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Product Highlights Sheet

CIMB-Principal Conservative Bond 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 Conservative Bond Fund and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of CIMB-Principal Conservative Bond Fund and lodgement of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends CIMB-Principal Conservative Bond 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 Conservative Bond 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 (“Principal Malaysia”) (*formerly known as CIMB-Principal Asset Management Berhad*) 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 Fund’s Prospectus dated 8 August 2017 and its supplementary (if any). You are advised to request, read and understand the Prospectus before deciding to invest.

Brief Information on CIMB-Principal Conservative Bond Fund

CIMB-Principal Conservative Bond Fund is an open-end debentures fund issued by Principal Malaysia. The Fund aims to provide regular income through diversified investments in Malaysian bonds. The Fund is established with a multi-class structure and is allowed to establish new class(es) from time to time.

This is neither a capital protected nor a capital guaranteed fund.

Product Suitability

The recommended investment timeframe for this Fund is three (3) years or more. This Fund is suitable for investors who:

- have a medium to long term investment horizon;
- want regular income;
- want a diversified portfolio of Malaysian bonds; and
- want a less volatile investment but can accept returns that may fluctuate over the short term.

Key Product Features

Fund Category/Type	Debentures/ Income	
Base currency	RM	
Benchmark	10% TR BPAM Government (1 – 3 years) all bond index + 10% TR BPAM Government (3 – 7 years) all bond index + 5% TR BPAM Quasi Government (1 - 3 years) all bond index + 5% TR BPAM Quasi Government (3-7 years) all bond index + 10% TR BPAM Corporate (1 - 3 years) all bond index + 60% TR BPAM Corporate (3 - 7 years) all bond index.	
Investment policy and principal investment strategy	<p>The Fund will be managed with the aim of achieving regular income through investments in a diversified portfolio of Malaysian bonds. The Fund will invest at least 97% of its NAV in Government bonds and corporate bonds, out of which the Fund will invest between 20% to 50% (both inclusive) of its NAV in Government bonds and between 50% to 80% (both inclusive) of its NAV in corporate bonds. For Government bonds, the Fund may invest up to 30% of its NAV in Government Agency bonds. In addition, the Fund may invest up to 10% of its NAV in Asset-Backed Securities. The Fund's investment in bonds will be restricted to bonds rated at least a minimum credit rating of "A3" by RAM or its equivalent rating by MARC. The Fund will also invest up to 3% of its NAV in liquid assets.</p> <p>For diversification purpose, the Fund intends to invest in a variety of short-term (less than 1 year), short to medium term (1 - 3 years), medium to long term (3 - 5 years) and long term (more than 5 years) bonds, in which the Fund aims to maintain an overall portfolio duration ranging from 2.5 to 4.5 years. The Fund will also adopt a more conservative single issuer limit for different type of bonds. The value of the Fund's investment in unsecured corporate bonds rated AAA and AA by RAM or its equivalent rating by MARC issued by any single issuer must not exceed 4% of the Fund's NAV whilst the value of the Fund's investment in unsecured corporate bonds rated A by RAM or its equivalent rating by MARC issued by any single issuer must not exceed 1% of the Fund's NAV. In addition, the value of the Fund's investment in secured corporate bonds of the respective rating is four (4) times of the limit of the unsecured corporate bonds limit as above. Also, the value of the Fund's investment in subordinated corporate bonds of the respective rating is half of the limit of the unsecured corporate bonds limit as above.</p>	
Launch date	Class A :	8 August 2017
	Class C :	8 August 2017
Financial year-end	28 February (29 February in the event of a leap year).	
Distribution policy	Class A and Class C: Distribution (if any) is expected to be distributed quarterly at our discretion. Such distributions will depend on the availability of realised income and/or realised gains.	
Manager	Principal Asset Management Berhad (<i>formerly known as CIMB-Principal Asset Management Berhad</i>).	
Trustee	PB Trustee Services Berhad	
Solicitors	Soon Gan Dion & Partners	

Key Risks

General risks of investing in a unit trust fund	
Returns not guaranteed	The investment of the fund is subject to market fluctuations and its inherent risk. There is NO GUARANTEE on the investment returns, nor any assurance that the fund's investment objective will be achieved.
General market environment risk	Market risk 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.
Inflation risk	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.
Manager's risk	This risk refers to the day-to-day management of the fund by the manager which will impact the performance of the fund. For example, investment decisions undertaken by the manager, as a result of an incorrect view of the market may adversely affect the performance of the fund.
Loan financing risk	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.
Specific risks of the Fund	
Credit and default risk	Credit risk relates to the creditworthiness of the instruments issuers or counterparties and their expected ability to make timely payment of interest and/or principal. Default risk relates to the risk that an instruments 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.
Interest rate risk	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.
Liquidity risk	Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the Fund holds assets that are illiquid, or are difficult to dispose of, the value of the Fund will be negatively affected when it has to sell such assets at unfavourable prices.

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

Fees/Chargers	Class A	Class C
Application Fee	Up to 2.00% of the NAV per unit.	Nil.
Withdrawal Fee	Nil.	
Switching Fee	You will be charged a Switching Fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose a RM100 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fees with us or our Distributors. We also have the discretion to waive the Switching Fee and/or administrative fees.	
Transfer Fee	Up to RM50.00 may be charged for each transfer.	
Management Fee	Up to 1.00% per annum of the NAV of the Class.	Up to 0.25% per annum of the NAV of the Class.
Trustee Fee	Up to 0.025% per annum of the NAV of the Fund.	
Other charges payable directly by the you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.	
Expenses directly related to the Fund	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 Product Highlights Sheet.

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

Fees/Charges	Class A	Class C
Minimum initial investment	RM2,000*	RM300 million
	or such other amount as we may decide from time to time.	
Minimum additional investment	RM500	RM50,000
	or such other amount as we may decide from time to time.	
Minimum withdrawal	500 units	50,000 units
	or such other amount as we may decide from time to time.	
Minimum balance	2,000 units	300 million units
	or such other amount as we may decide from time to time.	
Regular Savings Plan (“RSP”)	RSP is available for Class A. The RSP allows you to make regular monthly investments of RM500 or more, direct from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is RM2,000 or such other amount as we may decide from time to time.	Currently, RSP is not available.
Switching	Switching is available between the Classes of the Fund or between a Class and other Principal Malaysia’s funds (or its classes), which should be denominated in the same currency. You may contact our Customer Care Centre at (03) 7718 3000 for more information on the availability of switching. Please also refer to the “Switching” section of the Prospectus for more information.	
Transfer	We may, at our absolute discretion, allow/refuse you to transfer your units subject to such terms and conditions as may be stipulated by us from time to time.	
Cooling-off period	Six (6) Business Days from the date the application form is received and accepted by us or our 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.	

* The minimum initial investment for EPF-MIS (where available) shall be RM1,000 (or such other amount as may be determined by EPF) or as per the amount stated above, 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

We will carry out the valuation for the Classes for a Business Day at the end of that Business Day (T). 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). Please refer to the “Unit Pricing” section of the Prospectus for more details.

Avenues to Exit This Investment

To exit from this investment, you may withdraw from the Class, switch out of the Class 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 a Class 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) days of 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 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 Prospectus.

Fund Performance

Average total return of the Fund

FYE: 28 February 2019, in %	1-Year	3-Year	5-Year	Since Inception
Class A	4.39	-	-	4.01
Class C	4.78	-	-	4.42
Benchmark	4.90	-	-	4.55

Annual total return of the Fund

FYE: 28 February, in %	2019	2018	2017
Class A	4.39	1.75	-
Class C	4.78	1.98	-
Benchmark	4.90	2.07	-

During the financial year under review, Class A delivered 4.39% of total return while Class C delivered 4.78% of total return. The variance in total returns between 2 classes is mainly due to fees structure. Both classes underperformed Benchmark which reported 4.90% gain. The underperformance was due to cash drag as the Fund received sizable injection in 2018.

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: 28 February	2019	2018	2017
Fund	0.58	0.81	-

The Fund’s PTR normalised from 0.81 times to 0.58 times as Fund growth has stabilised during the financial year review.

Distribution

FYE: 28 February		2019	2018	2017
Fund	Net distribution per unit (Sen)	2.81	N/A	N/A
	Gross distribution per unit (Sen)	2.81	N/A	N/A

There was no distribution made for the financial period from 8 August 2017 (date of launch) to 28 February 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.
- (ii) Alternatively, you may also contact:
- (a) Securities Industries Dispute Resolution Center (SIDREC):
- via phone to : 03-2282 2280
 - via fax to : 03-2282 3855
 - via e-mail to : 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 Investor Consumer & Investor Office:
- via phone to Aduan Hotline at : 03-6204 8999
 - via fax to : 03-6204 8991
 - via e-mail to : aduan@seccom.com.my
 - via online complaint form available at 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
 - via online complaint form available at 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.
Asset-Backed Securities	- Refers to corporate bonds or sukuk that are issued pursuant to a securitisation transaction. Such Asset-Backed Securities shall exclude any corporate bonds or sukuk with convertible or exchangeable features.
Business Day	- Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and/or banks in Kuala Lumpur and/or Selangor are open for business.
Class	- Any class of units representing similar interest in the assets of the Fund.
Class A and Class C	- The Class of units issued by the Fund denominated in Malaysian Ringgit and differentiated mainly by its Management Fee.
Deed	- The principal deed and any supplemental deed in respect of the Fund made between the Manager, the Trustee and the Unit holders of the Fund, agreeing to be bound by the provisions of the 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.
Fund or CBF	- CIMB-Principal Conservative Bond Fund.
IUTAs	- Institutional Unit Trust Scheme Advisers.
Management Fee	- A percentage of the NAV of the Class that is paid to us 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 the Fund's assets less the value of all the Fund's liabilities, at the point of valuation. For the purpose of computing the annual Management Fee (if any) and annual Trustee Fee (if any), the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day. The NAV of a Class is the NAV of the Fund attributable to a Class at the same valuation point.
NAV per unit	- The NAV attributable to a Class of units divided by the number of units in circulation for that Class, at the valuation point.
Principal Distributors	- Refers to the unit trust consultants of Principal Malaysia.

Principal Malaysia or the Manager	- Principal Asset Management Berhad (<i>formerly known as CIMB-Principal Asset Management Berhad</i>).
Product Highlights Sheet	- Refers to the disclosure document issued by us that contains clear and concise information of the salient features of the Fund.
Prospectus	- Refers to the disclosure document issued by us describing the details of the Fund.
RAM	- RAM Rating Services Berhad.
RM or MYR	- Malaysian Ringgit.
SC	- Securities Commission Malaysia.
SC Guidelines	- Guidelines on Unit Trust Funds issued by the SC.
Switching Fee	- A charge that may be levied when switching is done from one (1) fund or class to another.
Transfer Fee	- A nominal fee levied for each transfer of units from one (1) Unit holder to another.
Trustee	- PB Trustee Services Berhad.
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.
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, legislations or statutes in this Product Highlights Sheet 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 Product Highlights Sheet shall be a reference to that time, day or date in Malaysia; and*
- *reference to “days” in this Product Highlights Sheet will be taken to mean calendar days.*

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