

This Product Highlights Sheet is an important document.

- It highlights the key terms and risks of this investment product and complements the Singapore Prospectus¹.
- It is important to read the Singapore Prospectus before deciding whether to purchase the product. If you do not have a copy, please contact us to ask for one.
- You should not invest in the product if you do not understand it or are not comfortable with the accompanying risks.
- If you wish to purchase the product, you will need to make an application in the manner set out in the Singapore Prospectus.

PRINCIPAL ASIA PACIFIC DYNAMIC INCOME FUND (THE “FUND”)

Product Type	Unit Trust	Launch Date	9 September 2015
Manager	Principal Asset Management Berhad	Custodians	<u>In Malaysia:</u> The Hongkong and Shanghai Banking Corporation Ltd and assets held through HSBC Bank Malaysia Berhad and/or HSBC Nominees (Tempatan) Sdn Bhd <u>Outside Malaysia:</u> The Hongkong And Shanghai Banking Corporation Limited
Trustee	HSBC (Malaysia) Trustee Berhad	Dealing Frequency	Every Dealing Day
Capital Guaranteed	No	Expense Ratio for financial year ending 31 March 2021	Fund: 1.85%

PRODUCT SUITABILITY

WHO IS THE PRODUCT SUITABLE FOR?

- The Fund is only suitable for investors who:
 - have a medium to long term investment horizon;
 - want a well-diversified portfolio of investments primarily in the Asia Pacific ex Japan region;
 - seek regular income; and/or
 - can accept that returns may fluctuate over the investment period.
- The principal of the Fund will be at risk.
- Investors should consult their financial advisers on the suitability of the Fund if they are in doubt.

Further Information
Refer to “Important Information” section and paragraph 7.1 of the Singapore Prospectus for further information on product suitability.

KEY PRODUCT FEATURES

WHAT ARE YOU INVESTING IN?

You are investing in an open-ended standalone fund unit trust fund established in Malaysia that 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.

The Fund is assessed by the SC as suitable to be a Qualifying CIS and is subject to the Standards of Qualifying CIS and any other law, regulation, rule, guidelines or directive enacted or issued pursuant to the ASEAN CIS Framework which are applicable to the Fund, as may be amended or re-enacted from time to time.

The Manager is offering Units of Class SGD and Class USD of the Fund for investment in Singapore. Class SGD Units and Class USD Units aim to distribute part or all of its distributable income on a quarterly basis. The Manager has the right to make provisions for reserves in respect of distribution of the Class. If the income available is too small or insignificant, any distribution may not be of benefit to the Unit Holder as the total cost to

Refer to paragraphs 1, 7.1 and 20.1 of the Singapore Prospectus for further information on features of the product.

¹ The Singapore Prospectus is available for collection at Principal Asset Management (S) Pte. Ltd. (Company Registration No. 200607208K), 50 Raffles Place, #22-03A & B Singapore Land Tower, Singapore 048623 from Monday to Friday (9am to 5pm) or may be downloaded at <http://www.principal.com.sg>.

<p>be incurred in any such distribution may be higher than the amount for distribution. The Manager has the discretion to decide on the amount to be distributed to the Unit Holder.</p>	
Investment Strategy	
<p>The 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 on an exchange that is a member of WFE. With effect from 31 March 2021, the 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.</p> <p>Under general market conditions, the 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 Fund may also invest in companies with good growth potential, which the Sub-Manager foresees may adopt a strong dividend payout policy. The Fund may also invest up to 20% of the Fund's NAV in debt securities to be in line with the Fund's objective. The 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 prescribed under the Standards of Qualifying CIS or its equivalent rating by other international rating agencies. The 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 Fund's objectives, subject to the requirements of the SC Guidelines and Standards of Qualifying CIS.</p> <p>The asset allocation strategy for this Fund is as follows:</p> <ul style="list-style-type: none"> ▪ between 60% to 98% (both inclusive) of the Fund's NAV will be invested in equities; ▪ up to 20% of the Fund's NAV may be invested in debt securities; ▪ up to 20% of the Fund's NAV may be invested in units of other CIS that is in line with the Fund's objectives; and ▪ at least 2% of its NAV will be invested in liquid assets for liquidity purpose. <p>Benchmark</p> <p>The performance of this Fund cannot be compared directly with any specific publicly available benchmark. The performance of the Fund will be referenced against a return of 8% per annum. This is not a target for the Fund's performance to beat, nor a guaranteed return or forecast of future return and is only used as a reference to measure the Fund's performance. The Fund may not achieve the said return in any particular financial year but aims to achieve this growth over the medium to long term.</p>	<p>Refer to paragraph 7.2 of the Singapore Prospectus for further information on the investment focus and approach.</p>
Parties Involved	
<p>WHO ARE YOU INVESTING WITH?</p> <p>The Manager is Principal Asset Management Berhad. The Sub-Manager is Principal Asset Management (S) Pte. Ltd. The Trustee is HSBC (Malaysia) Trustee Berhad. The Custodian is The Hongkong and Shanghai Banking Corporation Ltd. The Singapore Representative is Principal Asset Management (S) Pte. Ltd.</p>	<p>Refer to paragraphs 2 to 5 of the Singapore Prospectus for further information on the role and responsibilities of these entities and what happens if they become insolvent.</p>
KEY RISKS	
<p>WHAT ARE THE KEY RISKS OF THIS INVESTMENT?</p> <p>The value of the product and its dividends or coupons may rise or fall. These risk factors may cause you to lose some or all of your investment:</p>	<p>Refer to paragraphs 9.1 and 9.2 of the Singapore Prospectus for further information on risks of the product.</p>
Market and Credit Risks	
<ul style="list-style-type: none"> • You are exposed to Stock Specific Risk. Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund's NAV. 	

<ul style="list-style-type: none"> • You are exposed to Country Risk. 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. This may cause the NAV of the Fund or prices of units to fall. • You are exposed to Currency Risk. Investors should be aware that if the currencies in which the investments are denominated in depreciate against the USD (base currency), this will have an adverse effect on the NAV of the Fund and vice versa. Investors should also be aware that currency risk is applicable to Class(es) (e.g. Class SGD) which is in a different currency than the USD. The impact of the exchange rate movement between the USD 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). When deemed necessary, the Manager may utilise derivative instruments, subject to prevailing SC Guidelines, to hedge currency risk. Currently, the Manager does not seek to mitigate the currency risk. If the Fund utilises derivative for hedging against the base currency of the Fund, investors 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. • You are exposed to Credit and Default Risk. 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. 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. • You are exposed to 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. • You are exposed to Risk associated with investing in CIS. 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. 	
Liquidity Risks	
<ul style="list-style-type: none"> • 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. • The Fund is not listed and there is no secondary market for its Units. You can only redeem your investment on a Dealing Day. • All redemption requests should be made to the Manager. • The Manager may, with the approval of the Trustee, suspend the subscription, switching and redemption of Units during certain circumstances specified in the Singapore Prospectus and Deed. 	
Product-Specific Risks	
<ul style="list-style-type: none"> • You are exposed to Emerging Markets Risk. Investments 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. • You are exposed to Derivatives Risk. Subject to the Standards of Qualifying CIS and SC Guidelines, the Fund may invest in derivatives for purposes of hedging and it may be subject to risks associated with such investments. Investments in derivatives may require the deposit of initial margin and additional deposit of margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the Fund's investments may be liquidated at a loss. 	

FEES AND CHARGES

WHAT ARE THE FEES AND CHARGES OF THIS INVESTMENT?

Payable directly by you

Application Fee	Currently up to 5%. Maximum 7%.
Switching Fee	Currently up to 1%. Maximum 7%. Units of the Fund may be switched into units of any other funds managed by the Manager, which is approved for investment in Singapore (whether such fund is authorised or recognised). Switching may be carried out only between Units denominated in the same currency.
Withdrawal Fee / Redemption Fee	Nil

Investors should note that subscriptions for Units through any distributor appointed by the Manager may incur additional fees and charges. Investors are advised to check with the relevant distributor if such fees and charges are imposed by the distributor.

Payable by the Fund to Manager and Trustee

Annual management fee (a) Retained by Manager (b) Paid by Manager to financial adviser (trailer fee) in Singapore ²	Up to 1.5% p.a. Maximum 3% p.a. - 40% to 60% of annual management fee - 40% to 60% of annual management fee
Annual trustee fee	Currently up to 0.05% p.a. (including local custodian fee but excluding foreign sub-custodian fee). Maximum 0.08% p.a. The foreign sub-custodian fee is dependent on the country invested.

All fees and charges payable by the investor and the Fund are subject to any applicable taxes and/or duties as may be imposed under any applicable laws or by any other regulatory authorities from time to time.

The fees of the Sub-Manager are paid out of the management fee paid to the Manager.

Refer to paragraph 8 of the Singapore Prospectus for further information on fees and charges.

VALUATIONS AND EXITING FROM THIS INVESTMENT

HOW OFTEN ARE VALUATIONS AVAILABLE?

- The indicative Net Asset Value per Unit of the Class SGD and Class USD of the Fund will be displayed daily on the Singapore Representative's website at <http://www.principal.com.sg>. The actual prices quoted will generally be published one (1) Business Day after the relevant Dealing Day on the Singapore Representative's website.

HOW CAN YOU EXIT FROM THIS INVESTMENT AND WHAT ARE THE RISKS AND COSTS IN DOING SO?

- You may redeem your Units on any Dealing Day and Units are redeemed on a forward pricing basis.
- Redemption forms received and accepted by the appointed distribution agents on or before 4.00p.m. Singapore time on a Dealing Day will be redeemed at that Dealing Day's redemption price. Redemption forms received after 4.00p.m. Singapore time on a Dealing Day or on a day which is not a Dealing Day shall be treated as having been received on the next Dealing Day.
- Redemption proceeds shall normally be directly credited or be paid by cheque within seven (7) Business Days of receipt and acceptance of the Redemption Request by the Manager or ten (10) calendar days, whichever is lesser, unless the redemption of Units has been suspended in accordance with paragraph 15 of the Singapore Prospectus.
- The redemption proceeds that you will receive based on a redemption of 1,000 Units and a notional redemption price of SGD1.1000:

e.g.	1,000 Units	x	SGD1.1000	=	SGD1,100
	Your redemption request		Redemption Price		Your Redemption Proceeds

You may cancel your Units within six (6) Business Days from the date of initial subscription without incurring any charges. Full details relating to the cancellation of Units can be found in the terms and conditions for cancellation of Units attached to the application form for the subscription of Units in the Fund.

Refer to paragraphs 10.6, 12 and 14 of the Singapore Prospectus for further information on valuation and exiting from the product.

² Your financial adviser is required to disclose to you the amount of trailer fee it receives from the Manager.

CONTACT INFORMATION

HOW DO YOU CONTACT US?

If you have questions concerning the Fund or your investment in the Fund, you may call the Singapore Representative at telephone number (65) 6390 0800.

APPENDIX: GLOSSARY OF TERMS

“ASEAN”	Association of Southeast Asian Nations.
“ASEAN CIS Framework”	Framework for cross-border public offers of Qualifying CIS.
“Business Day”	<p>Mondays to Fridays on any day that (i) commercial banks in Singapore and Malaysia (including Kuala Lumpur and Selangor) are open for business; and (ii) the stock exchange of Malaysia (Bursa Malaysia Securities Berhad) is open for trading.</p> <p>Note: The Manager may declare certain Business Days to be a non-Business Day if the Fund’s investment in foreign markets which are closed for business or suspended is at least 50% of the Fund’s NAV. This information will be communicated to you via the Manager’s website at http://www.principal.com.my. Alternatively, you may contact the Singapore Representative at (65) 6390 0800.</p>
“CIS”	Collective investment schemes.
“Dealing Day”	In connection with the issuance and redemption of Units of a particular Class, means every Business Day or such other Business Day(s) or such other day(s) at such intervals as the Manager may from time to time determine.
“Deed”	The principal deed and all supplemental deeds in respect of the Fund made between the Manager and the Trustee, in which Unit Holders agree to be bound by the provisions of the Deed.
“NAV”	Net Asset Value.
“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) and annual Trustee Fee (if any), the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day. The NAV of a Class is the NAV of the Fund attributable to a Class at the same valuation point.
“Qualifying CIS”	Means a CIS constituted or established in its Home Jurisdiction which has been approved by its Home Regulator for offer to the public in the Home Jurisdiction, and assessed by its Home Regulator as suitable to apply to a Host Regulator for its units to be offered to the public cross-border in the Host Jurisdiction pursuant to the ASEAN CIS Framework.
“SC”	Securities Commission Malaysia.
“SC Guidelines”	Guidelines on Unit Trust Funds issued by the SC.
“Significant operations”	Means major businesses of the company (i.e. if more than

“Standards of Qualifying CIS”

25% of total group revenue is derived from countries in the Asia Pacific ex Japan region and calculated based on the most recent financial reports released by the companies).

Means the set of common standards set out under the Standards of Qualifying CIS which will govern cross border offering of CIS in ASEAN, as amended from time to time and shall include any handbook, practice notes, regulations, directive or requirement issued pursuant thereto or by the regulators and signatories of the said common standards and includes any amendment, modification, alteration, consolidation or re-enactment made thereto or for the time being in force.

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