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Product Highlights Sheet

Principal Institutional* Bond Fund 7

Responsibility Statement

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

Statement of Disclaimer

The relevant information and document in relation to the Fund, including a copy of this PHS has been lodged with the Securities Commission Malaysia under the Lodge and Launch Framework.

The lodgement of the relevant information and document in relation to the Fund, including this PHS, should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this PHS.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Principal Malaysia, who is responsible for the Fund and takes no responsibility for the contents of this PHS. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this PHS, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

The Manager

Principal Malaysia was incorporated on 13 June 1994 and is a joint venture between Principal Financial Group, Inc. and CIMB Group Sdn. Bhd. Principal Malaysia has experience operating unit trust funds since 1994.

This PHS supersedes the PHS dated 22 November 2019.

This PHS only highlights the key features and risks of this unlisted capital market product. You are advised to read this PHS together with the Replacement Information Memorandum dated 22 November 2019 and its supplementary (if any). You are advised to request, read and understand the Information Memorandum before deciding to invest.

**The Fund is targeted for institutional clients. Hence, "Institutional" is stated in the Fund name.*

Brief Information on Principal Institutional Bond Fund 7

The Fund is a wholesale bond fund issued by Principal Malaysia. The Fund aims to provide income and capital appreciation over the medium to long term by investing in Ringgit denominated debt securities.

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

Product Suitability

This Fund best suits you if you:

- are a Sophisticated Investor (limited to corporate client such as company, corporation or co-operative only);
- have a medium to long term investment horizon, i.e. five (5) years or more; and
- want a diversified portfolio consisting of debt securities issued in Malaysia, of which the issuers may be domiciled in and/or outside of Malaysia.

Key Product Features

Fund category/Type	Wholesale Fund (Bond)/ Income & Growth
Benchmark	30% TR BPAM All Bond Index + 70% TR BPAM Corporates 3y-7y Bond Index. Note: <i>The Fund's benchmark is for performance comparison purpose only. The benchmark is customised as such to align it closer to the structure of the investment portfolio. Information on the benchmark can be obtained from https://www.bpam.com.my.</i>
Investment strategy	<p>The investment strategy and policy of the Fund is to invest in a diversified portfolio of RM denominated debt securities to provide medium to long term stable income. The Fund seeks to achieve its objective by investing at least 70% of its NAV in debt securities, and up to 30% in Deposits. These debt securities refers to Government Securities, Supranational Securities and/or corporate bonds issued in Malaysia, of which the issuers may be domiciled in and/or outside of Malaysia. The minimum credit rating for these debt securities would be "A3" by RAM or MARC equivalent, with the exception to Government Securities and Supranational Securities. In addition, a maximum of 30% of the Fund's NAV may be invested in unrated debt securities.</p> <p>Asset Allocation</p> <ul style="list-style-type: none"> ▪ At least 70% in Government Securities, Supranational Securities and/or corporate bonds issued in Malaysia, of which the issuers may be domiciled in and/or outside of Malaysia; ▪ Up to 30% in Deposits; and ▪ Up to 30% in unrated debt securities.
Launch date	14 July 2014
Financial year-end	30 November
Distribution policy	<p>Depending on market conditions and the level of income (if any) that the Fund generates, the Fund will distribute on a quarterly basis. Distribution, if any, will be made by the last Business Day of the following months of each year: March, June, September and December.</p> <p>We have the right to make provisions for reserves in respect of distribution of the Fund. If the income available is too small or insignificant, any distribution may not be of benefit to the Unit holders as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to Unit holders. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income and/or realised gains, as well as the performance of the Fund.</p> <p>Note: <i>The Fund may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.</i></p>
Manager	Principal Asset Management Berhad
Trustee	HSBC (Malaysia) Trustee Berhad

Solicitors	Soon Gan Dion & Partners
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Key Risks

General risks of investing in a collective investment scheme	
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.
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.
Market 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.
Manager 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.
Financing risk	This risk occurs when you obtain financing to finance your investment. The inherent risk of investing with money obtained from financing includes you being unable to service the financing payments. In the event units are used as collateral, you may be required to top-up your existing installment if the price of units fall below a certain level due to market conditions. Failing which, the units may be sold at a lower NAV per unit compared to the NAV per unit at the point of purchase towards settling the financing.
Specific risks of the Fund	
Credit and default risk	Refers to the risk of loss of the investment amount as well as the returns on investment due to the issuer's non-payment or untimely payment or counterparty's failure or untimely settlement. We aim to mitigate this risk by performing fundamental credit research and analysis to determine the creditworthiness of its counterparties and/or issuers as well as the credit quality of the relevant securities.
Interest rate risk	Refers to the risk that an investment's value will be affected due to a change in the level of interest rates. Such changes usually affect the investments inversely and can be reduced by managing the duration of the portfolio via shorter or longer tenured assets depending on our view of the future interest rate trend, which is based on our continuous fundamental research and analysis. However, investors should be aware that as the Fund generally adopts a buy-and-hold strategy where the debt securities purchased will be held to its maturity, such price fluctuations would dissipate as it approaches maturity.
Liquidity risk	Liquidity risk is defined as the ease with which a debt security can be sold. If a debt security encounters a liquidity crunch, the debt security may need to be sold at unfavourable price. This in turn would depress the NAV of the Fund. We will attempt to balance the entire portfolio by investing in assets with appropriate liquidity, taking into consideration the trading volume of the assets. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.
Company specific risk	There are many specific risks which apply to individual companies that may negatively affect the credit worthiness of the counterparties and/or issuers of the debt securities, and hence negatively affects the NAV of the Fund. We aim to reduce all these risks by using diversification that is expected to reduce the volatility as well as the risk to the Fund's portfolio. In addition, we will also perform continuous fundamental research and analysis to aid the management of the Fund.

The above summary of risks does not purport to be an exhaustive list of all the risk factors relating to investments in the Fund and are not set out in any particular order of priority. You should be aware that investment in the Fund may be exposed to other risks from time to time. Please consult your professional advisers for a better understanding of the risks.

Fees & Charges

Application Fee	Nil.
Withdrawal Fee	Nil.

Switching Fee	No switching facility is available for this Fund. Hence, Switching Fee is not applicable.
Transfer Fee	No transfer facility is available for this Fund. Hence, Transfer Fee is not applicable.
Management Fee	Up to 0.15% per annum of the NAV of the Fund.
Trustee Fee	Up to 0.03% per annum of the NAV of the Fund.
Other charges payable directly by you when purchasing or withdrawing the units	Any applicable bank charges and other bank fees incurred as a result of an investment or a redemption will be borne by the investor.
Expenses directly related to the Fund	Only expenses that are directly related to the Fund can be charged to that 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 this PHS.

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 Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors or investments made via any digital platform) and for any period or periods of time at its absolute discretion.

Transaction Information

Minimum initial investment	RM10 million or such other amount as we may decide from time to time.
Minimum additional investment	RM1 million or such other amount as we may decide from time to time.
Minimum withdrawal	RM1 million or such other amount as we may decide from time to time. Withdrawal is limited to once a month, which is on the last Business Day of the month.
Minimum balance	1 million units or such other number of units as we may decide from time to time.
Switching	No switching facility is available for this Fund.
Transfer	No transfer facility is available for this Fund.
Cooling-off period	Not applicable for corporations/institutions.

Note: You may request for a lower amount 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 a lower amount and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors, or investments made via any digital platform) without prior notice to you. We may also, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investor, a group of Sophisticated Investors, or investments made via any digital platform) without prior notice to you. For increase in the number of 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 ANY PAYMENT DIRECTLY OR INDIRECTLY TO ANY INDIVIDUAL AGENT/EMPLOYEE OF THE MANAGER OR ISSUE A CHEQUE IN THE NAME OF AN INDIVIDUAL AGENT/EMPLOYEE OF THE MANAGER WHEN PURCHASING THIS FUND.

Valuations

The Fund will be valued on a monthly basis with valuation point at 7:30p.m. on the last Business Day for each month. The NAV per unit of the Fund for the last Business Day for each month is available on our website at www.principal.com.my after 1:30 p.m. on the following Business Day. For more information, please refer to the "Unit Pricing" section of the Information Memorandum for more details.

Avenues to Exit This Investment

To exit from this investment, you may withdraw from the Fund. Please refer to the “Fees & Charges” and “Transaction Information” sections of the Information Memorandum for more details.

Withdrawals can be made from the Fund by completing a withdrawal form or sending a letter to us. Withdrawal is limited to once a month, which is on the last Business Day of the month. You may request for a cash withdrawal or withdrawal via transfer of assets. Your request for withdrawal via transfer of asset is subject to our discretion and the concurrence of the Trustee. Should you request for withdrawal via transfer of assets, we have the discretion to request for further information and/or documents in order to accept the withdrawal request.

For cash withdrawal:

If you request a specific amount in RM, the number of units will be calculated by dividing the requested amount in RM by the NAV per unit, and the number of units will be rounded down to two (2) decimal places. The amount that you will receive is calculated by the withdrawal value less the Withdrawal Fee, if any. That amount will be paid in RM to your bank account or by cheque within three (3) Business Days from the day we process the withdrawal request. You will have to bear the applicable bank fees and charges, if any.

For withdrawal via transfer of assets:

If you request a specific amount in RM, the bond value may not commensurate with your withdrawal value. As such, we reserve the right to pay you partially in bonds and in cash. You will be paid via transfer of assets within three (3) Business Days and remaining cash (if any) within thirty (30) days. You should note that withdrawal by transfer of assets of the Fund will not be at the NAV per unit of the Fund, as you will receive the underlying assets of the Fund, which are bonds. You will have to bear the applicable bank fees and charges, if any.

Contact for Further Information / Complaint

- (i) You may contact our Corporate & Institutional Business at (03) 2084 8888 for further information or for any dispute resolution. Our Corporate & Institutional Business is available during business hour between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Fridays or you can e-mail us at myinstitutionalenquiries@principal.com.
- (ii) If you are dissatisfied with the outcome of the dispute resolution process with us, please refer your dispute to Securities Industry Dispute Resolution Center (SIDREC):
- (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
 - 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) You can also direct your complaint to the SC even if you have initiated a dispute resolution process with the SIDREC. To make a complaint, please contact the SC's Consumer & Investor Office:
- via phone to the 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 : 03-7890 4242
 - 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.
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. Note: We may declare certain Business Days a non-Business Day when deemed necessary, such as in the event of market disruption.
Deed	- The principal and all supplemental deed in respect of the Fund made between us and the Trustee, in which the Unit holders agree to be bound by the provisions of the Deed.
Deposit	- As per definition of “deposit” in the Financial Services Act 2013 and “Islamic deposit” in the Islamic Financial Services Act 2013. Note: To exclude structured deposits.
Fund or IBF7	- Principal Institutional Bond Fund 7.
GLOLA	- SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.
Government Securities	- Bonds issued or backed by the Government of Malaysia or Bank Negara Malaysia.
Information Memorandum	- Refers to the information memorandum dated 22 November 2019 and first supplemental information memorandum dated 26 February 2024 in respect of the Fund issued by us describing the details of the Fund.
Management Fee	- A percentage of the NAV of the Fund that is paid to the Manager for managing the portfolio of the Fund.
Medium to long term	- Refers to a period of five (5) years or more.
NAV	- Net Asset Value.
NAV	- 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.
NAV per unit	- The NAV of the Fund divided by the number of units in circulation, at the valuation point.
Principal Malaysia or the Manager	- Principal Asset Management Berhad.
Product Highlights Sheet	- Refers to the disclosure document issued by the Manager that contains clear and concise information of the salient features of the Fund.
Sophisticated Investor	- Refers to investors as we determine as qualified or eligible to invest in the Fund and that fulfil any laws, rules, regulations, restrictions or requirements imposed by the respective country’s regulators where the Fund is open for sale. For investors in Malaysia, this refers to any person who: (i) Is determined to be a sophisticated investor under the SC’s Guidelines on Categories of Sophisticated Investors, as amended from time to time; or (ii) acquires any capital market products where the consideration is not less than MYR250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise, and/or any other category(ies) of investors as may be permitted by the SC from time to time. Note: For more information, please refer to our website at www.principal.com.my for the current and/or updated definition and categories of “Sophisticated Investor”.
SC	- Securities Commission Malaysia.
Supranational Securities	- Bonds issued or backed by supranational organizations.
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 fee 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.
Wholesale Fund	- A unit trust scheme established in Malaysia where the units are to be issued, offered for subscription or purchase, or for which invitations to subscribe for or purchase the units are to be made, exclusively to Sophisticated Investors.
Withdrawal Fee	- A charge levied upon withdrawal under certain terms and conditions (if applicable).

Notes: *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 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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