one month after the withdrawn contribution is credited to the member’s account. Where the PRS providers fail to remit the withholding tax to the IRB by the due date, a 10% penalty on the unpaid amount will be imposed on the PRS providers.

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<sup>1</sup> Section 2(7) of the Income Tax Act 1967, 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 Shariah.

<sup>2</sup> Pursuant to the letters from Ministry of Finance Malaysia dated 11 June 2015 and 16 June 2015 with effect from year of assessment (“YA”) 2015.

<sup>3</sup> Pursuant to Finance Act 2019 (Act 823), with effect from 1 January 2020.

**(C) EMPLOYERS**

**(i) Deductibility of contribution made**

Employers are entitled to claim a tax deduction on contributions made to approved schemes up to 19% of the employees' remuneration. This will mean that contributions made by an employer for the employee to the Funds will be tax deductible so long as the total contributions to the Funds, Employee Provident Fund and other approved schemes do not exceed 19% of employees' remuneration.

We hereby confirm that the statements made in this report correctly reflect our understanding of the tax position under current Malaysian tax legislation. Our comments above are general in nature and cover taxation in the context of Malaysian tax legislation only and do not cover foreign tax legislation. The comments do not represent specific tax advice to any investors and we recommend that investors obtain independent advice on the tax issues associated with their investments in the Funds.

Yours faithfully,

for and on behalf of

**PRICEWATERHOUSECOOPERS TAXATION SERVICES SDN BHD**

Jennifer Chang

Partner

PricewaterhouseCoopers Taxation Services Sdn Bhd have given their written consent to the inclusion of their report as taxation adviser in the form and context in which it appears in the Second Replacement Disclosure Document and have not, before the date of issue of the Second Replacement Disclosure Document, withdrawn such consent.

**Appendix**

The Scheme consists of the following 5 Funds:-

**Core Funds**

Principal Islamic PRS Plus Conservative  
Principal Islamic PRS Plus Moderate  
Principal Islamic PRS Plus Growth

**Formerly known as**

CIMB Islamic PRS Plus Conservative  
CIMB Islamic PRS Plus Moderate  
CIMB Islamic PRS Plus Growth

**Non-Core Funds**

Principal Islamic PRS Plus Equity  
Principal Islamic PRS Plus Asia Pacific Ex Japan Equity

CIMB Islamic PRS Plus Equity  
CIMB Islamic PRS Plus Asia Pacific Ex Japan Equity

# 14. DISTRIBUTORS OF THE SCHEME

As at LPD, the Scheme is available from the following Distributors and their branches:

## 14.1 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

### Ipoh Branch

30 Ground Floor  
Persiaran Greentown 1  
Greentown Business Centre  
30450 Ipoh  
Perak MALAYSIA  
Tel: (605) 243 9001/9002

### 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

## 14.2 INSTITUTIONAL PRS ADVISERS

### CIMB Bank Berhad

Menara Bumiputra Commerce,  
No. 11, Jalan Raja Laut,  
50350 Kuala Lumpur  
Tel: 03 2635 6001

### Harveston Wealth Management Sdn Bhd

D-9-02, Capital 4, Oasis Square,  
No.2, Jalan PJU 1A/7A,  
Ara Damansara,  
47301, Petaling Jaya,  
Selangor  
Tel: 016-262 1956

### Citibank Berhad

Level 45, Menara Citibank,  
165 Jalan Ampang,  
50450 Kuala Lumpur.  
Tel: 03-2383 0000

### iFAST Capital Sdn Bhd

Level 28, Menara AIA Sentral,  
No. 30, Jalan Sultan Ismail,  
50250 Kuala Lumpur, Malaysia.  
Tel: (603) 2149 0567  
Website: <https://www.ifastcapital.com.my>  
<https://www.fundsupermart.com.my>

**Kenanga Investment Bank Berhad**

8<sup>th</sup> Floor, Kenanga International,  
Jalan Sultan Ismail,  
50250, Kuala Lumpur  
Tel: 03 2172 3000

**Phillip Mutual Bhd**

B -2 -7 Megan Avenue II  
23 Jln Yap Kwan Seng  
50450 Kuala Lumpur  
Tel: 03-2783 0300  
Website: [www.poems.com.my](http://www.poems.com.my)

**Standard Financial Adviser Sdn Bhd**

B-8-3a, Block B West,  
Menara PJ8, No. 23 Jalan Barat,  
46050, Petaling Jaya  
Selangor  
Tel: 03-7954 5486

**VKA Wealth Planners Sdn Bhd**

E-7-27, IOI Boulevard, Jalan Kenari 5,  
Bandar Puchong Jaya,  
47170 Puchong  
Selangor  
Tel: +603 8071 1661  
Website: [www.vka.com.my](http://www.vka.com.my)

**Whitman Independent Advisor Sdn Bhd**

No. 19-2, Level 1, Block E1,  
Jalan PJU 1/42, Dataran Prima,  
47301, Petaling Jaya,  
Selangor  
Tel: 03-7880 8359

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

**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)**