

**Supplement**  
**for the**  
**Islamic Global Multi-Asset Fund**  
**20 March 2024**  
**Principal Global Investors Funds**

This Supplement contains specific information in relation to the Islamic Global Multi-Asset Fund (the "**Fund**"), a Fund of the Principal Global Investors Funds (the "**Unit Trust**"), an open-ended umbrella type unit trust authorised by the Central Bank of Ireland (the "**Central Bank**") as an undertaking for collective investment in transferable securities pursuant to the Regulations.

The Directors of the Manager, whose names appear in the Prospectus, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of the information. The Directors accept responsibility accordingly.

**This Supplement forms part of and should be read in conjunction with the Prospectus for the Unit Trust dated 14 December 2023 (together the "Prospectus"). Words and expressions defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.**

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**Dividends, expenses/and or fees for Income Plus Units may be declared or paid out of capital. This will have the effect of lowering the capital value of a Unitholder's investment. In any such case, there is a greater risk that capital may be eroded (and also that the value of future returns may be diminished) and distribution will be achieved in a manner that foregoes the potential for future capital growth of the Unitholder's investment. For all Income Plus Units, this cycle may continue until all capital is depleted. Distributions out of capital may have different tax consequences to distributions out of income and it is recommended that you seek appropriate advice in this regard. The likelihood is that the value of future returns would also be diminished.**

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## **1 Investment Objective, Policies and Profile of a Typical Investor**

### **1.1 Investment Objective**

The objective of the Fund is to seek to provide a return through a combination of capital growth and income over the medium to long term, following Shariah investment principles.

Investors should be aware that there is no guarantee that the Fund will achieve its investment objective.

### **1.2 Investment Policies**

The Fund seeks to achieve its investment objective by investing in a diversified portfolio of global Shariah-compliant instruments including equities and equity related securities, Shariah-compliant fixed income securities (Sukuk) and money market instruments.

The Fund has a positive total return performance target.

The Shariah Investment Manager will adopt a dynamic asset allocation strategy and has the flexibility to determine the allocation between these asset classes according to their views on prevailing market conditions. In implementing this dynamic asset allocation strategy, the Shariah Investment Manager will use (a) strategic asset allocation, and (b) tactical asset allocation, in selecting investments for the Fund.

Strategic asset allocation process involves estimating long term capital market (return and risk) expectations. Expected equity returns are determined using historical excess returns of a referenced equities index (e.g. MSCI ACWI Islamic Index) over a risk free rate. The risk free rate is estimated using US treasury yields as the Fund targets a return in USD and US equities are typically the largest constituent of global Islamic equities indices. The Shariah Investment Manager further corroborates these expected equity returns using market (consensus) forecasts of dividend yield for the index and the Shariah Investment Manager's own long term earning growth forecasts for equities. The Shariah Investment Manager's foregoing long term forecasts are based on long term potential GDP growth estimates which are corroborated from sources such as the IMF, the OECD and central banks. These estimated potential excess return and risk free rates are then adjusted to reflect prevailing market conditions using views of the Shariah Investment Manager's experienced multi-asset investment team. For Sukuk, expected market returns are calculated using the current yields for a referenced fixed income index (e.g. Dow Jones Sukuk Index). To estimate risk, the Shariah Investment Manager then factors in historical index volatilities for the reference index. Using these capital market expectations; asset classes are weighted in the portfolio towards assets with increased return expectation to create a diversified multi-asset portfolio while minimizing risk. Capital market expectations and strategic asset class weights are reviewed at least annually.

Tactical asset allocation uses a data driven discretionary asset allocation process to identify tactical investment opportunities in the permitted asset classes. This process analyses fundamental, technical and valuation factors and their potential impact on a given security. Fundamental factors relate to an analysis of macro factors such as recession probability and financial market conditions. Technical factors considers factors such as market volatility and asset flows. Valuation factors look at previous valuation trends for securities against current valuation trends across major markets. The Shariah Investment Manager's team combines the analysis of each of the foregoing factors in conjunction with their own market analysis to identify securities with return opportunities. For example,

predicting a change in a security's returns due to the impact of the foregoing fundamental and technical factors when compared against previous valuation trends.

The Shariah Investment Manager employs risk management throughout the process to ensure portfolio positioning is consistent with the Fund's objectives and investment restrictions. As part of this risk management, the Shariah Investment Manager utilises risk management systems which provide ex-ante and ex-post reporting to the Shariah Investment Manager on the consistency of the Fund's asset class, regional, sector, credit category, issuers and position exposures relative to the Fund's investment objective and policies.

The resulting asset allocation will combine Shariah-compliant equities and equity related securities (up to 75% of the Fund's Net Asset Value) and Sukuk (up to 85% of the Fund's Net Asset Value) and other permitted assets, as outlined in the investment policy, in order to meet Fund's investment objective. Depending upon the Shariah Investment Manager's views on potential return/risks in the prevailing market, the Fund's portfolio may be weighted towards return-seeking assets such as equities and equity related securities during times of robust/improving economic activity and weighted more towards Sukuk during times of negative economic activity.

The Fund may invest in Shariah-compliant global equity securities and equity related securities as detailed below. As a result of a corporate action, the Fund may receive call warrants which give exposure to Shariah-compliant equities. Such warrants are equity related securities that entitle the holder to buy a specific amount of securities at a specific price, usually above the current market price at the time of issuance, for a specified or unspecified period. If the price of the security rises to above the warrant's exercise price, then the investor can buy the security at the warrant's exercise price and resell it for a profit. The Fund shall not however actively invest in or seek to hold warrants for investment purposes and the Shariah Investment Manager shall, subject to prevailing market conditions, seek to dispose of any warrants received as part of a corporate action as soon as practicably possible in line with the best interest of Unitholders of the Fund. In addition, in jurisdictions where it would not be possible or practical for the Fund to hold the equity securities directly, it may obtain exposure through equity-related securities including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs).

For equity investments, the investment strategy for the Fund incorporates an overlay of environmental, social and governance ("ESG") analysis into the fundamental research process, where a wide range of ESG factors are considered, including a company's relationships with each of its stakeholders, such as shareholders, customers, suppliers and their supply chains, their communities, and the environment. After which, a sustainability risk level is assigned and a sustainability risk trend of either improving, stable or deteriorating is applied to each stock. The risk trend designation provides important context to the stock's risk level. These ESG risk levels are used to identify key risks to stakeholders and the associated positive change to the environmental, social and governance features to be considered. The applicable ESG feature will depend on the sector from which the stock originates and so will vary from stock to stock. This ESG integration process ensures that the financial impact of material ESG issues for each stock in the investment research universe is assessed. Should the research on ESG factors reveal adverse material findings, the Sub-Investment Managers (as defined further below) may consider whether to retain the stock's position in the Fund or whether to remove it from the Fund's portfolio. The Sub-Investment Managers' focus on ESG is complementary to the fundamental research undertaken. Companies which are ranked relatively low in an ESG assessment may not be excluded from the Fund's portfolio, but instead may warrant further engagement for opportunities to enhance their ESG practices. Companies that do not improve or fail to demonstrate a commitment to improve after engagement exercises

may be excluded from the Fund's portfolio or may be disposed of within an appropriate timeframe as determined by the Sub-Investment Managers.

As for investments in Sukuk, the Shariah Investment Manager integrates its own ESG research and data with the research and ratings provided by third party providers (MSCI, RAM Ratings and Bloomberg) to achieve consistency and comprehensiveness in coverage across the investment universe when making evaluations. Within the ESG considerations and process hierarchy, the Shariah Investment Manager refers to MSCI's ESG Score and RAM's RIESGo rating as the first point of reference while those without third party data coverage, the Shariah Investment Manager will rely on its own internal ESG ratings and research. ESG data inputs are also gathered via an ESG questionnaire sent to companies across the Fund's investment universe. The third party rating changes (MSCI & RAM RIESGo) are reviewed on a quarterly basis whilst data input collection via the ESG questionnaire is done on a yearly basis. Overall data inputs are collectively used at arriving to the internal score where a sustainability risk level (low, medium, or high risk) is assigned. These ESG risk levels are used to reflect the varying levels of ESG concerns for different sectors. Should the research on ESG factors reveal adverse material findings, the Shariah Investment Manager may reassess the Sukuk's position in the Fund. The Shariah Investment Manager's focus on ESG is complementary to the fundamental research undertaken. Companies which are ranked relatively low in an ESG assessment may not be excluded from the Fund's portfolio, but instead will warrant further engagement with management for opportunities to enhance and track their ESG practices. ESG assessment of an issuer is an integral part of our investment decisions but is not necessarily the only determining factor in the overall investment assessment. Thus, the Fund may invest in an issuer despite a relatively weak ESG assessment or conversely may not invest in or hold an issuer despite a strong ESG assessment. Rather, the Shariah Investment Manager seeks to engage with the aim of improving their ESG performance.

At asset allocation level, the building blocks, or betas, that the Sub-Investment Managers select when constructing portfolios can be very influential in determining the overall ESG sensitivity of a strategy. As such, when building portfolios, the Sub-Investment Managers first determine the ESG rating for each asset class in their investment universe, using the representative indices as baseline. This analysis allows the Sub-Investment Managers to understand, at a high level, what the ESG implications might be of emphasizing certain asset classes in order to achieve a desired investment outcome. The Sub-Investment Managers employ a holdings based ESG analysis for overall portfolio. The Sub-Investment Managers use data from third-party providers (including but not limited to MSCI ESG) to gain a detailed understanding of how an individual holding (company) is rated according to ESG principles. The Sub-Investment Managers examine the overall ESG rating and the individual E, S, and G, ratings in absolute measure as well as index- or peer-group relative, as applicable. The Sub-Investment Managers focus specifically on the trend of those ratings over time versus any one reading. To gain a better understanding of the trajectory of future ratings, the Sub-Investment Managers review the allocation to security issuers that are considered ESG leaders or laggards. ESG, while a component of the Sub-Investment Managers' investment analysis, is only one part of the overall assessment in their decision-making activities.

The Fund may also invest in Shariah-compliant real estate investment trusts ("REITS"), subject to a maximum of 20% of its Net Asset Value. A REIT is typically established as a trust, corporation, or partnership structure that uses pooled capital of many investors to purchase and manage income property and/or mortgage loans.

The Fund may invest more than 20% of its Net Asset Value in emerging markets.

The Fund may invest in Sukuk issued by government, government-related entities such as their local authorities and public authorities, corporate or supranational entities located globally. Such Sukuk being government and corporate bonds.

Sukuk are certificates of equal value which evidence undivided ownership or investment in the underlying assets. The sakk (singular of Sukuk), as further detailed below, is freely traded at par, premium or discount. Commonly the term Sukuk is used for fixed income securities and debt securities which comply with Shariah principles in respect of financial instruments. The Sukuk in which the Fund may invest comprises of zero-coupon Sukuk and coupon bearing Sukuk.

The Fund may invest up to 75% of its Net Asset Value in convertible preferred securities and up to 85% of its Net Asset Value in convertible Sukuk which will not be preferred, but will not invest in contingent convertible bonds.

Sukuk investments will be both USD and non-USD denominated and fixed or floating rate and across all investment grades including non-rated however the proportion of non-rated securities shall not exceed 25% of the Fund's Net Asset Value. The Shariah Investment Manager may take into account other factors such as the issuer's legal status and country of origin in assessing the suitability of non-rated securities. Typically, the Shariah Investment Manager will seek issuers of such securities that are body corporates established in developed jurisdictions.

The Shariah Investment Manager may invest substantially (up to 85% of the Fund's Net Asset Value) in Islamic money market instruments and a range of instruments that can be readily converted to cash (including government bonds which may be fixed or floating rate but shall not embed FDI or leverage, commercial paper, short term money market deposits and certificates of deposit). The Shariah Investment Manager shall however only invest substantially in such instruments where it anticipates that the markets or the economies of the countries where the Fund invests are experiencing excessive volatility or prolonged general decline or other adverse conditions. The Fund will only invest in such liquid assets where they are issued by entities which operate according to the requirements of Shariah law.

A proportion of the net assets of the Fund (subject to a maximum of 10% of its Net Asset Value) may be invested in Islamic UCITS eligible collective investment schemes (being collective investment schemes which operate according to the requirements of Shariah law for example other sub-funds of the Unit Trust), including exchange traded funds, the constituents of which may comprise the instruments described above and therefore is an alternative means through which the Fund may gain exposure to these types of instruments. The Fund will only invest in alternative investment funds per the Central Bank's Guidance in relation to UCITS Acceptable Investments in Other Investment Funds.

The Fund may use Islamic derivative instruments as further detailed below beneath the section entitled "Efficient Portfolio Management"; these will only be utilised for hedging and efficient portfolio management ("EPM") purposes.

The Fund's investments will (other than permitted unlisted investments) be listed/traded on the exchanges and markets listed in Appendix E to the Prospectus provided that such exchanges and markets are either an ordinary or associate member of the International Organization of Securities Commission (IOSCO), further details of which are set out in [www.iosco.org](http://www.iosco.org).

Investors' attention is drawn to the information set out in the Prospectus under the headings **General Information** and **Special Investment Considerations and Risks**.

### 1.3 How the Fund References an Index or Benchmark

The Fund is actively managed. The Shariah Investment Manager and/or Sub-Investment Managers maintain full discretion to select investments for the Fund in line with the above investment policies.

The Fund uses a custom 50/50 blended benchmark comprised of MSCI ACWI Islamic Index and Dow Jones Sukuk TR as a reference for risk management purposes.

Market indices are referenced in order to help identify Shariah-compliant securities with the MSCI ACWI Islamic Index and Dow Jones Islamic Market Index being used to identify Shariah-compliant equities, and the Dow Jones Sukuk Total Return Index being used to identify Sukuk.

### 1.4 Profile of a Typical Investor

The Fund is suitable for investors with a medium to long term investment horizon looking for a combination of capital growth and income that follows Shariah investment principles.

## 2 Investment Restrictions and Shariah Investment Guidelines

The general investment restrictions set out in **Appendix A** of the Prospectus shall apply and the following investment restrictions shall apply to the Fund.

- a) The Fund shall not invest more than:
  - 75% of its Net Asset Value in Shariah-compliant equities and equity related securities;
  - 85% of its Net Asset Value in Sukuk;
  - 85% of its Net Asset Value in Islamic money market instruments;
  - 20% of its Net Asset Value in Islamic deposits;
- b) The Fund's investments in Shariah compliant equities and equity related securities, Sukuk and money market instruments, as provided for in the investment policy, issued by any single issuer must not exceed 10% of the Fund's Net Asset Value;
- c) The Fund's investments in Shariah compliant equities and equity related securities and Sukuk, as provided for in the investment policy, must not exceed 10% of the securities issued by any single issuer;
- d) The Fund's investment in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer;

**Note:** This limit may be disregarded if the Islamic money market instrument does not have pre-determined issued size.
- e) The value of the Fund's OTC Islamic derivatives transaction with any single counter-party must not exceed 5% of the Fund's Net Asset Value and the Fund's exposure from derivatives position should not exceed the Fund's Net Asset Value at all times;

- f) The Fund's investments in Islamic collective investment schemes must not exceed 25% of the overall number of issued units/shares in any one Islamic collective investment scheme;
- g) In the case of cross-investment by the Fund in another sub-fund of the Unit Trust the following additional restrictions apply:
  - (i) The investment shall not be made in a sub-fund which itself holds units in any other sub-fund within the Unit Trust;
  - (ii) The rate of the annual investment management fee which investors in the Fund are charged in respect of that portion of the Fund's assets invested in the Units of the other sub-funds of the Unit Trust (the Receiving Funds) (whether such fee is paid directly at the Fund level, indirectly at the level of the Receiving Funds or a combination of both) shall not exceed the rate of the maximum annual investment management fee which investors in the Fund may be charged in respect of the balance of the Fund's assets, such that there shall be no double charging of the annual investment management fee to the Fund as a result of its investments in the Receiving Fund.

The general investment restrictions set out under the heading **Appendix G Shariah Investment Guidelines** in the Prospectus shall apply to the Fund.

The following are the Shariah Investment Guidelines for the Fund, which the Shariah Investment Manager, is to strictly adhere to on a continuous basis. At all times the Fund shall invest in instruments that are permitted under Shariah principles and shall not invest in instruments that are prohibited by Shariah principles based on the parameters of the Shariah Adviser. Where the Shariah Adviser requires a change to the Shariah Investment Guidelines, it shall give the Unit Trust a reasonable period of time to consider such change to the Shariah Investment Guidelines in accordance with the requirements of any applicable law and regulation. For the avoidance of doubt however the Shariah Adviser has no discretionary input in respect of security selection.

- a) The Fund may invest in securities listed under the list of Shariah-compliant securities listed in the MSCI ACWI Islamic Index and Dow Jones Islamic Market World Index.

The MSCI ACWI Islamic Index may be referred to as part of the stock selection process as it reflects Shariah investment principles and is designed to measure the performance of the large and mid cap segments across certain developed markets and emerging markets countries that are relevant for Islamic investors. Further information on MSCI ACWI Islamic Index on is available at [www.msci.com](http://www.msci.com). The Dow Jones Islamic Market World Index may be referred to as part of the stock selection process as it measures the performance of stocks traded globally that pass rules-based screens for adherence to Shariah investment guidelines. Further information on Dow Jones Islamic Market World Index is available at [www.spindices.com](http://www.spindices.com).

The Fund also follows the Accounting and Auditing Organisation for Islamic Financial Institution ("AAOIFI") Shariah Standards. Therefore, any security from the foregoing indices determined to be eligible for investment shall be rescreened using the IdealRatings Shariah screening solutions based on AAOIFI Shariah Standards.



- b) Any securities which are not listed under the list of Shariah-compliant securities issued by IdealRating shall be assessed by the Shariah Adviser against the following screens to determine whether they can be accorded Shariah-compliant status:

(1) Sector-based screens

Whether the companies are directly active in, or derive revenue from the following activities;

- Adult Entertainment;
- Alcohol;
- Cinema;
- Defense & Weapons;
- Financial services (insurance, conventional banking, conventional financial institutions, mortgage, etc.)
- Gambling;
- Gold and silver hedging;
- Interest-bearing investments;
- Music;
- Pork; and
- Tobacco.

(2) Accounting-based screens

The following accounting-based screens are applied to any companies:

- Total sum of non-permissible income should not exceed 5% of the total income generated by the company;
- Total sum of interest-bearing cash and investments of the company should not exceed 30% of the preceding 12-months average market capitalization of the company;
- Total sum of interest-bearing debts of the company should not exceed 30% of the preceding 12-months average market capitalization of the company; and
- No investment in fixed income preferred shares is allowed.

If a company fails to meet any of the foregoing screens it will not be accorded Shariah-compliant status.

- c) Sukuk - The Fund shall only invest in Sukuk as endorsed by other Shariah scholar(s) or Shariah boards with the Shariah Adviser's prior review of the relevant

documents e.g. principal terms and conditions and Shariah pronouncements and/or as listed in the Dow Jones Sukuk Total Return Index with the Shariah Adviser's prior review. The Dow Jones Sukuk Total Return Index may be referred to as part of the selection process for Sukuk as it is designed to track the performance of global Islamic fixed income securities. Further information on Dow Jones Sukuk Total Return Index is available at [www.spindices.com](http://www.spindices.com).

- d) Islamic money market instruments - The Fund shall only invest in money market instruments which are endorsed by other Shariah scholar(s) or Shariah boards with the Shariah Adviser's prior review of the relevant documents e.g. principal terms and conditions and Shariah pronouncements.
- e) Islamic deposits - Bank deposits shall be placed in accounts issued by licensed Islamic financial institutions or non-interest bearing accounts. The Fund is also prohibited from investing in interest-bearing deposits and recognising any interest income.
- f) Islamic Collective investment schemes The Fund shall only invest in UCITS eligible collective investment schemes which are endorsed by other Shariah scholar(s) or Shariah boards with the Shariah Adviser's prior review of the relevant documents e.g. principal terms and conditions and Shariah pronouncements.
- g) Islamic FDI - The Fund shall only invest in Islamic FDI which are endorsed by other Shariah scholar(s) or Shariah boards with the Shariah Adviser's prior review of the relevant documents e.g. principal terms and conditions and Shariah pronouncements.

The general investment restrictions set out in Appendix G of the Prospectus shall also apply to the Fund.

### **3 Efficient Portfolio Management**

The Fund may enter into Islamic forward foreign exchange contracts and Islamic profit rate swaps and futures for efficient portfolio management purposes as further outlined below in accordance with the investment restrictions, conditions and limits laid down by the Central Bank.

#### **3.1 Islamic Forward Foreign Exchange Contracts**

The Base Currency of the Fund is USD and exposure to currencies other than USD may, at the Shariah Investment Manager's discretion, be fully or partially hedged back to USD through the use of Shariah-compliant currency forwards. The Fund may enter into such transactions for efficient portfolio management to change the currency profile of the Fund without changing the profile of the invested assets. These are non-standardized, negotiated, over the counter contract between two parties to buy or sell currency at a specified future time at a price agreed upon today.

Such forwards may also be non-deliverable and structured so as to be cash settled, usually on a thinly traded currency or non-convertible currency.

#### **3.2 *Islamic Profit rate swaps (IPRS)***

An IPRS is individually negotiated and traded over the counter. It involves the exchange by the Fund with another party of their respective commitments to receive certain cash flows for a specified period of time. One stream of future cash flows is exchanged for another, based on a specified principal amount. It is generally an exchange by the Fund

of fixed rate cash flows for floating rate cash flows. The Fund therefore obtains floating rate interest exposure.

These are used to manage interest rate risk. Swap agreements are subject to liquidity risk, meaning that the Fund may be unable to sell a swap contract to a third party at a favourable price. The Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a counterparty.

### 3.3 **Shariah-permitted Futures**

Traded on a regulated exchange, a future is a standardised agreement between two parties to transact in an instrument at a specific price or rate at a future date. The Fund may invest in Shariah-compliant index futures for EPM purposes.

Any financial indices which the Fund has exposure to through the use of FDI for EPM shall be UCITS eligible financial indices which meet with the requirements of the Central Bank. Insofar as it is practical and permitted, more specific information on any such indices will be set out in the annual and semi-annual accounts.

The Manager employs a risk-management process in respect of the Fund which enables it to accurately measure, monitor and manage the various risks associated with FDIs. The Fund may only utilise the FDIs listed in the risk management process. The Shariah Investment Manager uses a risk management technique known as the commitment approach to calculate the Fund's global exposure to ensure that the Fund's use of FDI is within the limits specified by the Central Bank. On request, supplementary information will be provided to Unitholders relating to the risk management methods employed including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investment.

The Fund's global exposure and leverage (as prescribed by the Central Bank) relating to FDI will not exceed 100% of the Fund's Net Asset Value. Simple leverage is calculated as being global exposure divided by the Fund's Net Asset Value.

Any investment in Financial Derivative Instruments is subject to the Shariah Adviser's prior review.

Further information is set out in the Prospectus under the headings **General Information** and **Special Investment Considerations and Risks**.

## 4 **Borrowing**

In accordance with the general provisions set out under the heading **General Information – Borrowings of the Prospectus**, the Fund may borrow up to 10% of its net assets on a temporary basis.

## 5 **Charges & Income from Capital**

For the Income Plus Units, fees and expenses may be charged to the capital of the relevant Unit class rather than its income. Where such fees and expenses are charged to capital, this will result in an increase in distributions available to Unitholders but also may have the effect of lowering the capital value of their investment.

Investors who subscribe into Income Plus Units should note that the Directors may, in their absolute discretion, declare a portion of the class capital as dividend. It should be noted that this could result in the erosion of capital of those Income Plus Units. Distributions out of capital may have different tax consequences to distributions of income and it is

recommended that Unitholders seek appropriate advice in this regard. In relation to investment in Income Plus Units, special consideration should also be given to the specific risk factors for this Unit class under the heading "Income Plus Units".

## 6 **Shariah Investment Manager**

The Manager has appointed Principal Islamic Asset Management Sdn Bhd to act as investment manager to the Fund (the "**Shariah Investment Manager**").

The Shariah Investment Manager was appointed pursuant to an Investment Management Agreement. This agreement may be terminated by either party on giving three months' written notice to the other although, in certain circumstances, the agreement may be terminated forthwith by notice in writing by either party to the other.

The Shariah Investment Manager is regulated in Malaysia by the Securities Commission Malaysia. The Shariah Investment Manager has been cleared by the Central Bank to act as Shariah Investment Manager to Irish authorised collective investment schemes.

## 7 **Sub-Investment Manager**

The Shariah Investment Manager has appointed Principal Global Investors, LLC ("**Principal Global Investors**") and Principal Asset Management Company (Asia) Limited ("**PAM Asia**") to act as discretionary sub-investment managers in respect of the Fund (the "**Sub-Investment Managers**"). The Shariah Investment Manager fulfils the role of "manager of managers" and as such is responsible for overseeing the Sub-Investment Managers that may independently manage certain distinct portions of the Fund. The Shariah Investment Manager may also manage some portion of the Fund directly.

Principal Global Investors was appointed pursuant to a Sub-Investment Managers Agreement. This agreement may be terminated by either party on giving three months' written notice to the other although, in certain circumstances, the agreement may be terminated forthwith by notice in writing by either party to the other.

Principal Global Investors is a diversified asset management organization and a member of the Principal Financial Group®. Its investment capabilities encompass an extensive range of equity, fixed income and real estate investments as well as specialized overlay and advisory services.

PAM Asia was appointed pursuant to a Sub-Investment Managers Agreement. This agreement may be terminated by either party on giving three months' written notice to the other although, in certain circumstances, the agreement may be terminated forthwith by notice in writing by either party to the other.

PAM Asia is regulated by Securities and Futures Commission of Hong Kong and is registered with the Securities and Exchange Commission of the United States (the "**SEC**") as an investment adviser. The Shariah Investment Manager may delegate to PAM Asia responsibility for certain of the Fund's investments as well as related aspects of the management of the Fund.

## 8 **Risk Factors**

The general risk factors set out under the heading **Special Investment Considerations and Risks** of the Prospectus apply to the Fund.

In addition the further risk considerations in respect of FDI and Securities Financing Transactions Risks including Credit Risk, Counterparty Risk, Collateral Risk and Liquidity Risk; Settlement Risk, Convertible Bonds Risk, High Yield and Distressed Securities Risk, Interest Rate Risk, Distribution Risk - Income Plus Units, and Sukuk Investment Risk are

also applicable and investors' attention is drawn to the relevant information pertaining to these set out in the Prospectus.

## **9 Distribution Policy**

The general distribution policy set out under the heading **Distribution Policy** of the Prospectus applies to the Fund.

Dividends on the Units described as "Income Units" will be declared and paid annually within 30 days of the end of the Fund's financial year.

Dividends on the Units described as "Income Plus Units" will be declared and paid quarterly within 30 days of the end of each calendar quarter.

Such dividends may be paid in cash in which case they will be paid by telegraphic transfer to the nominated account of the Unitholder at its risk and expense.

Income Plus Units are Units that seek to distribute a stable and consistent amount of net income earned and attributable to the Income Plus Units at the end of the calendar quarter. It is intended, although not guaranteed, that Income Plus Units will distribute a set level of net income (the "Target Income") at the end of the calendar quarter. In order to calculate the Target Income, the Manager and/or its delegates will, on a best efforts basis, calculate the amount of net income to be received by the Fund over the course of the relevant period and calculate a pro-rated amount to be distributed to the Income Plus Units at the end of the calendar quarter.

Investors should note the Manager may, in its absolute discretion, limit fluctuations in the level of distributions in the relevant period from one interim distribution period to another so that holders of Income Plus Units receive smoothed income dividends of roughly equal levels with the balance being paid up in the final distribution (if any).

To that end, the Manager may, in its absolute discretion, reduce or forego the distribution payable at the end of a calendar quarter and/or pay such distribution out of the capital of the Income Plus Units in the event that the pro rata net income attributable to the Income Plus Units is less than the Target Income as at the end of the calendar quarter. It should be noted that if a distribution is made out of capital, this could result in the erosion of capital in those Income Plus Units. Net income attributable to Income Plus Units in excess of any Target Income shall not be distributed at the end of the calendar quarter but shall be accumulated and retained as part of the Fund.

For Income Plus Unit classes, the Manager shall be entitled to charge fees and expenses (in whole or in part) to the capital of the Fund attributable to the Income Plus Unit classes instead of income in order to increase dividends to Unitholders. For Income Plus Unit classes, the Manager shall also be entitled to declare dividends out of the Fund's capital instead of income in order to provide greater flexibility in the payment of dividends attributable to those classes.

In circumstances where such fees and expenses are charged to capital and/or dividends are declared out of capital, there may be reduced potential for capital growth meaning the capital value of the investment of a Unitholder in the Income Plus Unit classes may be eroded and due to such capital erosion the value of future returns may also be diminished. As such, income may be achieved by reducing the potential for future capital growth.

It is not the intention of the Manager and the Directors to declare a dividend in respect of the Units described as "Accumulation Units". Any distributable amounts attributable to such

Accumulation Units will remain in the Fund's assets and be reflected in the Net Asset Value of the Accumulation Units.

## **10 Key Information for Buying and Selling**

### **Base Currency**

US dollars

### **Initial Issue Price in respect of any unlaunched classes of Units**

US\$10 per Unit (or 10 units of the relevant currency for all classes denominated in currencies other than US dollars) or other values as determined by the Manager.

### **Initial Offer Period in respect of any unlaunched classes of Units**

From 9.00 a.m. on 21 March 2024 to 5.30 p.m. on 20 September 2024 as may be shortened or extended by the Manager and in accordance with the requirements of the Central Bank.

### **Business Day**

Any day other than Saturday or Sunday on which banks are open for business in Ireland.

### **Dealing Day**

Any Business Day and/or such other day or days as the Manager may with prior notification to the Holders determine provided that there shall be at least one per fortnight.

### **Valuation Point**

11:00pm (Irish time) on the relevant Dealing Day unless otherwise specified by the Manager and the Directors and notified in advance to Unitholders.

### **Dealing Deadline**

10.00am (Irish time) on the relevant Dealing Day or such other time, provided it is before the relevant Valuation Point, as the Directors may determine and notify Unitholders in advance.

The Directors may agree to accept specific applications after the Dealing Deadline, but before the relevant Valuation Point, at their discretion in exceptional circumstances.

### **Settlement Date**

In the case of subscription(s), cleared funds must be received on or before 3 Business Days after the relevant Dealing Day. In the case of redemption(s), payments of redemption proceeds will generally be settled on the third Business Day following the relevant Dealing Day (T+3), but in any event within ten Business Days from the relevant Dealing Day (T+10). Payment will only be made to an account in the name of the registered Unitholder. No payments to third parties will be made.

## **11 Charges and Expenses**

### **11.1 Investment and Management Charges:**

| Units | Minimum Initial Subscription | Current Preliminary Charge(%) | Annual Management Fee (% per annum) | Annual Trustee Fee (% per annum) |
|-------|------------------------------|-------------------------------|-------------------------------------|----------------------------------|
| A     | 1,000                        | 5.00                          | 1.50                                | Not more than 0.0220             |
| B     | 1,000                        | See details below             | 1.50                                | Not more than 0.0220             |
| R     | 1,000                        | 0.00                          | 0.80                                | Not more than 0.0220             |
| I     | 1,000,000                    | 0.00                          | 1.00                                | Not more than 0.0220             |

- 11.2 The Annual Management Fee payable to the Shariah Investment Manager will accrue and be calculated on each Valuation Day and be payable monthly in arrears. The Shariah Investment Manager will also be entitled to be reimbursed out of the assets of the Fund for all its own reasonable out of pocket costs and expenses. The Shariah Investment Manager will pay the fees of the Sub-Investment Manager from its Annual Management Fee.
- 11.3 The Manager reserves the right to charge up to 5.00% of the amount of the initial investment in the A Class Units. No initial charge is payable in respect of the R Class Units or the I Class Units.
- 11.4 In respect of the B Class Units, the Manager, in consultation with the Directors, will apply an initial charge on a contingent deferred basis (i.e. apply a contingent deferred sales charge) upon Unitholders redemption / exchange within 24 months of their subscription of Units.

The amount of the contingent deferred sales charge levy payable for B Class Units will depend on the length of time between the date the Units were purchased and their redemption / exchange at the rates set out in the table below:

| Unit Classes                             | Number of months from the relevant initial subscription date |  |                    |
|--|--|--|--------------------|
|  | 12 months or less  | Over 12 months and less than 24 months   | 24 months and over |
| B Class Units to be redeemed / exchanged | 5.00% of the NAV at the time of purchase                     | 3.00% of the NAV at the time of purchase | 0%                 |

- 11.5 The costs of establishing the Fund will be paid by Principal Asset Management.

Further details of charges and expenses payable out of the assets of the Fund are set out in the Prospectus under the heading **Charges and Expenses**.

## 12 Other Information

12.1 The Manager has the sole right to appoint the Shariah Adviser(s) for the Fund without approval from Unitholders.

12.2 The following classes of Units in the Fund are available for issue:

| Unit Classes         | Class Currency                              |
|----------------------|---|
| Base Currency        | US Dollar                                   |
| A Class Accumulation | Hedged: N/A<br>Unhedged: USD, EUR, GBP, SGD |
| A Class Income       | Hedged: N/A<br>Unhedged: USD, EUR, GBP, SGD |
| A Class Income Plus  | Hedged: N/A<br>Unhedged: USD, EUR, GBP, SGD |
| B Class Accumulation | Hedged: N/A<br>Unhedged: USD                |
| B Class Income       | Hedged: N/A<br>Unhedged: USD                |
| I Class Accumulation | Hedged: N/A<br>Unhedged: USD, EUR, GBP, SGD |
| I Class Income       | Hedged: N/A<br>Unhedged: USD, EUR, GBP, SGD |
| R Class Accumulation | Hedged: N/A<br>Unhedged: GBP                |
| R Class Income       | Hedged: N/A                                 |



| Unit Classes | Class Currency |
|--------------|----------------|
|              | Unhedged: GBP  |