

# Principal Complex Return Fund Not for Retail Investors

PRINCIPAL CR-AI

**The fund is for non-retail investors and big retail investors.  
High Risk or Complex Fund**

Risk Level : 6

Low 1 2 3 4 5 6 7 8 High

**Foreign Investment Policy**

No

<b>Fund Type</b>	Mixed Fund (Complex Return payout, buy-and-hold strategy)		
<b>Fund Tenor</b>	Approximately 1 year (not more than 1 year 1 month) In this regard, the management company reserves the right to terminate the fund before the maturity of the project if the instruments invested meet the specified conditions.	<b>Customer Suitability Score</b>	4 high risk
<b>Fund Size</b>	THB 2,000 million (Greenshoe 15%)	<b>FX Risk</b>	No
<b>IPO</b>	7 - 22 March 2023		
<b>Inception Date</b>	24 March 2023 (Tentative)		
<b>Investment Policy</b>	<p>The fund has a policy to invest in structured notes, equity instruments, fixed income instruments, hybrid instruments, deposits etc, as well as other securities or assets or finding interest by other methods according to the notification of the SEC, which requires or approves investment. The fund may consider adjusting the investment proportion from 0% to 100% of the NAV of the fund.</p> <ul style="list-style-type: none"> <li>- During the first of approximately 6 months, the fund has a policy to invest on average in accounting year of not less than 80% in structured notes, whose maturity corresponds to the time frame. In the first half of the above project life, the underlying asset is a basket of securities consisting of stocks of companies listed on the Stock Exchange of Thailand one or more underlying stocks, the structured note can be redeemed before maturity if the underlying share price exceeds the specified price (Autocallable Fixed Coupon Note).</li> <li>- In this regard, after the period of approximately 6 months, in the event that such structured notes are mature. The conditions for redemption of the instrument are met by delivery of the underlying stock. The fund will hold the underlying stocks received. The management company will manage the underlying stocks without using proactive management methods. However, it will use its discretion to consider disposing of such stocks in part or in full under the remaining project life.</li> </ul>		
<b>Dividend Policy</b>	None		
<b>Investment Currency</b>	THB.		
<b>Benchmark</b>	None		
<b>Suitable for</b>	<ul style="list-style-type: none"> <li>◆ Investors who can accept the volatility of the securities prices invested by the fund, which may rise or fall below the invested value and cause losses.</li> <li>◆ Suitable for investors who are non-retail investors and big retail investors who meet the criteria only.</li> <li>◆ Investors who do not need liquidity and can invest until the maturity of the fund. This fund does not accept redemption orders at the discretion of the unitholders throughout the project life, approximately 1 year.</li> </ul>		
<b>(Market Outlook)</b>	<ul style="list-style-type: none"> <li>◆ According to IMF, GDP Thailand 2023 is likely to grow 3.7%, while the developed countries are expected to grow only 1%, bolstered by strong recovery of tourism sector.</li> <li>◆ 2023 Thai general election will support short -term Thai stock.</li> <li>◆ The export sector (60% of Thai GDP) is likely to contract due to recession risks in developed countries.</li> <li>◆ EPS of the SET index stabilized and tend to decline. As EPS of energy sector is likely to fall in line with oil prices.</li> <li>◆ SET index traded 12-month forward P/E ratio at fair, around 15.5x</li> <li>◆ Principal AM expects that these headwinds and tailwinds are likely to offset so Thai stock market is expected to move in sideways trends in 2023</li> </ul>		
<b>Strength</b>	<ul style="list-style-type: none"> <li>◆ Investing in structured notes (Knock in- Knock out: KIKO) with Thai stocks as underlying assets which have features to pay interest and principle repayments similar to derivatives, moving with the underlying asset e.g. price of 1-2 underlying stocks.</li> <li>◆ Opportunity to achieve a higher return than deposits or bond yields during the Thai stock market tends to Sideway.</li> <li>◆ Diversification by investing in multiple notes and issuers must be investment grade credit rating.</li> <li>◆ Selecting and matching underlying stocks with good fundamentals and technical signals by experts in order to achieve target returns</li> </ul>		

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## Fund Features

### Transactions After IPO

<b>Subscription Period</b>	IPO Period Only, from bank business hours – 15.30
<b>Redemption Period</b>	<b>Normal Redemption:</b> None
<b>Auto-Redemption Period</b>	<b>Auto Redemption:</b> (1) Consider to auto-redemption from fixed interest rate (Fixed Coupon) that the fund receives from investing in structured note (consider monthly payment). (2) In case that all structured notes invested by the fund are redeemed early and/or at maturity of structured notes, whereby the fund receives cash and/or any other cash-equivalent assets from all structured notes invested by the fund. The management company reserves the right to proceed automatic redemption of all investment units, in order to refund to unitholders and terminate the fund before maturity. (3) In case the structure note is mature, if the fund receives the underlying stocks, the Management Company will continue to manage the underlying stocks that receive and may consider selling some or all of such securities as well as other assets invested by the fund at the Management Company's discretion before the fund maturity and make an auto redemption to all unitholders. (4) When the fund matures as specified in the prospectus.
<b>Redemption Payment Date</b>	Within 5 Business days from the next day of auto redemption date.
<b>Minimum Subscription</b>	500,000 THB.
<b>Minimum Redemption</b>	Not Defined
<b>Fee &amp; Expenses charged to the Unitholders</b> (% of Unit Value)	
<b>Front-end Fee &amp; Switching-in Fee</b>	Not exceeding 2.14% (Actual Charge 0.8025%)
<b>Back-end Fee &amp; Switching-out Fee</b>	Not exceeding 1.07% (Waived) Fee included VAT
<b>Fee &amp; Expenses charged to the Fund</b> (% of NAV)	
<b>Management Fee</b>	Not exceeding 2.14% p.a. (Actual Charge 1.07% p.a.)
<b>Trustee Fee</b>	Not exceeding 0.33% p.a. (Actual Charge 0.0321% p.a.)
<b>Registrar Fee</b>	Not exceeding 0.54% p.a. (Actual Charge 0.107% p.a.) Fee included VAT Note: During the first of approximately 6 months from the registration date to the date of the maturity of all structure note, the management company will collect management fees and registrar fees per annum based on the fund's registered value, which will be recognized as fund expenses in full on the date of collection and will be collected from the fund within 90 days from the registration date. After that, if the fund does not meet the condition of fund termination in first of approximately 6 months, the management company will charge the fee per annum of the fund's NAV.

Managed by

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Investors should understand characteristic of mutual fund, return conditions and risk before investing.

Investors should study the prospectus before investing.

Past performance does not guarantee future results.

Investors cannot redeem this investment unit for 1 year and this fund has highly concentrated investment in issuer. Therefore, if there are negative factors, it will affect the investment unit. Investors may lose a large amount of investment.

This fund invests in asset related to high-risk or complex financial products which is different from investing in general products in capital markets

This fund has complex return payment's criteria so investors should study and understand before investing.

#### Disclaimer

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## Important information that investors should know about investing in the Principal Complex Return Fund Not for Retail Investors

### In approximately the first 6 months

#### Invest in Structured Note

Registration Date

6 months

- Focus on investing in structured notes, Autocallable Fixed Coupon Notes, with the underlying being a basket of securities consisting of 1-2 stocks in SET.
- In case the structured note is redeemed before maturity (according to case 1 in the Pay-off diagram example), all instruments invested by the fund, the management company will proceed all auto redemption and terminate the fund before the maturity of the project.
- Upon maturity of instruments, if every structured note meets all cash delivery conditions (according to cases 2 and 3 in the example of Pay-off diagram), the management company will proceed with all auto redemption and terminate the fund before maturity.

### After approximately the first 6 months

In case that the structured notes invested become mature, subject to the conditions for redeeming the instruments by delivering the Underlying Stocks

#### Manage Underlying Stocks

1 year

- In case that the structured note invested become mature, subject to the conditions for redeeming the instruments by delivering the underlying stocks (as in case 4 in the Pay-off diagram example), the management company will manage the underlying stocks that have been given without using proactive management approach. However, the management company will consider disposing of all or part of the shares within the remaining fund duration.
- In the event that the fund disposes of all underlying shares before the maturity of the project. The management company will perform all Auto Redemption and terminate the fund before the maturity of the project.

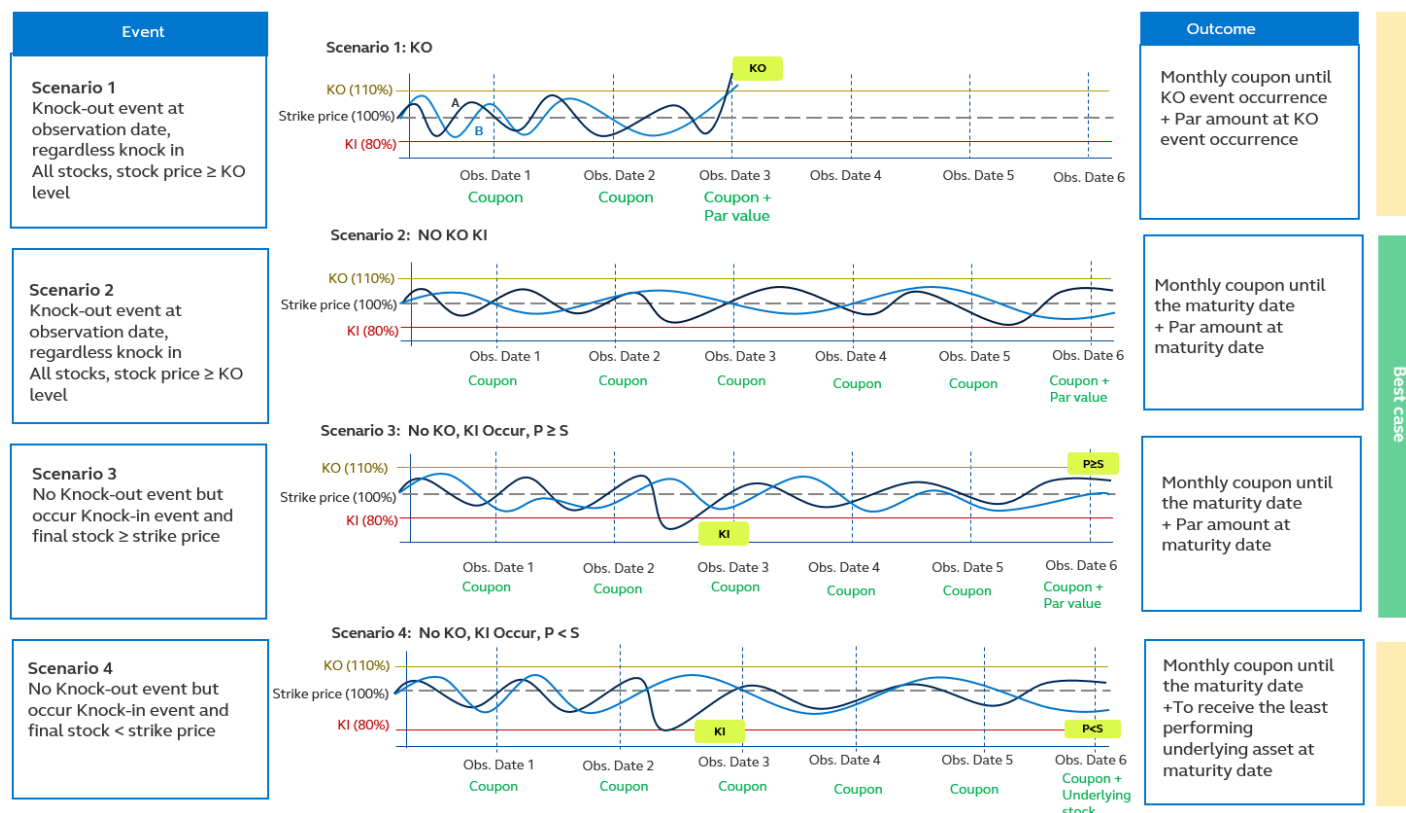
In approximately the first 6 months from the registration date, the fund has a policy to invest on average in fiscal year at least 80% of the registered capital in structured note, which mature according to the aforementioned time frame, with the underlying securities being a basket instrument consisting of stocks of listed companies in SET ("Underlying Stocks") from 1 or more stocks, the structured note can be redeemed before maturity if the underlying share price exceeds the specified price (Autocallable Fixed Coupon Note) and redemption conditions are by delivery of cash and or cash equivalent or deliver underlying stocks according to the conditions specified for each instrument. However, the fund will diversify its investment in the structured note above at the management company's discretion whose issuer or counterparty is a domestic financial institution and/or is a juristic person established under Thai law and/or offered for sale in the Thailand which has a credit rating of investment grade, except in the case on the date of investment or acquisition, the issuer or counterparty has been rated investment grade, but has subsequently been downgraded to lower than investment grade (Non-investment grade), the fund may still hold such instruments.

### Relevant Definitions of Structured Notes which are Autocallable Fixed Coupons

Structured Notes which are Autocallable Fixed Coupons	= A financial product that combines debentures and derivatives whose returns are based on the price of 1-2 Thai stocks and will give the right for issuer to redeem early when the underlying stock rises to specified price level (KO level) on observation date. In addition, such instruments also have periodic interest payments based on the maturity on instrument.
Underlying security	= A basket of securities consisting of 1-2 underlying stocks.
Underlying stocks	= The company's shares are listed on the Stock Exchange of Thailand(SET).
Initial Price	= Closing price of the underlying stock at end of business day that the fund invests in structured note.
Final Price	= Closing price of the underlying stock on the maturity date of structured note or last Knock-Out Event/ Knock-In Event date.
Strike Price Level	= The exercise price of the underlying stock as specified in the contract such as 100% of the initial underlying stock price (there may be differences according to the conditions of each structured note).
Price of Knock-Out Level	= The upper threshold price of underlying stock such as 120% of initial price (there may be differences according to the conditions of each structured note)
Knock-Out Event	= In case the closing price of every underlying stock in the securities basket at the end of observation date is higher than or equal to the specified Knock-Out price level.
Knock-out Event Observation Date (s)	= Knock out event consideration day such as end of month (there may be different as specified in the contract)
Price of Knock-In Level	= The lower threshold price of underlying stock such as 80% of initial price (there may be differences according to the conditions of each structured note)
Knock-In Event	= In case the closing price of any underlying stock in the securities basket at the end of the observation date is lower than the specified Knock-In price level.

Knock-in Event Observation Date (s)	= Knock in event consideration day such as every end of business day or end of month (there may be different as specified in the contract)
Performance of Underlying Stock	= $(\text{Final Price} - \text{Initial Price}) \div \text{Initial Price} \times 100$
Par value/Face value	= Price of face value x unit
Fixed Coupon Rate	= Annual interest rate referred to in the structure note contract.
Interest rate received per month	= $\text{Par Value} \times \text{Fixed interest rate (p.a.)} \times \text{period in 1 month}$ The interest calculation method may be actual 365 or 30/360 depending on issuer.
Issuer of Structured Note	= Domestic financial institutions or juristic persons established under Thai law and/or offering for sale in countries with investment grade credit rating.
Structured Note Holder	= Principal Complex Return Fund Not for Retail Investors

Conditions for payout and redemption of structured notes which are Autocallable Fixed Coupon Note that the fund invests in is divided into the following cases:



Remark: - The fund may not receive at face value and returns as expected, if the issuer of instrument or counterparty in which the fund invests is unable to pay face value, interest and/or any other returns as agreed upon. However, the interest calculation method may be actual 365 or 30/360 depending on the issuer.

- In the event that the Observation Date (Obs. Date 1 – Obs. Date 6) of Knock-out Event Observation Date (s) is end of month and Knock-in Event Observation Date (s) is end of business day.

#### Assumption:

The fund invests in structured note which are Autocallable Fixed Coupon Note with maturity of 6 months and the underlying asset is a basket consisting of A stocks and B stocks, fixed coupon rate of 8% p.a., strike price is 100% of initial price, Knock-Out Level is 110% of initial price and Knock-In Level is 80% of initial price. The initial investment is 1,500,000 baht is equal to the face value (set 1 month to have 30 days / using Actual 365 interest calculation method / Knock-out Event Observation Date is at end of month / Knock-In Event Observation Date is at end of every business day)

Underlying Stocks in the Securities Basket	Initial Price ( $P_0$ )	Strike Price ( $P_s$ )	Knock-Out Level (KO)	Knock-In Level (KI)
Stock A	100	100	$100 \times 110\% = 110$	$100 \times 80\% = 80$
Stock B	50	50	$50 \times 110\% = 55$	$50 \times 80\% = 40$

$$\begin{aligned}
 \text{Interest that the fund will receive per month} &= \text{Price of face value} \times \text{Fixed interest rate (p.a.)} \times \text{period in 1 month} \\
 &= (1,500,000 \times 8\%) \times 30/365 \\
 &= 9,863.01 \text{ baht/month}
 \end{aligned}$$

In case that the structured note invested become mature, subject to the conditions for redeeming the instruments by delivering the underlying stocks, the fund will receive the underlying stock with the lowest performance in the securities basket. The details are as follows.

(1) In case of redemption by delivery of stock A

The number of A stocks that the fund will receive.

$$= \text{Price of face value} \div \text{Strike Price of stock A}$$

$$= 1,500,000 \div 100$$

$$= 15,000 \text{ หุ้น}$$

(1) In case of redemption by delivery of stock A

The number of A stocks that the fund will receive.

$$= \text{Price of face value} \div \text{Strike Price of stock B}$$

$$= 1,500,000 \div 50$$

$$= 30,000 \text{ หุ้น}$$

#### Example of Structure Note's payout.

##### Case 1: Knock-Out Event occurred on the observation date in 3<sup>rd</sup> month

Underlying Stocks in the Securities Basket	Initial Price (P0 )	Strike Price (Ps)	Knock-Out Level (KO)	Knock-In Level (KI)	Price of underlying stocks as of observation date at 3 <sup>rd</sup> time (P3 )	Remark
Stock A	100	100	110	80	120	P3 > KO
Stock B	50	50	55	40	55	P3 = KO

Assuming that the closing price of all underlying stocks in the securities basket at observation date of 3<sup>rd</sup> month is higher than or equal to Knock-Out level (according to the information in the table), resulting in a Knock-Out Event. Therefore, causing the structured note to be redeemed prematurely.

Therefore, in this case, the fund will receive fixed interest rates for all 3 periods with total amount is 29,589.03 baht (9,863.01 baht × 3 periods and in the observation date in 3<sup>rd</sup> month, the fund will receive the principal back in the amount of 1,500,000 baht.

##### Case 2: Never occurs a Knock-Out Event and a Knock-In Event throughout the life of instrument.

Underlying Stocks in the Securities Basket	Initial Price (P0 )	Strike Price (Ps)	Knock-Out Level (KO)	Knock-In Level (KI)	Final Price or underlying stocks (P6)	Remark
Stock A	100	100	110	80	105	P6 > PS
Stock B	50	50	55	40	45	P6 < PS

Assuming that during the holding the structured note there is never an event that the closing price of all underlying stocks in the basket at end of observation date higher or equal the Knock-Out level (never happen a Knock-Out Event) and there has never been an event that the closing price of any underlying stock in the securities basket on the observation date is lower than the specified Knock-In level (never happen a Knock-Out Event).

Therefore, in this case, the fund will receive fixed interest rates for all 6 periods as specified in the contract. The total amount is 59,178.06 baht (9,863.01 baht × 6 periods) and on the maturity date of structure note, the fund will receive the principal back in the amount of 1,500,000 baht.

##### Case 3: Never a Knock-Out Event but a Knock-In Event occurs and the Final Price of all underlying stocks in the securities basket closes higher or equal the

##### Strike Price Level

Underlying Stocks in the Securities Basket	Initial Price (P0 )	Strike Price (Ps)	Knock-Out Level (KO)	Knock-In Level (KI)	Final Price of underlying stocks (P6)	Remark
Stock A	100	100	110	80	105	P6 > PS
Stock B	50	50	55	40	50	P6 = PS

Assuming that during the holding the structured note there is never an event that the closing price of all underlying stocks in the basket at end of observation date higher or equal the Knock-Out level (never happen a Knock-Out Event) but there has been an event where the price of stock A used to close at 77.5 baht, which is lower than the specified Knock-In Level (used to have a Knock-In Event). In Addition, on the maturity date of structured note, the Final Price of all underlying stocks in the securities basket on the observation date is higher or equal Strike Price Level (according to the information in the table)

Therefore, in this case, the fund will receive fixed interest rates for all 6 periods as specified in the contract. The total amount is 59,178.06 baht (9,863.01 baht × 6 periods) and on the maturity date of structure note, the fund will receive the principal back in the amount of 1,500,000 baht.

**Case 4 : Never a Knock-Out Event but a Knock-In Event occurs and the Final Price of all underlying stocks in the securities basket closes lower than Strike Price**

Underlying Stocks in the Securities Basket	Initial Price (P0 )	Strike Price (Ps)	Knock-Out Level (KO)	Knock-In Level (KI)	Final Price of underlying stocks (P6)	Remark
Stock A	100	100	110	80	105	P6 > PS
Stock B	50	50	55	40	45.5	P6 < PS

Assuming that during the holding the structured note there is never an event that the closing price of all underlying stocks in the basket at end of observation date higher or equal the Knock-Out level (never happen a Knock-Out Event) but there has been an event where the price of stock A used to close at 77.5 baht, which is lower than the specified Knock-In Level (used to have a Knock-In Event).

In Addition, on the maturity date of structured note, the Final Price of stock B closes at 45.50 baht, which is lower than Strike Price Level (according to the information in the table). As a result, the fund will receive fixed interest rates for 6 periods as specified in contract and will receive delivery of underlying stock, which the fund will receive the lowest performing underlying stock in the securities basket. The performance of the underlying stocks will be considered as follows:

Stock performance =  $[(P6 - P0) \div P0] \times 100$

Performance of stock A =  $[(105 - 100) \div 100] \times 100$   
= 5%

Performance of stock B =  $[(45.50 - 50) \div 50] \times 100$   
= -9%

Therefore, in this case, the fund will receive fixed rates totally 59,178.06 baht (9,863.01 baht  $\times$  6 periods) and on the maturity date, the fund will receive the face value of the coupon back by redemption by delivering stock B, which is 30,000 shares at Strike Price is 50 baht/share, which is higher than the market price on the maturity date of instrument.

The Fund may have the most negative impact (worst-case scenario) from the investment in the structured note. In the event that the price of underlying stock is very volatile, or the price has unexpected direction, it may cause the funds to lose from investing in structured note with some, or all parts. However, the loss will not exceed 100% of the NAV. And if the structured note is mature and the fund will receive the underlying stocks at strike price, which is a higher price than the market price at the time of the withdrawal, so there is a risk that the price will not adjust more than or equal to the cost of the stock that the fund received. Therefore, may cause some or all losses.

**Remark:**

- In case of underlying stock of structured note has 1 stocks, the performance will be measured from the price of that underlying stock.
- Details of issuer or counterparty of the underlying stock, the number of underlying stock in the securities basket, the Strike Price Level, Knock-Out Level, Knock-In Level, Observation Date, Fixed Coupon Rate as above is only sample data prepared for calculation purposes only. Details of the structured note that the fund will actually invest in may differ from the example above, which depends on market conditions, investment situation and/or other investment factors which will be at the discretion of the management company. The management company will notify the unitholders through the website of the Management Company and/or appropriate channels after investing in the structured note.
- Data and examples based on this hypothesis are only information provided to investors with an understanding of investment mechanism and conditions of return from investing in structured note, which are Autocallable Fixed Coupon Note only. This does not guarantee the face value and return on investment fund.
- The amount of interest in the form of fixed interest rate (fixed coupon) received by the fund as the example above is the amount before withholding tax and any other similar taxes.
- For the interest rate (fixed coupon) that the fund receives from investing in structured note, including any other benefits received from instruments/assets held by the Fund. The management company will automatically redeem investment units to unitholders whose names appear in the unitholder register at the end of the auto-redemption date depending on the discretion of the management company.
- In the event that a Knock-Out Event occurs on the observation date, causing the structured note to be redeemed early. Management companies consider automatic redemption of investment units in order to return the face value received from the redemption of such instruments.
- In addition, the period, amount and/or other details related to the above auto-redemption will be at the discretion of the management company by taking into account the interests of the unitholders.