

Date of issuance: 27 December 2019

# Product Highlights Sheet

## CIMB-Principal Balanced Income Fund

### Responsibility Statement

This Product Highlights Sheet has been reviewed by the directors or authorised committee or persons approved by the directors of Principal Asset Management Berhad. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements or omission of other facts which would make any statement in this Product Highlights Sheet false or misleading.

### Statements of Disclaimer

The Securities Commission Malaysia has authorized/recognised the issuance of CIMB-Principal Balanced Income Fund and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of CIMB-Principal Balanced Income Fund and lodgement of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends CIMB-Principal Balanced Income Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Principal Asset Management Berhad responsible for CIMB-Principal Balanced Income Fund and takes no responsibility for the contents of this Product Highlights Sheet. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Product Highlights Sheet, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

### The Manager

Principal Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) ("Principal Malaysia") holds a Capital Markets Services License for fund management and dealing in securities restricted to unit trust under the Capital Markets and Services Act 2007 and specializes in managing and operating unit trusts for investors, both institutional and retail. Principal Malaysia's responsibilities include managing investment portfolios by providing fund management services to insurance companies, pension funds, unit trust companies, corporations and government institutions in Malaysia. In addition, Principal Malaysia is an approved private retirement scheme provider in Malaysia. Principal Malaysia originally commenced its operations as a unit trust company in November 1995.

**This Product Highlights Sheet only highlights the key features and risks of this unlisted capital market product. We recommend that you read this Product Highlights Sheet together with the Master Prospectus dated 30 June 2017 and its supplementary (if any). You are advised to request, read and understand the Master Prospectus before deciding to invest.**

## Brief Information on CIMB-Principal Balanced Income Fund

CIMB-Principal Balanced Income Fund is a balanced fund issued by Principal Malaysia. The Fund aims to seek long-term growth in capital and income by investing in all types of investments.

This is neither a capital protected nor capital guaranteed fund.

### Product Suitability

The recommended investment timeframe for this Fund is five (5) years or more. This Fund is suitable for investors who:

- have a long-term investment horizon;
- tend to be more conservative in investments;
- seek capital appreciation with income being secondary;
- want a balanced portfolio that includes equities and fixed income securities;
- recognise that a well-diversified fund tends to produce a smoother return over time than a fund which invests in only one asset class such as equities; and/or
- seek capital appreciation over the long-term.

### Key Product Features

<b>Fund Category/Type</b>	Balanced / Growth & Income
<b>Benchmark</b>	60% FBM100 + 40% CIMB Bank 1-Month Fixed Deposit Rate for performance comparison purpose only.
<b>Investment policy and principal investment strategy</b>	<p>The Fund aims to invest in a diversified portfolio of equities and fixed income investments. In line with the objective of the Fund, the investment policy and strategy of the Fund will be to maintain a balanced portfolio between equities and fixed income investments in the ratio of 60:40. The fixed income portion of the Fund is to provide some capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The investments by the Fund in equity securities shall not exceed 60% of the NAV of the Fund and investments in fixed income securities and liquid assets shall not be less than 40% of the NAV of the Fund with a minimum credit rating of “BBB3” or “P2” by RAM or equivalent rating by MARC or by local rating agency(ies) of the country of issuance or “BBB-” by S&amp;P or equivalent rating by Moody’s or Fitch. The Fund may invest up to 40% of its NAV in Unrated Fixed Income securities. The fixed income portion will provide capital stability to the Fund whilst the equity portion will provide the added return in a rising market. The Fund may opt to seek investment exposure via CIS that is in line with the Fund’s objective, subject to the requirement of the SC Guidelines. The Fund may invest up to 30% of its NAV in foreign markets where the regulatory authorities are ordinary or associate members of the IOSCO.</p> <p>The asset allocation strategy for this Fund is as follows:</p> <ul style="list-style-type: none"> <li>▪ up to 60% of the Fund’s NAV in equity securities;</li> <li>▪ at least 40% of the Fund’s NAV in fixed income securities and liquid asset;</li> <li>▪ at least 2% of the Fund’s NAV must be maintained in liquid assets; and</li> <li>▪ up to 40% of the Fund’s NAV may be in Unrated Fixed Income Securities.</li> </ul>
<b>Launch date</b>	10 August 1995
<b>Financial year-end</b>	31 August
<b>Distribution policy</b>	We have the discretion to distribute part or all of the Fund’s distributable income. The distribution (if any) may vary from period to period depending on the investment objective and the performance of the Fund.
<b>Manager</b>	Principal Asset Management Berhad ( <i>formerly known as CIMB-Principal Asset Management Berhad</i> )
<b>Trustee</b>	Universal Trustee (Malaysia) Berhad
<b>Solicitors</b>	Soon Gan Dion & Partners

### Key Risks

General risks of investing in a unit trust fund	
<b>Returns not guaranteed</b>	The investment of the fund is subject to market fluctuations and its inherent risk. There is <b>NO GUARANTEE</b> on the investment returns, nor any assurance that the fund’s investment objective will be achieved.

<b>General market environment risk</b>	Refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the fund's NAV.
<b>Inflation risk</b>	This is the risk that your investment in the unit trust fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the value of the investment in monetary terms has increased.
<b>Manager's risk</b>	This risk refers to the day-to-day management of the fund by the manager which will impact the performance of the fund, e.g. investment decisions undertaken by the manager, as a result of an incorrect view of the market may adversely affect the performance of the fund.
<b>Loan financing risk</b>	This risk occurs when you finance your investment. The inherent risk of investing with borrowed money includes you being unable to service the loan repayments.
<b>Specific risks of the Fund</b>	
<b>Stock specific risk</b>	Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund's NAV.
<b>Country risk</b>	Investments of the Fund in any countries may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the laws or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the Fund's NAV.
<b>Currency risk</b>	As the investments of the Fund may be denominated in currencies other than the base currency of the Fund, any fluctuation in the exchange rate between the base currency of the Fund and the currencies in which the investments are denominated may have an impact on the value of these investments. Any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.
<b>Credit and default risk</b>	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. Default risk relates to the risk a securities issuer or counterparties either defaulting on payments or failing to make payments in a timely manner. If the risk materializes, the value of the fund could be adversely affected.
<b>Interest rate risk</b>	Interest rate risk refers to the impact of interest rate changes on the valuation of debt instruments. When interest rates rise, debt instruments prices generally decline and this may lower the market value of the Fund's investment in debt instruments.
<b>Risk of investing in emerging markets</b>	Investment in emerging markets generally involves a higher degree of risk due to the greater possibility of political or economic instability and societal tensions. As such, you should be aware that investments in emerging markets may be subject to higher price volatility and therefore will tend to have higher investment risk that will affect the Fund's growth.

**Note:** Please take note that if your investments are made through an IUTA via a nominee system of ownership, you would not be deemed to be a Unit holder under the Deed and as a result, you may not exercise all the rights ordinarily conferred to a Unit holder (e.g. the right to call for Unit holders' meetings and the right to vote at a Unit holders' meeting).

## Fees & Charges

<b>Application Fee</b>	<b>Principal Distributors</b> : Up to 6.50% of the NAV per unit <b>IUTAs</b> : Up to 6.50% of the NAV per unit												
<b>Withdrawal Fee</b>	Nil.												
<b>Switching Fee</b>	Switching is treated as a withdrawal from the Fund and an investment into another Principal Malaysia's fund, you may be charged a Switching Fee equal to the difference (if any) between the Application Fees of these two (2) funds. In addition, we may impose a RM100 administrative fee for every switch made out of the Fund.												
<b>Transfer Fee</b>	A maximum of RM50.00 may be charged for each transfer.												
<b>Management Fee</b>	Up to 1.50% per annum of the NAV of the Fund.												
<b>Trustee Fee</b>	The rates used for the computation of the annual Trustee Fee are as follows: <table border="1" data-bbox="462 1738 1182 1938"> <thead> <tr> <th>Size of the Fund</th> <th>% p.a. of NAV of the Fund</th> </tr> </thead> <tbody> <tr> <td>First RM20 million</td> <td>0.06</td> </tr> <tr> <td>Next RM20 million</td> <td>0.05</td> </tr> <tr> <td>Next RM20 million</td> <td>0.04</td> </tr> <tr> <td>Next RM20 million</td> <td>0.03</td> </tr> <tr> <td>Next RM20 million</td> <td>0.02</td> </tr> </tbody> </table>	Size of the Fund	% p.a. of NAV of the Fund	First RM20 million	0.06	Next RM20 million	0.05	Next RM20 million	0.04	Next RM20 million	0.03	Next RM20 million	0.02
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	Any amount in excess of RM100 million	0.01
<b>Other charges payable directly by you when purchasing or withdrawing the units</b>	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	
<b>Expenses directly related to the Fund</b>	Only expenses that are directly related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee.	

**Note:** All fees and charges are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed in the PHS.

Despite the maximum Application Fee disclosed above, you may negotiate with us or our Distributors for lower fee or charges. However, you should note that we or our Distributors may, for any reason at any time, where applicable, accept or reject your request and without having to assign any reason, either generally (for all investors) or specifically (for any particular investor or a group of investors) without prior notice to you. If you invest via EPF-MIS (where available), you may be charged an Application Fee of up to 3.00% of the NAV per unit, or such other rate as may be determined by the EPF.

We may, for any reason at any time, where applicable, waive or reduce the amount of any fees (except the Trustee Fee) or other charges payable by you in respect of the Fund, either generally (for all investors) or specifically (for any particular investor or a group of investors) and for any period or periods of time at our absolute discretion.

## Transaction Information

<b>Minimum initial investment<sup>#</sup></b>	<b>Non-RSP</b>	: RM500 or such other amount as we may decide from time to time.
	<b>RSP</b>	: RM500 or such other amount as we may decide from time to time.
<b>Minimum additional investment</b>	<b>Non-RSP</b>	: RM200 or such other amount as we may decide from time to time.
	<b>RSP</b>	: RM200 or such other amount as we may decide from time to time.
<b>Minimum withdrawal</b>	200 units or such other amount as we may decide from time to time.	
<b>Minimum balance</b>	250 units or such other amount as we may decide from time to time.	
<b>Switching</b>	Switching will be conducted based on the value of your investment in the Fund. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> <li>▪ for switching out of the Fund: <ul style="list-style-type: none"> <li>○ the minimum withdrawal applicable to the Fund;</li> <li>○ the minimum balance required for the Fund, unless you are withdrawing from the Fund in entirety; and</li> <li>○ the Withdrawal Fee of the Fund (if any).</li> </ul> </li> <li>▪ for switching into the Fund: <ul style="list-style-type: none"> <li>○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Fund; and</li> <li>○ the Switching Fee applicable for the proposed switch (if any).</li> </ul> </li> </ul>	
<b>Transfer</b>	Transfer of unit holdings is allowed but this is subject to conditions stipulated in the Deed. However, we may refuse to register any transfer of unit at our absolute discretion.	
<b>Cooling-off period</b>	Six (6) Business Days from the date the complete application is received and accepted by us or the Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any Distributors are not entitled to the cooling-off right. In addition, if you have invested via the EPF-MIS (where available), your cooling-off right is subject to EPF's terms and conditions.	

<sup>#</sup> The minimum initial investment for the EPF-MIS (where available) shall be RM1,000 (or such other amount as may be determined by EPF) or as per the amount stated under the minimum initial investment column, whichever is higher. Please note that there may be changes to the status of the eligibility of the Fund under the EPF-MIS from time to time. Please refer to our website at <http://www.principal.com.my> or <http://www.kwsp.gov.my> for updated information.

**Note:** You may request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject your request to lower the amount or number of units and without having to assign any reason, either generally (for all investors) or specifically (for any particular investor or a group of investors) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all investors) or specifically (for any particular investor or a group of investors) without prior notice to you. For increase in the amount or units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes before implementation.

**YOU SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT.**

## Valuations

### If the Fund does not have foreign investments:

We will value the Fund for a Business Day at the end of that Business Day (T day). The NAV per unit for a Business Day is available on our website at <http://www.principal.com.my> after 10:00 a.m. on the following Business Day (T+1).

### If the Fund has foreign investments:

We will value the Fund for a Business Day on the next Business Day (T+1) by 4:00 p.m. This is to cater for the currency translation of the foreign securities/instruments to the Fund's base currency. Currently, the currency translation is based on the bid exchange rate quoted by Bloomberg or Reuters at UK time 4:00 p.m. on the same day (Malaysian time 11:00 p.m. or 12:00 a.m.), or such other time as stipulated in the IMS. The NAV per unit for a Business Day is available on our website at <http://www.principal.com.my> after 5:30 p.m. on the following Business Day (T+1).

Please refer to the "Unit Pricing" section of the Master Prospectus for more information.

## Avenues to Exit This Investment

To exit from this investment, you may withdraw from the Fund, switch out of the Fund or transfer your unit holdings to other investors. You may withdraw your investment at the NAV per unit of the Business Day.

Withdrawals can be made from the Fund by completing a withdrawal form and sending it to the relevant Distributor or our head office. There is no restriction on the frequency of withdrawals. The amount that you will receive is calculated by the withdrawal value less the Withdrawal Fee, if any. You will be paid in RM within ten (10) calendar days, upon receipt of the complete withdrawal request. You will have to bear the applicable bank fees and charges, if any.

For more information on the withdrawals, switching, transfer facility and cooling-off period, please refer to the "Transaction Information" chapter of the Master Prospectus. For more information on the fees and charges incur when you exit from this investment, please refer to "Fees, Charges and Expenses" chapter of the Master Prospectus.

## Fund Performance

### Average total return of the Fund

FYE: 31 August 2019 in %	1-Year	3-Year	5-Year	10-year	Since inception
<b>Fund</b>	(5.06)	2.79	1.31	5.99	6.44
<b>Benchmark</b>	(5.40)	0.70	(0.12)	3.55	3.71

*Note: All performance figures have been extracted from Lipper.*

### Annual total return of the Fund

FYE: 31 August, in %	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Fund</b>	(5.06)	4.93	9.02	6.08	-7.38	11.44	6.11	10.17	10.24	16.80
<b>Benchmark</b>	(5.40)	2.55	5.25	5.61	-7.81	5.58	4.97	9.40	4.14	12.89

*Note: All performance figures have been extracted from Lipper.*

The Fund recorded a loss over the one year due to market volatility, macro and micro headwinds. On a 3-year and 5-year basis, the Fund has gained by 8.60% and 6.70% respectively.

### Basis of calculation and assumptions made in calculating the returns

Percentage growth	=	$\frac{\text{NAV on that day} - \text{NAV of previous day}}{\text{NAV of previous day}}$	Average total return	=	$\frac{\text{Total returns of the years under review}}{\text{Number of years under review}}$
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### Portfolio Turnover Ratio ("PTR")

FYE: 31 August	2019	2018	2017
<b>Fund</b>	1.01	1.19	1.11

The Fund's PTR rose from 1.11 times to 1.19 times due to higher trading and portfolio repositioning activities during the financial year under review.

**Distribution**

FYE: 31 August		2019	2018	2017
Fund	Gross distribution per unit (Sen)	4.05	5.25	5.25
	Net distribution per unit (Sen)	4.05	5.25	5.25

The Fund distributed a total net income of RM12.40 million to unit holders for the financial year ended 31 August 2019. As a result of distribution, the NAV per unit dropped from RM0.7480 to RM0.7075 on 26 September 2018.

**PAST PERFORMANCE OF THE FUND IS NOT AN INDICATION OF ITS FUTURE PERFORMANCE.**
**Contact for Further Information / Complaint**

(i) You may contact our Customer Care Centre at (03) 7718 3000. Our Customer Care Centre is available between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. and 4:45 p.m. (Malaysian time) on Fridays (except on Selangor public holidays) or you can e-mail us at [service@principal.com.my](mailto:service@principal.com.my).

(ii) Alternatively, you may also contact:

(a) Securities Industry Dispute Resolution Center (SIDREC):

- via phone to : 03-2282 2280
- via fax to : 03-2282 3855
- via e-mail to : [info@sidrec.com.my](mailto:info@sidrec.com.my)
- via letter to : Securities Industry Dispute Resolution Center (SIDREC)  
Unit A-9-1, Level 9, Tower A, Menara UOA Bangsar  
No.5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur

(b) SC's Consumer & Investor Office:

- via phone to : 03-6204 8999
- via fax to : 03-6204 8991
- via e-mail to : [aduan@seccom.com.my](mailto:aduan@seccom.com.my)
- via online complaint form available at [www.sc.com.my](http://www.sc.com.my)
- via letter to : Consumer & Investor Office  
Securities Commission Malaysia  
No 3 Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur

(c) Federation of Investment Managers Malaysia's Complaints Bureau:

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

**Appendix: Glossary**

Application Fee	- Preliminary charge on each investment.
Bursa Malaysia	- Bursa Malaysia Securities Berhad.
Business Day	- Mondays to Fridays when Bursa Malaysia is open for trading, and/or banks in Kuala Lumpur and/or Selangor are open for business.
CIS	- Refers to collective investment schemes as defines under the SC Guidelines.
Deed	- The principal deed and any supplemental deed in respect of the Fund made between us, the Trustee and the Unit holders of the Fund, agreeing to be bound by the provisions of the respective Deed.
Distributor	- Any relevant persons and bodies appointed by Principal Malaysia from time to time who are responsible for selling units of the Fund, including Principal Distributors and IUTAs.
EPF	- Employees' Provident Fund.
EPF-MIS	- EPF's Members Investment Scheme.
FBM 100	- FTSE Bursa Malaysia Top 100.
FTSE	- Financial Times and Stock Exchange.
Fund or BIF	- CIMB-Principal Balanced Income Fund.

IMS	- Investment Management Standards issued by the Federation of Investment Managers Malaysia.
IOSCO	- International Organization of Securities Commissions. For further details, please refer to <a href="http://www.iosco.org">http://www.iosco.org</a> .
IUTAs	- Institutional Unit Trust Scheme Advisers.
Management Fee	- A percentage of the NAV of the Fund that is paid to the Manager for managing the portfolio of the Fund.
MARC	- Malaysian Rating Corporation Berhad.
NAV	- Net Asset Value.
NAV of the Fund	- The NAV of the Fund is the value of all 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.
NAV per unit	- The NAV of the Fund divided by the number of units in circulation, at the valuation point.
Principal Distributors	- Refers to the unit trust scheme consultants of Principal Malaysia (authorized Principal Malaysia distributors).
Principal Malaysia or the Manager	- Principal Asset Management Berhad ( <i>formerly known as CIMB-Principal Asset Management Berhad</i> ).
PHS	- Refers to Product Highlights Sheet; the disclosure document issued by the Manager that contains clear and concise information of the salient features of the Fund.
RAM	- RAM Rating Services Berhad.
RM or MYR	- Malaysian Ringgit.
S&P	- Standard & Poor's.
RSP	- Regular Savings Plan.
SC	- Securities Commission Malaysia.
SC Guidelines	- SC Guidelines on Unit Trust Funds.
Switching Fee	- A charge that may be levied when switching is done from one (1) fund to another.
Transfer Fee	- A nominal fee levied for each transfer of units from one (1) Unit holder to another.
Trustee Fee	- A percentage of the NAV of the Fund that is paid to the Trustee for its services rendered as trustee for the Fund.
Unrated Fixed Income Securities	- Refers to debentures/fixed income securities which are not rated by any rating agencies. <b>Note:</b> <i>In this context, unrated is not junk. The Fund will only invest in Unrated Fixed Income Securities that fulfil the selection criteria of our credit evaluation process.</i>
UK	- United Kingdom.
Unit holder	- The registered holder for the time being of a unit of the Fund including persons jointly so registered.
Withdrawal Fee	- A charge levied upon withdrawal under certain terms and conditions (if applicable).

**Note:** *Unless the context otherwise requires,*

- *words importing the singular number should include the plural number and vice versa;*
- *reference to any rules, regulations, guidelines, standards, directives, notices, legislation or statutes in this PHS shall be reference to those rules, regulations, guidelines, standards, directives, notices, legislations or statutes for the time being in force, as may be amended, varied, modified, updated, superseded and/or re-enacted, from time to time;*
- *time, day or date disclosed in this PHS shall be a reference to that time, day or date in Malaysia; and*
- *reference to "days" in this PHS will be taken to mean calendar days.*

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