

Supplement

for the

ISLAMIC GLOBAL MULTI-ASSET FUND

26 April 2022

of Principal Islamic Asset Management (Ireland) plc

This Supplement contains specific information in relation to the **Islamic Global Multi-Asset Fund** (the "**Fund**") a Fund of **Principal Islamic Asset Management (Ireland) plc** (the "**Company**") an open-ended umbrella type investment company with variable capital and segregated liability between its Funds governed by the laws of Ireland and 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 Company, 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.

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 portion of an investment portfolio and may not be appropriate for all investors.

Although the Fund may, in certain circumstances as outlined in the Investment Policy, invest substantially in money market instruments, Shares in the Fund are not deposits and are not guaranteed. Investment in the Fund involves certain investment risks, including the possible fluctuation and/or loss of principal by the investor.

This Supplement forms part of and should be read in conjunction with the Prospectus for the Company dated 1 March 2022 (the Prospectus).

Shareholders should be aware that for Income Plus shares dividends and/or fees and expenses may be declared or paid out of capital, in each case in order to increase dividends to Shareholders. This will have

the effect of lowering the capital value of a Shareholder'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 and fees and/or expenses will be paid in a manner that foregoes the potential for future capital growth of the Shareholder's investment. For Income Plus shares, 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.

TABLE OF CONTENTS

	Page
1 INVESTMENT OBJECTIVE, POLICIES AND PROFILE OF A TYPICAL INVESTOR	4
2 INVESTMENT RESTRICTIONS	6
3 ISLAMIC FINANCIAL DERIVATIVE INSTRUMENTS (FDI)	9
4 RISK FACTORS	10
5 CHARGES & INCOME FROM CAPITAL	11
6 INVESTMENT MANAGER	12
7 SUB-INVESTMENT ADVISER	12
8 DIVIDEND POLICY	12
9 KEY INFORMATION FOR BUYING AND SELLING	14
10 FEES AND EXPENSES	15
11 LISTING	16
12 APPOINTMENT OF SHARIAH ADVISER(S)	16
13 MISCELLANEOUS	16

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 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 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 Investment Manager further corroborates these expected equity returns using market (consensus) forecasts of dividend yield for the index and the Investment Manager's own long term earning growth forecasts for equities. The 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 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 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 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 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 Investment Manager utilises risk management systems which provide ex-ante and ex-post reporting to the 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 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 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 Shareholders 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). The Fund may also invest in Shariah-compliant real estate investment trusts ("**REITS**").

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.

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 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 Investment Manager will seek issuers of such securities that are body corporates established in developed jurisdictions.

The 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 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 Company), 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 "Financial Derivative Instruments"; 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 2 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.

All investments of the Fund will comply with the requirements of the UCITS Regulations and the Central Bank Requirements. Subject to compliance with the foregoing requirements, all of the investments of the Fund will also be subject to the guidelines specified in the Shariah Investment Guidelines set out in the section below entitled **Investment Restrictions**.

1.3 **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.

1.4 **How the Fund references an Index or Benchmark**

The Fund is actively managed without reference to a benchmark and the performance of the Fund is not intended to be compared directly with any specific publicly available benchmark. The Investment Manager and/or Sub-Investment Advisers maintain full discretion to select investments for the Fund in line with the above investment policies.

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.

2 **INVESTMENT RESTRICTIONS**

The general investment restrictions set out under the heading Investment Restrictions in the Prospectus 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 Company 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 Company;
 - (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 shares of the other sub-funds of the Company (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 **Shariah Investment Guidelines** in the Prospectus shall apply to the Fund.

The following are the Shariah Investment Guidelines for the Fund, which the 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 Company 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. 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.

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 approval upon 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 approval. 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.
- 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 approval upon 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 approval upon 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 approval upon review of the relevant documents e.g. principal terms and conditions and Shariah pronouncements.

The following guidelines will be applicable to the Investment Manager and/or any applicable Sub-Investment Advisers where any of the following instances occur in respect of the securities held by a Fund.

a) *"Shariah-compliant" securities which are subsequently considered "non Shariah-compliant"*

The Fund may hold securities which had previously classified as Shariah-compliant but due to certain circumstances, such as changes in the operation of the securities in question, are subsequently reclassified as non Shariah-compliant. In this regard, if on the date the securities become non Shariah-compliant (the "**Announcement Day**"), the value of the securities held exceeds the original investment costs, the Investment Manager shall, subject to prevailing market conditions, seek to dispose of any such securities as soon as practicably possible in line with the best interest of shareholders of the Fund. Any capital gains arising from the disposal of the non Shariah-compliant securities may be retained by the Fund. However, any capital gains derived from the disposal after the Announcement Day at a market price that is higher

than the closing price on the Announcement Day shall be paid to charitable bodies approved by the Shariah Adviser.

The Fund is allowed to hold its investment in the non Shariah-compliant securities (due to reclassification) if the market price of the said securities is below the original investment cost for a holding period of up to 3 months and/or any period as approved by the Shariah Adviser. It is also permissible for the Fund to keep dividends received during the holding period, subject to purification.

In addition, during the holding period of the non Shariah-compliant securities, the Fund is permitted to invest in Shariah-compliant securities offered by the company whose non Shariah-compliant securities are held by the Fund.

b) Non Shariah-compliant securities

If the Investment Manager and/or if applicable any Sub-Investment Adviser mistakenly invests in non Shariah-compliant securities, the Investment Manager must dispose of any non Shariah compliant securities within 30 days of becoming aware of the status of such securities. Any gain made in the form of capital gain or dividend received during or after the disposal of these securities shall be paid to charitable bodies approved by the Shariah Adviser. The Fund has a right to retain only the original investment costs, which may include brokerage fee and other transaction costs.

c) Cleansing Process

Any income or distribution received by the Fund from securities which relate to income from non Shariah-compliant investments assets are considered impure income. This impure income is subject to an income purification process as determined by the Shariah Adviser whereby the impure income will be paid to charitable organisations, which are approved by the Shariah Adviser.

3 ISLAMIC FINANCIAL DERIVATIVE INSTRUMENTS (FDI)

The Fund may enter into Islamic FDI for hedging and EPM purposes in accordance with the investment restrictions, conditions and limits laid down by the Central Bank. The Fund shall only enter into Islamic FDI which are endorsed by the other Shariah scholar(s) or Shariah boards with the Shariah Adviser's prior approval upon review of the relevant documents e.g. principal terms and conditions and Shariah pronouncements.

The following is a description of the types of FDI which may be used by the Fund.

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 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 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 Management Company 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 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 Shareholders 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.

4 RISK FACTORS

The general risk factors under the heading **Risk Factors** in the Prospectus apply to the Fund.

AN INVESTMENT IN THE SHARES OF THE FUND IS SPECULATIVE AND INVOLVES A DEGREE OF RISK. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD CONSIDER THE RISK FACTORS. THESE RISK FACTORS MAY NOT BE A COMPLETE LIST OF ALL RISK FACTORS ASSOCIATED WITH AN INVESTMENT IN THE FUND.

BEFORE DETERMINING TO INVEST IN THE FUND, PROSPECTIVE INVESTORS SHOULD EVALUATE WHETHER THEY ACCEPT THE RISKS WHICH THEY WILL ASSUME BY BUYING SHARES OF THE FUND. THE LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING.

PROSPECTIVE INVESTORS SHOULD READ THE ENTIRE PROSPECTUS AND THIS SUPPLEMENT AND FULLY EVALUATE ALL OTHER INFORMATION THAT THEY DEEM TO BE NECESSARY BEFORE DETERMINING TO INVEST IN THE FUND.

The following additional risk factors apply:

Efficient Portfolio Management Risk

The Fund may utilise derivative techniques and instruments for the purposes of EPM in accordance with the investment restrictions in the Prospectus and Supplement.

Many of the risks attendant in utilising derivatives, as disclosed in the section entitled **Derivatives Risk** in the Prospectus, will be equally relevant when employing such EPM techniques. In addition, particular attention is drawn to the sub-sections entitled **Credit Risk and Counterparty Risk** and **Collateral Risk**. Investors should also be aware that from time to time, a Fund may engage with counterparties that are related parties to the Depositary or other service providers of the Management Company and the Company. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the Management Company and the Company. Please refer to the section of the Prospectus entitled **The Company's Transaction and Conflicts of Interest** for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the Fund's annual report.

Risks associated with high yield instruments:

Yield and Market Risk: Investments in fixed income securities entail certain risks including adverse income fluctuation associated with general economic conditions affecting the fixed income securities market, as well as adverse interest rate changes and volatility of yields. When interest rates decline, the market value of the Fund's fixed income securities can be expected to rise. Conversely, when interest rates rise, the market value of the Fund's fixed income securities can be expected to decline.

Default Risk: Investments in fixed income securities, specifically those which are rated below investment grade, are subject to the risk that the issuer could default on its obligations and the Fund could sustain losses on such investments. The Fund will seek to limit such risks by in-depth credit research and careful securities selection but there can be no assurance that the Fund will not acquire securities with respect to which the issuer subsequently defaults.

Liquidity Risk: Investments in fixed income securities, specifically those which are rated below investment grade can be much less liquid than the market for investment grade Sukuk, frequently with significantly more volatile prices and larger spreads between bid and asked price in trading. At times the market will be very illiquid. The Fund may have to sell holdings at unfavourable prices in order to raise proceeds to pay for redemptions of Shares. Illiquid securities may be difficult to resell at approximately the price they are valued in the ordinary course of business in seven days or less. When investments cannot be sold readily at the desired time or price, the Fund may have to accept a lower price or may not be able to sell the security at all, or may have to forego other investment opportunities, all of which may have an impact on the Fund.

Interest Rate Risk: The Fund is subject to interest rate risk. A fixed income security's value will generally increase in value when interest rates fall and decrease in value when interest rates rise. Interest rate risk is the chance that such movements in interest rates will negatively affect a security's value or, in the Fund's case, its Net Asset Value. Fixed income securities with longer-term maturities tend to be more sensitive to interest rate changes than shorter-term securities. As a result, longer-term securities tend to offer higher yields for this added risk. While changes in interest rates may affect the Fund's profit/coupon income, such changes may positively or negatively affect the Net Asset Value of the Fund's Shares on a daily basis.

Interest rate risk is a general risk that may have an impact on the Fund regardless of whether it is an Islamic fund or otherwise. It does not in any way suggest that the Fund will actively seek to invest in non-Shariah compliant securities.

Sukuk Investment Risk: Price changes in Sukuk are influenced predominantly by interest rate developments in the capital markets, which in turn are influenced by macro-economic factors. Sukuk price could drop when capital market interest rates rise, while they could increase in value when capital market interest rates falls. The price changes also depend on the term or residual time to maturity of the Sukuk. In general, Sukuk with shorter terms have less price risks than Sukuk with longer terms. However, they generally have lower returns and, because of the more frequent due dates of the securities portfolios, involve higher re-investment costs. Sovereign Sukuk ("Sovereign Sukuk") are Sukuk issued or guaranteed by governments or government-related entities. Investment in Sovereign Sukuk issued or guaranteed by governments or their agencies and instrumentalities ("governmental entities") involves a higher degree of risk. The governmental entity that controls the repayment of Sovereign Sukuk may not be able or willing to repay the principal and/or return when due in accordance with the terms of such debt due to specific factors, including, but not limited to (i) their foreign reserves, (ii) the available amount of their foreign exchange as at the date of repayment, (iii) their failure to implement political reforms, and (iv) their policy relating to the International Monetary Fund. Sovereign Sukuk holders may also be affected by additional constraints relating to sovereign issuers which may include: (i) the unilateral rescheduling of such debt by the issuer and (ii) the limited legal recourses available against the issuer (in case of failure of delay in repayment).

Income Plus Shares

Income Plus Shares (as further described in section 8 below) are available in the Fund. Investors who subscribe into Income Plus Shares should note that there is a risk that the net income received in a distribution period by the Fund is greater or lesser than a set level of net income (the "**Target Income**") for the Income Plus Shares. As a result, the Management Company may, in its absolute discretion, reduce or forego the distribution payable and/or pay such distribution out of the capital of the Income Plus Shares. It should be noted that if a distribution is made out of capital, this could result in the erosion of capital of those Income Plus Shares. Distributions out of capital may have different tax consequences to distributions out of income and it is recommended that investors seek appropriate advice in this regard.

5 CHARGES & INCOME FROM CAPITAL

For the Income Plus Shares, fees and expenses may be charged to the capital of the relevant Share class rather than its income. Where such fees and expenses are charged to capital, this will result in an increase in

distributions available to Shareholders but also may have the effect of lowering the capital value of their investment.

Investors who subscribe into Income Plus Shares 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 Shares. Distributions out of capital may have different tax consequences to distributions of income and it is recommended that Shareholders seek appropriate advice in this regard. In relation to investment in Income Plus Shares, special consideration should also be given to the to the specific risk factors for this Share class under the heading "Income Plus Shares" above.

6 INVESTMENT MANAGER

The Management Company has appointed Principal Islamic Asset Management Sdn Bhd (the "**Investment Manager**") as investment manager to the Company. The Investment Manager offers Islamic investment solutions to global institutional investors and investment management services to collective investment funds. The Investment Manager commenced its operations in November 2008 and the current shareholders are the Principal Financial Group (60%) and CIMB Group (40%). The Investment Manager is regulated in Malaysia by the Securities Commission Malaysia and has its office at Level 10, Bangunan CIMB, Level 10, Bangunan CIMB, Jalan Semantan, Damansara Heights, Kuala Lumpur 50490, Malaysia.

7 SUB-INVESTMENT ADVISER

The Investment Manager has appointed Principal Global Investors, LLC ("**Principal Global Investors**") and Principal Global Investors (Hong Kong) Limited ("**PGI HK**") to act as discretionary sub-investment advisers in respect of the Fund (the "**Sub-Investment Advisers**"). The Investment Manager fulfils the role of "manager of managers" and as such is responsible for overseeing the Sub-Investment Advisers that may independently manage certain distinct portions of the Fund. The Investment Manager may also manage some portion of the Fund directly.

Principal Global Investors were appointed pursuant to the Investment Advisers Agreement dated 2 March 2021. This agreement may be terminated by either party on giving three month's 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 Investment Manager may delegate to Principal Global Investors responsibility for certain of the Fund's investments as well as related aspects of the management of the Fund.

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.

PGI HK were appointed pursuant to a Sub-Investment Advisers Agreement dated 8 March 2021. This agreement may be terminated by either party on giving three month's 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.

PGI HK 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 Investment Manager may delegate to PGI HK responsibility for certain of the Fund's investments as well as related aspects of the management of the Fund.

Details of all Sub-Advisers appointed to the Fund will be provided to the Shareholders on request and details thereof will be disclosed in the periodic reports.

8 DIVIDEND POLICY

The general distribution policy set out under the heading **Dividend Policy** of the Prospectus applies to the Fund save that the Management Company, in consultation with the Directors, will be entitled to pay dividends only out of net income and/or realised gains net of realised losses of the Fund. Dividends will not be paid out of capital, with the exception of the Income Plus Shares, as further outlined below.

Dividends on the Shares described as "Income Shares" in section 9 below will be declared and paid annually within 30 days of the end of the Fund's financial year.

Dividends on the Shares described as "Income Plus Shares" in section 9 below 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 Shareholder at its risk and expense.

Income Plus Shares are shares that seek to distribute a stable and consistent amount of net income earned and attributable to the Income Plus Shares at the end of the calendar quarter. It is intended, although not guaranteed, that Income Plus Shares 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 Management Company 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 Shares at the end of the calendar quarter.

Investors should note the Management Company 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 Shares receive smoothed income dividends of roughly equal levels with the balance being paid up in the final distribution (if any).

To that end, the Management Company 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 Shares in the event that the pro rata net income attributable to the Income Plus Shares 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 Shares. Net income attributable to Income Plus Shares 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 Share classes, the Management Company shall be entitled to charge fees and expenses (in whole or in part) to the capital of the Fund attributable to the Income Plus Share classes instead of income in order to increase dividends to Shareholders. For Income Plus Share classes, the Management Company 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 Shareholder in the Income Plus Share 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 Management Company and the Directors to declare a dividend in respect of the Shares described as "Accumulation Shares" in section 9 below. Any distributable amounts attributable to such Accumulation Shares will remain in the Fund's assets and be reflected in the Net Asset Value of the Accumulation Shares.

9 **KEY INFORMATION FOR BUYING AND SELLING**

Shares in the Fund will be available in different classes as follows:

Share Classes	Class Currency	Minimum Holding	Minimum Initial Subscription ¹	Minimum Redemption Amount
A Class Accumulation Shares	US Dollar, Euro, Singapore Dollar	USD 1,000 or other currency equivalent	USD 1,000 or other currency equivalent	None
A Class Income Shares	US Dollar, Euro, Singapore Dollar	USD 1,000 or other currency equivalent	USD 1,000 or other currency equivalent	None
A Class Income Plus Shares	US Dollar, Euro, Sterling, Singapore Dollar	USD 1,000 or other currency equivalent	USD 1,000 or other currency equivalent	None
B Class Accumulation Shares	US Dollar	USD 1,000 or other currency equivalent	USD 1,000 or other currency equivalent	None
B Class Income Shares	US Dollar	USD 1,000 or other currency equivalent	USD 1,000 or other currency equivalent	None
I Class Accumulation Shares	US Dollar, Euro, Sterling, Singapore Dollar	USD 1,000,000 or other currency equivalent	USD 1,000,000 or other currency equivalent	None
I Class Income Shares	US Dollar, Euro, Sterling, Singapore Dollar	USD 1,000,000 or other currency equivalent	USD 1,000,000 or other currency equivalent	None
R Class Accumulation Shares	Sterling	USD 1,000 or other currency equivalent	USD 1,000 or other currency equivalent	None
R Class Income Shares	Sterling	USD 1,000 or other currency equivalent	USD 1,000 or other currency equivalent	None

Initial Offer Period

From 9.00 a.m. (Irish time) on the Business Day after the date of this Supplement to 5.30pm (Irish time) 26 October 2022 or such earlier or later date as the Directors may determine and notify to the Central Bank.

Initial Issue Price

¹ The Directors may at their discretion waive the limits for minimum subscriptions.

USD 10.00 per Share (or its equivalent in another currency).

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 Shareholders 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.

Dealing Day

Any Business Day and/or such other day as the Directors may determine and notify in advance to Shareholders provided that there is at least one Dealing Day per fortnight.

Business Day

A day on which banks in Ireland are open for normal business or such other days as the Directors may determine and notify to Shareholders in advance.

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 Shareholder. No payments to third parties will be made.

Base Currency

US Dollars (USD)

Valuation Point

10.00am (Irish time) on the relevant Dealing Day unless otherwise specified by the Management Company and the Directors and notified in advance to Shareholders.

Initial Charge

5.00% of the amount of the investment in the A Class Shares. No initial charge is payable in respect of the R Class Shares or the I Class Shares.

In respect of the B Class Shares, the Management Company, in consultation with the Directors, will apply an initial charge on a contingent deferred basis (i.e. apply a contingent deferred sales charge) upon Shareholders redemption / exchange within 24 months of their subscription of Shares.

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

Share 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 Shares 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%

10 FEES AND EXPENSES

The Investment Manager is entitled to an investment management fee as set out in the table below.

Share Class	Investment Management Fee (% of NAV per annum)
A Class	1.50%
B Class	1.50%
R Class	0.80%

I Class 1.00%

This fee will accrue and be calculated on each Valuation Day and be payable monthly in arrears. The 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 initial expenses including the fees and expenses in relation to the approval of the Fund are not expected to exceed 40,000 USD and will be borne by the Fund and amortised over a period of five years.

Any other fees and expenses payable out of the assets of the Fund are set out in the Prospectus under the heading **Fees and Expenses**.

11 LISTING

Application has been made to Euronext Dublin for the Shares of the Fund issued and available for issue, to be admitted to listing on the Official List and trading on the Global Exchange Market of Euronext Dublin.

12 APPOINTMENT OF SHARIAH ADVISER(S)

The Company has the sole right to appoint the Shariah Adviser(s) for the Fund without approval from Shareholders.

13 MISCELLANEOUS

As at the date of this Supplement there are four other Funds of the Company in existence, namely the Global Sukuk Fund, Islamic ASEAN Equity Fund, Islamic Asia Pacific Dynamic Income & Growth Fund and Islamic Global Responsible Equity Fund.