

THIS IS A FIRST SUPPLEMENTAL DISCLOSURE DOCUMENT WHICH HAS TO BE READ IN CONJUNCTION WITH THE DISCLOSURE DOCUMENT FOR PRINCIPAL PRS PLUS

This is a Private Retirement Scheme

## FIRST SUPPLEMENTAL DISCLOSURE DOCUMENT FOR PRINCIPAL PRS PLUS

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

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

This First Supplemental Disclosure Document is dated 30 August 2023 and is to be read in conjunction with the Fourth Replacement Disclosure Document dated 23 September 2022 for the Principal PRS Plus ("Scheme") which incorporates the following Funds namely:

### Core Funds

Principal RetireEasy 2060	23 September 2022
Principal RetireEasy 2050	23 September 2022
Principal RetireEasy 2040	23 September 2022
Principal RetireEasy 2030	23 September 2022
Principal RetireEasy Income	20 April 2022

### Launch Date

### Non-Core Funds

Principal PRS Plus Conservative	12 November 2012
Principal PRS Plus Moderate	12 November 2012
Principal PRS Plus Growth	12 November 2012
Principal PRS Plus Equity	12 November 2012
Principal PRS Plus Asia Pacific Ex Japan Equity	12 November 2012

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.**

*\* 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.*

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**RESPONSIBILITY STATEMENTS**

This First Supplemental 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 First Supplemental 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 First Supplemental Disclosure Document has been registered with the Securities Commission Malaysia.

The approval and authorization, as well as the registration of this First Supplemental 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 First Supplemental Disclosure Document.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of PRS Provider who is responsible for the Scheme and Funds under the Scheme, and takes no responsibility for the contents in this First Supplemental Disclosure Document. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this First Supplemental 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 First Supplemental Disclosure Document is directly available through section 92A(3) of the *Capital Markets and Services Act 2007*.

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**1.0 GENERAL**

- 1.1 This First Supplemental Disclosure Document is issued to reflect the amendments made to Disclosure Document as stated under paragraph 2 to 9 below.
- 1.2 All terms used in this First Supplemental Disclosure Document shall have the same meanings as those defined in the Definitions Chapter of the Disclosure Document unless where the context otherwise requires.
- 1.3 All information provided herein is practicable as at 31 July 2023 and shall remain current and relevant as at such date.

**2.0 CORPORATE DIRECTORY**

- 2.1 The information on **Investment Committee** at page 7 has been removed.

**3.0 SCHEME AND FUND INFORMATION**

- 3.1 The following information on *Minimum Contribution* under section 1.4 of “**Transaction Information**” at page 24 has been replaced and read as below:

Funds	Min initial contribution (RM)	Min subsequent contribution (RM)	Regular Savings Plan (RSP)	
			Min initial contribution (RM)	Min subsequent contribution (RM)
RE60	<b>Class A</b> : 100 <b>Class C</b> : 100 <b>Class X</b> : 100	<b>Class A</b> : 50 <b>Class C</b> : 50 <b>Class X</b> : 50	<b>Class A</b> : 100 <b>Class C</b> : 100 <b>Class X</b> : 100	<b>Class A</b> : 50 <b>Class C</b> : 50 <b>Class X</b> : 50
RE50				
RE40				
RE30				
REI				
PRS-C				
PRS-M				
PRS-G				
PRS-E				
PRS-AP				

**Note:**

- 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.
- 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.

- 3.2 The following information under section 1.5.1 of “**Deed**” at page 25 has been replaced and read as below:

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, Third Supplemental Deed dated 3 February 2020, Fourth Supplemental Deed dated 17 December 2021, Fifth Supplemental Deed dated 12 July 2022 and Sixth Supplemental Deed dated 14 June 2023.

- 3.3 The following information on *Federation of Investment Managers Malaysia’s Complaints Bureau* under section 1.5.2 of “**Avenues for advice available to prospective Members or lodge a complaint**” at page 26 has been replaced and read as below:

Federation of Investment Managers Malaysia’s Complaints Bureau:

- via phone to : 03-7890 4242
- via e-mail to : [complaints@fimm.com.my](mailto:complaints@fimm.com.my)
- via online complaint form available at [www.fimm.com.my](http://www.fimm.com.my)
- via letter to : Legal, Secretarial & Regulatory Affairs  
Federation of Investment Managers Malaysia  
9-06-1, 6<sup>th</sup> Floor, Wisma Tune  
No. 19, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur

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## 4.0 FUNDS' DETAILED INFORMATION

4.1 The following paragraph on the *Investment policy and strategy* under section 4.1.1 of “Principal RetireEasy 2060” at page 37 has been added after the fifth paragraph and read as below:

The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:

- Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level.
- Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Members' withdrawal requests.
- The PRS Provider may request the Trustee to suspend withdrawal requests due to exceptional circumstances where the market value or fair value of a material portion of the Funds' assets cannot be determined (i.e. due to the closure of a securities exchange or trading restrictions on a securities exchange; an emergency or other state of affairs; the declaration of a moratorium in a country where that Fund has assets; for the purpose of conversion of any currency, a closure or restrictions on trading in the relevant foreign exchange market; or the realisation of the assets not being able to be effected at prices which would be realised if assets were realised in an orderly fashion over a reasonable period in a stable market). During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. In such case, a Member will not be able to redeem the units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Members' investments will continue to be subjected to the risks inherent to the Fund (Please refer to the “Risk Factors” section in the Disclosure Document). The action to suspend withdrawal requests from Members may be exercised by the Trustee on its own accord in accordance with the GPRS where there are good and sufficient reason to do so, after having considered the interest of Members.

4.2 The following paragraph on the *Investment policy and strategy* under section 4.1.2 of “Principal RetireEasy 2050” at page 39 has been added after the fifth paragraph and read as below:

The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:

- Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level.
- Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Members' withdrawal requests.
- The PRS Provider may request the Trustee to suspend withdrawal requests due to exceptional circumstances where the market value or fair value of a material portion of the Funds' assets cannot be determined (i.e. due to the closure of a securities exchange or trading restrictions on a securities exchange; an emergency or other state of affairs; the declaration of a moratorium in a country where that Fund has assets; for the purpose of conversion of any currency, a closure or restrictions on trading in the relevant foreign exchange market; or the realisation of the assets not being able to be effected at prices which would be realised if assets were realised in an orderly fashion over a reasonable period in a stable market). During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. In such case, a Member will not be able to redeem the units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Members' investments will continue to be subjected to the risks inherent to the Fund (Please refer to the “Risk Factors” section in the Disclosure Document). The action to suspend withdrawal requests from Members may be exercised by the Trustee on its own accord in accordance with the GPRS where there are good and sufficient reason to do so, after having considered the interest of Members.

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- 4.3 The following paragraph on the *Investment policy and strategy* under section 4.1.3 of “**Principal RetireEasy 2040**” at page 41 has been added after the fifth paragraph and read as below:

The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:

- Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level.
- Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Members' withdrawal requests.
- The PRS Provider may request the Trustee to suspend withdrawal requests due to exceptional circumstances where the market value or fair value of a material portion of the Funds' assets cannot be determined (i.e. due to the closure of a securities exchange or trading restrictions on a securities exchange; an emergency or other state of affairs; the declaration of a moratorium in a country where that Fund has assets; for the purpose of conversion of any currency, a closure or restrictions on trading in the relevant foreign exchange market; or the realisation of the assets not being able to be effected at prices which would be realised if assets were realised in an orderly fashion over a reasonable period in a stable market). During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. In such case, a Member will not be able to redeem the units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Members' investments will continue to be subjected to the risks inherent to the Fund (Please refer to the “Risk Factors” section in the Disclosure Document). The action to suspend withdrawal requests from Members may be exercised by the Trustee on its own accord in accordance with the GPRS where there are good and sufficient reason to do so, after having considered the interest of Members.

- 4.4 The following paragraph on the *Investment policy and strategy* under section 4.1.4 of “**Principal RetireEasy 2030**” at page 43 has been added after the fifth paragraph and read as below:

The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:

- Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level.
- Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Members' withdrawal requests.
- The PRS Provider may request the Trustee to suspend withdrawal requests due to exceptional circumstances where the market value or fair value of a material portion of the Funds' assets cannot be determined (i.e. due to the closure of a securities exchange or trading restrictions on a securities exchange; an emergency or other state of affairs; the declaration of a moratorium in a country where that Fund has assets; for the purpose of conversion of any currency, a closure or restrictions on trading in the relevant foreign exchange market; or the realisation of the assets not being able to be effected at prices which would be realised if assets were realised in an orderly fashion over a reasonable period in a stable market). During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. In such case, a Member will not be able to redeem the units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Members' investments will continue to be subjected to the risks inherent to the Fund (Please refer to the “Risk Factors” section in the Disclosure Document). The action to suspend withdrawal requests from Members may be exercised by the Trustee on its own accord in accordance with the GPRS where there are good and sufficient reason to do so, after having considered the interest of Members.

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- 4.5 The following paragraph on the *Investment policy and principal investment strategy* under section 4.1.5 of “**Principal RetireEasy Income**” at page 44 has been added after the fourth paragraph and read as below:

The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:

- Regular review by the designated fund manager on the Fund’s investment portfolio to maintain healthy liquidity level.
- Periodic assessments are carried out on the Fund’s liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund’s ability to meet Members’ withdrawal requests.
- The PRS Provider may request the Trustee to suspend withdrawal requests due to exceptional circumstances where the market value or fair value of a material portion of the Funds’ assets cannot be determined (i.e. due to the closure of a securities exchange or trading restrictions on a securities exchange; an emergency or other state of affairs; the declaration of a moratorium in a country where that Fund has assets; for the purpose of conversion of any currency, a closure or restrictions on trading in the relevant foreign exchange market; or the realisation of the assets not being able to be effected at prices which would be realised if assets were realised in an orderly fashion over a reasonable period in a stable market). During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. In such case, a Member will not be able to redeem the units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Members’ investments will continue to be subjected to the risks inherent to the Fund (Please refer to the “Risk Factors” section in the Disclosure Document). The action to suspend withdrawal requests from Members may be exercised by the Trustee on its own accord in accordance with the GPRS where there are good and sufficient reason to do so, after having considered the interest of Members .

- 4.6 The following paragraph on the *Investment policy and principal investment strategy* under section 4.1.6 of “**Principal PRS Plus Conservative**” at page 45 has been added to the last paragraph and read as below:

The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:

- Regular review by the designated fund manager on the Fund’s investment portfolio to maintain healthy liquidity level.
- Periodic assessments are carried out on the Fund’s liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund’s ability to meet Members’ withdrawal requests.
- The PRS Provider may request the Trustee to suspend withdrawal requests due to exceptional circumstances where the market value or fair value of a material portion of the Funds’ assets cannot be determined (i.e. due to the closure of a securities exchange or trading restrictions on a securities exchange; an emergency or other state of affairs; the declaration of a moratorium in a country where that Fund has assets; for the purpose of conversion of any currency, a closure or restrictions on trading in the relevant foreign exchange market; or the realisation of the assets not being able to be effected at prices which would be realised if assets were realised in an orderly fashion over a reasonable period in a stable market). During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. In such case, a Member will not be able to redeem the units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Members’ investments will continue to be subjected to the risks inherent to the Fund (Please refer to the “Risk Factors” section in the Disclosure Document). The action to suspend withdrawal requests from Members may be exercised by the Trustee on its own accord in accordance with the GPRS where there are good and sufficient reason to do so, after having considered the interest of Members.

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- 4.7 The following paragraph on the *Investment policy and principal investment strategy* under section 4.1.7 of “**Principal PRS Plus Moderate**” at page 46 has been added to the last paragraph and read as below:

The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:

- Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level.
- Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Members' withdrawal requests.
- The PRS Provider may request the Trustee to suspend withdrawal requests due to exceptional circumstances where the market value or fair value of a material portion of the Funds' assets cannot be determined (i.e. due to the closure of a securities exchange or trading restrictions on a securities exchange; an emergency or other state of affairs; the declaration of a moratorium in a country where that Fund has assets; for the purpose of conversion of any currency, a closure or restrictions on trading in the relevant foreign exchange market; or the realisation of the assets not being able to be effected at prices which would be realised if assets were realised in an orderly fashion over a reasonable period in a stable market). During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. In such case, a Member will not be able to redeem the units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Members' investments will continue to be subjected to the risks inherent to the Fund (Please refer to the “Risk Factors” section in the Disclosure Document). The action to suspend withdrawal requests from Members may be exercised by the Trustee on its own accord in accordance with the GPRS where there are good and sufficient reason to do so, after having considered the interest of Members.

- 4.8 The following paragraph on the *Investment policy and principal investment strategy* under section 4.1.8 of “**Principal PRS Plus Growth**” at page 47 has been added to the last paragraph and read as below:

The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:

- Regular review by the designated fund manager on the Fund's investment portfolio to maintain healthy liquidity level.
- Periodic assessments are carried out on the Fund's liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund's ability to meet Members' withdrawal requests.
- The PRS Provider may request the Trustee to suspend withdrawal requests due to exceptional circumstances where the market value or fair value of a material portion of the Funds' assets cannot be determined (i.e. due to the closure of a securities exchange or trading restrictions on a securities exchange; an emergency or other state of affairs; the declaration of a moratorium in a country where that Fund has assets; for the purpose of conversion of any currency, a closure or restrictions on trading in the relevant foreign exchange market; or the realisation of the assets not being able to be effected at prices which would be realised if assets were realised in an orderly fashion over a reasonable period in a stable market). During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. In such case, a Member will not be able to redeem the units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Members' investments will continue to be subjected to the risks inherent to the Fund (Please refer to the “Risk Factors” section in the Disclosure Document). The action to suspend withdrawal requests from Members may be exercised by the Trustee on its own accord in accordance with the GPRS where there are good and sufficient reason to do so, after having considered the interest of Members.

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- 4.9 The following paragraph on the *investment policy and principal investment strategy* under section 4.1.9 of “**Principal PRS Plus Equity**” at page 48 has been added to the last paragraph and read as below:

The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:

- Regular review by the designated fund manager on the Fund’s investment portfolio to maintain healthy liquidity level.
- Periodic assessments are carried out on the Fund’s liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund’s ability to meet Members’ withdrawal requests.
- The PRS Provider may request the Trustee to suspend withdrawal requests due to exceptional circumstances where the market value or fair value of a material portion of the Funds’ assets cannot be determined (i.e. due to the closure of a securities exchange or trading restrictions on a securities exchange; an emergency or other state of affairs; the declaration of a moratorium in a country where that Fund has assets; for the purpose of conversion of any currency, a closure or restrictions on trading in the relevant foreign exchange market; or the realisation of the assets not being able to be effected at prices which would be realised if assets were realised in an orderly fashion over a reasonable period in a stable market). During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. In such case, a Member will not be able to redeem the units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Members’ investments will continue to be subjected to the risks inherent to the Fund (Please refer to the “Risk Factors” section in the Disclosure Document). The action to suspend withdrawal requests from Members may be exercised by the Trustee on its own accord in accordance with the GPRS where there are good and sufficient reason to do so, after having considered the interest of Members.

- 4.10 The following information on the *Investment policy and principal investment strategy* under section 4.1.10 of “**Principal PRS Plus Asia Pacific Ex Japan Equity**” at page 49 has been added after the sixth paragraph and read as below:

The Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:

- Regular review by the designated fund manager on the Fund’s investment portfolio to maintain healthy liquidity level.
- Periodic assessments are carried out on the Fund’s liquidity profile (under both normal and stress market conditions) and on the concentration of Members. These assessments allow the Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Fund’s ability to meet Members’ withdrawal requests.
- The PRS Provider may request the Trustee to suspend withdrawal requests due to exceptional circumstances (for example the suspension of redemption request by the Target Fund) where the market value or fair value of a material portion of the Target Funds’ assets cannot be determined (i.e. due to the closure of a securities exchange or trading restrictions on a securities exchange; an emergency or other state of affairs; the declaration of a moratorium in a country where that Target Fund has assets; for the purpose of conversion of any currency, a closure or restrictions on trading in the relevant foreign exchange market; or the realisation of the assets not being able to be effected at prices which would be realised if assets were realised in an orderly fashion over a reasonable period in a stable market). During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. In such case, a Member will not be able to redeem the units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Members’ investments will continue to be subjected to the risks inherent to the Fund (Please refer to the “Risk Factors” section in the Disclosure Document). The action to suspend withdrawal requests from Members may be exercised by the Trustee on its own accord in accordance with the GPRS where there are good and sufficient reason to do so, after having considered the interest of Members .



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- 4.11 The following information on the first paragraph for *Investment policy and principal investment strategy* under “**About Principal Asia Pacific Dynamic Income Fund**” at page 50 has been amended and read as below:

The Target Fund will be managed with the aim of achieving a stable and positive investment returns over the medium to long term through investments primarily in Asia Pacific ex Japan, i.e. companies that are domiciled in, listed in, and/or have significant operations in the Asia Pacific ex Japan region. For listed securities, the investment must be traded in an exchange that is a member of World Federation of Exchange (“WFE”). ‘Significant operations’ means major businesses of the company. For example, the Target Fund can invest in a company with significant business/operations in Thailand but listed on the New York Stock Exchange. The threshold for ‘significant operations’ would be where more than 25% of total group revenue is derived from countries in the Asia Pacific ex Japan region. The calculation would be based on the most recent financial reports released by the companies (e.g. interim and annual reports). The Target Fund may also invest up to 20% of its NAV in companies that are listed globally with some business/operations within the Asia Pacific ex Japan region to capture growth opportunities.

- 4.12 The following information for *Investment policy and principal investment strategy* under “**About Principal Asia Pacific Dynamic Income Fund**” at page 51 has been added after the last sentence of ninth paragraph and read as below:

The Target Fund adopts a liquidity risk management framework which sets out the governance standards, methodology and process for the oversight and management of liquidity risk. The framework outlines the responsibilities to assess and monitor liquidity risk of the Target Fund, and to ensure appropriate measures are taken to mitigate the risk. The liquidity risk management framework that we have put in place is as follows:

- Regular review by the designated fund manager on the Target Fund’s investment portfolio including its liquidity level.
- Periodic assessments are carried out on the Target Fund’s liquidity profile (under both normal and stress market conditions) and on the concentration of unitholders. These assessments allow the Target Fund to be proactively managed to mitigate liquidity concerns that may arise in the ordinary course of portfolio management as well as in relation to the Target Fund’s ability to meet unitholders’ withdrawal requests.
- Suspension of withdrawal requests due to exceptional circumstances. During the suspension period, withdrawal requests will not be accepted and in the event we have earlier accepted the withdrawal requests prior to the suspension is declared, the withdrawal requests will be dealt on the next Business Day once the suspension is lifted. The action to suspend withdrawal requests from unit holders shall be exercised only as a last resort by the Target Fund’s manager.

*Note: Please refer to Section 3.11 of the Target Fund’s prospectus for more information.*

- 4.13 The following information for the 1<sup>st</sup> bullet point for *Permitted Investments* under “**About Principal Asia Pacific Dynamic Income Fund**” at page 51 has been replaced and read as below:

- Equities and debt securities dealt in and traded in or under the rules of an Eligible Market;

- 4.14 The following information for *Investment restrictions and limits* under “**About Principal Asia Pacific Dynamic Income Fund**” at page 52 to 53 has been replaced and read as below:

The Target Fund is subject to the following investment restrictions and limits that are structured in accordance with the regulatory requirements outlined in the SC Guidelines on Unit Trust Funds (“**SC Guideline**”) and the Standards of Qualifying CIS:

- 1) Transferable securities and money market instruments held by the Target Fund must be dealt in an Eligible Market and traded in or under the rules of an Eligible Market;
- 2) The aggregate value of the Target Fund’s investment in transferable securities or money market instruments issued by a single issuer must not exceed 10% of the Target Fund’s NAV;
- 3) The value of the Target Fund’s placement in Deposits with any single investment grade financial institution must not exceed 20% of the Target Fund’s NAV;
- 4) The single financial institution limit in clause 3 does not apply to placements of Deposits arising from:
  - (a) Subscription monies received prior to the commencement of investment by the Target Fund;
  - (b) Liquidation of investments prior to the termination of the Target Fund, where the placement of Deposits with various financial institutions would not be in the best interests of unit holders;
- 5) In the case where the Target Fund invested in the following assets, the limit in clause 2 and clause 3 above is lowered to 5%:
  - (a) Deposits placed with unrated or non-investment grade financial institution;
  - (b) debt securities or money market instruments not dealt in an Eligible Market or issued by an unrated or non-investment grade issuing body; and
  - (c) unlisted equities.

Notwithstanding clause 5(b), we may rely on the rating of an unrated or non-investment grade issuer’s parent company or guarantor provided that an explicit guarantee by the parent company or the guarantor for the issuer is in place;

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- 6) The aggregate value of the Target Fund's investment in transferable securities, money market instruments, Deposits and OTC derivatives issued by or placed with (as the case may be) any single business group, must not exceed 20% of the Target Fund's NAV. For the purpose of this clause, a business group refers to a body, its subsidiaries, fellow subsidiaries, holding body, and ultimate holding body;
- 7) The Target Fund may invest up to 35% of the Target Fund's NAV in aggregate in debt securities or money market instruments issued by a single body if the issuing body or the guarantor of the debt securities or money market instruments is a government or sovereign or central bank with a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency;
- 8) The aggregate value of the Target Fund's investment in Deposits placed with unrated or non-investment grade financial institution, debt securities or money market instruments not dealt in an Eligible Market or issued by an unrated or non-investment grade issuing body, CIS that do not comply with paragraphs 6.11(a), (b) and (c) of the SC Guideline; unlisted equities and OTC derivatives with non-investment grade or unrated counterparty must not exceed 15% of the Target Fund's NAV subject to a maximum limit of 10% of the Target Fund's NAV in a single issuer or single CIS, as the case may be. For the purpose of this clause, the limit does not apply to Deposits, debt securities, money market instruments or OTC derivatives where the:
  - (a) financial institution, issuing body or counterparty is rated investment grade only with a national rating scale; and
  - (b) the jurisdiction in which the issuing body or counterparty is domiciled has a sovereign credit rating that is at least investment grade;
- 9) The value of the Target Fund's investment in units of each Qualifying CIS or non-Qualifying CIS must not exceed 10% of the Target Fund's NAV;
- 10) The value of the Target Fund's investment in units of all non-Qualifying CIS (excluding investment in units of non-Qualifying CIS that are listed for quotation and traded on an organised exchange in a Signatory Country with underlying assets of real estate and/or real estate-related) must not exceed 20% of the Target Fund's NAV;
- 11) The Target Fund's investments in CIS must not exceed 25% of the units in any one CIS. Where the Target Fund invests in units in other CIS operated by us or our related corporation, we must ensure that-
  - (a) there is no cross-holding between the Fund and the Target Fund;
  - (b) all initial charges on the Target Fund is waived; and
  - (c) the management fee must only be charged once, either at the Fund or the Target Fund;
- 12) The aggregate value of the Target Fund's borrowing for the purpose of meeting repurchase request for units and for short-term bridging requirements should not exceed 10% of the Target Fund's NAV at the time the borrowing is incurred. Credit balances of the Target Fund (e.g. cash holdings) may not be offset against borrowings when determining the percentage of borrowings outstanding. For the purpose of this clause, we should ensure that-
  - (a) the Target Fund's cash borrowing is only on a temporary basis and that borrowings are not persistent;
  - (b) the borrowing period should not exceed one month; and
  - (c) the Target Fund may only borrow from financial institutions;
- 13) The Target Fund's investments in equities or securities equivalent to equities must not exceed 10% of the equities or securities equivalent to equities issued by any single issuer;
- 14) The Target Fund's investments in debt securities must not exceed 10% of the debt securities issued by any single issuer; and
- 15) The Target Fund's investments in money market instruments must not exceed 10% of the money market instruments issued by any single issuer.
- 16) For investments in derivatives (for hedging purpose):
  - (a) the Target Fund's global exposure calculated based on the commitment approach below from derivatives position must not exceed 20% of the net assets of the Target Fund's NAV;
  - (b) the underlying assets must comprise of eligible assets, financial indices, foreign exchange rates/currencies, interest rates or a rate of inflation calculated, endorsed or determined by a government agency;
  - (c) the exposure to the underlying assets must not exceed the investment spread limits stipulated in the SC Guideline;
  - (d) the maximum exposure of the Target Fund's OTC derivative transaction with the counterparty, calculated based on the method below must not exceed 10% of the Target Fund's NAV;
  - (e) the counter-party of an OTC derivative is a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories); and
  - (f) Where the underlying instrument of a derivative is a commodity, such derivative must be settled in cash at all times.

**Calculation of exposure to counterparty of OTC derivatives will be the sum of the:**

- (a) current positive replacement cost of each OTC derivative by carrying out a valuation at market price; and
- (b) "add-on factor" by multiplying the notional principal amount or the market value of the underlying asset of the OTC derivative, whichever is more conservative, by the percentages in Table 1 to reflect the potential credit risk:

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Table 1:

Residual Term	Interest rate contracts	Exchange rate contracts	Equity derivative contracts	Other contracts
1 year or less	0%	1%	6%	10%
>1 year and <=5 years	0.5%	5%	8%	12%
>5years	1.50%	7.5%	10%	15%

For total return swaps, the relevant percentage is 10% regardless of the residual term.

**The global exposure of the Target Fund is calculated based on the following:**

Commitment approach

The global exposure of the Target Fund to derivatives is calculated as the sum of the:

- (a) absolute value of the exposure of each individual derivative not involved in netting or hedging arrangements;
- (b) absolute value of the net exposure of each individual derivative after netting or hedging arrangement; and
- (c) the values of cash collateral received pursuant to:
  - (i) the reduction of exposure to counterparties of OTC derivatives; and
  - (ii) efficient portfolio management techniques relating to securities lending (if applicable).

Netting arrangements

Netting arrangements may be taken into account to reduce the Target Fund's exposure to derivatives.

The Target Fund may net positions between:

- (a) derivatives on the same underlying constituents, even if the maturity dates are different; or
- (b) derivatives and the same corresponding underlying constituents, if those underlying constituents are transferable securities, money market instruments, or units or shares in collective investment schemes.

Hedging arrangements

Hedging arrangements may be taken into account to reduce the Target Fund's exposure to derivatives.

The marked-to-market value of transferable securities, money market instruments, or units or shares in collective investment schemes involved in hedging arrangements may be taken into account to reduce the exposure of the Target Fund to derivatives.

The hedging arrangement must:

- (a) not be aimed at generating a return;
- (b) result in an overall verifiable reduction of the risk of the Target Fund;
- (c) offset the general and specific risks linked to the underlying constituent being hedged;
- (d) relate to the same asset class being hedged; and
- (e) be able to meet its hedging objective in all market conditions.

**Note:** Subject to the investment limit (10) and (11), the Target Fund may invest into non-Qualifying CIS, provided:

- o the level of protection for Members of the non-Qualifying CIS is at least equivalent to that provided for Members in a Qualifying CIS. The non-Qualifying CIS should invest in units of other CIS from countries that either:
  - (i) have been assessed by World Bank/ International Monetary Fund at least "broadly implemented" on the principles relevant to CIS; or
  - (ii) does not comply with a)(i) but the Home Regulator of the Qualifying CIS is satisfied with the relevant reason/ explanation on the weak points and how equivalence of protection can still be achieved;
- o semi-annual and annual reports are published by the non-Qualifying CIS; and
- o the investment policy of the non-Qualifying CIS is such that the:
  - invested assets are similar to the types and categories that a Qualifying CIS may invest in and the non-Qualifying CIS is subject to investment limits that are in line with those applicable to a Qualifying CIS; or
  - invested assets are real estate and/or real estate-related, provided that the units of the non-Qualifying CIS are listed for quotation and traded on an organised exchange in a Signatory Country.

In respect of the above investment restrictions and limits, we must notify the SC, within three (3) Business Days, of any breach of investment limits and restrictions with the steps taken to rectify and prevent such breach from recurring. However, the SC Guideline provides that any breach of the restrictions and limits due to appreciation or depreciation in value of the Target Fund's investments, repurchase of units or payment made out of the Target Fund, change in capital of a corporation in which the Target Fund has invested in, or downgrade in or cessation of a credit rating need not be reported to the SC but we must rectify as soon as practicable within three (3) months from the date of breach unless stated otherwise in the SC Guideline. However, the three-month period may be extended if it is in the best interest of unit holders and Trustee's consent is obtained. Such extension must be subject to at least a monthly review by the trustee.

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4.15 The following information under section 4.2 of “Permitted Investments” at page 54 has been replaced and read as below:

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

- Equities and debt securities/fixed income instruments traded in or under the rules of an Eligible Market.
- Warrants that carry the right in respect of a security traded in or under the rules of an Eligible Market.
- Unlisted securities 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.
- Deposits and money market instruments.
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps, for hedging purposes.
- All types of CIS.
- Structured products.
- Securities listed or traded on foreign markets, where the regulatory authority must be under an Eligible Market;
- RM-denominated foreign debt securities/fixed income instruments.
- Any other form of investments as may be permitted by the SC from time to time that is in line with the Fund’s objectives.

### NON-CORE FUNDS

#### PRS-C, PRS-M, PRS-G & PRS E

- Equities and debt securities/fixed income instruments traded in or under the rules of an Eligible Market.
- Warrants that carry the right in respect of a security traded in or under the rules of an Eligible Market<sup>Note 1</sup>.
- Unlisted securities 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.
- Deposits and money market instruments.
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps, for hedging purposes.
- All types of CIS.
- Structured products<sup>Note 2</sup>.
- Securities listed or traded on foreign markets, where the regulatory authority must be under an Eligible Market<sup>Note 3</sup>.
- RM-denominated foreign debt securities/fixed income instruments.
- Any other form of investments as may be permitted by the SC from time to time that is in line with the Fund’s objectives.

**Note 1:** Does not apply to PRS-C except as a result of the Fund’s holdings in equities.

**Note 2:** Does not apply to PRS-C.

**Note 3:** Does not apply to PRS-E.

#### PRS-AP

- One (1) 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.
- Deposits and money market instruments.
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps, for hedging purposes.
- Any other form of investments as may be permitted by the SC from time to time that is in line with the Fund’s objectives.

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

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4.16 The following information under section 4.3 of “Investment Restrictions and Limits” at pages 54 to 55 have been replaced and read as below:

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

**CORE FUNDS & NON-CORE FUNDS\***

**Exposure limit**

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

- (1) the aggregate value of the Fund's investment in
  - a) Transferable securities that are not traded or dealt in or under the rules of an Eligible Market;
  - b) CIS that do not comply with 6(a), (b) and (c); and
  - c) other securities,must not exceed 15% of the Fund's NAV, subject to a maximum limit of 10% of the Fund's NAV in a single issuer or single CIS, as the case may be.

**Investment spread limits**

- (2) the value of the Fund's investment in ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- (3) the value of the Fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV (“single issuer limit”). In determining the single issuer limit, the value of the Fund's investments in instruments in (1) issued by the same issuer must be included in the calculation<sup>Note 1</sup>;
- (4) the value of the Fund's placement in Deposits with any single financial institution must not exceed 20% of the Fund's NAV;
- (5) the aggregate value of the Fund's investments in transferable securities, money market instruments, Deposits, underlying assets of derivatives and counterparty exposure arising from the use of OTC derivatives must not exceed 25% of the Fund's NAV (“single issuer aggregate limit”). In determining the single issuer aggregate limit, the value of the Fund's investments in (1) issued by the same issuer must be included in the calculation<sup>Note 1</sup>;
- (6) the value of the Fund's investment in units/shares of any CIS must not exceed 20% of the Fund's NAV, provided that the CIS complies with the following conditions:
  - (a) A CIS authorised or recognised by the SC; or
  - (b) A CIS that meets the following criteria:
    - (i) The CIS is constituted and regulated in a jurisdiction where the laws and practices provide the level of investor protection that is at least equivalent to that offered in Malaysia;
    - (ii) The rules on investments, borrowing and lending are substantially similar to the requirements in these Guidelines. This would exclude hedge funds;
    - (iii) The assets of the CIS are managed by an entity which is approved, authorised or licensed by a securities regulator to conduct fund management activities; and
    - (iv) The business of the CIS is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period; or
  - (c) A CIS that meets the following criteria, excluding a CIS that invests in real estate:
    - (i) The CIS invests in:
      - permitted investments that comply with the GPRS,
      - physically-backed metal ETF that comply with the following:
        - a. The assets of the physically-backed metal ETF, i.e. the physical metal, is held in trust and is segregated from the assets of the manager, sponsor, trustee or custodian; and
        - b. The physically-backed metal ETF adopts a passive management strategy with the objective of tracking the price of the metal.
    - (ii) The CIS meets the criteria imposed on transferable securities as following:
      - The maximum potential loss which the Fund may incur as a result of the investment is limited to the amount paid for it;
      - The investment is liquid, and will not impair the Fund's ability to satisfy its redemption and other payment commitments;
      - The investment is subject to reliable and verifiable valuation on a daily basis; and
      - There is appropriate information available to the market on the investment;
    - (iii) The units or shares in the CIS are listed for quotation and traded on a stock exchange that is an Eligible Market; and
    - (iv) The CIS is not an inverse or leveraged product; or
  - (d) A CIS that does not comply with the above, but subject to the exposure limit stipulated in this section;
  - (7) The value of the Fund's investments in units or shares of a CIS that invests in real estate pursuant to 6(c) must not exceed 15% of the Fund's NAV.

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- (8) the value of the Fund's investment in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV ("group limit"). In determining the group limit, the value of the Fund's investments in instruments in the paragraph (1) exposure limit issued by the issuers within the same group of companies must be included in the calculation<sup>Note 1</sup>.
- (9) For investments in derivatives (for hedging purpose):
- the Fund's global exposure from derivatives positions should not exceed the Fund's NAV.
  - the exposure to the underlying assets must not exceed the investment spread limits stipulated in the GPRS;
  - the maximum exposure of the Fund's OTC derivative transaction with the counterparty calculated based on the method below must not exceed 10% of the Fund's NAV;
  - the counterparty of an OTC derivative is a financial institution with a minimum long-term of investment grade (including gradation and subcategories); and
  - Where the underlying instrument of a derivative is a commodity, such derivative must be settled in cash at all times.

**Calculation of exposure to counterparty of OTC derivatives**

- The exposure to a counterparty of an OTC derivative must be measured based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults and not on the basis of the notional value of the OTC derivative.
- The total exposure to a single counterparty is calculated by summing the exposure arising from all OTC derivative transactions entered into with the same counterparty.

**Exceptions to investment spread limits**

Government and other public securities or money market instruments

- (10) The single issuer limit in (3) may be raised to 35% of the Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency.
- (11) Where the single issuer limit is increased to 35% of the Fund's NAV, the single issuer aggregate limit in (5) may be raised, subject to the group limit in (8) not exceeding 35% of the Fund's NAV.

Deposits

- (12) The single financial institution limit in (4) does not apply to placements of Deposits arising from:
- (a) subscription monies received prior to the commencement of investment by the Fund;
  - (b) liquidation of investments prior to the termination or maturity of the Fund, where the placement of Deposits with various financial institutions would not be in the best interests of Members; or
  - (c) monies held for the settlement of redemption or other payment obligations, where the placement of Deposits with various financial institutions would not be in the best interests of Members.

CIS

- (13) Notwithstanding paragraph (6) and (7), investment in units or shares of one or more CIS is permitted in the following circumstances:
- (a) from the launch of the Fund, the value of the Fund's investment in any of the CIS must not exceed 95% of the Fund's NAV;
  - (b) upon reaching an NAV of RM200 million, the value of the Fund's investment in any of the CIS must not exceed 40% of the Fund's NAV; and
  - (c) that the investment objective of the CIS is similar to the Fund.

**Investment concentration limits**

- (14) the Fund's investments in shares or securities equivalent to shares must not exceed 10% of the shares or securities equivalent to shares issued by any single issuer;
- (15) the Fund's investments in debt securities must not exceed 20% of the debt securities issued by any single issuer. This limit may be disregarded at the time of acquisition if at that time of acquisition the gross amount of debt securities in issue cannot be determined;
- (16) the Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size;
- (17) Except for investments by core funds, the Fund's investments in CIS must not exceed 25% of the units/shares in any one CIS.

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The global exposure of the Fund is calculated based on the following:

## Commitment approach

The global exposure of the Fund to derivatives is calculated as the sum of the:

- (a) absolute value of the exposure of each individual derivative not involved in netting or hedging arrangements;
- (b) absolute value of the net exposure of each individual derivative after netting or hedging arrangement; and
- (c) the values of cash collateral received pursuant to:
  - (i) the reduction of exposure to counterparties of OTC derivatives; and
  - (ii) efficient portfolio management techniques relating to securities lending and repurchase transactions (if applicable).

## Netting arrangements

Netting arrangements may be taken into account to reduce the Fund's exposure to derivatives.

The Fund may net positions between:

- (a) derivatives on the same underlying constituents, even if the maturity dates are different; or
- (b) derivatives and the same corresponding underlying constituents, if those underlying constituents are transferable securities, money market instruments, or units or shares in collective investment schemes.

## Hedging arrangements

Hedging arrangements may be taken into account to reduce the Fund's exposure to derivatives.

The marked-to-market value of transferable securities, money market instruments, or units or shares in collective investment schemes involved in hedging arrangements may be taken into account to reduce the exposure of the Fund to derivatives.

The hedging arrangement must:

- (a) not be aimed at generating a return;
- (b) result in an overall verifiable reduction of the risk of the Fund;
- (c) offset the general and specific risks linked to the underlying constituent being hedged;
- (d) relate to the same asset class being hedged; and
- (e) be able to meet its hedging objective in all market conditions.

**Note 1:** *Not applicable for PRS-C. Instead, the following apply:*

- (i) The value of the PRS-C's investments in transferable securities and money market instruments issued by any single issuer must not exceed 20% of the PRS-C's NAV ("single issuer limit"). In determining the single issuer limit, the value of the PRS-C's investments in instruments in paragraph (1) issued by the same issuer must be included in the calculation;
- (ii) For avoidance of doubt, the single issuer aggregate limit requirement in paragraph (5) applies to a bond or fixed income fund.
- (iii) This single issuer limit in (ii) may be increased to 30% if the debt securities is rated by any domestic or global rating agency to have the highest long-term credit rating;
- (iv) Where the single issuer limit of investments in debt securities is increased to 30% pursuant to (iii), the single issuer aggregate limit of 25% in paragraph (5) may be raised to 30% of the PRS-C's NAV;
- (v) The value of the PRS-C's investments in transferable securities and money market instruments issued by any group of companies must not exceed 30% of the PRS-C's NAV ("group limit"). In determining the group limit, the value of the PRS-C's investments in instruments in paragraph (1) issued by the issuers within the same group of companies must be included in the calculation;
- (vi) Where the debt securities or money market instruments are issued, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency, the fund manager may apply the limit in paragraphs (10) and (11).
- (vii) Investment in debt securities or money market instruments must be-
  - (a) at least long-term credit rating of investment grade (including gradation and subcategories); or
  - (b) at least top two short-term rating,by any Malaysian or global rating agency. However, debt securities or money market instruments which are rated below the rating in (i) or (ii), or are unrated, may comprise up to 5% of the PRS-C's NAV ("the 5% limit"). In the case where the 5% limit is exceeded, whether as a result of
  - a downgrade of rating listed in (a) or (b);
  - an increase in the aggregate value of debt securities or money market instruments which are rated below the rating in (a) or (b), or are unrated; or
  - a decrease in the NAV of PRS-C,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.

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- (viii) Investment in derivatives, including embedded derivatives, are not permitted except for the following:
- the derivatives are used for hedging purposes; and
  - the holding of warrants as a result of the PRS-C's holdings in equities.

*\*Except PRS-AP.*

**PRS-AP**

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

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In respect of the above investment restrictions and limits, the GPRS provides that any breach of the restrictions and limits due to appreciation or depreciation in value of the Fund's investments, repurchase of units or payment made out of the Fund, or change in capital of a corporation in which the Fund has invested in, or downgrade in or cessation of a credit rating need not be reported to the SC but we must rectify as soon as practicable within three (3) months from the date of breach unless stated otherwise in the GPRS. However, the three-month period may be extended if it is in the best interest of Members and Trustee's consent is obtained. Such extension must be subject to at least a monthly review by the trustee.

**5.0 FEES, CHARGES AND EXPENSES**

5.1 The information under section 5.2.3 of "**Other expenses**" at page 60 has been added to the last bullet point and read as below:

- costs, fees and expenses incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent.

5.2 The information under the section 5.3 of "**Rebates and Soft Commissions**" at page 60 has been replaced and read as below:

We, the Sub-Manager and the Trustee will not retain any form of rebate from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund. Accordingly, any rebate or shared commission will be directed to the account of the Fund.

We may retain goods and services (soft commission) provided by any broker or dealer if the following conditions are met:

- (a) the soft commission brings direct benefit or advantage to the management of the Fund and may include research and advisory related services;
- (b) any dealings with the broker or dealer is executed on terms which are the most favourable for the Fund; and
- (c) the availability of soft commission is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and we will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commission.

**6.0 TRANSACTION INFORMATION**

6.1 The following information for the 1<sup>st</sup> bullet point under the section 6.4.2 of "**How to invest?**" at page 64 has been replaced and read as below:

You may invest;

- by crossed cheque (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;



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6.2 The following information under the section 6.5.1 of “**Minimum Contribution**” at page 65 has been replaced and read as below:

Funds	Min initial contribution (RM)	Min subsequent contribution (RM)	Regular Savings Plan (RSP)	
			Min initial contribution (RM)	Min subsequent contribution (RM)
RE60	<b>Class A</b> : 100 <b>Class C</b> : 100 <b>Class X</b> : 100	<b>Class A</b> : 50 <b>Class C</b> : 50 <b>Class X</b> : 50	<b>Class A</b> : 100 <b>Class C</b> : 100 <b>Class X</b> : 100	<b>Class A</b> : 50 <b>Class C</b> : 50 <b>Class X</b> : 50
RE50				
RE40				
RE30				
REI				
PRS-C				
PRS-M				
PRS-G				
PRS-E				
PRS-AP				

**Note:**

- *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.*
- *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.*

6.3 The following information under the section 6.5.2 of “**Processing an application**” at page 66 has been replaced and read as below:

If we receive and accepted a complete application form together with the contribution payment by 12.00p.m. on a Business Day, we will process it within seven (7) Business Days from that Business Day (T). It will be processed using the NAV per Unit for that Business Day (T).

If we receive and accepted a complete application form together with the contribution payment after 12.00p.m. on a Business Day, we will process it within seven (7) Business 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 and required information and/or documentations. The number of Units you will receive will be rounded to two (2) decimal places.

6.4 The following information under the section 6.6 of “**Withdrawals**” at page 66 has been added replaced and read as below:

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 67 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 seven (7) Business 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.*

**THIS IS A FIRST SUPPLEMENTAL DISCLOSURE DOCUMENT WHICH HAS TO BE READ IN CONJUNCTION WITH THE DISCLOSURE DOCUMENT FOR PRINCIPAL PRS PLUS**

6.5 The following information under the section 6.6.2 of “**Processing a withdrawal**” at page 66 to 67 has been replaced and read as below:

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 seven (7) Business 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 seven (7) Business 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 seven (7) Business 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.

For the feeder fund (e.g. PRS-AP), the withdrawal payment period may be extended to within 5 Business Days from the receipt of withdrawal proceeds from the target fund.

6.6 The following information under the section 6.7 of “**Permitted Withdrawals and Pre-Retirement Withdrawals**” at page 67 has been replaced and read as below:

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), (e), (f) and (g), 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 for at least one (1) year.

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

In relation to item (f), the withdrawal is only permitted for member’s oneself 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.

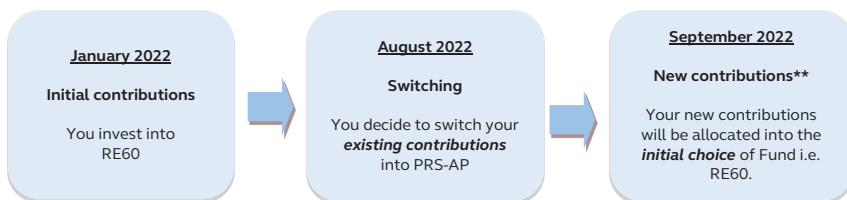
Please note that the above table may subject to such amendments, modification, variation and/or exemption as may be determined by the SC, PPA and/or relevant ministry or authorities from time to time.

## THIS IS A FIRST SUPPLEMENTAL DISCLOSURE DOCUMENT WHICH HAS TO BE READ IN CONJUNCTION WITH THE DISCLOSURE DOCUMENT FOR PRINCIPAL PRS PLUS

- 6.7 The following information under the section 6.8 of “**Cooling-off Period**” at page 68 has been replaced and read as below:

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 or prevailing NAV per unit at the point of cooling-off (whichever is lower) (“Refund Amount”). We must obtain prior authorization of the PPA before proceeding with the refund. We will pay the Refund Amount including the Sales Charge (if any) to you in RM within seven (7) Business 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.

- 6.8 The following illustration under the section 6.9 of “**Switching**” at page 68 has been replaced and read as below:



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

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 12.00p.m. on a Business Day, we will process it within seven (7) Business Days from that Business Day. If we receive a complete switching request after 12.00p.m. on a Business Day, we will process it within seven (7) Business Days from the next Business Day.

### 7.0 ADDITIONAL INFORMATION

- 7.1 The following information under the section 7.3 of “**Deed**” at page 71 has been replaced and read as below:

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, Third Supplemental Deed dated 3 February 2020, Fourth Supplemental Deed dated 17 December 2021, Fifth Supplemental Deed dated 12 July 2022 and Sixth Supplemental Deed dated 14 June 2023.

- 7.2 The third and fourth paragraphs under the section 7.6 of “**Potential Conflicts of Interests and Related-Party Transactions**” at pages 72 has been removed.

- 7.3 The sixth paragraphs under the section 7.6 of “**Potential Conflicts of Interests and Related-Party Transactions**” at pages 72 has been replaced and read as below:

We generally discourage cross trades and prohibit any transactions between client(s) accounts and fund accounts. Any cross trade activity require prior approval with the relevant supporting justification(s) to ensure the trades are executed in the best interest of both funds and such transactions were executed at arm’s length. Cross trades will be reported to the person(s) or members of a committee undertaking the oversight function of the Fund to ensure compliance to the relevant regulatory requirements.

### 8.0 THE PRS PROVIDER

- 8.1 The following information under the section 8.1.1 of “**The Board of Directors**” at page 74 has been replaced and read as below:

The Board of Directors consists of ten (10) members including three (3) independent directors and two (2) alternate directors. The Board of Directors oversees the management and operations of the Principal Malaysia and meets at least four (4) times a year.

**THIS IS A FIRST SUPPLEMENTAL DISCLOSURE DOCUMENT WHICH HAS TO BE READ IN CONJUNCTION WITH THE DISCLOSURE DOCUMENT FOR PRINCIPAL PRS PLUS**

Thomas Cheong Wee Yee	- Non-independent director	Lai Mee Fong	- Non-independent director
Munirah Khairuddin	- Non-independent director	Chong Chooi Wan <sup>2</sup>	- Non-independent director
Uday Jayaram	- Non-independent director	Wong Joon Hian	- Independent director
Mohd Haniz Mohd Nazlan	- Non-independent director	Liew Swee Lin	- Independent director
Julian Christopher Vivian Pull <sup>1</sup>	- Non-independent director	Dato' Jaganath Derek Steven Sabapathy	- Independent director

<sup>1</sup> Alternate director to Thomas Cheong Wee Yee

<sup>2</sup> Alternate director to Mohd Haniz Mohd Nazlan

8.2 The following information under the section 8.1.2 of “**Investment Committee**” at page 74 has been removed.

**9.0 SALIENT TERMS OF THE DEED**

9.1 The following information under the section 12.2.1 of “**Expenses Permitted by the Deed**” at page 83 has been replaced and read as below:

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 person(s) undertaking the oversight functions of the Fund 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;
- 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; and
- costs, fees and expenses incurred for the fund valuation and accounting of the Fund performed by a fund valuation agent.

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.

9.2 The following information under the section 12.4 of “**Retirement, Removal and Replacement of the Trustee**” at page 84 has been added to the last paragraph and read as below:

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

**THIS IS A FIRST SUPPLEMENTAL DISCLOSURE DOCUMENT WHICH HAS TO BE READ IN CONJUNCTION WITH THE DISCLOSURE DOCUMENT FOR PRINCIPAL PRS PLUS**

- 9.3 The following information under the section 12.5 of **“Termination of the Scheme and/or Funds”** at page 84 has been added to the last paragraph and read as below:

Where a Fund has only one (1) remaining Member, such Member, whether present in person or by proxy, at the meeting shall constitute a quorum required for the meeting of Members.

- 9.4 The following information under the section 12.6 of **“Meetings of Members”** at page 85 has been added to the last paragraph and read as below:

Nothing herein shall preclude us from convening any Members’ meeting at more than one venue using any communication facility or technology or method available as we shall determine to enable the Members to participate and to exercise their right to speak and vote at that meeting. Where such meeting is convened, any reference to a Member being “present in person” in the Deed, meetings or resolutions shall include, where permitted by us, to that Member being present either remotely or virtually and for the avoidance of doubt it is hereby agreed that the participation by a Member in such meeting using the prescribed communication facility or technology or method shall be deemed as being present at that meeting notwithstanding that the Member is not physically present at the main venue of that meeting.

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# Disclosure Document

## Principal PRS Plus\*

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

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

**THIS IS A FOURTH REPLACEMENT DISCLOSURE DOCUMENT. THIS FOURTH REPLACEMENT DISCLOSURE DOCUMENT IS ISSUED TO REPLACE AND SUPERSEDE THE THIRD REPLACEMENT DISCLOSURE DOCUMENT OF THE PRINCIPAL PRS PLUS DATED 20 APRIL 2022.**

This Fourth Replacement Disclosure Document for the Principal PRS Plus (“Scheme”) is dated 23 September 2022 and incorporates the following Funds namely:

### Core Funds

	Launch Date
Principal RetireEasy 2060	23 September 2022
Principal RetireEasy 2050	23 September 2022
Principal RetireEasy 2040	23 September 2022
Principal RetireEasy 2030	23 September 2022
Principal RetireEasy Income	20 April 2022

### Non-Core Funds

Principal PRS Plus Conservative	12 November 2012
Principal PRS Plus Moderate	12 November 2012
Principal PRS Plus Growth	12 November 2012
Principal PRS Plus Equity	12 November 2012
Principal PRS Plus Asia Pacific Ex Japan Equity	12 November 2012

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 27.**

*\*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 Fourth Replacement Disclosure Document introduces you to Principal Asset Management Berhad (“Principal Malaysia”) and the Principal 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 contact our **Customer Care Centre** during business hour at **(03) 7723 7260** between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Fridays (except on Kuala Lumpur public holidays).

Please note that all references to currency amounts and NAV per unit in this Disclosure Document are in RM 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 who is 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*.

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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 [www.principal.com.my](http://www.principal.com.my). Alternatively, you may contact our **Customer Care Centre** for more information.*
- CIMB Group - CIMB Group Holdings 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 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 - RE60, RE50, RE40, RE30 & REI.
- Deed - The principal deed 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 deeds.
- 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.
- Disclosure Document - Refers to this Fourth 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:

Fund	Abbreviation
Principal RetireEasy 2060	RE60
Principal RetireEasy 2050	RE50
Principal RetireEasy 2040	RE40
Principal RetireEasy 2030	RE30
Principal RetireEasy Income	REI
Principal PRS Plus Conservative	PRS-C
Principal PRS Plus Moderate	PRS-M
Principal PRS Plus Growth	PRS-G
Principal PRS Plus Equity	PRS-E
Principal PRS Plus Asia Pacific Ex Japan Equity	PRS-AP

- GDP - Gross Domestic Product.
- GPRS - Guidelines on Private Retirement Schemes issued by the SC.

**Note:** Including such Frequently-Asked-Question (FAQ), notices and/or directives as may be issued by the SC from time to time.

IMS	- Investment Management Standards issued by the Federation of Investment Managers Malaysia.
Investment Grade Bond	- Bond that are rated as investment grade by local or international rating agencies. In this context, local rating agencies refer to the rating agencies in the countries where the securities are issued, such as Rating Agency Malaysia and Malaysian Rating Corporation in Malaysia. International rating agencies refer to Standard & Poor's or such other equivalent international rating agencies.
IOSCO	- International Organization of Securities Commissions. For further details, please refer to <a href="http://www.iosco.org">www.iosco.org</a> .
LPD	- Latest Practicable Date i.e., 31 May 2022, 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 percentage of the NAV of the Class 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 (whether via member contribution or employer contribution).
NAV	- Net Asset Value.
NAV of the Class	- The NAV of a Class is the NAV of the Fund attributable to a Class at the same valuation point.
NAV of the Fund	- The 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	- PRS-C, PRS-M, PRS-G, PRS-E & PRS-AP.
OTC	- Over-the-counter.
PFG	- Principal Financial Group, Inc.
PGI	- Principal Global Investors, LLC.
PHS	- Product Highlights Sheet.
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	- Refers to the withdrawals from the Funds that occurs prior to a Member reaching the Retirement Age 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; f) For housing purpose; and g) Such other permitted purpose as may be determined by the relevant authority from time to time.
Principal Distributors	- Refers to the PRS consultants of Principal Malaysia (authorised Principal Malaysia distributors).
Principal PRS end-to-end retirement solution	- The comprehensive retirement solution offered by Principal Malaysia that caters for Member's accumulation and decumulation needs. It comprises of the <b>Principal PRS accumulation solution</b> and <b>Principal PRS decumulation solution</b> . Please refer to "Principal PRS end-to-end

retirement solution” section on page 32 for more information.

- Principal Malaysia or PRS Provider or Manager - Principal Asset Management Berhad.
- Principal Singapore - Principal Asset Management (S) Pte. Ltd.
- 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).
- RM - Malaysian Ringgit.
- 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.
- REITs - Real Estate Investment Trusts.
- Retirement Age - 55 years old or any other age may be specified by the SC.
- RWP - Refers to Regular Withdrawal Plan. Where available, RWP allows Member to set up standing instructions for customised withdrawals at a future dates and pre-determined intervals.
- Sales Charge - Preliminary charge on each investment made into the Fund.
- SC - Securities Commission Malaysia.
- Scheme - Principal PRS Plus\*.  
***\*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.***
- 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-Manager - A fund management company/asset management company that assumes all/or part of the investment function role of Principal Malaysia. Currently, the Sub-Manager for Core Funds is Principal Global Investors, LLC.
- Switching Fee - A charge that may be levied when switching is done from one (1) Fund to another Fund under the Scheme or funds under other schemes managed by the PRS Provider.
- S&P - Standard & Poor’s.
- Target Date - Refers to the target date of each TDF. The TDF will mature on its Target Date.

TDF	Target Date
RE60	31 December 2060
RE50	31 December 2050
RE40	31 December 2040
RE30	31 December 2030

If the Target Date falls on a weekend or a public holiday, it should be the following Business Day.

- Target Fund - Refers to the CIS invested by PRS-AP, i.e., the Principal Asia Pacific Dynamic Income Fund.
- TDF - Refers to Target Date Fund. TDF is a collective investment scheme that is managed towards a Target Date. The TDF has a flexible asset allocation that will change gradually and actively to deliver the preferred investment mix, which will offer investor an age-appropriate return throughout the investment tenure until the TDF reaches its Target Date.
- 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.
- 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.
- Unrated Bond - Refers to Bonds which are not rated by any rating agencies.  
**Note:** *In this context, Unrated Bonds are not junk Bond. The Funds will only invest in Unrated Bonds that fulfils the selection criteria of our credit evaluation process.*
- 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.
- 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.

# 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

### Customer Care Centre

Ground Floor Bangunan CIMB  
Jalan Semantan, Damansara Heights  
50490 Kuala Lumpur MALAYSIA  
Tel : (03) 7723 7260  
Fax : (03) 7718 3003

### Website

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

### E-mail

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

### Board of Directors

Effendy Shahul Hamid  
Thomas Cheong Wee Yee  
Munirah Khairuddin  
Uday Jayaram  
Mohd Haniz Mohd Nazlan  
Julian Christopher Vivian Pull<sup>1</sup>  
Lai Mee Fong<sup>2</sup>  
Chong Chooi Wan<sup>3</sup>  
Wong Joon Hian\*  
Liew Swee Lin\*  
Dato' Jaganath Derek Steven Sabapathy\*

<sup>1</sup> Alternate Director to Thomas Cheong Wee Yee

<sup>2</sup> Alternate Director to Effendy Shahul Hamid

<sup>3</sup> Alternate director to Mohd Haniz Mohd Nazlan

\* Independent director

### 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

### 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 : [www.fimm.com.my](http://www.fimm.com.my)

### Investment Committee

Yoon Mun Thim\*  
Alejandro Elias Echegarri Rodriguez  
May Tong  
Mohamad Safri Shahul Hamid  
Nor Azamin Salleh\*  
Uday Jayaram

\*Independent member

### Audit Committee

Wong Joon Hian\*  
Liew Swee Lin\*  
Dato' Jaganath Derek Steven Sabapathy\*  
Thomas Cheong Wee Yee

\* Independent Member

### Company Secretaries

Phang Ai Tee (MAICSA No. 7013346)  
Cheong Lisa (MAICSA No. 7009457)  
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-Manager of Core Funds

Principal Global Investors, LLC

### Business/Registered address

801 Grand Ave, 16th Floor  
Des Moines, IA 50309, United States  
Tel : (515) 362-2800

Email: [contactpps@principal.com](mailto:contactpps@principal.com)

Website: [www.principalglobal.com](http://www.principalglobal.com)



**Tax Adviser**

Ernst & Young Tax Consultants Sdn Bhd  
Level 23A Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur, MALAYSIA

**Principal Asset Management (S) Pte. Ltd.**

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

**Auditors of the PRS Provider and of the Scheme**

Ernst & Young PLT  
Chartered Accountants  
Level 23A Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur, MALAYSIA

**Note:** You may contact our Customer Care Centre at (03) 7723 7260 or whatsapp at +6016 299 9792 for more information.

# 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 PRS Plus		Page
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<b>General information on the Scheme</b>	The Scheme is an investment Scheme designed to help you build and grow your savings* for retirement. The Scheme comprises of a range of retirement funds, which you may choose to invest based on your retirement needs, risk appetite and age profile. * <i>The Funds are neither capital guaranteed nor capital protected funds.</i>	31
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The Scheme consist of 5 Core Funds and 5 Non-Core Funds:

Name	Abbreviation	Fund Category
<b>Core Funds</b>		
Principal RetireEasy 2060	RE60	Core – Mixed asset (TDF)
Principal RetireEasy 2050	RE50	Core – Mixed asset (TDF)
Principal RetireEasy 2040	RE40	Core – Mixed asset (TDF)
Principal RetireEasy 2030	RE30	Core – Mixed asset (TDF)
Principal RetireEasy Income	REI	Core - Mixed asset
<b>Non-Core Funds</b>		
Principal PRS Plus Conservative	PRS-C	Fixed income
Principal PRS Plus Moderate	PRS-M	Balanced
Principal PRS Plus Growth	PRS-G	Mixed asset
Principal PRS Plus Equity	PRS-E	Equity
Principal PRS Plus Asia Pacific Ex Japan Equity	PRS-AP	Feeder Fund - Equity

**Note:** Effective 23 September 2022, Members who opt for Default Option will be allocated into one of the Core Funds, i.e., RE60, RE50, RE40, RE30 and REI. The PRS-C, PRS-M and PRS-G will be repositioned as Non-Core Funds.

All existing Default Option Members of PRS-C, PRS-M & PRS-G will be switched into one of the Core Funds according to their year of birth. Please refer to “Scheme Details” Chapter on page 31 for more information.

### Core Funds

#### ▪ **About TDF**

TDF is a collective investment scheme that is actively managed towards a Target Date. The TDF will invest according to an asset allocation strategy designed for investors who has a retirement goal that is close to the year stated in the Fund’s name. Subsequently, each of the TDF will mature on its Target Date.

In general, TDF seeks more opportunity for growth when it is far away from its Target Date, then place more emphasis on stability when it gets nearer to its Target Date. The portfolio will gradually shift from a more aggressive investments mix (e.g., higher equity allocation) to a more conservative mix (e.g., higher fixed income instruments allocation) as it approaches its Target Date. This gradual shift is known as “glide path”. As the TDF portfolio will be de-risked gradually through the adjustments of asset allocation within the fund itself, TDF Members do not need to be switched from one fund to another for de-risking purpose. Please refer to “Scheme Details” Chapter on page 31 for more information.

The TDF is part of the **Principal PRS accumulation solution** that aims to help investors accumulate wealth during working years towards retirement. By choosing the TDF that best suit your retirement goal, you will be able to invest in portfolio that offers an age-appropriate risk and return as you age towards retirement.

#### ▪ **About REI**

The REI aims to provide continuous growth to investors by investing in a diversified portfolio of income generating assets. The REI is designed with retiree’s needs in mind and is managed to offer a moderately-conservative risk and return profile. By default, Members from a TDF will be switched automatically into the REI when the TDF matures

on its Target Date.

The REI is part of the **Principal PRS decumulation solution** that aims to help members customize their withdrawal plan based on their post-retirement cash flow need and frequency, while continue to grow the remaining balances in a suitable fund for retiree to prolong account sustainability.

**Note:** *The Core Funds are designed to offer age-appropriate risk and return exposure to Members throughout the investment tenure.*

- *If you opted for Do-It-For-Me (Default Option), you will be allocated into one of the Core Funds that is suitable to your retirement goal.*
- *If you opted for Do-It-Myself, you may choose to invest in any Core Funds based on your preference. However, we recommend you to choose a Core Fund that is suitable to your retirement goal, where you will be able to invest in a fund that offers an age-appropriate risk and return to you throughout the investment tenure.*

#### **Non-Core Funds**

- **PRS-C, PRS-M, PRS-G & PRS-E**

These Funds are managed in accordance with a fixed asset allocation that offers a consistent risk exposure to investors.

The risk exposure of a fund is reliant on its asset allocation. Since the asset allocation of the Funds is fixed, the Funds will have a consistent risk exposure over time in all market condition. For example, the PRS-M has a fixed asset allocation of at least 40% of its NAV in fixed income instruments, and up to 60% of its NAV in equities. The PRS-M will always invest based on the fixed asset allocation regardless of market conditions, thus having a consistent risk exposure throughout the investment tenure.

- **PRS-AP**

A feeder fund that invests into a Target Fund to offer investors the exposure to the underlying investments of the Target Fund.

**Note:** *The Non-Core Funds are designed to offer a consistent risk exposure throughout the investment tenure. If you wish to adjust the risk exposure to suit your changing risk profile as you age towards retirement, you need to switch into any of the Funds under the Scheme or funds under the Principal Islamic PRS Plus by submitting a switching instruction to us.*

Please refer to “About the Funds” section on page 31 for more information.

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#### **Benefits of contributing to the Scheme**

In addition to facilitate you in saving for your retirement, the Scheme provides the following benefits:

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- **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/or regional markets.

- **Convenience and flexibility**

The Scheme allows automatic monthly contributions through RSP. You can also determine the amount and time of contribution into the Scheme subject to the minimum amount stated in the Transaction Information chapter.

- **Simple, seamless and straightforward retirement solution**

Through **Principal PRS end-to-end retirement solution**, we will help you to have a comprehensive retirement planning that caters for wealth accumulation during your working years and decumulation needs when you retire. It comprises of the:

- **Principal PRS accumulation solution**

During your working years, you may accumulate wealth and invest in TDF that best suit your retirement goals. The TDF helps you invest and grow your accumulated wealth in a portfolio that has an asset allocation that is actively adjusted to offer an age-appropriate risk and return portfolio throughout until you retire.

- **Principal PRS decumulation solution**

The REI is designed with retiree’s needs in mind and is managed to offer a moderately-conservative risk and return profile. It allows the investors who have reached Retirement Age to customise their withdrawal schedule through RWP, while the remaining balances in the REI will continue to grow to prolong account sustainability.

As part of the seamless Principal PRS end-to-end retirement solution, when a TDF matures on its Target Date, all Members of that TDF will be switched automatically into the REI to begin the decumulation journey.

Please refer to “Principal PRS end-to-end retirement solution” section on page 32 for more details.

*\*For contributions into the PRS and deferred annuities effective from years of assessment 2012 to 2025 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.*

#### Brief descriptions on operations of the Scheme

You may choose to:

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- **Do-It-Myself:** You can contribute to the Scheme by selecting any one or a combination of the Funds based on your preferred risk and return profile.
- **Do-It-For-Me (Default Option):** This is the best choice if you are unsure which Fund suits you the most. We will allocate your contributions into one of the Core Funds based on your year of birth as listed in the table below. The TDF’s portfolio will rebalance automatically and gradually over time until its Target Date, so that you will always be invested with an age appropriate risk return profile.

Core Funds	Year of birth	Expected year of retirement*
RE60	1996 – 2005	2051 – 2060
RE50	1986 – 1995	2041 – 2050
RE40	1976 – 1985	2031 – 2040
RE30	1968 – 1975	2023 – 2030
REI	On or before 1967	N/A - Retired

\* Based on Retirement Age.

#### Permitted withdrawals and pre-retirement withdrawals

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:

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- Sub-account A holds 70% of your contributions.
- Sub-account B holds 30% of your 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
- (vi) 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.

## 1.2. FUND INFORMATION

Fund	Principal RetireEasy 2060 (RE60)	Principal RetireEasy 2050 (RE50)	Principal RetireEasy 2040 (RE40)	Principal RetireEasy 2030 (RE30)	Page																																			
<b>Fund Category</b>	Core – Mixed asset (TDF)																																							
<b>Investment Objective</b>	The Fund seeks to provide positive total return by investing according to an asset allocation strategy.				36, 38, 40, 42																																			
<b>Benchmark</b>	The benchmark is for performance comparison purpose only and the risk profile of the Fund is not the same as the risk profile of the benchmark. The benchmark was set based on current market environment and asset allocation mix.																																							
	Currently, the benchmark for RE60, RE50, RE40 and RE30 is:																																							
	<table border="1"> <thead> <tr> <th>Benchmark composition</th> <th>RE60</th> <th>RE50</th> <th>RE40</th> <th>RE30</th> </tr> </thead> <tbody> <tr> <td>MSCI World NR USD</td> <td>28.5%</td> <td>28.5%</td> <td>24.0%</td> <td>18.0%</td> </tr> <tr> <td>MSCI Malaysia NR MYR</td> <td>28.5%</td> <td>28.5%</td> <td>24.0%</td> <td>18.0%</td> </tr> <tr> <td>MSCI AC Asia Pacific NR USD</td> <td>40.0%</td> <td>40.0%</td> <td>30.0%</td> <td>24.0%</td> </tr> <tr> <td>BPAM MYR</td> <td>3.0%</td> <td>3.0%</td> <td>14.0%</td> <td>25.0%</td> </tr> <tr> <td>JPM Asia Credit TR USD</td> <td>0%</td> <td>0%</td> <td>4.0%</td> <td>7.5%</td> </tr> <tr> <td>Bloomberg BarCap Global Aggregate TR USD</td> <td>0%</td> <td>0%</td> <td>4.0%</td> <td>7.5%</td> </tr> </tbody> </table>					Benchmark composition	RE60	RE50	RE40	RE30	MSCI World NR USD	28.5%	28.5%	24.0%	18.0%	MSCI Malaysia NR MYR	28.5%	28.5%	24.0%	18.0%	MSCI AC Asia Pacific NR USD	40.0%	40.0%	30.0%	24.0%	BPAM MYR	3.0%	3.0%	14.0%	25.0%	JPM Asia Credit TR USD	0%	0%	4.0%	7.5%	Bloomberg BarCap Global Aggregate TR USD	0%	0%	4.0%	7.5%
	Benchmark composition	RE60	RE50	RE40	RE30																																			
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JPM Asia Credit TR USD	0%	0%	4.0%	7.5%																																				
Bloomberg BarCap Global Aggregate TR USD	0%	0%	4.0%	7.5%																																				
As this is a long-term fund, the return expectation may change accordingly should there be changes in the market environment and asset allocation mix at that point of time. Any changes to the benchmark will be reflected in the PHS, which is available on Principal Malaysia website at <a href="http://www.principal.com.my">www.principal.com.my</a> .																																								
Information on the MSCI World NR USD can be obtained from Lipper/Bloomberg. Information on the MSCI Malaysia NR MYR can be obtained from Lipper/Bloomberg. Information on the MSCI AC Asia Pacific NR USD can be obtained from Lipper/Bloomberg. Information on the BPAM MYR can be obtained from Bond Pricing Agency Malaysia. Information on the JPM Asia Credit TR USD can be obtained from Bloomberg/JP Morgan website. Information on the Bloomberg BarCap Global Aggregate TR USD can be obtained from Bloomberg.																																								
Alternatively, Information on the composite benchmark is also available in our monthly fund fact sheets and can be obtained from <a href="http://www.principal.com.my">www.principal.com.my</a> .																																								
<b>Investment policy and principal investment strategy</b>	The Fund seeks to provide sustainable positive total return and to grow the total investment over the long term with retirement as the ultimate goal.				36, 38, 40, 42																																			
	The Manager has appointed PGI as the Sub-Manager of the Fund. The Sub-Manager specializes in the global multi asset investment strategies and will be responsible for the investment management function of the Fund in accordance with the Fund's objective and within the investment parameters, restrictions, and limits of the Fund. All costs of this appointment will be borne by the Manager to ensure no additional fee is levied on the Members.																																							
	The Sub-Manager will construct a glide path that will guide the asset allocation of the Fund over the Fund's tenure until its Target Date. In constructing the glide path, the Sub-Manager will take into consideration various factors such as the human elements (e.g., Malaysian retirement landscape, life expectancy, average retirement age etc.) and market data (e.g., long term capital market assumption, market liquidity, inflation rate, interest rate etc.). The Fund's asset allocation will be guided by the glide path and it will shift dynamically and progressively from a more aggressive mix to a more conservative mix as the Fund approaches its Target Date. This gradual shift over time aims to produce an ideal asset allocation that rebalances throughout the tenure of the TDF that corresponds with investors' risk tolerance as they grow nearer to the Retirement Age, where investor will always be investing in an age-appropriate asset mix as they grow nearer to Retirement Age. Along the glide path, the Fund will generally comply with the general principles on the formulation of asset allocation for core funds as prescribed by the SC. The Sub-Manager will review the Fund's asset allocation periodically depending on the global economic and market outlook, while focusing on controlling and managing systematic risk for the Fund. The Fund is unconstrained in terms of regions and asset classes, where the Fund may invest globally in various asset classes as permitted by the GPRS. The allocation in each asset classes are not fixed, whereby the allocation may change along the Fund tenure and in response to the market condition from time to time as the Sub-Manager deem appropriate or necessary.																																							
	The Sub-Manager and/or the Manager will adopt an active investment strategy with frequency																																							

Fund	Principal RetireEasy 2060 (RE60)	Principal RetireEasy 2050 (RE50)	Principal RetireEasy 2040 (RE40)	Principal RetireEasy 2030 (RE30)	Page										
	<p>that will depend on the market conditions and the market outlook. The Sub-Manager manages the Fund with strategic or long-term asset class targets and target ranges. There is a rebalancing strategy that aligns with the target weights to identify asset classes that are either overweight or underweight. The Fund may shift asset class targets in response to normal evaluative processes or changes in market forces or Fund circumstances. Currently, the Sub-Manager will seek exposure to the various asset classes by investing in CIS (including ETF and REITs) to achieve greater market exposure, diversification and for cost efficiency purposes.</p> <p>At any point in time in the future, the Manager may invest directly into the various asset classes as the Manager deem appropriate and at the Manager's discretion. Where the Fund invest in equities, the Fund may focus on dividend yielding equities of companies, which the Manager believes will offer attractive yields, sustainable dividend payments and/or will exhibit above average growth potential when compared to its industry or the overall market at the point of purchase. Where the Fund invest in debt securities, the debt securities shall 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 40% of its NAV in Unrated Debt Securities and up to 10% of its NAV in unlisted securities. When deemed necessary, the Fund may also utilize derivative instruments such as futures contracts and currency forwards for hedging purposes, subject to the prevailing GPRS. The Fund may invest all or a substantial portion of its assets in money market instruments and/or Deposit if the Manager foresee an excessive market volatility, expects prolonged declines, or when there are other adverse conditions, such as political instability to safeguard the Fund, and as part of its liquidity and/or risk management.</p> <p>As part of the seamless Principal PRS end-to-end retirement solution, when the Fund matures on its Target Date, all Members of the Fund will be switched automatically into the Principal RetireEasy Income to begin the decumulation journey. To facilitate the automatic switching, the Sub-Manager and/or the Manager will liquidate the underlying assets of TDF and hold substantially or entirely in liquid assets such as Deposits and/or money market instruments nearer to its Target Date. You will be informed accordingly after the automatic switching is completed. Please refer to "Principal PRS end-to-end retirement solution" on page 32 for more information.</p> <p>The information on the Fund's latest investment holdings and its allocation will be updated in the monthly fund fact sheet, which is available on Principal Malaysia website at <a href="http://www.principal.com.my">www.principal.com.my</a>.</p>														
<b>Asset Allocation</b>	<p>Up to 100% of the Fund's NAV may be invested in CIS (including ETF and REITs), equities, debt securities, money market instruments and/or Deposits. Notwithstanding,</p> <ul style="list-style-type: none"> <li>▪ up to 40% of the Fund's NAV may be invested in Unrated Debt Securities; and</li> <li>▪ up to 10% of the Fund's NAV may be invested in unlisted securities.</li> </ul>				36, 38, 40, 42										
<b>Principal risks</b>	<p>Stock specific risk, credit and default risk, interest rate risk, country risk, currency risk, risks associated with investment in warrants/ options, risks associated with investment in CIS, risk associated with unconstrained portfolio and risk associated with TDF.</p>				27										
<b>Target Date</b>	31 December 2060	31 December 2050	31 December 2040	31 December 2030	36, 38, 40, 42										
<b>Member profile</b>	<p>This Fund is suitable for Members who:</p> <ul style="list-style-type: none"> <li>▪ wants to invest in a diversified portfolio that offers age-appropriate risk and return profile throughout the investment journey.</li> <li>▪ aims to achieve decent return while planning for retirement.</li> <li>▪ are looking for sustainable return for long term.</li> <li>▪ does not have the time or knowledge to manually switch between funds to achieve de-risking.</li> <li>▪ does not actively monitor and rebalance their portfolio over time.</li> <li>▪ wants a simple and straight forward investment suitable for retirement.</li> </ul> <p>Under the Do-It-For-Me (Default Option), Members will be allocated into the suitable Core Fund based on their year of birth:</p> <table border="1"> <thead> <tr> <th>Core Funds</th> <th>Year of birth</th> </tr> </thead> <tbody> <tr> <td>RE60</td> <td>1996 – 2005</td> </tr> <tr> <td>RE50</td> <td>1986 – 1995</td> </tr> <tr> <td>RE40</td> <td>1976 – 1985</td> </tr> <tr> <td>RE30</td> <td>1968 – 1975</td> </tr> </tbody> </table>					Core Funds	Year of birth	RE60	1996 – 2005	RE50	1986 – 1995	RE40	1976 – 1985	RE30	1968 – 1975
Core Funds	Year of birth														
RE60	1996 – 2005														
RE50	1986 – 1995														
RE40	1976 – 1985														
RE30	1968 – 1975														
<p><b>Note:</b> As part of the seamless Principal PRS end-to-end retirement solution, when a TDF matures</p>															

Fund	Principal RetireEasy 2060 (RE60)	Principal RetireEasy 2050 (RE50)	Principal RetireEasy 2040 (RE40)	Principal RetireEasy 2030 (RE30)	Page
	<i>on its Target Date, all Members of that TDF will be switched automatically into the REI to begin the decumulation journey. Please refer to “Principal RetireEasy Income” section on page 44 for more information on REI.</i>				
<b>Distribution policy</b>	Given the Fund’s objective, the Fund is not expected to pay any distribution. Distributions, if any, are at our discretion and will vary from period to period depending on the performance of the Fund.				70
<b>Launch date</b>	23 September 2022				35
<b>Initial offer price per unit</b>	RM0.2500				35
<b>Initial offer period</b>	1 day.				35
<b>Financial year-end</b>	31-January.				71

<b>Fund category</b>	Core – Mixed asset	
<b>Investment objective</b>	The Fund seeks to provide sustainable total return and to grow the total investment over the long term.	36
<b>Benchmark</b>	<p>The performance of this Fund cannot be compared directly with any specific publicly available benchmark. However, the Fund has a target return of 4.0% - 5.0% per annum over rolling 5-year. Please note that the Fund's benchmark is for performance comparison purpose only and the risk profile of the Fund is not the same as the risk profile of the benchmark.</p> <p>The target return above were set based on current market environment and asset allocation mix. As the REI is a long-term fund, the return expectation may change accordingly should there be changes in the market environment and asset allocation mix at that point of time. Any changes to the benchmark will be reflected in the PHS, which is available on Principal Malaysia website at <a href="http://www.principal.com.my">www.principal.com.my</a>.</p>	36
<b>Investment policy and principal investment strategy</b>	<p>The Fund aims to achieve its objective by investing primarily in a diversified portfolio of income generating assets. The Fund will seek exposure from various asset classes which includes but not limited to equities, debt securities, money market instruments and/or Deposits, which can be accessed directly through the market or indirectly via CIS (including ETF and REITs).</p> <p>We have appointed Principal Global Investors, LLC (“PGI”) as the Sub-Manager of the Fund. The Sub-Manager specializes in the global multi asset investment strategies and will be responsible for the investment management function of the Fund in accordance with the Fund's objective and within the investment parameters, restrictions, and limits of the Fund. All costs of this appointment will be borne by us to ensure no additional fee is levied on the Members. For more information on the Sub-Manager, please refer to “Sub-Manager of the Fund” chapter on page 77.</p> <p>The Sub-Manager manages the Fund with strategic or long-term asset class targets and target ranges. There is a rebalancing strategy that aligns with the target weights to identify asset classes that are either overweight or underweight. The Fund may shift asset class targets in response to normal evaluative processes or changes in market forces or Fund circumstances. Currently, the Sub-Manager will seek exposure to the various asset classes by investing in CIS (including ETF and REITs) to achieve greater market exposure, diversification and for cost efficiency purposes.</p> <p>At any point in time in the future, the Manager may invest directly into the various asset classes as the Manager deem appropriate and at the Manager's discretion. Where the Fund invest in equities, the Fund may focus on dividend yielding equities of companies, which the Manager believes will offer attractive yields, sustainable dividend payments and/or will exhibit above average growth potential when compared to its industry or the overall market at the point of purchase. Where the Fund invest in debt securities, the debt securities shall 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 40% of its NAV in Unrated Bonds and up to 10% of its NAV in unlisted securities. When deemed necessary, the Fund may also utilize derivative instruments such as futures contracts and currency forwards for hedging purposes, subject to the prevailing GPRS. The Fund may invest all or a substantial portion of its assets in money market instruments and/or Deposit if the Manager foresee an excessive market volatility, expects prolonged declines, or when there are other adverse conditions, such as political instability to safeguard the Fund, and as part of its liquidity and/or risk management.</p> <p>The Sub-Manager and/or the Manager will adopt an active investment strategy with frequency that will depend on the market conditions and the market outlook.</p> <p>The information on the Fund's latest investment holdings and its allocation will be updated in the monthly fund fact sheet, which is available on Principal Malaysia website at <a href="http://www.principal.com.my">www.principal.com.my</a>.</p>	36
<b>Asset allocation</b>	<p>Up to 100% of the Fund's NAV may be invested in CIS (including ETF and REITs), equities, debt securities, money market instruments and/or Deposits. Notwithstanding,</p> <ul style="list-style-type: none"> <li>▪ up to 40% of the Fund's NAV may be invested in Unrated Bonds; and</li> <li>▪ up to 10% of the Fund's NAV may be invested in unlisted securities.</li> </ul>	36
<b>Principal risks</b>	Stock specific risk, credit and default risk, interest rate risk, country risk, currency risk, risks associated with investment in warrants/ options, risks associated with investment in CIS and risk associated with unconstrained portfolio.	27
<b>Member profile</b>	This Fund is suitable for Members who:	



	<ul style="list-style-type: none"> <li>▪ wants a decumulation solution that is straightforward and easy to understand.</li> <li>▪ wants to invest in a fund that offers appropriate risk and return (i.e., moderately conservative) for retirees.</li> <li>▪ wants a portfolio that invest in multi assets globally.</li> <li>▪ have reached Retirement Age and require a steady stream of income from enrolling in RWP.</li> </ul> <p>Under the Do-It-For-Me (Default Option), this Fund is selected for Member who are born on or before year 1967.</p>	
<b>Distribution policy</b>	<p>Given the Fund's objective, the Fund is not expected to pay any distribution. Distributions, if any, are at our discretion and will vary from period to period depending on the performance of the Fund.</p> <p><b>Note:</b> <i>Members who have reached Retirement Age may enrol in RWP to customise and schedule withdrawal from the Fund which will serve as an income for the Members post-retirement.</i></p>	70
<b>Launch date</b>	20 April 2022	35
<b>Initial offer price per unit</b>	N/A	
<b>Initial offer period</b>	N/A	
<b>Financial year-end</b>	31 January.	71

<b>Fund category</b>	Fixed income	
<b>Investment objective</b>	The Fund seeks to provide Members with capital preservation* through investment primarily in fixed income instruments. <i>*The Fund is neither a capital guaranteed fund nor a capital protected fund.</i>	45
<b>Benchmark</b>	60% Quant shop MGS Short Index + 20% CIMB Bank 1-Year Fixed Deposit Rate + 20% FTSE Bursa Malaysia Top 100.  <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.	45
<b>Investment policy and principal investment strategy</b>	The Fund aims to invest in a diversified portfolio of primarily fixed income instruments with some exposure in 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 fixed income instruments, money market instruments and equities either directly or via CIS.  At least 80% of the Fund's NAV will be invested in local and/or foreign fixed income instruments and money market instruments, of which a minimum 20% of the Fund's NAV will be invested in 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 invest up to 5% of its NAV in unrated fixed income instruments. The investments in equities which include foreign exposure shall not exceed 20% of the Fund's NAV.	45
<b>Asset allocation</b>	<ul style="list-style-type: none"> <li>▪ At least 80% of the Fund's NAV will be invested in fixed income instruments and money market instruments, of which a minimum 20% of the Fund's NAV will be invested in money market instruments and up to 5% of the Fund's NAV may be invested in unrated fixed income instruments;</li> <li>▪ Up to 20% of the Fund's NAV will be invested in equities; and</li> <li>▪ Up to 5% of the Fund's NAV will be invested in liquid assets for liquidity purpose.</li> </ul>	45
<b>Principal risks</b>	Stock specific risk, credit and default risk, interest rate risk country risk and currency risk.	27
<b>Member profile</b>	This Fund is suitable for Members who: <ul style="list-style-type: none"> <li>▪ are risk averse; and/or</li> <li>▪ are seeking capital preservation.</li> </ul>	
<b>Distribution policy</b>	The Fund is not expected to pay any distribution.	70
<b>Launch date</b>	12 November 2012.	35
<b>Financial year-end</b>	31 January.	71

<b>Fund category</b>	Balanced	
<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 equity and fixed income instruments.	46
<b>Benchmark</b>	60% FTSE Bursa Malaysia Top 100 + 40% Quant shop MGS Short Index.  <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>	46
<b>Investment policy and principal investment strategy</b>	The Fund will invest in a mix of equities and fixed income instruments 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 fixed income instruments and equities either directly or via CIS.  The investments by the Fund in equities which include foreign exposure shall not exceed 60% of the Fund's NAV and investments in local and/or foreign fixed income instruments 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 fixed income instruments.	46
<b>Asset allocation</b>	<ul style="list-style-type: none"> <li>▪ At least 40% of the Fund's NAV will be invested in fixed income instruments, of which up to 5% of the Fund's NAV may be invested in unrated fixed income instruments;</li> <li>▪ Up to 60% of the Fund's NAV may be invested in equities; and</li> <li>▪ Up to 5% of the Fund's NAV may be invested in liquid assets for liquidity purpose.</li> </ul>	46
<b>Principal risks</b>	Stock specific risk, credit and default risk, interest rate risk, country risk, currency risk and risks associated with investment in warrants/options.	27
<b>Member profile</b>	This Fund is suitable for Members who: <ul style="list-style-type: none"> <li>▪ are seeking for capital appreciation;</li> <li>▪ are willing to accept some fluctuations in the value of his/her investment; and/or</li> <li>▪ want a diversified portfolio of equities and fixed income instruments that may have some foreign exposure.</li> </ul>	
<b>Distribution policy</b>	The Fund is not expected to pay any distribution.	70
<b>Launch date</b>	12 November 2012.	35
<b>Financial year-end</b>	31 January.	71

Principal PRS Plus Growth		Page
<b>Fund category</b>	Mixed asset	
<b>Investment objective</b>	The Fund seeks to provide capital growth over the long-term by investing in a portfolio of primarily equities with some exposure in fixed income instruments.	47
<b>Benchmark</b>	90% FTSE Bursa Malaysia Top 100 + 10% Quant shop MGS Short Index.  <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>	47
<b>Investment policy and principal investment strategy</b>	The Fund will invest in a portfolio of mixed assets, primarily in equities with some exposure in fixed income instruments, 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 fixed income instruments and equities either directly or via CIS.  The investments by the Fund in equities which include foreign exposure may be up to 90% of the Fund's NAV and investments in local and/or foreign fixed income instruments will be at least 10% 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 10% of its NAV in unrated fixed income instruments.	47
<b>Asset allocation</b>	<ul style="list-style-type: none"> <li>▪ At least 10% of the Fund's NAV will be invested in fixed income instruments;</li> <li>▪ Up to 10% of the Fund's NAV may be invested in unrated fixed income instruments;</li> <li>▪ Up to 90% of the Fund's NAV may be invested in equities; and</li> <li>▪ Up to 5% of the Fund's NAV may be invested in liquid assets for liquidity purpose.</li> </ul>	47
<b>Principal risks</b>	Stock specific risk, credit and default risk, interest rate risk, country risk, currency risk and risks associated with investment in warrants/options.	27
<b>Member profile</b>	This Fund is suitable for Members who: <ul style="list-style-type: none"> <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 equities and fixed income instruments that may have some foreign exposure.</li> </ul>	
<b>Distribution policy</b>	The Fund is not expected to pay any distribution.	70
<b>Launch date</b>	12 November 2012.	35
<b>Financial year-end</b>	31 January.	71

Principal PRS Plus Equity		Page
<b>Fund category</b>	Equity	
<b>Investment objective</b>	The Fund seeks to provide capital growth over the long-term by investing in the domestic market.	48
<b>Benchmark</b>	<p>The Fund has a target return of 8% per annum.</p> <p>This is not a guaranteed return and is only a measurement of the Fund's performance. The Fund may not achieve the target return in any particular financial year but targets to achieve this growth over the long-term.</p> <p><i><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.</i></p>	48
<b>Investment policy and principal investment strategy</b>	<p>The Fund is managed to achieve a defined target return over the long-term through investments in the domestic market. The Fund will invest between 70% to 99.8% (both inclusive) of the Fund's NAV in equities.</p> <p>However, the Fund may take temporary defensive positions that may detract from the Fund's prescribed asset allocation when we believe that the equity market is experiencing excessive volatility, expected prolonged declines or when the outlook of the equity market is unfavourable. Under these circumstances, the Fund may reduce its equity exposure and increase its investment in money market instruments to protect the Fund's investment objective in bearish or non-performing equity market.</p>	48
<b>Asset allocation</b>	<ul style="list-style-type: none"> <li>▪ Between 70% to 99.8% (both inclusive) of the Fund's NAV will be invested in equities; and</li> <li>▪ At least 0.2% of the Fund's NAV will be invested in liquid assets for liquidity purpose.</li> </ul>	48
<b>Principal risks</b>	Stock specific risk and risks associated with investment in warrants/options.	27
<b>Member profile</b>	<p>This Fund is suitable for Members who:</p> <ul style="list-style-type: none"> <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.	70
<b>Launch date</b>	12 November 2012.	35
<b>Financial year-end</b>	31 January.	71

Principal PRS Plus Asia Pacific Ex Japan Equity		Page															
<b>Fund category</b>	Feeder Fund – Equity.	49															
<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 Asia Pacific ex Japan region.	49															
<b>Benchmark</b>	<p>The Fund has a target return of 8% per annum.</p> <p>This is not a guaranteed return and is only a measurement of the Fund’s performance. The Fund may not achieve the target return in any particular financial year but targets to achieve this growth over the long-term.</p> <p><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></p>	49															
<b>Investment policy and principal investment strategy</b>	<p>The Fund will invest at least 85% of its NAV in the Principal Asia Pacific Dynamic Income Fund (“Target Fund”), a Malaysian-domiciled fund established on 25 April 2011, which invests in the Asia Pacific ex Japan region. The Fund may also maintain up to 15% of its NAV in liquid assets.</p> <p><u>Information on the Target Fund</u></p> <table border="1"> <tbody> <tr> <td>Target Fund</td> <td>:</td> <td>Principal Asia Pacific Dynamic Income 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>SC</td> </tr> <tr> <td>Country of domicile</td> <td>:</td> <td>Malaysia</td> </tr> </tbody> </table>	Target Fund	:	Principal Asia Pacific Dynamic Income Fund	Target Fund Manager	:	Principal Asset Management Berhad	Target Fund Sub-Manager	:	Principal Asset Management (S) Pte Ltd	Regulatory authority	:	SC	Country of domicile	:	Malaysia	49
Target Fund	:	Principal Asia Pacific Dynamic Income Fund															
Target Fund Manager	:	Principal Asset Management Berhad															
Target Fund Sub-Manager	:	Principal Asset Management (S) Pte Ltd															
Regulatory authority	:	SC															
Country of domicile	:	Malaysia															
<b>Asset allocation</b>	<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 liquid assets for liquidity purpose.</li> </ul>	49															
<b>Principal risks</b>	Risks associated with investment in the Target Fund.	27															
<b>Target Fund risks</b>	Stock specific risk, country risk, liquidity risk, currency risk, credit and default risk, interest rate risk, risk associated with investing in CIS and risk of investing in emerging markets.	29															
<b>Member profile</b>	<p>This Fund is suitable for Members who:</p> <ul style="list-style-type: none"> <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.	70															
<b>Launch date</b>	12 November 2012.	35															
<b>Financial year-end</b>	31 January.	71															

### 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
RE60	3.00%	0.50%	Nil
RE50			
RE40			
RE30			
REI			
PRS-C			
PRS-M			
PRS-G			
PRS-E			
PRS-AP			

**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	No Switching Fee charged for switching of Funds under the Scheme or switching between funds of different PRS managed by us.		
Transfer Fee (to another PRS provider)	A maximum of RM25 may be charged for each transfer to another PRS provider.		
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	Maximum Management Fee (% p.a. of the NAV of the Class)		
	Class A	Class C	Class X
RE60	1.40%	1.50%	1.40%
RE50			
RE40			
RE30			
REI	1.20%	1.30%	1.20%
PRS-C	1.40%	1.50%	1.40%
PRS-M			
PRS-G			
PRS-E			
PRS-AP			

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

Funds	Maximum Trustee Fee (% p.a. of the NAV of the Fund)		
	Class A	Class C	Class X
RE60	0.04% p.a. of the NAV of the Fund (Includes local custodian fees and charges but excludes foreign custodian fees and charges), subject to minimum fee of RM24,000.00 p.a.		
RE50			
RE40			
RE30			

Funds	Maximum Trustee Fee (% p.a. of the NAV of the Fund)		
	Class A	Class C	Class X
REI			
PRS-C	0.04% p.a. of the NAV of the Fund (Includes local custodian fees and charges but excludes foreign custodian fees and charges)		
PRS-M			
PRS-G			
PRS-E			
PRS-AP			

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

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 Member	Nil.		

This table describes the fees and charges charged by PPA. Information on the PPA can be obtained from [www.ppa.my](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		

<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 charged by the Target Fund of PRS-AP.

	Fees/Expenses	%
1	Application fee	Up to 6.50% of its NAV. <b>Note:</b> Target Fund's application fee is waived for the Fund.
2	Withdrawal fee	Nil
3	Management fee	Up to 1.80% of its NAV. <b>Note:</b> The management fee charged by the Target Fund will be paid out of the Management Fee charged by us at the Fund level. Members will incur a Management Fee at the Fund's level only and there is no double charging of management fee.
4	Trustee fee	Up to 0.05% 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 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 GPRS. 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 GPRS.

## 1.4. TRANSACTION INFORMATION

### 1.4.1. Minimum Contribution

Funds	Min initial Contribution (RM)	Min subsequent contribution (RM)	Regular Savings Plan (RSP)	
			Min initial contribution (RM)	Min subsequent contribution (RM)
RE60	<b>Class A</b> : 100 <b>Class C</b> : 100 <b>Class X</b> : N/A	<b>Class A</b> : 50 <b>Class C</b> : 50 <b>Class X</b> : N/A	<b>Class A</b> : 100 <b>Class C</b> : 100 <b>Class X</b> : N/A	<b>Class A</b> : 50 <b>Class C</b> : 50 <b>Class X</b> : N/A
RE50				
RE40				
RE30				
REI				
PRS-C				
PRS-M				
PRS-G				
PRS-E				
PRS-AP				

**Note:** 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.

### 1.4.2. Minimum Withdrawal

Funds	Min withdrawal	Regular Withdrawal Plan (RWP) #
		Min withdrawal
RE60	<b>Class A</b> : RM50 or 100 Units <b>Class C</b> : RM50 or 100 Units <b>Class X</b> : RM100 or 200 Units	RWP is not available for these Funds.
RE50		
RE40		
RE30		
REI		<b>Class A</b> : RM50 <b>Class C</b> : RM50 <b>Class X</b> : RM100
PRS-C		RWP is not available for these Funds.
PRS-M		
PRS-G		
PRS-E		
PRS-AP		

# RWP is only available for REI Members who have reached Retirement Age and may withdraw without tax penalty. Please refer to "Regular Withdrawal Plan (RWP)" section on page 67 for further detail and the applicable terms & conditions.

**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 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 Islamic PRS Plus.</p> <ul style="list-style-type: none"> <li>Switching is limited to once a month only</li> <li>Switching is not allowed between different classes.</li> <li>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 the Fund or such amounts as we may decide from time to time. 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) the Fund.</li> </ul> <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>		
<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 reaching the Retirement Age, you are allowed to transfer your 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 you have 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. Member who has reached 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 Deed dated 8 November 2012, First Supplemental Deed dated 2 January 2014, Second Supplemental Deed dated 25 November 2014, Third Supplemental Deed dated 3 February 2020 and Fourth Supplemental Deed dated 17 December 2021 and Fifth Supplemental Deed dated 12 July 2022.

### 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** or you can e-mail us at [service@principal.com.my](mailto:service@principal.com.my).

If you are dissatisfied with the outcome of the dispute resolution process with us, please refer your dispute to Securities Industry Dispute Resolution Center (SIDREC):

- via phone to : 03-2282 2280
- via fax to : 03-2282 3855
- via e-mail to : [info@sidrec.com.my](mailto:info@sidrec.com.my)
- via letter to : Securities Industry Dispute Resolution Center (SIDREC)

Unit A-9-1, Level 9, Tower A  
Menara UOA Bangsar, No.5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur

You can also direct your complaint to the SC even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Consumer & Investor Office:

- via phone to the Aduan Hotline at : 03-6204 8999
- via fax to : 03-6204 8991
- via e-mail to : [aduan@seccom.com.my](mailto:aduan@seccom.com.my)
- via online complaint form available at [www.sc.com.my](http://www.sc.com.my)
- via letter to : Consumer & Investor Office  
Securities Commission Malaysia  
3 Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur

Federation of Investment Managers Malaysia's Complaints Bureau:

- via phone to : 03-2092 3800
- via fax to : 03-2093 2700
- via e-mail to : [complaints@fimm.com.my](mailto:complaints@fimm.com.my)
- via online complaint form available at [www.fimm.com.my](http://www.fimm.com.my)
- via letter to : Legal, Secretarial & Regulatory Affairs  
Federation of Investment Managers Malaysia  
9-06-1, 6<sup>th</sup> Floor, Wisma Tune  
No. 19, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur

**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 Funds is not an indication 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 and capital not guaranteed**

The investment of the fund is subject to market fluctuations and its inherent risk. There is **NO GUARANTEE** on the investment which includes your investment capital and returns, nor any assurance that the fund's 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 selected the Default Option, we will allocate you into one of the Core Funds based on your year of birth, which aims to match with the expected year of retirement. If you are allocated into a TDF, your investment balance will be automatically switched into the REI when the TDF matures on its Target Date.

The NAV per Unit of TDF may be lower at the point of switching than the NAV per Unit when you initially contributed into the TDF. Hence, you may suffer losses relating to your investment costs upon disposal. We will notify you one (1) month before the TDF matures on its Target Date that your current investments will be automatically switched into the REI.

#### **Liquidity risk**

Liquidity risk refers to the ease of liquidating an asset without causing market dislocation. This depends on the supply and demand as well as the asset's volume or amount traded in the market. If the Fund holds assets that are illiquid, or are difficult to dispose of, the value of the Fund and consequently the value of member's investment in the Fund, will be negatively affected when the Fund has to sell such assets at unfavourable prices. In the case where the Fund is invested into unlisted CIS, the Fund may be negatively impacted due to liquidity policy applied by the CIS (e.g. suspension during exceptional situations).

#### **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.

#### **Financing risk**

This risk occurs when you obtain financing to finance your investment. The inherent risk of investing with money obtained from financing includes you being unable to service the financing payments. In the event units are used as collateral and if the prices of units fall below a certain level due to market conditions, you may be required to pay additional amounts on top of your normal instalment. If you fail to comply within the time prescribed, your units may be sold at an unfavourable price and the proceeds thereof will be used towards the settlement of your financing.

### 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 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>	<ul style="list-style-type: none"> <li>▪ RE60</li> <li>▪ RE50</li> <li>▪ RE40</li> <li>▪ RE30</li> <li>▪ REI</li> <li>▪ PRS-C</li> <li>▪ PRS-M</li> <li>▪ PRS-G</li> <li>▪ PRS-E</li> </ul>
<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 Deposits, debt securities, such as bonds, 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.</p> <p>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>▪ RE60</li> <li>▪ RE50</li> <li>▪ RE40</li> <li>▪ RE30</li> <li>▪ REI</li> <li>▪ PRS-C</li> <li>▪ PRS-M</li> <li>▪ PRS-G</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 fixed income securities and money market instruments. When interest rates rise, fixed income instruments' 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 fixed income instruments 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 Deposit, financial institutions may offer Deposits with lower interest rates when interest rates decrease. As such, this will reduce the potential returns of future Deposits placements which in turn will reduce the potential returns of the Fund.</p>	<ul style="list-style-type: none"> <li>▪ RE60</li> <li>▪ RE50</li> <li>▪ RE40</li> <li>▪ RE30</li> <li>▪ REI</li> <li>▪ PRS-C</li> <li>▪ PRS-M</li> <li>▪ PRS-G</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>▪ RE60</li> <li>▪ RE50</li> <li>▪ RE40</li> <li>▪ RE30</li> <li>▪ REI</li> <li>▪ PRS-C</li> <li>▪ PRS-M</li> <li>▪ PRS-G</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 base currency of the Fund (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 may 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>▪ RE60</li> <li>▪ RE50</li> <li>▪ RE40</li> <li>▪ RE30</li> <li>▪ REI</li> <li>▪ PRS-C</li> <li>▪ PRS-M</li> <li>▪ PRS-G</li> </ul>
<p><b>Risks associated with investment in warrants/options</b></p> <p>There are inherent risks associated with investment in warrants/options. The value of warrants/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 warrants/options accelerates as it approaches its expiry date. Like securities, we will undertake fundamental research and analysis on these</p>	<ul style="list-style-type: none"> <li>▪ RE60</li> <li>▪ RE50</li> <li>▪ RE40</li> <li>▪ RE30</li> <li>▪ REI</li> <li>▪ PRS-M</li> </ul>

Risk	Fund
instruments to ensure that the risk to the portfolio is mitigated.	<ul style="list-style-type: none"> <li>▪ PRS-G</li> <li>▪ PRS-E</li> </ul>
<b>Risks associated with investment in CIS</b>	<ul style="list-style-type: none"> <li>▪ RE60</li> <li>▪ RE50</li> <li>▪ RE40</li> <li>▪ RE30</li> <li>▪ REI</li> <li>▪ PRS-C</li> <li>▪ PRS-M</li> <li>▪ PRS-G</li> </ul>
<p>Since the Fund may invest into CIS, there is a risk of concentration into CIS, in which the CIS's management company has absolute discretion over the CIS's investment technique and knowledge, operational controls and management. In the event of mismanagement of the CIS and/or the management company, the NAV of the Fund, which invests into those CIS would be affected negatively. Should the situation arise, we will seek for another CIS that is consistent with the objective of the Fund.</p>	
<b>Risk associated with unconstrained portfolio</b>	<ul style="list-style-type: none"> <li>▪ RE60</li> <li>▪ RE50</li> <li>▪ RE40</li> <li>▪ RE30</li> <li>▪ REI</li> </ul>
<p>The Fund has a flexible asset allocation into the underlying assets and does not adhere to any benchmark index composition. The Manager has the full flexibility and discretion to determine the asset classes or sectors to be invested into and their weightages at any point in time based on the glide path, taking into consideration factors such as the economic outlook and market conditions to pursue return opportunities across asset classes or sectors. There is no guarantee that the asset allocation decision made by the Manager and/or Sub-Manager will always lead to positive returns. If the Manager and/or Sub-Manager makes an incorrect asset allocation decision, the Fund's performance may be adversely affected. Notwithstanding, the Fund will invest in assets that are consistent with the objective of the Fund, and it will be managed in accordance with our internal guidelines, subject to the requirements under GPRS.</p>	
<b>Risk associated with TDF</b>	<ul style="list-style-type: none"> <li>▪ RE60</li> <li>▪ RE50</li> <li>▪ RE40</li> <li>▪ RE30</li> </ul>
<p>Despite the investment strategy for each of the TDF may look identical, they are with different Target Date and may have very different asset allocations that can affect the risk-return profile at any given point in time. You are advised to invest in a TDF with Target Date that closely corresponds to your expected year of retirement. This will allow you to participate in a portfolio that has an asset allocation which will be periodically adjusted to offer a risk-return profile that corresponds to your current age. Investing in a TDF with Target Date that does not closely match your retirement profile is not recommended as its risk-return profile may not be suitable to you.</p> <p>Even though TDFs are generally designed to become more conservative as the Target Date approaches, investment risk exists throughout the lifespan of the TDF. Also, reaching the Target Date does not necessary mean you have saved enough for retirement. You are advised to understand your retirement needs, choose a suitable TDF and invest consistently, as needed, to achieve your retirement goal. Please refer to "About the Funds" section for more information.</p>	
<b>Risks associated with investment in the Target Fund</b>	<ul style="list-style-type: none"> <li>▪ PRS-AP</li> </ul>
<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 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>	

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

As PRS-AP invests predominantly in the Principal Asia Pacific Dynamic Income Fund ("Target Fund"), the Fund also assumes the risks associated with the Target Fund.

<b>Stock specific risk</b>
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.
<b>Country risk</b>
Investments of the Fund in any countries 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.
<b>Liquidity risk</b>
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.

### Currency risk

There are two (2) levels of currency risk associated with the investment of the Fund:

- **Currency risk at the Fund level**

As the investments of the Fund may be denominated in currencies other than the base currency of the Fund, any fluctuation in the exchange rate between the base currency of the Fund and the currencies in which the investments are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the investments are denominated in depreciate against the base currency of the Fund, 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 fluctuation in the exchange rate may further increase or decrease the returns of the investment.

- **Currency risk at the Class level**

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

You should realise that currency risk is considered as one of the major risks due to the volatile nature of the foreign exchange market. When deemed necessary, we may utilize derivative instruments, subject to prevailing SC Guidelines, to hedge currency risk. If the Fund utilizes derivative for hedging against the base currency of the Fund, you should note that as a result of hedging, the Fund will not be able to enjoy the full benefits of currency movement in the event of a favourable movement of currency.

### Credit and default risk

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

### Interest rate risk

Interest rate risk refers to the impact of interest rate changes on the valuation of debt securities. When interest rates rise, debt securities prices generally decline and this may lower the market value of the Fund's investment in debt securities. In managing the debt portfolio, we take into account the coupon rate and time to maturity of the debt securities with an aim to mitigate the interest rate risk.

### Risk associated with investing in CIS

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

### Risk of investing in emerging markets

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

**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 PRS PLUS

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

In addition to facilitate savings for your 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 through RSP. You can determine the amount and time of contribution into the Scheme subject to the minimum amount stated in the Transaction Information chapter.
- **Simple, seamless and straightforward retirement solution**  
Through *Principal PRS end-to-end retirement solution*, we will help you to have a comprehensive retirement planning that caters for your wealth accumulation during working years and decumulation needs when you retire. It comprises of the *Principal PRS accumulation solution* and *Principal PRS decumulation solution*.  
Please refer to “Principal PRS end-to-end retirement solution” on page 32 for more details.

**Note:** \*For contributions into the PRS and deferred annuities effective from years of assessment 2012 to 2025 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.

### 3.2. ABOUT THE FUNDS

The Scheme consists of the following 10 Funds:

Name	Abbreviation	Fund Category
<b>Core Funds</b>		
Principal RetireEasy 2060	RE60	Core – Mixed asset (TDF)
Principal RetireEasy 2050	RE50	Core – Mixed asset (TDF)
Principal RetireEasy 2040	RE40	Core – Mixed asset (TDF)
Principal RetireEasy 2030	RE30	Core – Mixed asset (TDF)
Principal RetireEasy Income	REI	Core - Mixed Asset
<b>Non-Core Funds</b>		
Principal PRS Plus Conservative	PRS-C	Fixed income
Principal PRS Plus Moderate	PRS-M	Balanced
Principal PRS Plus Growth	PRS-G	Mixed asset
Principal PRS Plus Equity	PRS-E	Equity
Principal PRS Plus Asia Pacific Ex Japan Equity	PRS-AP	Feeder Fund - Equity

#### Core Funds

- **TDF (RE60, RE50, RE40, RE30)**

TDF is a collective investment scheme that is actively managed towards a Target Date. The TDF will invest according to an asset allocation strategy designed for investors who has a retirement goal that is close to the year stated in the Fund’s name. Subsequently, each of the TDF will mature on its Target Date.

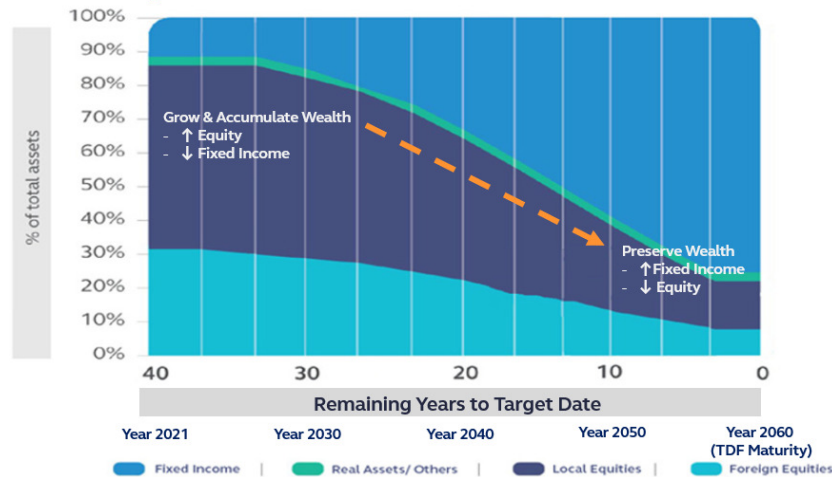
In general, investor should proactively rebalance and reduce the overall risk exposure of their investments as they grow older. However, it could be a challenging task for investors who do not have the time or expertise to manage the investment portfolio by themselves. Without the sufficient investment knowledge and skills, investors may easily misjudge their risk appetite at a point in time that is not suitable for their age. For example, one could end up investing in a portfolio that is too risky for their age which could jeopardize their investment capital and return or invest in a portfolio that is overly conservative which negatively impact their growth opportunities.

TDF is a solution that will address these common challenges faced by investors. The TDF provides a straightforward and easy way to help you invest in a diversified portfolio that will actively and gradually rebalances over time to become less focused on growth and more focused on wealth preservation. In general, TDF seeks more opportunity for growth when it is far away from its Target Date, then place more emphasis on stability when it gets nearer to its Target Date. The portfolio will gradually shift from a more aggressive investments mix (e.g., higher equity allocation) to a more conservative mix (e.g.,



higher fixed income instruments) as it approaches its Target Date. This gradual shift over time is known as glide path, which produces the ideal asset allocation that rebalances automatically throughout the lifespan of the TDF towards its Target Date, which will correspond with investor's risk tolerance as they get nearer to retirement.

Illustration of glide path:



**Note:** This is an illustration only and does not represent the actual asset allocation of any TDF at any point in time. The information on actual asset allocation for each TDF is available in the monthly fund fact sheet, which is available on Principal Malaysia website at [www.principal.com.my](http://www.principal.com.my).

As the TDF portfolio will be de-risked gradually through the adjustments of asset allocation within the fund itself, TDF Members do not need to be switched from one fund to another for de-risking purpose. By selecting the TDF that best suit your retirement goal, you will be able to always invest in an age-appropriate risk and return portfolio as you age towards retirement.

- **REI**  
The REI aims to provide continuous growth to investors by investing in a diversified portfolio of income generating assets. The REI is designed with retiree's needs in mind and is managed to offer a moderately-conservative risk and return profile.

**Note:** The Core Funds are designed to offer age-appropriate risk and return exposure to Members throughout the investment tenure.

- If you opted for Do-It-For-Me (Default Option), you will be allocated into one of the Core Funds that is suitable to your retirement goal.
- If you opted for Do-It-Myself, you may choose to invest in any Core Funds based on your preference. However, we recommend you to choose a Core Fund that is suitable to your retirement goal, where you will be able to invest in a fund that offers an age-appropriate risk and return to you throughout the investment tenure.

**Non-Core Funds**

- **PRS-C, PRS-M, PRS-G & PRS-E**  
These Funds are managed in accordance with a fixed asset allocation that offers consistent risk exposure to investors. The risk exposure of a fund is reliant on its asset allocation. Since the asset allocation of the Funds is fixed, the Funds will have a consistent risk exposure over time in all market condition. For example, the PRS-M has a fixed asset allocation of at least 40% of its NAV in fixed income instruments, and up to 60% of its NAV in equities. The PRS-M will always invest based on the fixed asset allocation regardless of market conditions, thus having a consistent risk exposure throughout the investment tenure.
- **PRS-AP**  
The Fund is a feeder fund that invests into the Target Fund to offer investors the exposure to the underlying investments of the Target Fund.

**Note:** The Non-Core Funds are designed to offer a consistent risk exposure throughout the investment tenure. If you wish to adjust the risk exposure to suit your changing risk profile as you age towards retirement, you need to switch into any of the Funds under the Scheme or funds under the Principal Islamic PRS Plus by submitting a switching instruction to us.

**3.3. PRINCIPAL PRS END-TO-END RETIREMENT SOLUTION**

Let us help you to have a comprehensive retirement planning that caters for your accumulation and decumulation needs through investing in the Core Funds. It is a simple, seamless and straightforward solution that aids you to navigate through your retirement journey.



o **Principal PRS accumulation solution**

During your working years, you may accumulate wealth and invest in TDF that best suit your retirement goals. The TDF helps you invest and grow your accumulated wealth in a portfolio that has an asset allocation that is actively adjusted to offer an age-appropriate risk and return portfolio throughout until you retire. By selecting the TDF that best suit your retirement goal, you will be able to invest in an age-appropriate risk and return portfolio as you age towards retirement.

The TDF will mature on its Target Date as disclosed in the below table. As part of the seamless Principal PRS end-to-end retirement solution, when the TDF matures on its Target Date, all Members of the TDF will be switched automatically into the Principal RetireEasy Income to begin the decumulation journey.

TDF	Target Date*
RE60	31 December 2060
RE50	31 December 2050
RE40	31 December 2040
RE30	31 December 2030

\*If the Target Date falls on a weekend or a public holiday, it should be the following Business Day.

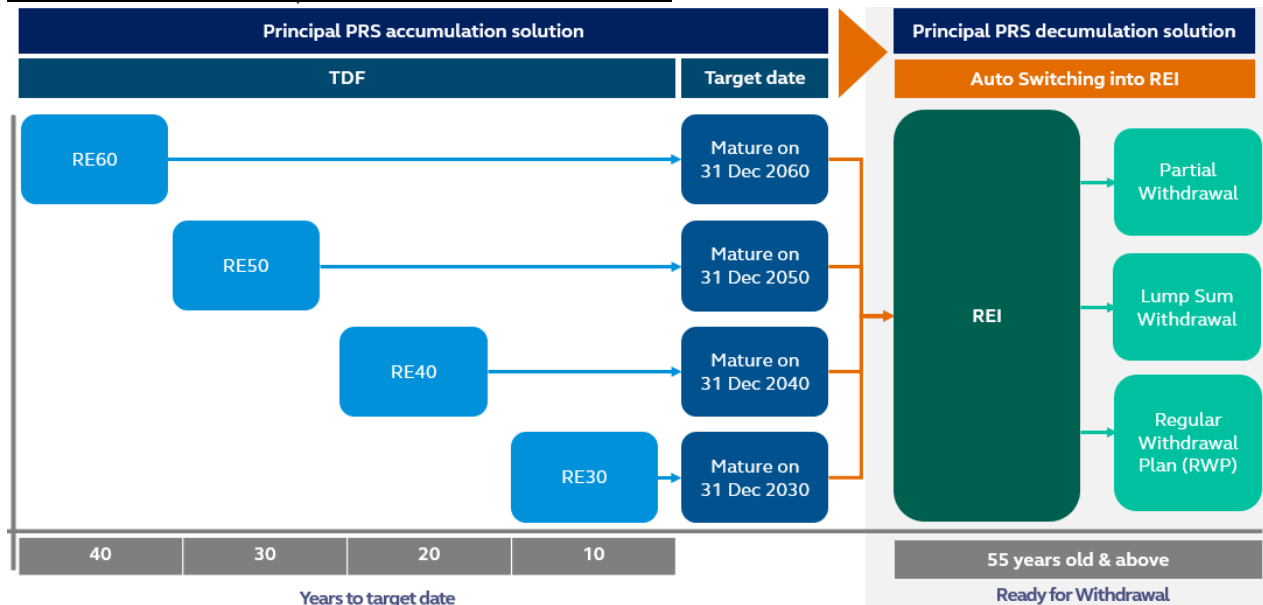
Upon reaching the Retirement Age, you may:

- i) remain invested in the TDF until its Target Date. You will be switched automatically into the REI after the TDF matures on its Target Date;
- ii) request to switch into the REI before the TDF matures; or
- iii) withdraw your investment proceeds from the TDF.

o **Principal PRS decumulation solution**

By default, Members from a TDF will be switched automatically into the REI when the TDF matures on its Target Date. The REI is designed with retiree's needs in mind and is managed to offer a moderately-conservative risk and return profile. It allows the investors who have reached Retirement Age to customise their withdrawal schedule through RWP, while the remaining balances in the REI will continue to grow to prolong account sustainability. Please refer to "Regular Withdrawal Plan (RWP)" on page 67 for more details.

*Illustration: Overview of Principal PRS end-to-end retirement solution*



### 3.4. INVESTMENT OPTION

You may select the investment option below at your preference.

- **Do-It-For-Me (Default Option):** This is the best choice if you are unsure which Fund suits you the most. We will allocate your contributions into one of the Core Funds based on your year of birth as listed in the table below. By this, you will always be investing in a fund that offers an age-appropriate risk and return profile based on your current age.

Core Funds	Year of birth	Expected year of retirement*
RE60	1996 – 2005	2051 – 2060
RE50	1986 – 1995	2041 – 2050
RE40	1976 – 1985	2031 – 2040
RE30	1968 – 1975	2023 – 2030
REI	On or before 1967	N/A - Retired

\* Based on the Retirement Age.

A member statement will be sent to you to notify you on the Core Fund that you have been allocated into under the Default Option.

- **Do-It-Myself:** You can contribute to the Scheme by selecting any one or a combination of the Funds based on your preferred risk and return profile until retirement.

#### How to select the suitable Core Fund?

You can choose the suitable Core Fund according to your year of birth based on the table below. Find out your expected year of retirement by adding your year of birth with the retirement age.



Choose the corresponding Core Fund:

Core Funds	Investors' year of birth	Year of retirement
RE60	1996 – 2005	2051-2060
RE50	1986 – 1995	2041-2050
RE40	1976 – 1985	2031-2040
RE30	1968 – 1975	2023-2030
REI	On or before 1967	Retired

#### Illustration:

##### **Do-It-For-Me (Default Option)**

Saiful was born in year 1985 and wants to invest in PRS. He does not know which fund is suitable for him as he is not sure what is his risk tolerance. As such, Saiful has opted for Default Option, i.e., let us choose the right fund for him.

In determining which Core Fund is suitable for Saiful, we will estimate his expected year of retirement based on the Retirement Age prescribed in GPRS, i.e., 55 years old.

Based on his year of birth, Saiful will be allocated into RE40 as it closely matches to his year of retirement. When investing in RE40, Saiful will remain invested in the same fund until it matures on its Target Date, that is on 31 December 2040.

Throughout the investment tenure, RE40 will automatically adjust its asset allocation to reduce the risk profile of the fund over time until the Target Date. Typically, the portfolio will be adjusted from accumulating wealth to preserving wealth as it gets nearer to the retirement date. To Saiful, no action is required at this end, as he will always be invested in an age-appropriate risk & return portfolio through the RE40. When the RE40 matures on 31 December 2040, Saiful can then perform withdrawals from the RE40 for this retirement use.

##### **Do-It-Myself**

Salina was born in year 1985 and wants to invest in PRS. She has a high-risk tolerance and wants to make her own fund selection.

Based on calculation, she is expected to reach Retirement Age in year 2040, and the ideal TDF for Salina based on her year of birth is RE40. However, Salina would like to make her own investment decision and chose to invest in RE60, which is a more aggressive portfolio with longer investment horizon. She will remain invested in RE60 until it matures on its Target Date, i.e., 31 December 2060. During the investment tenure, RE60 will be actively managed and rebalance its asset allocation over time.

Salina has chosen a TDF with a target date that does not match with her expected year of retirement. Subsequently, when RE60 matures on 31 December 2060, she can either perform withdrawals from RE60 if she has reached the Retirement Age or switch her investment into another Fund if she is below the Retirement Age.

### Contribution

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 holds 70% of all contributions made to any of the Funds.
- Sub-account B holds 30% of all contributions made to any of the Funds.

### 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 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 67 for further information.

The Trustee for the Scheme is Deutsche Trustees Malaysia Berhad.

### 3.5. LAUNCH DATE, INITIAL OFFER PERIOD AND INITIAL OFFER PRICE PER UNIT

Funds	Launch Date	Initial Offer Period	Initial Offer Price Per Unit
Principal RetireEasy 2060	23 September 2022	1 day	RM0.2500
Principal RetireEasy 2050	23 September 2022	1 day	RM0.2500
Principal RetireEasy 2040	23 September 2022	1 day	RM0.2500
Principal RetireEasy 2030	23 September 2022	1 day	RM0.2500
Principal RetireEasy Income	20 April 2022	N/A	N/A
Principal PRS Plus Conservative	12 November 2012	N/A	N/A
Principal PRS Plus Moderate	12 November 2012	N/A	N/A
Principal PRS Plus Growth	12 November 2012	N/A	N/A
Principal PRS Plus Equity	12 November 2012	N/A	N/A
Principal PRS Plus Asia Pacific Ex Japan Equity	12 November 2012	N/A	N/A

## 4. FUNDS INFORMATION

### 4.1. FUNDS DETAILS

#### 4.1.1. Principal RetireEasy 2060

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##### Investment objective

The Fund seeks to provide positive total return by investing according to an asset allocation strategy. Any material changes to the Fund's investment objective would require your approval.

##### Target Date

31 December 2060. The Fund will mature on the Target Date, and all Members in the Fund will be switched automatically into the REI.

##### Benchmark

The benchmark is for performance comparison purpose only and the risk profile of the Fund is not the same as the risk profile of the benchmark. The benchmark was set based on current market environment and asset allocation mix.

Currently, the benchmark for RE60 is:

RE60	
MSCI World NR USD	28.5%
MSCI Malaysia NR MYR	28.5%
MSCI AC Asia Pacific NR USD	40.0%
BPAM MYR	3.0%
JPM Asia Credit TR USD	0%
Bloomberg BarCap Global Aggregate TR USD	0%

As this is a long-term fund, the return expectation may change accordingly should there be changes in the market environment and asset allocation mix at that point of time. Any changes to the benchmark will be reflected in the PHS, which is available on Principal Malaysia website at [www.principal.com.my](http://www.principal.com.my).

Information on the MSCI World NR USD can be obtained from Lipper/Bloomberg.

Information on the MSCI Malaysia NR MYR can be obtained from Lipper/Bloomberg.

Information on the MSCI AC Asia Pacific NR USD can be obtained from Lipper/Bloomberg.

Information on the BPAM MYR can be obtained from Bond Pricing Agency Malaysia.

Information on the JPM Asia Credit TR USD can be obtained from Bloomberg/JP Morgan website.

Information on the Bloomberg BarCap Global Aggregate TR USD can be obtained from Bloomberg.

Alternatively, Information on the composite benchmark is also available in our monthly fund fact sheets and can be obtained from [www.principal.com.my](http://www.principal.com.my).

##### Investment policy and strategy

The Fund seeks to provide sustainable positive total return and to grow the total investment over the long term with retirement as the ultimate goal.

We have appointed Principal Global Investors, LLC ("PGI") as the Sub-Manager of the Fund. The Sub-Manager specializes in the global multi asset investment strategies and will be responsible for the investment management function of the Fund in accordance with the Fund's objective and within the investment parameters, restrictions, and limits of the Fund. All costs of this appointment will be borne by us to ensure no additional fee is levied on the Members. For more information on the Sub-Manager, please refer to "Sub-Manager of the Fund" chapter on page 77.

The Sub-Manager will construct a glide path that will guide the asset allocation of the Fund over the Fund's tenure until its Target Date. In constructing the glide path, the Sub-Manager will take into consideration various factors such as the human elements (e.g., Malaysian retirement landscape, life expectancy, average retirement age etc.) and market data (e.g., long term capital market assumption, market liquidity, inflation rate, interest rate etc.). The Fund's asset allocation will be guided by the glide path and it will shift dynamically and progressively from a more aggressive mix to a more conservative mix as the Fund approaches its Target Date. This gradual shift over time aims to produce an ideal asset allocation that rebalances throughout the tenure of the TDF that corresponds with investors' risk tolerance as they grow nearer to the Retirement Age, where investor will always be investing in an age-appropriate asset mix as they grow nearer to Retirement Age. Along the glide path, the Fund will generally comply with the general principles on the formulation of asset allocation for core funds as prescribed by the SC. The Sub-Manager will review the Fund's asset allocation periodically depending on the global economic and market outlook, while focusing on controlling and managing systematic risk for the Fund. The Fund is unconstrained in terms of regions and asset classes, where the Fund may invest globally in various asset classes as permitted by the GPRS. The allocation in each asset

classes are not fixed, whereby the allocation may change along the Fund tenure and in response to the market condition from time to time as the Sub-Manager deem appropriate or necessary.

The Sub-Manager and/or the Manager will adopt an active investment strategy with frequency that will depend on the market conditions and the market outlook. The Sub-Manager manages the Fund with strategic or long-term asset class targets and target ranges. There is a rebalancing strategy that aligns with the target weights to identify asset classes that are either overweight or underweight. The Fund may shift asset class targets in response to normal evaluative processes or changes in market forces or Fund circumstances. Currently, the Sub-Manager will seek exposure to the various asset classes by investing in CIS (including ETF and REITs) to achieve greater market exposure, diversification and for cost efficiency purposes.

At any point in time in the future, the Manager may invest directly into the various asset classes as the Manager deem appropriate and at the Manager's discretion. Where the Fund invest in equities, the Fund may focus on dividend yielding equities of companies, which the Manager believes will offer attractive yields, sustainable dividend payments and/or will exhibit above average growth potential when compared to its industry or the overall market at the point of purchase. Where the Fund invest in debt securities, the debt securities shall 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 40% of its NAV in Unrated Debt Securities and up to 10% of its NAV in unlisted securities. When deemed necessary, the Fund may also utilize derivative instruments such as futures contracts and currency forwards for hedging purposes, subject to the prevailing GPRS. The Fund may invest all or a substantial portion of its assets in money market instruments and/or Deposit if the Manager foresee an excessive market volatility, expects prolonged declines, or when there are other adverse conditions, such as political instability to safeguard the Fund, and as part of its liquidity and/or risk management.

Up to 100% of the Fund's NAV may be invested in CIS (including ETF and REITs), equities, debt securities, money market instruments and/or Deposits. Notwithstanding,

- up to 40% of the Fund's NAV may be invested in Unrated Debt Securities; and
- up to 10% of the Fund's NAV may be invested in unlisted securities.

As part of the seamless Principal PRS end-to-end retirement solution, when the Fund matures on its Target Date, all Members of the Fund will be switched automatically into the Principal RetireEasy Income to begin the decumulation journey. To facilitate the automatic switching, the Sub-Manager and/or the Manager will liquidate the underlying assets of TDF and hold substantially or entirely in liquid assets such as Deposits and/or money market instruments nearer to its Target Date. You will be informed accordingly after the automatic switching is completed. Please refer to "Principal PRS end-to-end retirement solution" section on page 32 for more information.

The information on the Fund's latest investment holdings and its allocation will be updated in the monthly fund fact sheet, which is available on Principal Malaysia website at [www.principal.com.my](http://www.principal.com.my).

## 4.1.2. Principal RetireEasy 2050

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### Investment objective

The Fund seeks to provide positive total return by investing according to an asset allocation strategy. Any material changes to the Fund's investment objective would require your approval.

### Target Date

31 December 2050. The Fund will mature on the Target Date, and all Members in the Fund will be switched automatically into the REI.

### Benchmark

The benchmark is for performance comparison purpose only and the risk profile of the Fund is not the same as the risk profile of the benchmark. The benchmark was set based on current market environment and asset allocation mix.

Currently, the benchmark for RE50 is:

RE50	
MSCI World NR USD	28.5%
MSCI Malaysia NR MYR	28.5%
MSCI AC Asia Pacific NR USD	40.0%
BPAM MYR	3.0%
JPM Asia Credit TR USD	0%
Bloomberg BarCap Global Aggregate TR USD	0%

As this is a long-term fund, the return expectation may change accordingly should there be changes in the market environment and asset allocation mix at that point of time. Any changes to the benchmark will be reflected in the PHS, which is available on Principal Malaysia website at [www.principal.com.my](http://www.principal.com.my).

Information on the MSCI World NR USD can be obtained from Lipper/Bloomberg.

Information on the MSCI Malaysia NR MYR can be obtained from Lipper/Bloomberg.

Information on the MSCI AC Asia Pacific NR USD can be obtained from Lipper/Bloomberg.

Information on the BPAM MYR can be obtained from Bond Pricing Agency Malaysia.

Information on the JPM Asia Credit TR USD can be obtained from Bloomberg/JP Morgan website.

Information on the Bloomberg BarCap Global Aggregate TR USD can be obtained from Bloomberg.

Alternatively, Information on the composite benchmark is also available in our monthly fund fact sheets and can be obtained from [www.principal.com.my](http://www.principal.com.my).

### Investment policy and strategy

The Fund seeks to provide sustainable positive total return and to grow the total investment over the long term with retirement as the ultimate goal.

We have appointed Principal Global Investors, LLC ("PGI") as the Sub-Manager of the Fund. The Sub-Manager specializes in the global multi asset investment strategies and will be responsible for the investment management function of the Fund in accordance with the Fund's objective and within the investment parameters, restrictions, and limits of the Fund. All costs of this appointment will be borne by us to ensure no additional fee is levied on the Members. For more information on the Sub-Manager, please refer to "Sub-Manager of the Fund" chapter on page 77.

The Sub-Manager will construct a glide path that will guide the asset allocation of the Fund over the Fund's tenure until its Target Date. In constructing the glide path, the Sub-Manager will take into consideration various factors such as the human elements (e.g., Malaysian retirement landscape, life expectancy, average retirement age etc.) and market data (e.g., long term capital market assumption, market liquidity, inflation rate, interest rate etc.). The Fund's asset allocation will be guided by the glide path and it will shift dynamically and progressively from a more aggressive mix to a more conservative mix as the Fund approaches its Target Date. This gradual shift over time aims to produce an ideal asset allocation that rebalances throughout the tenure of the TDF that corresponds with investors' risk tolerance as they grow nearer to the Retirement Age, where investor will always be investing in an age-appropriate asset mix as they grow nearer to Retirement Age. Along the glide path, the Fund will generally comply with the general principles on the formulation of asset allocation for core funds as prescribed by the SC. The Sub-Manager will review the Fund's asset allocation periodically depending on the global economic and market outlook, while focusing on controlling and managing systematic risk for the Fund. The Fund is unconstrained in terms of regions and asset classes, where the Fund may invest globally in various asset classes as permitted by the GPRS. The allocation in each asset classes are not fixed, whereby the allocation may change along the Fund tenure and in response to the market condition from time to time as the Sub-Manager deem appropriate or necessary.

The Sub-Manager and/or the Manager will adopt an active investment strategy with frequency that will depend on the market conditions and the market outlook. The Sub-Manager manages the Fund with strategic or long-term asset class targets and target ranges. There is a rebalancing strategy that aligns with the target weights to identify asset classes that are either

overweight or underweight. The Fund may shift asset class targets in response to normal evaluative processes or changes in market forces or Fund circumstances. Currently, the Sub-Manager will seek exposure to the various asset classes by investing in CIS (including ETF and REITs) to achieve greater market exposure, diversification and for cost efficiency purposes.

At any point in time in the future, the Manager may invest directly into the various asset classes as the Manager deem appropriate and at the Manager's discretion. Where the Fund invest in equities, the Fund may focus on dividend yielding equities of companies, which the Manager believes will offer attractive yields, sustainable dividend payments and/or will exhibit above average growth potential when compared to its industry or the overall market at the point of purchase. Where the Fund invest in debt securities, the debt securities shall 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 40% of its NAV in Unrated Debt Securities and up to 10% of its NAV in unlisted securities. When deemed necessary, the Fund may also utilize derivative instruments such as futures contracts and currency forwards for hedging purposes, subject to the prevailing GPRS. The Fund may invest all or a substantial portion of its assets in money market instruments and/or Deposit if the Manager foresee an excessive market volatility, expects prolonged declines, or when there are other adverse conditions, such as political instability to safeguard the Fund, and as part of its liquidity and/or risk management.

Up to 100% of the Fund's NAV may be invested in CIS (including ETF and REITs), equities, debt securities, money market instruments and/or Deposits. Notwithstanding,

- up to 40% of the Fund's NAV may be invested in Unrated Debt Securities; and
- up to 10% of the Fund's NAV may be invested in unlisted securities.

As part of the seamless Principal PRS end-to-end retirement solution, when the Fund matures on its Target Date, all Members of the Fund will be switched automatically into the Principal RetireEasy Income to begin the decumulation journey. To facilitate the automatic switching, the Sub-Manager and/or the Manager will liquidate the underlying assets of TDF and hold substantially or entirely in liquid assets such as Deposits and/or money market instruments nearer to its Target Date. You will be informed accordingly after the automatic switching is completed. Please refer to "Principal PRS end-to-end retirement solution" section on page 32 for more information.

The information on the Fund's latest investment holdings and its allocation will be updated in the monthly fund fact sheet, which is available on Principal Malaysia website at [www.principal.com.my](http://www.principal.com.my).



### 4.1.3. Principal RetireEasy 2040

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#### Investment objective

The Fund seeks to provide positive total return by investing according to an asset allocation strategy. Any material changes to the Fund's investment objective would require your approval.

#### Target Date

31 December 2040. The Fund will mature on the Target Date, and all Members in the Fund will be switched automatically into the REI.

#### Benchmark

The benchmark is for performance comparison purpose only and the risk profile of the Fund is not the same as the risk profile of the benchmark. The benchmark was set based on current market environment and asset allocation mix.

Currently, the benchmark for RE40 is:

RE40	
MSCI World NR USD	24.0%
MSCI Malaysia NR MYR	24.0%
MSCI AC Asia Pacific NR USD	30.0%
BPAM MYR	14.0%
JPM Asia Credit TR USD	4.0%
Bloomberg BarCap Global Aggregate TR USD	4.0%

As this is a long-term fund, the return expectation may change accordingly should there be changes in the market environment and asset allocation mix at that point of time. Any changes to the benchmark will be reflected in the PHS, which is available on Principal Malaysia website at [www.principal.com.my](http://www.principal.com.my).

Information on the MSCI World NR USD can be obtained from Lipper/Bloomberg.

Information on the MSCI Malaysia NR MYR can be obtained from Lipper/Bloomberg.

Information on the MSCI AC Asia Pacific NR USD can be obtained from Lipper/Bloomberg.

Information on the BPAM MYR can be obtained from Bond Pricing Agency Malaysia.

Information on the JPM Asia Credit TR USD can be obtained from Bloomberg/JP Morgan website.

Information on the Bloomberg BarCap Global Aggregate TR USD can be obtained from Bloomberg.

Alternatively, Information on the composite benchmark is also available in our monthly fund fact sheets and can be obtained from [www.principal.com.my](http://www.principal.com.my).

#### Investment policy and strategy

The Fund seeks to provide sustainable positive total return and to grow the total investment over the long term with retirement as the ultimate goal.

We have appointed Principal Global Investors, LLC ("PGI") as the Sub-Manager of the Fund. The Sub-Manager specializes in the global multi asset investment strategies and will be responsible for the investment management function of the Fund in accordance with the Fund's objective and within the investment parameters, restrictions, and limits of the Fund. All costs of this appointment will be borne by us to ensure no additional fee is levied on the Members. For more information on the Sub-Manager, please refer to "Sub-Manager of the Fund" chapter on page 77.

The Sub-Manager will construct a glide path that will guide the asset allocation of the Fund over the Fund's tenure until its Target Date. In constructing the glide path, the Sub-Manager will take into consideration various factors such as the human elements (e.g., Malaysian retirement landscape, life expectancy, average retirement age etc.) and market data (e.g., long term capital market assumption, market liquidity, inflation rate, interest rate etc.). The Fund's asset allocation will be guided by the glide path and it will shift dynamically and progressively from a more aggressive mix to a more conservative mix as the Fund approaches its Target Date. This gradual shift over time aims to produce an ideal asset allocation that rebalances throughout the tenure of the TDF that corresponds with investors' risk tolerance as they grow nearer to the Retirement Age, where investor will always be investing in an age-appropriate asset mix as they grow nearer to Retirement Age. Along the glide path, the Fund will generally comply with the general principles on the formulation of asset allocation for core funds as prescribed by the SC. The Sub-Manager will review the Fund's asset allocation periodically depending on the global economic and market outlook, while focusing on controlling and managing systematic risk for the Fund. The Fund is unconstrained in terms of regions and asset classes, where the Fund may invest globally in various asset classes as permitted by the GPRS. The allocation in each asset classes are not fixed, whereby the allocation may change along the Fund tenure and in response to the market condition from time to time as the Sub-Manager deem appropriate or necessary.

The Sub-Manager and/or the Manager will adopt an active investment strategy with frequency that will depend on the market conditions and the market outlook. The Sub-Manager manages the Fund with strategic or long-term asset class targets and target ranges. There is a rebalancing strategy that aligns with the target weights to identify asset classes that are either

overweight or underweight. The Fund may shift asset class targets in response to normal evaluative processes or changes in market forces or Fund circumstances. Currently, the Sub-Manager will seek exposure to the various asset classes by investing in CIS (including ETF and REITs) to achieve greater market exposure, diversification and for cost efficiency purposes.

At any point in time in the future, the Manager may invest directly into the various asset classes as the Manager deem appropriate and at the Manager's discretion. Where the Fund invest in equities, the Fund may focus on dividend yielding equities of companies, which the Manager believes will offer attractive yields, sustainable dividend payments and/or will exhibit above average growth potential when compared to its industry or the overall market at the point of purchase. Where the Fund invest in debt securities, the debt securities shall 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 40% of its NAV in Unrated Debt Securities and up to 10% of its NAV in unlisted securities. When deemed necessary, the Fund may also utilize derivative instruments such as futures contracts and currency forwards for hedging purposes, subject to the prevailing GPRS. The Fund may invest all or a substantial portion of its assets in money market instruments and/or Deposit if the Manager foresee an excessive market volatility, expects prolonged declines, or when there are other adverse conditions, such as political instability to safeguard the Fund, and as part of its liquidity and/or risk management.

Up to 100% of the Fund's NAV may be invested in CIS (including ETF and REITs), equities, debt securities, money market instruments and/or Deposits. Notwithstanding,

- up to 40% of the Fund's NAV may be invested in Unrated Debt Securities; and
- up to 10% of the Fund's NAV may be invested in unlisted securities.

As part of the seamless Principal PRS end-to-end retirement solution, when the Fund matures on its Target Date, all Members of the Fund will be switched automatically into the Principal RetireEasy Income to begin the decumulation journey. To facilitate the automatic switching, the Sub-Manager and/or the Manager will liquidate the underlying assets of TDF and hold substantially or entirely in liquid assets such as Deposits and/or money market instruments nearer to its Target Date. You will be informed accordingly after the automatic switching is completed. Please refer to "Principal PRS end-to-end retirement solution" section on page 32 for more information.

The information on the Fund's latest investment holdings and its allocation will be updated in the monthly fund fact sheet, which is available on Principal Malaysia website at [www.principal.com.my](http://www.principal.com.my).

#### 4.1.4. Principal RetireEasy 2030

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##### Investment objective

The Fund seeks to provide positive total return by investing according to an asset allocation strategy. Any material changes to the Fund's investment objective would require your approval.

##### Target Date

31 December 2030. The Fund will mature on the Target Date, and all Members in the Fund will be switched automatically into the REI.

##### Benchmark

The benchmark is for performance comparison purpose only and the risk profile of the Fund is not the same as the risk profile of the benchmark. The benchmark was set based on current market environment and asset allocation mix.

Currently, the benchmark for RE30 is:

RE30	
MSCI World NR USD	18.0%
MSCI Malaysia NR MYR	18.0%
MSCI AC Asia Pacific NR USD	24.0%
BPAM MYR	25.0%
JPM Asia Credit TR USD	7.5%
Bloomberg BarCap Global Aggregate TR USD	7.5%

As this is a long-term fund, the return expectation may change accordingly should there be changes in the market environment and asset allocation mix at that point of time. Any changes to the benchmark will be reflected in the PHS, which is available on Principal Malaysia website at [www.principal.com.my](http://www.principal.com.my).

Information on the MSCI World NR USD can be obtained from Lipper/Bloomberg.

Information on the MSCI Malaysia NR MYR can be obtained from Lipper/Bloomberg.

Information on the MSCI AC Asia Pacific NR USD can be obtained from Lipper/Bloomberg.

Information on the BPAM MYR can be obtained from Bond Pricing Agency Malaysia.

Information on the JPM Asia Credit TR USD can be obtained from Bloomberg/JP Morgan website.

Information on the Bloomberg BarCap Global Aggregate TR USD can be obtained from Bloomberg.

Alternatively, Information on the composite benchmark is also available in our monthly fund fact sheets and can be obtained from [www.principal.com.my](http://www.principal.com.my).

##### Investment policy and strategy

The Fund seeks to provide sustainable positive total return and to grow the total investment over the long term with retirement as the ultimate goal.

We have appointed Principal Global Investors, LLC ("PGI") as the Sub-Manager of the Fund. The Sub-Manager specializes in the global multi asset investment strategies and will be responsible for the investment management function of the Fund in accordance with the Fund's objective and within the investment parameters, restrictions, and limits of the Fund. All costs of this appointment will be borne by us to ensure no additional fee is levied on the Members. For more information on the Sub-Manager, please refer to "Sub-Manager of the Fund" chapter on page 77.

The Sub-Manager will construct a glide path that will guide the asset allocation of the Fund over the Fund's tenure until its Target Date. In constructing the glide path, the Sub-Manager will take into consideration various factors such as the human elements (e.g., Malaysian retirement landscape, life expectancy, average retirement age etc.) and market data (e.g., long term capital market assumption, market liquidity, inflation rate, interest rate etc.). The Fund's asset allocation will be guided by the glide path and it will shift dynamically and progressively from a more aggressive mix to a more conservative mix as the Fund approaches its Target Date. This gradual shift over time aims to produce an ideal asset allocation that rebalances throughout the tenure of the TDF that corresponds with investors' risk tolerance as they grow nearer to the Retirement Age, where investor will always be investing in an age-appropriate asset mix as they grow nearer to Retirement Age. Along the glide path, the Fund will generally comply with the general principles on the formulation of asset allocation for core funds as prescribed by the SC. The Sub-Manager will review the Fund's asset allocation periodically depending on the global economic and market outlook, while focusing on controlling and managing systematic risk for the Fund. The Fund is unconstrained in terms of regions and asset classes, where the Fund may invest globally in various asset classes as permitted by the GPRS. The allocation in each asset classes are not fixed, whereby the allocation may change along the Fund tenure and in response to the market condition from time to time as the Sub-Manager deem appropriate or necessary.

The Sub-Manager and/or the Manager will adopt an active investment strategy with frequency that will depend on the market conditions and the market outlook. The Sub-Manager manages the Fund with strategic or long-term asset class targets and target ranges. There is a rebalancing strategy that aligns with the target weights to identify asset classes that are either

overweight or underweight. The Fund may shift asset class targets in response to normal evaluative processes or changes in market forces or Fund circumstances. Currently, the Sub-Manager will seek exposure to the various asset classes by investing in CIS (including ETF and REITs) to achieve greater market exposure, diversification and for cost efficiency purposes.

At any point in time in the future, the Manager may invest directly into the various asset classes as the Manager deem appropriate and at the Manager's discretion. Where the Fund invest in equities, the Fund may focus on dividend yielding equities of companies, which the Manager believes will offer attractive yields, sustainable dividend payments and/or will exhibit above average growth potential when compared to its industry or the overall market at the point of purchase. Where the Fund invest in debt securities, the debt securities shall 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 40% of its NAV in Unrated Debt Securities and up to 10% of its NAV in unlisted securities. When deemed necessary, the Fund may also utilize derivative instruments such as futures contracts and currency forwards for hedging purposes, subject to the prevailing GPRS. The Fund may invest all or a substantial portion of its assets in money market instruments and/or Deposit if the Manager foresee an excessive market volatility, expects prolonged declines, or when there are other adverse conditions, such as political instability to safeguard the Fund, and as part of its liquidity and/or risk management.

Up to 100% of the Fund's NAV may be invested in CIS (including ETF and REITs), equities, debt securities, money market instruments and/or Deposits. Notwithstanding,

- up to 40% of the Fund's NAV may be invested in Unrated Debt Securities; and
- up to 10% of the Fund's NAV may be invested in unlisted securities.

As part of the seamless Principal PRS end-to-end retirement solution, when the Fund matures on its Target Date, all Members of the Fund will be switched automatically into the Principal RetireEasy Income to begin the decumulation journey. To facilitate the automatic switching, the Sub-Manager and/or the Manager will liquidate the underlying assets of TDF and hold substantially or entirely in liquid assets such as Deposits and/or money market instruments nearer to its Target Date. You will be informed accordingly after the automatic switching is completed. Please refer to "Principal PRS end-to-end retirement solution" section on page 32 for more information.

The information on the Fund's latest investment holdings and its allocation will be updated in the monthly fund fact sheet, which is available on Principal Malaysia website at [www.principal.com.my](http://www.principal.com.my).

#### 4.1.5. Principal RetireEasy Income

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##### **Investment objective**

The Fund seeks to provide sustainable total return and to grow the total investment over the long term.

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

##### **Benchmark**

The performance of this Fund cannot be compared directly with any specific publicly available benchmark. However, the Fund has a target return of 4.0% - 5.0% per annum over rolling 5-year. Please note that the Fund's benchmark is for performance comparison purpose only and the risk profile of the Fund is not the same as the risk profile of the benchmark.

The target return above were set based on current market environment and asset allocation mix. As the Fund is a long-term fund, the return expectation may change accordingly should there be changes in the market environment and asset allocation mix at that point of time. Any changes to the benchmark will be reflected in the PHS, which is available on Principal Malaysia website at [www.principal.com.my](http://www.principal.com.my).

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

The Fund aims to achieve its objective by investing primarily in a diversified portfolio of income generating assets. The Fund will seek exposure from various asset classes which includes but not limited to equities, debt securities, money market instruments and/or Deposits, which can be accessed directly through the market or indirectly via CIS (including ETF and REITs).

We have appointed Principal Global Investors, LLC ("PGI") as the Sub-Manager of the Fund. The Sub-Manager specializes in the global multi asset investment strategies and will be responsible for the investment management function of the Fund in accordance with the Fund's objective and within the investment parameters, restrictions, and limits of the Fund. All costs of this appointment will be borne by us to ensure no additional fee is levied on the Members. For more information on the Sub-Manager, please refer to "Sub-Manager of the Fund" chapter on page 77.

The Sub-Manager manages the Fund with strategic or long-term asset class targets and target ranges. There is a rebalancing strategy that aligns with the target weights to identify asset classes that are either overweight or underweight. The Fund may shift asset class targets in response to normal evaluative processes or changes in market forces or Fund circumstances. Currently, the Sub-Manager will seek exposure to the various asset classes by investing in CIS (including ETF and REITs) to achieve greater market exposure, diversification and for cost efficiency purposes.

At any point in time in the future, the Manager may invest directly into the various asset classes as the Manager deem appropriate and at the Manager's discretion. Where the Fund invest in equities, the Fund may focus on dividend yielding equities of companies, which the Manager believes will offer attractive yields, sustainable dividend payments and/or will exhibit above average growth potential when compared to its industry or the overall market at the point of purchase. Where the Fund invest in debt securities, the debt securities shall 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 40% of its NAV in Unrated Debt Securities and up to 10% of its NAV in unlisted securities. When deemed necessary, the Fund may also utilize derivative instruments such as futures contracts and currency forwards for hedging purposes, subject to the prevailing GPRS. The Fund may invest all or a substantial portion of its assets in money market instruments and/or Deposit if the Manager foresee an excessive market volatility, expects prolonged declines, or when there are other adverse conditions, such as political instability to safeguard the Fund, and as part of its liquidity and/or risk management.

The Sub-Manager and/or the Manager will adopt an active investment strategy with frequency that will depend on the market conditions and the market outlook. The asset allocation of the Fund is as below:

- Up to 100% of the Fund's NAV may be invested in CIS (including ETF and REITs), equities, debt securities, money market instruments and/or Deposits. Notwithstanding,
  - up to 40% of the Fund's NAV may be invested in Unrated Debt Securities; and
  - up to 10% of the Fund's NAV may be invested in unlisted securities.

The information on the Fund's latest investment holdings and its allocation will be updated in the monthly fund fact sheet, which is available on Principal Malaysia website at [www.principal.com.my](http://www.principal.com.my).

#### 4.1.6. Principal PRS Plus Conservative

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##### **Investment objective**

The Fund seeks to provide Members with capital preservation\* through investment primarily in fixed income instruments. Any material changes to the Fund's investment objective would require your approval.

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

##### **Benchmark**

The benchmark of the Fund is a composite comprising 60% Quant shop MGS Short Index + 20% CIMB Bank 1-Year Fixed Deposit Rate + 20% FTSE Bursa Malaysia Top 100.

Information on the FTSE Bursa Malaysia Top 100 Index can be obtained from [www.bursamalaysia.com](http://www.bursamalaysia.com).

Information on the Quant shop MGS Short Index can be obtained from [www.quantshop.com](http://www.quantshop.com).

Information on the CIMB Bank 1-Year Fixed Deposit Rate can be obtained from [www.cimbbank.com.my](http://www.cimbbank.com.my).

Information on the composite benchmark can be obtained from [www.principal.com.my](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 fixed income instruments with some exposure in 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 fixed income instruments, money market instruments and equities either directly or via CIS.

At least 80% of the Fund's NAV will be invested in local and/or foreign fixed income instruments and money market instruments, of which a minimum 20% of the Fund's NAV will be invested in 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 invest up to 5% of its NAV in unrated fixed income instruments. The investments in 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 fixed income instruments and money market instruments, of which a minimum 20% of the Fund's NAV will be invested in money market instruments and up to 5% of the Fund's NAV may be invested in unrated fixed income instruments;
- Up to 20% of the Fund's NAV will be invested in equities; and
- Up to 5% of the Fund's NAV will be invested in liquid assets for liquidity purpose.

Principal Singapore was appointed to provide investment advice for 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. All costs of this appointment will be borne by us to ensure no additional fee is levied on the Members. Please refer to "About Principal Asset Management (S) Pte Ltd" chapter on page 78.

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 equity portfolio is managed according to the outlook of the equity market, whereas the fixed income instruments portfolio is monitored according to three (3) parameters: tenure, credit ratings and sector. The duration of the fixed income instruments and the 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 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 equities and increase its asset allocation to lower risk assets, such as debentures and 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 shorter-term interest bearing Deposits. When deemed necessary, the Fund may also utilize derivative instruments, subject to the GPRS, for purpose of hedging.

#### 4.1.7. Principal 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 fixed income instruments.

*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 equities with the balance in fixed income instruments, the benchmark of the Fund is a composite comprising 60% FTSE Bursa Malaysia Top 100 Index + 40% Quant shop MGS Short Index.

Information on the FTSE Bursa Malaysia Top 100 Index can be obtained from [www.bursamalaysia.com](http://www.bursamalaysia.com).

Information on the Quant shop MGS Short Index can be obtained from [www.quantshop.com](http://www.quantshop.com).

Information on the composite benchmark can be obtained from [www.principal.com.my](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 equities and fixed income instruments 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 fixed income instruments and equities either directly or via CIS.

The investments by the Fund in equities which include foreign exposure shall not exceed 60% of the Fund's NAV and investments in local and/or foreign fixed income instruments 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 fixed income instruments.

The asset allocation strategy for this Fund is as follows:

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

Principal Singapore was appointed to provide investment advice for 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. All costs of this appointment will be borne by us to ensure no additional fee is levied on the Members. Please refer to "About Principal Asset Management (S) Pte Ltd" chapter on page 78.

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 equity portfolio is managed according to the outlook of the equity market, whereas the fixed income instruments portfolio is monitored according to three (3) parameters: tenure, credit ratings and sector. The duration of the fixed income instruments 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 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 equities and increase its asset allocation to lower risk assets, such as debentures and 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 shorter-term interest bearing Deposits. When deemed necessary, the Fund may also utilize derivative instruments, subject to the GPRS, for purpose of hedging.

#### 4.1.8. Principal 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 equities with some exposure in fixed income instruments.

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

##### **Benchmark**

The benchmark of the Fund is a composite comprising 90% FTSE Bursa Malaysia Top 100 Index + 10% Quant shop MGS Short Index.

Information on the FTSE Bursa Malaysia Top 100 Index can be obtained from [www.bursamalaysia.com](http://www.bursamalaysia.com).

Information on the Quant shop MGS Short Index can be obtained from [www.quantshop.com](http://www.quantshop.com).

Information on the composite benchmark can be obtained from [www.principal.com.my](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 portfolio of mixed assets, primarily in equities with some exposure in fixed income instruments, 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 fixed income instruments and equities either directly or via CIS.

The investments by the Fund in equities which include foreign exposure may be up to 90% of the Fund's NAV and investments in local and/or foreign fixed income instruments will be at least 10% 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 10% of its NAV in unrated fixed income instruments.

The asset allocation strategy for this Fund is as follows:

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

Principal Singapore was appointed to provide investment advice for 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. All costs of this appointment will be borne by us to ensure no additional fee is levied on the Members. Please refer to "About Principal Asset Management (S) Pte Ltd" chapter on page 78.

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 equity portfolio is managed according to the outlook of the equity market, whereas the fixed income instruments portfolio is monitored according to three (3) parameters: tenure, credit ratings and sector. The duration of the fixed income instruments 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 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 equities and increase its asset allocation to lower risk assets, such as debentures and 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 shorter-term interest-bearing Deposits. When deemed necessary, the Fund may also utilize derivative instruments, subject to the GPRS, for purpose of hedging.



#### 4.1.9. Principal PRS Plus Equity

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##### **Investment objective**

The Fund seeks to provide capital growth over the long-term by investing in the domestic market. *Any material changes to the Fund's investment objective would require your approval.*

##### **Benchmark**

The Fund has a target return of eight percent (8%) per annum. This is not a guaranteed return and is only a measurement of the Fund's performance. The Fund may not achieve the target return in any particular financial year but targets to achieve this growth over the long-term.

Information on the benchmark can be obtained from [www.principal.com.my](http://www.principal.com.my)

***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**

The Fund is managed with the aim to achieve a defined target return over the long-term through investments in the domestic market. The Fund will invest between 70% to 99.8% (both inclusive) of the Fund's NAV in equities and at least 0.2% of the Fund's NAV in liquid assets. The Fund will be managed within predetermined guidelines, as determined by our investment team in accordance with its outlook for the economy and financial markets. The Fund may opt to invest in equities either directly or via CIS.

The asset allocation strategy for this Fund is as follows:

- Between 70% to 99.8% (both inclusive) of the Fund's NAV will be invested in equities; and
- At least 0.2% of the Fund's NAV will be invested in liquid assets for liquidity purpose.

Principal Singapore was appointed to provide investment advice for 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. All costs of this appointment will be borne by us to ensure no additional fee is levied on the Members. Please refer to "About Principal Asset Management (S) Pte Ltd" chapter on page 78.

As part of its risk management strategy, the Fund is constructed and managed within pre-determined guidelines, as determined by our investment team, including risk returns trade-off which will be monitored and reviewed regularly. The risk management strategies and techniques employed include diversification of the Fund's asset allocation in terms of its exposure to various sectors, industries and companies.

We will adopt an active trading strategy with frequency that will depend on market conditions and market outlook. We may take temporary defensive positions that may detract from the Fund's prescribed asset allocation when we believe that the equity market is experiencing excessive volatility, expected prolonged declines or when the outlook of the equity market is unfavourable. Under these circumstances, the Fund may reduce its equity exposure and increase its investment in money market instruments to protect the Fund's investment objective in bearish or non performing equity market. In response to these adverse conditions, we may also utilize derivative instruments such as futures contracts to hedge the portfolio. The use of derivatives is subject to the prevailing GPRS.

## 4.1.10. Principal 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 Asia Pacific ex Japan region.

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

### **Benchmark**

The Fund has a target return of eight percent (8%) per annum. This is not a guaranteed return and is only a measurement of the Fund's performance. The Fund may not achieve the target return in any particular financial year but targets to achieve this growth over long-term.

Information on the benchmark can be obtained from [www.principal.com.my](http://www.principal.com.my)

**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**

The Fund will invest at least 85% of its NAV in the Principal Asia Pacific Dynamic Income Fund ("Target Fund"), a Malaysian-domiciled fund established on 25 April 2011, which invests in the Asia Pacific ex Japan region.

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 liquid assets for liquidity purpose.

The investment strategy adheres to the GPRS 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 in 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.

Principal Singapore was appointed to provide investment advice for 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. All costs of this appointment will be borne by us to ensure no additional fee is levied on the Members. Please refer to "About Principal Asset Management (S) Pte Ltd" chapter on page 78.

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 Principal Asia Pacific Dynamic Income Fund**

Principal Asia Pacific Dynamic Income Fund ("Target Fund") is a Malaysian-domiciled fund which was established on 25 April 2011 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.

### **Investment objective**

The Target Fund aims to provide regular income by investing primarily in the Asia Pacific ex Japan region and at the same time aims to achieve capital appreciation over the medium to long term.

## Benchmark

The performance of the Target Fund cannot be compared directly with any specific publicly available benchmark. However, the Target Fund has a target return of eight percent (8%) per annum.

This is not a guaranteed return and is only a measurement of the Target Fund's performance. The Target Fund may not achieve the target return in any particular financial year but targets to achieve this growth over the medium to long term. The term "medium to long term" refers to a period of three (3) years and more.

## Investment policy and principal investment strategy

The Target Fund will be managed with the aim of achieving a stable and positive investment returns over the medium to long term through investments primarily in Asia Pacific ex Japan, i.e. companies that are domiciled in, listed in, and/or have significant operations in the Asia Pacific ex Japan region. For listed securities, the investment must be traded in an exchange that is a member of WFE. 'Significant operations' means major businesses of the company. For example, the Target Fund can invest in a company with significant business/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 is derived from countries in the Asia Pacific ex Japan region. The calculation would be based on the most recent financial reports released by the companies (e.g., interim and annual reports). The term "medium to long term" refers to a period of three (3) years and more. With effect from 31 March 2021, the Target Fund may also invest up to 20% of its NAV in companies that are listed globally with some business/operations within the Asia Pacific ex Japan region to capture growth opportunities.

Under general market conditions, the Target Fund's investment will focus on high dividend yielding equities of companies, which the Sub-Manager believes will offer attractive yields\*, sustainable dividend payments and/or will exhibit above average growth potential when compared to its industry or the overall market at the point of purchase. In addition, the Target Fund may also invest in companies with good growth potential^, which the Sub-Manager foresees may adopt a strong dividend payout# policy. The Target Fund may also invest up to 20% of the Target Fund's NAV in debt securities to be in line with the Target Fund's objective. The Target Fund's investments in debt securities will generally be restricted to debt securities with a minimum credit rating of "BBB" by an international rating agency as prescribed under the Standard of Qualifying CIS or its equivalent rating by other international rating agencies. The Target Fund may also opt to access into the equities and/or debt securities market via the investment in units of other CIS that is in line with the Target Fund's objectives, subject to the requirements of the SC Guidelines and the Standards of Qualifying CIS.

The asset allocation strategy for the Target Fund is as follows:

- between 60% to 98% (both inclusive) of the Target Fund's NAV will be invested in equities;
- up to 20% of the Target Fund's NAV may be invested in debt securities;
- up to 20% of the Target Fund's NAV may be invested in units of other CIS that is in line with the Target Fund's objectives; and
- at least 2% of its NAV will be invested in liquid assets for liquidity purpose.

However, the Target Fund Manager or the Target Fund Sub-Manager may take temporary defensive positions that may detract from the Target Fund's prescribed asset allocation when the Target Fund Manager or the Target Fund Sub-Manager believes that the equity markets that the Target Fund invests in are experiencing excessive volatility, expects prolonged declines, or when there are other adverse conditions, such as political instability. Under these circumstances, the Target Fund may invest all or a substantial portion of its assets in money market instruments to achieve the Target Fund's investment objective in bearish or non-performing equity markets. The Target Fund Sub-Manager may from time to time reduce its proportion of high risk assets, such as equities and increase its asset allocation to liquid assets such as money market instruments and/or deposits to safeguard the Target Fund.

In response to these adverse conditions, the Target Fund Manager or the Target Fund Sub-Manager may also utilise derivative instruments such as futures contracts to hedge the portfolio. In the event of a downgrade of a counter-party of an OTC 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 derivative in the best interest of the Unit holders. The use of derivatives is subject to the prevailing SC regulations and Standards of Qualifying CIS.

The Target Fund will invest in markets where the regulatory authority is an ordinary or associate member of IOSCO. Where necessary, the Target Fund Manager will obtain the licenses/permits for investments in countries that require such licenses/permits. If the Target Fund Manager are unable to obtain the necessary licenses/permits, or the licenses/permits are revoked or not renewed (as the case may be), the Target Fund Manager or the Target Fund Sub-Manager will seek to invest in other accessible markets.

The Target Fund Manager have appointed Principal Singapore, a company incorporated in Singapore as the Target Fund Sub-Manager. Principal Singapore will be responsible for investing and managing the Target Fund in accordance with the investment objective and within the investment restrictions.

The Target Fund Sub-Manager will adopt an active investment strategy with frequency that will depend on the market conditions and the market outlook. The Target Fund Sub-Manager uses a bottom-up stock selection process in searching for potentially interesting companies that offer attractive yields, sustainable dividend payments and exhibit above average growth potentials than its industry or the overall market. To complement this strategy, the Target Fund Sub-Manager combines it with a top-down country and sector allocation process and will actively trade the securities in the portfolio of the Target Fund. Analysis and study will be made on the macroeconomic trends in Asia Pacific ex Japan economies where the investments are made; in particular, looking at the direction of GDP growth, interest rates, inflation, currencies and government policies to form the view and outlook for each country. This serves as part of the risk management framework that enables the Target Fund

Sub-Manager to assess the impact of macroeconomic changes on corporate earnings and dividends and at the same time to determine if there are any predictable trends.

Further, risk management, with an emphasis on portfolio diversification, will form an integral part of the investment process. The Target Fund is constructed and managed within pre-determined guidelines including risk returns trade-off, which will be monitored and reviewed regularly by the investment management team. The risk management strategies and techniques employed include diversification of the Target Fund's asset allocation in terms of its exposure to various sectors, industries and companies.

If the Target Fund is eligible to be invested via the EPF-MIS, 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-MIS from time to time. Please refer to the Target Fund Manager's website at [www.principal.com.my](http://www.principal.com.my) or [www.kwsp.gov.my](http://www.kwsp.gov.my) for updated information.

\* Higher than the average equity yields in the respective country.

^ Companies that have a better growth than the GDP of the respective country and reasonably priced based on our estimate. Reasonably priced means when the intrinsic value is higher than the current market price.

# Higher than the average dividend yields of companies in the respective country.

#### Risk management strategy of the Target Fund

Risk management, with an emphasis on portfolio diversification, will form an integral part of the investment process. The Target Fund is constructed and managed within pre-determined guidelines, as determined by the investment team of the PRS Provider, including risk returns trade-off, which will be monitored and reviewed regularly by the investment management team. The risk management strategies and techniques employed include diversification of the Target Fund's asset allocation in terms of its exposure to various sectors, industries and companies.

In times of adversity in equity markets and as part of its risk management strategy, the Target Fund Manager and the Target Fund Sub-Manager may from time to time reduce its proportion of equities and increase its asset allocation to fixed income instruments and/or liquid assets such as deposits to safeguard the investment portfolio of the Target Fund. When deemed necessary, the Target Fund Sub-Manager may also utilize derivative instruments, subject to SC Guidelines on Unit Trust Funds, for purpose of hedging.

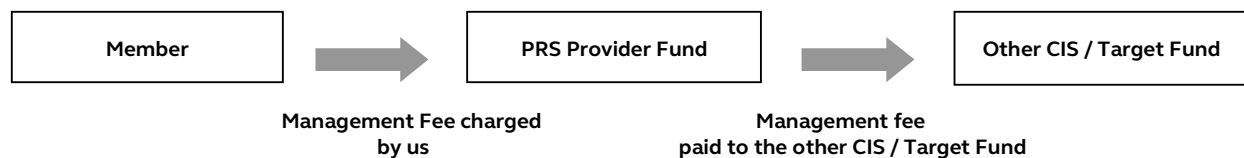
The Target Fund Sub-Manager will manage risks associated with fixed income portfolio according to three (3) parameters: tenure, credit ratings and sector. The duration of the fixed income portfolio is also monitored and modified according to the Target Fund Sub-Manager's interest rate outlook (i.e. the sensitivity of the portfolio to interest rate changes).

#### 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 1.80% of its NAV.
4	Trustee fee	Up to 0.05% 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 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:

- Equities and debt securities dealt in an organised market and traded in or under the rules of an eligible market;
- Warrants that carry the right in respect of a security traded in or under the rules of an eligible market;
- Unlisted equities including equities 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 Target Fund by the issuer;
- Deposits and money market instruments;

- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps;
- All types of CIS which comply to the requirements of the SC Guidelines on Unit Trust Funds and the Standard of Qualifying CIS;
- Securities listed or traded on foreign markets where the regulatory authority is an ordinary or associate member of the IOSCO and the listed securities must be traded in an exchange that is a member of WFE; and
- Any other form of investments as may be permitted by the SC from time to time that is in line with the Target Fund's objective.

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

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

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

- Transferable Securities and money market instruments held by the Target Fund must be dealt in an organised market and traded in or under the rules of an eligible market;
- The aggregate value of the Target Fund's investment in transferable securities or money market instruments issued by a single issuer must not exceed 10% of the Target Fund's NAV;
- The value of the Target Fund's placement in deposits with any single investment grade financial institution must not exceed 20% of the Target Fund's NAV;
- In the case where the Target Fund invested in the following assets, the limit in clause 2 and clause 3 above is lowered to 5%:
  - (a) Deposits placed with unrated or non-investment grade financial institution;
  - (b) debt securities or money market instruments not dealt in on organised market or issued by an unrated or non-investment grade issuing body; and
  - (c) unlisted equities.

Notwithstanding clause 4(b), we may rely on the rating of an unrated or non-investment grade issuer's parent company or guarantor provided that an explicit guarantee by the parent company or the guarantor for the issuer is in place.
- The aggregate value of the Target Fund's investment in transferable securities, money market instruments, deposits and OTC derivatives issued by or placed with (as the case may be) any single business group, must not exceed 20% of the Target Fund's NAV. For the purpose of this clause, a business group refers to a body, its subsidiaries, fellow subsidiaries, holding body, and ultimate holding body;
- The Target Fund may invest up to 15% of the Target Fund's NAV in aggregate in debt securities or money market instruments issued by a single body if the issuing body or the guarantor of the debt securities or money market instruments is a government or sovereign or central bank with at least a "BBB" rating by an international rating agency as prescribed under the Standard of Qualifying CIS or its equivalent by other international rating agencies. However, if the issuing body or the guarantor of the debt securities or money market instruments is a Malaysian government or Bank Negara Malaysia, the Target Fund may invest up to 35% of the Target Fund's NAV in aggregate in debt securities or money market instruments;
- The value of the Target Fund's investments in unlisted equities must not exceed 10% of the Target Fund's NAV;
- The aggregate value of the Target Fund's investment in deposits placed with unrated or non-investment grade financial institution, debt securities or money market instruments not dealt in an organised market or issued by an unrated or non-investment grade issuing body, unlisted equities and OTC derivatives with non-investment grade or unrated counterparty must not exceed 15% of the Target Fund's NAV. For the purpose of this clause, the limit does not apply to deposits, debt securities or money market instruments or OTC derivatives where the:
  - (a) financial institution, issuing body or counterparty is rated investment grade only with a national rating scale; and
  - (b) the jurisdiction in which the issuing body or counterparty is domiciled has a sovereign credit rating that is at least investment grade;
- The value of the Target Fund's investment in units of each Qualifying CIS or non-Qualifying CIS authorised in Signatory Countries for public offers must not exceed 10% of the Target Fund's NAV;
- The value of the Target Fund's investment in units of all non-Qualifying CIS (excluding investment in units of non-Qualifying CIS with underlying assets of real estate and/or real estate-related) must not exceed 20% of the Target Fund's NAV;
- The Target Fund's investments in CIS must not exceed 25% of the units in any one CIS. Where the Target Fund invests in units in other CIS operated by us or our related corporation, we must ensure that-
  - (a) there is no cross-holding between the Target Fund and the target fund;
  - (b) all initial charges on the target fund is waived; and
  - (c) the management fee must only be charged once, either at the Target Fund or the target fund;
- The aggregate value of the Target Fund's borrowing for the purpose of meeting repurchase request for units and for short-term bridging requirements should not exceed 10% of the Target Fund's NAV at the time the borrowing is incurred. For the purpose of this clause, we should ensure that-
  - (a) the Target Fund's cash borrowing is only on a temporary basis and that borrowings are not persistent;
  - (b) the borrowing period should not exceed one (1) month; and
  - (c) the Target Fund may only borrow from financial institutions;
- The Target Fund's investments in equities or securities equivalent to equities must not exceed 10% of the equities or securities equivalent to equities issued by any single issuer;
- The Target Fund's investments in debt securities must not exceed 10% of the debt securities issued by any single issuer; and
- The Target Fund's investments in money market instruments must not exceed 10% of the money market instruments issued by any single issuer.
- For investments in derivatives (including for hedging purpose):

- (a) the exposure of the underlying assets must not exceed the investment spread limits stipulated in the SC Guidelines on Unit Trust Funds;
- (b) the value of the Target Fund's OTC derivative transaction with any single counter-party must not exceed 10% of the Target Fund's NAV;
- (c) the Target Fund's exposure from derivatives position should not exceed the Target Fund's NAV at all times; and
- (d) the counter-party of an OTC 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:** Subject to the investment limit (9) and (10), the Target Fund may invest into non-qualifying CIS, provided:

- o the level of protection for unit holders of the non-qualifying CIS is at least equivalent to that provided for unit holders in a Qualifying CIS. The non-qualifying CIS should originate from countries that either:
  - (i) have been assessed by World Bank/ International Monetary Fund at least "broadly implemented" on the principles relevant to CIS; or
  - (ii) does not comply with (a)(i) but the Home Regulator of the Qualifying CIS is satisfied with the relevant reason/ explanation on the weak points and how equivalence of protection can still be achieved;
- o semi-annual and annual reports are published by the non-qualifying CIS; and
- o the investment policy of the non-qualifying CIS is such that the:
  - invested assets are similar to the types and categories that a Qualifying CIS may invest in and the non-qualifying CIS is subject to investment limits that are in line with those applicable to a Qualifying CIS; or
  - invested assets are real estate and/or real estate-related, provided that the units of the non-qualifying CIS are listed for quotation and traded on an organised exchange in a Signatory country.

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 Target Fund's investments, or as a result of repurchase of units or payment made out of the Target 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). In addition, the Target Fund Manager should inform the SC and the trustee within three (3) Business Days after the Target Fund Manager become aware of such occurrence, except where such occurrence are due to appreciation or depreciation of the NAV of the Target Fund.

#### Target Fund's Performance

Cumulative performance (%)					
As at 31 May 2022	YTD	1 Year	3 Year	5 Year	Since Inception
Target Fund	-4.16%	-9.46%	28.02%	41.27%	225.22%
Benchmark	3.24%	8.00%	25.97%	46.93 %	134.94%

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

- Equities and debentures/fixed income instruments traded in or under the rules of an Eligible Market.
- Warrants that carry the right in respect of a security traded in or under the rules of an Eligible Market.
- Unlisted securities 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.
- Deposits and money market instruments.
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps, for hedging purposes.
- All types of CIS.
- Structured products.
- Securities listed or traded on foreign markets where the regulatory authority is a member of the IOSCO.
- RM-denominated foreign debentures/fixed income instruments.
- Any other form of investments as may be permitted by the SC from time to time that is in line with the Fund's objectives.

### NON-CORE FUND

#### PRS-C, PRS-M, PRS-G & PRS E

- Equities and debentures/fixed income instruments traded in or under the rules of an Eligible Market.
- Warrants that carry the right in respect of a security traded in or under the rules of an Eligible Market<sup>Note 1</sup>.
- Unlisted securities 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.
- Deposits and money market instruments.
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps, for hedging purposes.
- All types of CIS.
- Structured products<sup>Note 2</sup>.
- Securities listed or traded on foreign markets where the regulatory authority is a member of the IOSCO<sup>Note 3</sup>.
- RM-denominated foreign debentures/fixed income instruments.
- Any other form of investments as may be permitted by the SC from time to time that is in line with the Fund's objectives.

**Note 1:** Does not apply to PRS-C except as a result of the Fund's holdings in equities.

**Note 2:** Does not apply to PRS-C

**Note 3:** Does not apply to PRS-E

#### PRS-AP

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

The formulation of the investment policies and strategies of the Funds are based on the objectives of the Funds after taking into consideration the regulatory requirements outlined in the GPRS, 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 and 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 ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV.
- the value of the Fund's investments in transferable securities and 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 Deposits with any single institution must not exceed 20% of the Fund's NAV.
- The Fund's exposure from 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 GPRS; and
  - b) the value of the Fund's OTC derivative transaction with any single counter-party must not exceed 10% of the Fund's NAV.
- The value of the Fund's investment in 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 transferable securities, money market instruments, Deposits, OTC derivatives and structured products issued by or placed with (as the case may be) any single issuer/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 CIS must not exceed 20% of the Fund's NAV<sup>Note 2</sup>.
- The value of the Fund's investment in transferable securities and 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 transferable securities (other than debentures) must not exceed 10% of the securities issued by any single issuer.
- The Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer.
- The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size.
- Except for investments by Core Funds, the Fund's investments in CIS must not exceed 25% of the units/shares in any one (1) CIS.

**Note 1:** Not applicable for PRS-C. Instead, the following apply:

- The value of the PRS-C's investments in debentures issued by any single issuer must not exceed 20% of the PRS-C's NAV. This single issuer limit may be increased to 30% if the debentures 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 debentures is increased to 30% of the PRS-C's NAV, the aggregate value of the PRS-C's investment must not exceed 30% of the PRS-C's NAV.
- The value of the PRS-C's investments in debentures issued by any one group of companies must not exceed 30% of the PRS-C's NAV.
- Investment in debentures/fixed income instruments must be rated at least BBB3/P2 by RAM (or equivalent rating by MARC). However, debentures/fixed income instruments which are rated below BBB3/P2 and/or are unrated, may comprise up to 5% of PRS-C's NAV ("the 5% Limit"). In the event the 5% Limit is exceeded, whether as a result of:
  - (i) a downgrade of any debenture/fixed income instrument to below BBB3/P2;
  - (ii) an increase in the aggregate value of debentures/fixed income instruments which are rated below BBB3/P2 and/or are unrated; or
  - (iii) a decrease in the NAV of PRS-C,
 we 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 derivatives is for hedging purposes only.
- No investments in warrants except as a result of PRS-C holdings in equities.
- No investment in products with embedded derivatives.

**Note 2:** Not applicable for REI. Instead, the following apply:

Investment into one or more CIS is permitted in the following circumstances:

- upon reaching RM200 million NAV, the value of REI's investment in any of the CIS must not exceed 40% of the REI's NAV; and
- that the investment objective of the CIS are similar to REI.

Except PRS-AP.

## PRS-AP

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

In respect of the above investment restrictions and limits, the GPRS 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

On 8 September 2022, we have obtained approval from the SC for a waiver to comply with the following requirements under the GPRS:



## **RE60, RE50, RE40, RE30 and REI**

- Paragraph 2.01 – Core funds - means one or more of the funds under the default option, namely the growth fund, moderate fund and conservative fund that meet the investment limits specified in Schedule B of these Guidelines.
- Paragraph 7.11 – The three core funds which are the default option under a Scheme must be named '[insert name of PRS Provider] – Growth fund', '[insert name of the PRS Provider] – Moderate fund' and '[insert name of the Provider]- Conservative fund'.
- Paragraph 11.10 – Where contributions are made by or on behalf of a member who does not select a fund under the PRS, the PRS Provider must allocate contributions into the default option that corresponds to the age of the member as specified in Schedule B of these Guidelines.
- Paragraph 11.10A – Notwithstanding paragraph 11.10, where an individual becomes a member and has made his first contribution to the Scheme a month before he attains the age of 45 or 55 years old as the case may be, the PRS Provider must allocate such contribution to the moderate fund or conservative fund as the case may be.
- Schedule B – B. Additional Requirements for core funds  
(1) The age range for core funds of members under the default option are as follows:  
(a) For the conservative fund, members are aged 55 years and above;  
(b) For the moderate fund, members are aged 45 years and above but have not yet reached 55 years; and  
(c) For the growth fund, members are below 45 years of age.

With effect from 23 September 2022, investors who opt for Default Option will be allocated into one of the Core Funds based on their year of birth as stated in table below.

Core Funds	Year of birth	Expected year of retirement*	Maturity on Target Date
RE60	1996 – 2005	2051 – 2060	31 December 2060
RE50	1986 – 1995	2041 – 2050	31 December 2050
RE40	1976 – 1985	2031 – 2040	31 December 2040
RE30	1968 – 1975	2023 – 2030	31 December 2030
REI	On or before 1967	N/A - Retired	N/A

\* Based on the Retirement Age.

Meanwhile, the PRSC, PRS-M and PRS-G will be repositioned as the Non-Core Funds of the Scheme. Please refer to “About the Funds” section on page 31 for more information.

- Paragraph 11.13 – Subject to paragraph 11.13A, where the member is in the default option, the PRS Provider must redeem the member’s units in the current core fund and purchase units in the next core fund before the end of the next calendar month from the day the member attains the age of 45 years old and the age of 55 years old (“Switch-in Date”), unless the member instructs otherwise.
- Paragraph 11.13A – In relation to the switching exercise referred to in paragraph 11.13, the switching must be executed in equal proportion over a five-year period based on the number of units remaining in the relevant fund. The first switching must be executed on the Switch-in Date and the subsequent four switching must be executed no later than 10 business days from each anniversary of the Switch-in Date.
- Paragraph 11.14 – Where the member is in the default option, the PRS Provider must notify the member one month before the member attains the age specified in subparagraphs 11.13(a) and (b), that the member’s investments in a core fund will be switched in accordance with the rules of the default option unless the member instructs otherwise. The notice to the member must at minimum include general investment advice and outlook.

If you choose Do-It-For-Me (Default Option), we will select a Core Fund for you based on your year of birth, so that you will invest in a Fund that offers the right risk and return exposure which suits your current age and/or expected year of retirement.

Default Option member who has yet to reach Retirement Age will be allocated into one TDF (i.e., RE60, RE50, RE40 & RE30) based on his year of birth. The TDF are unconstrained and flexible in asset allocation, where the TDF portfolio will be adjusted actively and gradually from an aggressive allocation to a more conservative allocation over time to suit the member’s changing risk return profile as they grow nearer to retirement. This gradual change in asset allocation is also known as glide path. With glide path, the TDF will provide for each growth, moderate and conservative stage automatically as the asset allocation “glides” from an aggressive mix to a conservative mix over the years to match with the age of the investors. The de-risking of portfolio will be done automatically within TDF without the need to switch investors between funds.

A new Default Option member who has reached Retirement Age will be allocated into the REI. The REI is designed with retiree’s need in mind, and it offers a moderately conservative risk and return profile. Members who have reached Retirement Age may enrol in RWP to customize a withdrawal schedule based on their post retirement cash flow needs, at their preferred frequency. You may refer to “Regular Withdrawal Plan (RWP)” section on page 67 for more information.

Please refer to “About the Funds” section on page 31 for details.

### **Principal PRS Plus**

- *Paragraph 7.03 – A PRS provider that intends to offer both conventional and Shariah-compliant fund options may offer up to 10 funds under a Scheme.*

We may offer more than 10 funds under the Scheme.

### **4.5. FINANCING**

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

### **4.6. SECURITIES LENDING**

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.

## 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	Maximum Sales Charge (% of the NAV per Unit)		
	Class A	Class C	Class X
RE60	3.00%	0.50%	Nil
RE50			
RE40			
RE30			
REI			
PRS-C			
PRS-M			
PRS-G			
PRS-E			
PRS-AP			

**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 investors) or specifically (for any particular investor or a group of investors) without prior notice to you.
- 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.

#### 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.

#### 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 [www.ppa.my](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		

<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	Maximum Management Fee (% p.a. of the NAV of the Class)		
	Class A	Class C	Class X
RE60	1.40%	1.50%	1.40%
RE50			
RE40			
RE30			
REI	1.20%	1.30%	1.20%
PRS-C	1.40%	1.50%	1.40%
PRS-M			
PRS-G			
PRS-E			
PRS-AP			

#### **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

**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 annual 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	Maximum Trustee Fee (% p.a. of the NAV of the Fund)		
	Class A	Class C	Class X
RE60	0.04% p.a. of the NAV of the Fund (Includes local custodian fees and charges but excludes foreign sub-custodian fees and charges), subject to minimum fee of RM24,000.00 p.a.		
RE50			
RE40			
RE30			
REI			
PRS-C	0.04% p.a. of the NAV of the Fund (Includes local custodian fees and charges but excludes foreign sub-custodian fees and charges)		
PRS-M			
PRS-G			
PRS-E			
PRS-AP			

#### **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 for the Fund is RM40 million, then  
 Trustee Fee for the day = RM40 million x 0.04% / 365  
 = RM43.84

**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 us, the Distributors and/or PPA from time to time. For information on the promotions, please contact us, the Distributors and/or PPA; 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 Fund (which will be deducted from the Fund) include:

- expenses incurred in the sale, purchase, 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;
- 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. Should the Fund invest into units of other CIS that are managed by us or our related corporation, we will ensure that all initial charges are waived and there is no double charging of management fees.

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 GPRS. 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 Fund, 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, the Sub-Manager 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 GPRS.**

## 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 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 us based on the methods or bases approved by the Trustee after appropriate technical consultation.

- **Unlisted securities**

The value of 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 securities. The value will be determined by the financial institution that issued the securities.

The value of any unlisted RM-denominated debt securities 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 debt security 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 keep an audit trail of all decisions and basis for adopting the market yield.

The value of any unlisted non-RM-denominated debt securities shall be calculated daily using prices quoted by ICE using their proprietary methodology. The unlisted non-RM-denominated debt securities are calculated using prices contributed by financial institutions and other market inputs, include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data (e.g. corporate action announcements and ratings). Where the prices are not available on any business day, these unlisted non-RM-debt securities will be valued by reference to the average indicative yield quoted by three (3) independent and reputable financial institutions. However, where quotations are still not available, such unlisted non-RM-denominated debt securities 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.

- **CIS**

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

- **Money market instruments**

Money market instruments such as negotiable instrument of deposits and commercial papers shall be valued by reference to the quotes provided by independent and reputable pricing source(s), which is deemed fair value, includes but not limited to Bond Pricing Agency ("BPA") registered by the SC. Where the quotes are provided by financial institutions, the valuation of the money market instruments will be based on the average of bid and offer prices quoted by three (3) independent and reputable financial institutions of similar standing at the close of trading. The valuation method is verified by the auditor and approved by the Trustee.

- **Deposits**

The value of Deposits shall be determined each day by reference to the principal value of such permitted investments and the accrued income thereon for the relevant period.

If the value of the Fund's assets is denominated in a foreign currency, the assets are translated on a daily basis to RM based on the bid foreign exchange rate quoted by either Reuters or Bloomberg, 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.

### 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 12:00 p.m. on a Business Day, we will process the transactions using the NAV per unit for that Business Day. For transactions made after 12:00 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 [www.principal.com.my](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 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 [www.principal.com.my](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 (RM)	Class A (RM)	Class C (RM)	Class X (RM)
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 12:00 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*

---

= 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 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, PRS Provider has 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 with 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** or refer to our website at [www.principal.com.my](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 as follows:

- Sub-account A holds 70% of all contributions made to any of the Funds.
- Sub-account B holds 30% of all contributions made to any of the Funds.

### 6.5.1 Minimum Contribution

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

Funds	Minimum initial contribution (RM)	Minimum subsequent contribution (RM)	Regular Savings Plan (RSP)	
			Minimum initial contribution (RM)	Minimum subsequent contribution (RM)
RE60	<b>Class A</b> : 100 <b>Class C</b> : 100 <b>Class X</b> : N/A	<b>Class A</b> : 50 <b>Class C</b> : 50 <b>Class X</b> : N/A	<b>Class A</b> : 100 <b>Class C</b> : 100 <b>Class X</b> : N/A	<b>Class A</b> : 50 <b>Class C</b> : 50 <b>Class X</b> : N/A
RE50				
RE40				
RE30				
REI				
PRS-C				
PRS-M				
PRS-G				
PRS-E				
PRS-AP				

**Note:**

- 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.
- 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.

### 6.5.2 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.

## 6.6. 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 67 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.*

### 6.6.1 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
RE60	<b>Class A:</b> RM50 or 100 Units <b>Class C:</b> RM50 or 100 Units <b>Class X:</b> RM100 or 200 Units		
RE50			
RE40			
RE30			
REI			
PRS-C			
PRS-M			
PRS-G			
PRS-E			
PRS-AP			

**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.

### 6.6.2 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.

### 6.6.3 Regular Withdrawal Plan (RWP)

RWP allows Members to customise and schedule the withdrawal arrangement based on the Member's preference. Member may schedule to receive a pre-determined withdrawal proceeds at a preferred frequency.

Currently, RWP is available for the Fund below:

Fund	Minimum Withdrawal for RWP
REI	<b>Class A :</b> RM50 <b>Class C :</b> RM50 <b>Class X :</b> RM100

Members who have reached Retirement Age are eligible to enrol in the RWP. The withdrawal proceeds will be paid to the Member's bank account in our records at Member's cost and expenses. Member may change or cancel the RWP arrangement at any time by providing written instructions to the relevant Distributors. For more information on RWP, please contact our **Customer Care Centre** or visit our website at [www.principal.com.my](http://www.principal.com.my).

### 6.6.4 Processing of RWP

The RWP enrolment and/or cancellation application must be received by us before the 10<sup>th</sup> calendar day of the month immediately preceding the month you wish the RWP enrolment and/or cancellation to commence and/or take effect. If we received the RWP enrolment and/or cancellation application after the 10<sup>th</sup> calendar day of a month, you will be deemed to have submitted the RWP enrolment and/or cancellation on the subsequent calendar month.

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

## 6.7. 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), 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 for at least one (1) year.

In relation to item (b), we will deduct an 8% tax penalty (or such other applicable 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.

## 6.8. 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.

## 6.9. SWITCHING

Subject to our absolute discretion, you have the option to switch into any of the Funds under the Scheme or funds under Principal Islamic 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. Switching is not allowed between different classes.

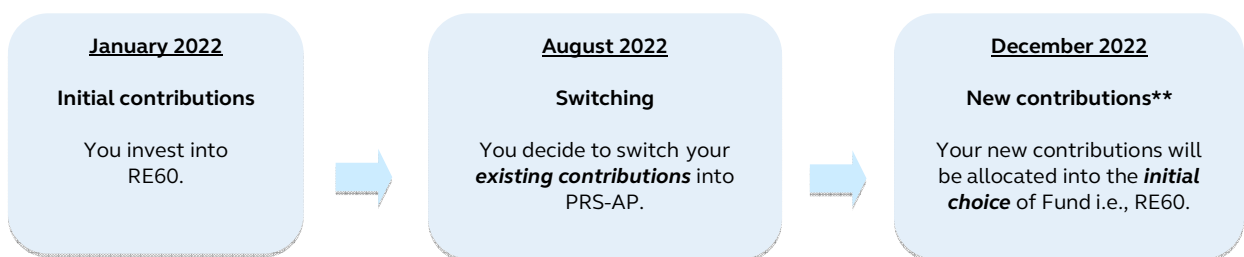
Switching will be conducted based on the value of your investments in the Fund at the point of switching. The minimum amount for a switch is subject to:

- 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 69 for further details.

### Illustration:



\* 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.

### 6.11.1 Processing a switch

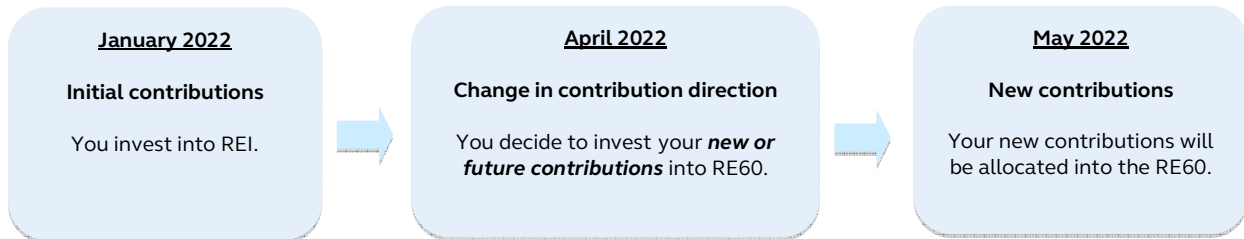
A switch is processed as a withdrawal from one (1) fund and an investment into another fund. If we receive a complete switching request by 12.00p.m. on a Business Day, we will process it within ten (10) calendar days from that Business Day. If we receive a complete switching request after 12.00p.m. on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

## 6.10. 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:



## 6.11. 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 benefits 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 (1) PRS provider to one (1) fund of another PRS provider. Where you have more than one (1) fund with the PRS provider, the accrued benefits of each fund can only be transferred to one other fund with the other PRS provider.

### For example:

- transfer of your Accrued Benefits in RE30 to fund ABC of another PRS provider; or
- transfer of your Accrued Benefits in RE30 to fund ABC of another PRS provider and your Accrued Benefits in PRS-C to Fund XYZ of another PRS provider.

- b) a consolidation of all accrued benefits in all schemes to one (1) 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.

## 6.12. 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 us. 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.

### 6.13. 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 you made a nomination, it will be applicable to all your PRS account held with us and any other PRS providers (if any). If you choose not to make any nomination, the PRS balance in your account shall be paid to a lawful executor or administrator of your estate upon your 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 [www.ppa.my](http://www.ppa.my).

### 6.14. DISTRIBUTION OF THE FUNDS

Given the Fund's objective, the Fund is not expected to pay distribution. Distributions, if any, are at our discretion and will vary from period to period depending on the availability of realised income for distribution and performance of the Fund. Each unit of the Class will receive the same distribution for a distribution period regardless of when those units were purchased. The distribution amount you will receive is in turn calculated by multiplying the total number of units held by you in the Class by the Sen per unit distribution amount. On the distribution date, the NAV per unit will adjust accordingly.

All distributions (if any) will be automatically reinvested into additional units in the Class at the NAV per unit on the distribution date (the number of units will be rounded down to two (2) decimal places. No Application Fee is payable for the reinvestment.

### 6.15. 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 eighty (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 GPRS. 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

Fund	Financial Year End
RE60	31-January
RE50	31-January
RE40	31-January
RE30	31-January
REI	31-January
PRS-C	31-January
PRS-M	31-January
PRS-G	31-January
PRS-E	31-January
PRS-AP	31-January

### 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, [www.principal.com.my](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** during our business hour between 8:45 a.m. to 5:45 p.m. (Malaysian time) on Mondays to Fridays (except on Kuala Lumpur 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**  
Ground Floor Bangunan CIMB  
Jalan Semantan, Damansara Heights  
50490 Kuala Lumpur 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, Third Supplemental Deed dated 3 February 2020, Fourth Supplemental Deed dated 17 December 2021 and Fifth Supplemental Deed dated 12 July 2022.

### 7.4. CONSENT

Ernst & Young Tax Consultants Sdn Bhd., Deutsche Trustees Malaysia Berhad, Principal Global Investors, LLC. and Principal Asset Management (S) Pte. Ltd. have given their written consent to act in their respective capacity. They have also given their consent for the inclusion of their names, statements and/or reports in this Disclosure Document in the form and context in which it appears and have not subsequently withdrawn their consent to the inclusion of their names, statements and/or reports in the form and context in which it appears in this 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 and supplemental deed, if any;
- 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) financial 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
Principal Financial Services, Inc.	Shareholder <sup>#</sup>	Direct	Principal Islamic Asset Management Sdn Bhd

<sup>#</sup> *Principal Financial Services, Inc. has indirect interest in the PRS Provider.*

The substantial shareholders of the PRS Provider may have direct or indirect interest in other non-Malaysian corporations carrying on similar business as the PRS Provider.

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

PGI is our related party. We will ensure that any arrangement made with PGI will be at arm's length.

### Trustee

As for the Trustee and the fund administration and fund accounting service providers for 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 GPRS, 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 Funds, 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 Personal Account Dealing Policy, which regulates our employees' securities dealings. All of our employees are required to declare their securities trading annually to ensure that there is no potential conflict of interest between the employees' securities trading and the execution of the employees' duties to us and our customers.

# 8. THE PRS PROVIDER

## 8.1. ABOUT PRINCIPAL ASSET MANAGEMENT BERHAD

Principal Malaysia was incorporated on 13 June 1994 and is a joint venture between PFG and CIMB Group. Principal Malaysia has experience operating unit trust funds since 1994 and has obtained approval from the SC as a PRS Provider under Section 139Q of the Capital Markets and Services Act 2007, on 5 April 2012.

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 30 June 2022, the Board of Directors consists of eleven (11) members including three (3) independent directors and three (3) 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 Shahul Hamid	- Non-independent director	Lai Mee Fong <sup>2</sup>	- Non-independent director
Thomas Cheong Wee Yee	- Non-independent director	Chong Chooi Wan <sup>3</sup>	- Non-independent director
Munirah Khairuddin	- Non-independent director	Wong Joon Hian	- Independent director
Uday Jayaram	- Non-independent director	Liew Swee Lin	- Independent director
Mohd Haniz Mohd Nazlan	- Non-independent director	Dato' Jaganath Derek Steven Sabapathy	- Independent director
Julian Christopher Vivian Pull <sup>1</sup>	- Non-independent director		

<sup>1</sup> Alternate director to Thomas Cheong Wee Yee

<sup>2</sup> Alternate director to Effendy Shahul Hamid

<sup>3</sup> Alternate director to Mohd Haniz Mohd Nazlan

### 8.1.2 Investment Committee

As at LPD, the Investment Committee consists of six (6) members including two (2) 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 GPRS 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 four (4) members including three (3) 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 once every quarter.

<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 40 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) from 1995 till 2020. 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 non-executive

	director in several dormant companies under the CIMB Group Holdings Berhad Group and serves as an independent non-executive director of Principal Islamic Asset Management Sdn Bhd.
<b>Qualifications:</b>	Member of the Malaysian Institute of Accountants and a life member of The Malaysian Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

<b>Name:</b>	Liew Swee Lin*
<b>Designation:</b>	Independent Non-Executive Director
<b>Experience:</b>	<p>Swee Lin is a senior board level executive with more than 29 years of management experience in the ASEAN region creating shareholder value in media, financial services and e-commerce sectors. Since 2007, she served as Executive Director at financial services and media entities in Malaysia.</p> <p>Currently she is an External Advisor to Bain &amp; Company, a global consulting firm and was previously attached to Astro Malaysia Holdings Berhad, ASEAN's leading consumer media company as its Group Chief Operating Officer. She also served as an Executive Director of Astro Go Shop, a joint venture with GS Home Shopping Inc. Korea after she spearheaded Astro's vertical expansion into ecommerce which she set up as its pioneer management team in 2015.</p> <p>Prior to joining Astro, Swee Lin was an Executive Vice President at Alliance Financial Group's Retail Bank in Malaysia and was also an Executive Director of Alliance Islamic Bank. She has also held senior leadership positions at Standard Chartered Bank with responsibilities for its Wealth Management, Priority Banking, Credit Cards and Personal Loan portfolios. In the earlier years of her career, she gained multidisciplinary industry exposure in FMCG, insurance, food and beverage and pharmaceuticals when she headed up a regional business at Ogilvy One Worldwide, part of WPP PLC (a FTSE 100), which operated in Malaysia to serve its Asia Pacific clients.</p> <p>A keen champion of entrepreneurship, she is part of Endeavor Global Inc.'s mentor network with presence in 40 countries, which is dedicated to global entrepreneurship by driving economic expansion via active mentorship.</p>
<b>Qualifications:</b>	She has a MSc in International Marketing from the University of Strathclyde and completed her Stanford Executive Programme at Stanford Graduate School of Business in 2017. She is a member of Financial Planning Association of Malaysia (FPAM), Singapore Institute of Directors and Malaysian Alliance of Corporate Directors (MACD).

<b>Name:</b>	Dato' Jaganath Derek Steven Sabapathy*
<b>Designation:</b>	Independent Non-Executive Director
<b>Experience:</b>	<p>Upon graduation in 1981, Dato' Jaganath Derek Steven Sabapathy ("Dato' Jagan") joined a leading London firm of chartered accountants, Price Waterhouse.</p> <p>Dato' Jagan left KPMG Malaysia in late 1994 and joined Benta Plantation Berhad as an Executive Director. He was appointed a Director of Austral Lao Power Co Ltd in 1995. In 1997, he took up the position as Managing Director of both Prime Utilities Berhad and Indah Water Konsortium Sdn Bhd, Malaysia's privatised national wastewater utility. From 1999 until his retirement in end 2013, Dato' Jagan served as the Chief Executive Officer/ Director of Bandar Raya Developments Berhad Group which also included listed Mieco Chipboard Berhad.</p> <p>Dato' Jagan is currently the Founder and Chief Executive Officer/ Director of Tribeca Real Estate Asset Management Sdn Bhd, a niche property development company. He is also a Director of other public companies listed on Bursa Malaysia Securities Berhad.</p>
<b>Qualifications:</b>	Master of Arts majoring in Corporate Finance and International Trade from Edinburgh University, United Kingdom.

<b>Name:</b>	Cheong Wee Yee, Thomas
<b>Designation:</b>	Non-Independent Non-Executive Director
<b>Experience:</b>	<p>Dec 2004 – June 2008: Prudential Corporation Asia – Chief Operations Officer &amp; Chief Financial Officer, CITIC Prudential Fund Management Co. Ltd. (based in Shanghai)</p> <p>June 2008 – March 2009: Prudential Corporation Asia – Acting Chief Executive Officer, CITIC Prudential Fund Management Co. Ltd. (based in Shanghai)</p> <p>April 2009 – September 2009: Prudential Corporation Asia – Chief Executive Officer, Prudential Fund Management Co. Ltd. (based in Malaysia)</p>

October 2009 – July 2013:	Manulife Financial Limited – Vice President, China Asset Management (based in Shanghai)
July 2013 – December 2014	Manulife Financial Limited – Chief Executive Officer & Executive Director, Manulife Asset Management Co. Ltd. (Taiwan)
January 2015 – February 2017	Principal Financial Group – Vice President of North Asia
March 2017 – February 2019	Principal Financial Group – Senior Vice President of North Asia
March 2019 – Present	Principal Financial Group – President of Asia
Jan 2021 – Present	Principal Financial Group – Executive Vice President & President of Asia
<b>Qualifications:</b>	1990 – Bachelor of Science (Economics), First Class Honours, London School of Economics, University of London. 2013 – Master of Business Administration, Olin Business School, Washington University in St. Louis.

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

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

# 9. SUB-MANAGER OF THE FUND

## 9.1. ABOUT PRINCIPAL GLOBAL INVESTORS, LLC

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We have appointed Principal Global Investors, LLC (“PGI”) as the Sub-Manager for the RE60, RE50, RE40, RE30 & REI. As the Sub-Manager, PGI is responsible for the investment management function of the Fund, which granted it with the discretion to manage, realize, invest, reinvest or howsoever deal with the Fund in accordance with the objective of the Fund. The Sub-Manager’s discretionary authority over the investments of the Fund is subject to the GPRS and the internal policies and procedures. Principal Malaysia shall be responsible for the review, monitoring and oversight of PGI in the performance of its duties and obligations in respect of the Fund.

PGI is a global investment management leader and wholly-owned subsidiary of the Principal Financial Group® (“The Principal®”), a public company listed on the New York Stock Exchange under ticker symbol PFG. The Principal® was founded in 1879, began managing retirement assets in 1941, and today operates four primary business segments: Principal Global Investors, Retirement and Investor Services, Principal International, and Insurance Solutions.

PGI was formed as a Delaware Limited Liability Company in 1998 and became a registered investment advisor with the U.S. Securities and Exchange Commission on October 26, 1998 bringing together more than six decades of asset management experience of the company into a single organization. There have been no major organizational or ownership changes to the firm since inception.

The multi-boutique strategy of PGI enables it to provide comprehensive investment solutions for its clients and encompasses a growing network of specialized investment boutiques and teams with focused expertise in equities, fixed income, real estate, and asset allocation, as well as currency management, stable value management, and other structured investment strategies.

Given the size and scope of PGI’s operations, it is not uncommon for PGI to be involved in litigation, both as a defendant and as a plaintiff. However, PGI’s management does not believe that any pending litigation will have a material adverse effect on its business, financial position or net income.

### 9.1.1 Key person responsible for investment management of the Fund

#### **Randy Welch – Portfolio Manager**

Randy Welch is Managing Director, Portfolio Manager at Principal Global Asset Allocation (PGAA), a specialized investment boutique within Principal Global Investors that engages in the creation of asset allocation solutions. He is responsible for overseeing the Strategic Asset Allocation team. He has been a portfolio manager for the Principal LifeTime Target Date portfolios since 2007 and the Principal Trust Hybrid Target Date Funds since their inception in 2009. He serves as a Portfolio Manager on the multi-managed core/satellite funds and is also responsible for the New Mexico 529 Plan. Randy joined Principal in 1989 and has been in the investment industry since 1985. Randy received an M.B.A. from Drake University and a bachelor’s degree from Grand View College. Randy is an affiliate member of the Chartered Financial Analysts (CFA) Institute.

#### **Scott W. Smith – Portfolio Manager**

Scott Smith is a Portfolio Manager for Principal Global Asset Allocation (PGAA), a specialized investment boutique within Principal Global Investors that engages in the creation of asset allocation solutions. Scott is involved in the portfolio management of the Principal LifeTime portfolios, the Principal LifeTime Hybrid Funds, and the Principal LifeTime Hybrid CITs, as well as several institutional target risk mandates and other target date offerings. Prior to becoming a Portfolio Manager, Scott served as an analyst and was responsible for building and maintaining asset allocation models. Prior to joining PGAA, Scott was a Portfolio Manager for a number of U.S. equity index portfolios. Scott joined Principal in 1999. He received a bachelor’s degree in Finance from Iowa State University.

#### **James Fennessey – Portfolio Manager**

James is a Portfolio Manager within Principal Global Asset Allocation (PGAA), a specialized investment boutique within Principal Global Investors that engages in the creation of asset allocation solutions. He joined the Principal Financial Group in 2000. He has been a portfolio manager for the Principal LifeTime target date portfolios since 2007 and the Principal Trust Target Date CITs since their inception in 2009. He serves as a Portfolio Manager on the multi-managed core/satellite funds and is also responsible for New Mexico 529 Plan. James graduated from Truman State University with a B.S. in Business Administration, with an emphasis in Finance and a minor in Economics. He has earned the right to use the Chartered Financial Analyst designation and is a member of the CFA Institute.

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

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

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We have appointed Principal Asset Management (S) Pte Ltd (“Principal Singapore”) to provide investment advice for PRS-C, PRS-M, PRS-G, PRS-E and PRS-APDI. Principal Singapore will provide investment research and stock recommendation to Principal Malaysia in accordance with the investment objective and within the investment restrictions of the Funds.

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

Principal Singapore is a licensed fund manager 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.

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

# 11. THE TRUSTEE

## 11.1 ABOUT DEUTSCHE TRUSTEES MALAYSIA BERHAD

Deutsche Trustees Malaysia Berhad (“DTMB”) [200701005591 (Company No. 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		
	2021 (RM)	2020 (RM)	2019 (RM)
Paid-up share capital	3,050,000	3,050,000	3,050,000
Shareholders’ funds	11,907,601	6,475,426	4,026,614
Revenue	26,822,575	22,957,640	21,042,075
Profit / (loss) before tax	11,721,465	4,513,466	1,259,602
Profit / (loss) after tax	8,857,601	3,425,426	976,614

### 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 30 June 2022, DTMB is the trustee for two hundred and twelve (212) 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

Richard Lim  
Liew Yeh Yin  
Chan Boon Hiong

### Chief Executive Officer

Gerard Ang

### 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 30 June 2022, the Trustee is not (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.

### 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 and the PRS Provider's delegate for the fund administration and fund accounting services (where applicable), 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;
- (3) Where the PRS Provider appoints DTMB to perform its back-office functions (e.g. fund administration and fund accounting, services, where applicable); and
- (4) 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.

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

## 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 our registered office, and obtain such information pertaining to your Units as permitted under the Deeds and the GPRS;
- 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 GPRS or judicial decisions or interpretation.

#### 12.1.2 Liabilities

- 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.
- 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:

- interfere with any of our rights or powers and/or the rights or powers of the Trustee under the Deeds;
- 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
- 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.

Funds	Charges		
	Sales Charge % / RM	Redemption Charge % / RM	Switching Fee % / RM
<b>Class A, Class C &amp; Class X</b>			
Principal RetireEasy 2060	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 RetireEasy 2050	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 RetireEasy 2040	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.

Funds	Charges		
	Sales Charge % / RM	Redemption Charge % / RM	Switching Fee % / RM
Principal RetireEasy 2030	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 RetireEasy Income	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 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 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 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 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 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, Class C &amp; Class X</b>		
Principal RetireEasy 2060	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), subject to minimum fee of RM24,000.00 p.a.
Principal RetireEasy 2050	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), subject to minimum fee of RM24,000.00 p.a.
Principal RetireEasy 2040	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), subject to minimum fee of RM24,000.00 p.a.
Principal RetireEasy 2030	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), subject to minimum fee of RM24,000.00 p.a.
Principal RetireEasy Income	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), subject to minimum fee of RM24,000.00 p.a.
Principal 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)

	Fees	
	Management Fee % / RM	Trustee Fee % / RM
Principal 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 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 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 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 decide 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 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 GPRS;
- (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 a 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 7.03A of the GPRS;
- (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 GPRS.

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 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 applicable 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.

## 12.8 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 Islamic 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

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Pusat Bandar Damansara  
50490 Kuala Lumpur

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

31 May 2022

Dear Sirs

## **Principal PRS Plus**

### **Tax treatment of funds under a private retirement scheme (“PRS”), contributors and contributors’ employers**

This letter has been prepared for inclusion in this Fourth Replacement Disclosure Document in connection with the offer of units in the funds under Principal PRS Plus (hereinafter referred to as “the Scheme”). The funds under the Scheme comprise of funds listed in the Attachment 1 (hereinafter referred to as “the Funds”) which are structured as PRS funds.

The Funds are offered under the PRS approved by the Securities Commission in accordance with the Capital Markets and Services Act 2007.

The purpose of this letter is to provide an overview of the Malaysian taxation treatment of the Funds under the Scheme, contributors to the Scheme and their employers.

## **Taxation of the Funds**

The Funds are subject to the provisions of the Malaysian Income Tax Act 1967 (“MITA”).

Paragraph 20, Schedule 6 of the MITA exempts income of any “approved scheme” from tax. An “approved scheme”<sup>1</sup> is defined under Section 2 of the MITA to include a Private Retirement Scheme. Section 2 of the MITA defines “Private Retirement Scheme” to mean “a retirement scheme approved by the Securities Commission in accordance with the Capital Markets and Services Act 2007”.

The Malaysian Inland Revenue Board (“MIRB”) has clarified in its Public Ruling No.9/2021, Private Retirement Scheme issued on 19 December 2021 that income received by a PRS fund is exempt from tax under Paragraph 20, Schedule 6 of the MITA.

Note however that gains derived by the Funds from the disposal of chargeable assets as defined in the Real Property Gains Tax Act 1976 (“RPGT Act”) may be subject to real property gains tax under the RPGT Act.

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

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

Based on the Service Tax Regulations 2018, a unit trust fund is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Funds incurs expenses such as management fees, the management services provided by asset and fund managers are specifically excluded from the scope of Service Tax. As for other fees, such as trustee fees and other administrative charges, these may be subject to 6% service tax provided they fall

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<sup>1</sup> Pursuant to Section 2 of the MITA, “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 MITA.



within the scope of service tax (i.e. are provided by a “taxable person”, who exceeds the required annual threshold (in most cases RM 500,000 per annum) and the services qualify as “taxable services”).

#### **Taxation of contributors**

**1. Distribution of profits**

Distribution of profits to the contributors of the PRS funds in the form of units is exempt from income tax in their hands.

**2. Tax relief on contributions**

Pursuant to Section 49(1D) of the MITA, individual contributors who are Malaysian tax residents and have made contributions to a PRS fund or paid premium for deferred annuity<sup>2</sup> in a basis period for a year of assessment are allowed to claim a tax relief of the aggregate amount of the deferred annuity payments or PRS contributions or both or RM3,000, whichever is less, for that year of assessment. This tax relief is applicable effective from the year of assessment 2012 until year of assessment 2025.

**3. Withdrawal of contributions**

Pursuant to Section 109G of the MITA, withdrawal of contributions from the Scheme by an individual contributor before reaching the age of 55 (other than by reason of permanent total disablement, serious disease, mental disability, death or permanently leaving Malaysia) would result in a withholding tax of 8% on the amount of contributions withdrawn, which would be deducted before payment is made to the individual contributor. The withholding tax deducted by the PRS provider is to be remitted to the Director General of the Inland Revenue Board within one month after making the payment to the individual contributors. Where the PRS provider fails to remit the withholding tax by the due date, a 10% penalty on the unpaid amount will be imposed on the PRS provider and the increased sum shall be a debt due from the PRS provider to the Government.

#### **Deductibility of contributions by employers**

Pursuant to Section 34(4) of the MITA, employers are eligible to claim a tax deduction of up to a total of 19% of an employee’s remuneration in respect of contributions made by employers to approved schemes (including contributions to Employees Provident Fund, PRS or any provident fund, scheme or society approved by the Director General under Section 150 of the MITA) in respect of that employee.

\*\*\*\*\*

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

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

Yours faithfully

**Ernst & Young Tax Consultants Sdn Bhd**

Bernard Yap  
Partner

Ernst & Young Tax Consultants Sdn Bhd has given its consent to the inclusion of the Taxation Adviser’s Letter in the form and context in which it appears in this Fourth Replacement Disclosure Document and has not withdrawn such consent before the date of issue of this Fourth Replacement Disclosure Document.

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<sup>2</sup> The words “premium for deferred annuity” were replaced with the words “any deferred annuity” in Section 49(1D) of the MITA with effect from the year of assessment 2014.

**Attachment 1**

**No. Name of Fund**

**Core Funds**

- 1 Principal RetireEasy 2060
- 2 Principal RetireEasy 2050
- 3 Principal RetireEasy 2040
- 4 Principal RetireEasy 2030
- 5 Principal RetireEasy Income

**Non-Core Funds**

- 6 Principal PRS Plus Conservative
- 7 Principal PRS Plus Moderate
- 8 Principal PRS Plus Growth
- 9 Principal PRS Plus Equity
- 10 Principal 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 as well other Distributors:

## 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

### Sri Petaling Branch

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

### 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

### Southern Branch

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

### Melaka Branch

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

### Kota Bharu Branch

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

### Kuantan Branch

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

## 14.2 INSTITUTIONAL PRS ADVISERS

### CIMB Bank Berhad

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

### Kenanga Investment Bank Berhad

Level 13, Kenanga Tower,  
237, Jalan Tun Razak  
50400, Kuala Lumpur  
Tel: 03 2172 2888  
[www.kenanga.com.my](http://www.kenanga.com.my)

### 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: 03- 78317171; 016-262 1956  
[www.harveston.com.my](http://www.harveston.com.my)

### iFAST Capital Sdn Bhd

Level 28, Menara AIA Sentral,  
No. 30, Jalan Sultan Ismail,  
50250 Kuala Lumpur, Malaysia.  
Tel: (603) 2149 0567  
Website: [www.ifastcapital.com.my](http://www.ifastcapital.com.my)  
[www.fsmone.com.my](http://www.fsmone.com.my)

**UOBKHW**

UOB Kay Hian Wealth Advisors Sdn Bhd  
B-8-3A, Block B West, Menara PJ8, Jalan Barat, Seksyen 8,  
46050 Petaling Jaya, Selangor.  
Tel: +603 7954 5486  
[www.uwealth.com.my](http://www.uwealth.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  
[www.whitman.com.my](http://www.whitman.com.my)

**Phillip Mutual Bhd**

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

**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)

**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** or refer to our website at [www.principal.com.my](http://www.principal.com.my).

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

Enquiries:

Customer Care Centre **(603) 7723 7260**

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

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