

Date of issuance: 10 June 2024

Product Highlights Sheet

Principal Conservative Bond Fund

Responsibility Statement

This PHS has been reviewed by the authorised committee approved 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 omission of other facts which would make any statement in this PHS false or misleading.

Statements of Disclaimer

The Securities Commission Malaysia has authorised the issuance of the Fund and a copy of this PHS has been lodged with the Securities Commission Malaysia.

The authorisation of the Fund and lodgement of 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 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 PFG and CIMB Group. Principal Malaysia has experience operating unit trust funds since 1994.

This PHS supersedes the PHS dated 25 May 2023.

This PHS only highlights the key features and risks of this unlisted capital market product. We recommend that you read this PHS together with the Fund's Replacement Prospectus dated 25 May 2023 and its supplementary (if any). You are advised to request, read and understand the Prospectus before deciding to invest.

Brief Information on Principal Conservative Bond Fund

The 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	Debt Securities/ Income	
Base currency	MYR	
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 for performance comparison purpose only.	
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> <p>The asset allocation strategy for the Fund is as follows:</p> <ul style="list-style-type: none"> ▪ At least 97% of the Fund's NAV will be invested in Government bonds and corporate bonds, out of which: <ul style="list-style-type: none"> - Between 20% to 50% (both inclusive) of the Fund's NAV will be invested in Government bonds, out of which up to 30% of the Fund's NAV can be invested in Government Agency bonds; - Between 50% to 80% (both inclusive) of its NAV will be invested in corporate bonds; - Up to 10% of the Fund's NAV may be invested in Asset-Backed Securities; and ▪ Up to 3% of the Fund's NAV will be invested in liquid assets. 	
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.
Trustee	HSBC (Malaysia) Trustee Berhad.
Solicitors	Soon Gan Dion & Partners

Key Risks

General risks of investing in a unit trust fund	
Returns and capital not guaranteed	The investment of the fund is subject to market fluctuations and its inherent risk. There is NO GUARANTEE on the investment which includes your investment capital and returns, nor any assurance that the fund's objective will be achieved. You should also note that the fund is neither a capital guaranteed fund nor a capital protected fund. However, we reduce this risk by ensuring diligent management of the assets of the fund based on a structured investment process.
Market risk	This 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 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 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 or any noncompliance with internal policies, investment mandate, the deed, relevant law or guidelines due to factors such as human error or weaknesses in operational process and systems, 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 and if the prices of units fall below a certain level due to market conditions, you may be required to pay an additional amount on top of your existing instalment. If you fail to do so within the time prescribed, your units may be sold at an unfavourable price and the proceeds thereof will be used towards the settlement of your financing.
Liquidity risk	Liquidity risk refers to the ease of liquidating an asset without causing market dislocation. This depends on the supply and demand as well as the asset's volume or amount traded in the market. If the fund holds assets that are illiquid or difficult to dispose, the value of the fund and consequently the value of unit holders' investment in the fund may be negatively affected.
Specific risks associated with the investment portfolio of the Fund	
Credit and default risk	The Fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the Fund invests in debt securities, money market instruments and/or places in Deposits. 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. Any adverse situations faced by the issuer or counterparties may impact the value as well as liquidity of the investments. In the case of rated debt securities, this may lead to a credit downgrade. Default risk relates to the risk that the securities issuer or counterparties either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investments. This could adversely affect the value of the Fund. We aim to mitigate this risk by performing bottom-up and top-down credit research and analysis to determine the creditworthiness of the issuers or counterparties, and impose investment limits on exposures to issuers or counterparties with different credit profiles as a precautionary step to limit any loss that may arise directly or indirectly as a result of a defaulted exposure.
Interest rate risk	Interest rate risk refers to the impact of interest rate changes on the valuation of debt securities and money market instruments. When interest rates rise, debt securities and money market instruments prices generally decline and this may lower the market value of the Fund's investment in debt securities and money market instruments. In managing the debt securities, we take into account the coupon rate and time to maturity of the debt securities with an aim to mitigate the interest rate risk. As for money market instruments, the typical tenor of these instruments are less than 12-month maturity and unlike debt securities, any change to interest rate will only have a minor impact to the prices of these instruments.

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 an investment in a unit trust fund may be exposed to other risks from time to time. If in doubt, you should consult professional advisers for a better understanding of the risks.

Note: 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

	Class A	Class C
Application Fee	Up to 2.00% of the NAV per unit.	Nil.
Withdrawal Fee	Nil.	
Switching Fee	You may 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 MYR100 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 MYR50 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 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 or Class	Only expenses that are directly related to the Fund or Class can be charged to the Fund or Class respectively. Examples of relevant expenses are audit fee and tax agent's fee.	

Note: Subject always to the provisions of the Deed and GUTF, we reserve our sole and absolute discretion without providing any reason whatsoever and at any time to amend, vary, waive and/ or reduce the fees and charges (except for Trustee Fee), whether payable by the Fund or Class, payable by you to the Fund or payable by any other investors to the Fund.

Transaction Information

	Class A	Class C
Minimum initial investment	MYR2,000* or such other amount as we may decide from time to time.	MYR300 million
Minimum additional investment	MYR500 or such other amount as we may decide from time to time.	MYR50,000
Minimum withdrawal	500 units or such other number of units as we may decide from time to time.	50,000 units
Minimum balance	2,000 units or such other number of units as we may decide from time to time.	300 million units
Regular Savings Plan ("RSP")	RSP is available for Class A. The RSP allows you to make regular monthly investments of MYR500 or more, direct from your account held with a bank approved by us or our Distributors. The minimum initial investment for the RSP is MYR2,000 or such other amount as we may decide from time to time.	Currently, RSP is not available.
Switching	Switching will be conducted based on the value of your investment in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal amount applicable to the Class; ○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Fee of the Class (if any); ▪ for switching into the Class: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as 	

	Class A	Class C
	<ul style="list-style-type: none"> o the case may be) applicable to the Class; and o the Switching Fee applicable for the proposed switch (if any). <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	
Transfer	We may, at our absolute discretion, allow or 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	<p>For first time individual investor investing with us, you have six (6) Business Days after your initial investment (i.e. the date the complete application is received and accepted by us or any of our Distributors) to reconsider its appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased or prevailing NAV per unit at the point of cooling-off (whichever is lower) (“Refund Amount”). We will pay the Refund Amount including the Application Fee (if any) to you in the currency of the respective Class within seven (7) Business Days from the date we receive the complete documentations. Please note that the cooling-off right is only given to first time investor investing with us or our Distributors. However, Principal Malaysia’s staff and person(s) registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.</p> <p>In addition, if you have invested via the EPF-MIS (where available), your cooling-off right is subject to EPF’s terms and conditions.</p>	

* The minimum initial investment for EPF-MIS (where available) shall be MYR1,000 (or such other amount as may be determined by EPF). 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 www.principal.com.my or www.kwsp.gov.my for updated information.

Note: We reserve our sole and absolute discretion without providing any reason whatsoever and at any time to, accept, reject, amend, vary, waive and/or reduce (as the case maybe): (i) your request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units; and/or (ii) the minimum balance. 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.

We may for any reason and at any time, waive or reduce: (a) any fees (except for the Trustee Fee); (b) other charges payable by you to the Fund; and/or (c) transactional values including but not limited to the units or amount, for any Unit holder and/or investments made via any distribution channels or platform.

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

We will carry out the valuation for Classes for each Business Day at the end of that Business Day (T). The NAV per unit for a Business Day is available on our website at 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, switch out or transfer your unit holdings to other investors. You may withdraw your investment at the NAV per unit of the Business Day.

You may withdraw by completing a withdrawal application and submit it to the relevant Distributor or Principal Malaysia’s office. There is no restriction on the frequency of withdrawals and no Withdrawal Fee will be charged. Hence, the amount that you will receive is calculated by the withdrawal value less the Withdrawal Fee, if any. You will be paid in MYR within seven (7) Business 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 withdrawal, 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: 29 February 2024, in %	1-Year	3-Years	5-Years	Since Inception
Class A	4.56	2.29	3.34	3.49
Class C	5.34	3.06	4.12	4.18
Benchmark	5.55	3.19	4.39	4.45

Note: All performance figures have been extracted from Lipper.

Annual total return of the Fund

FYE: 29 February, in %	2024	2023	2022	2021	2020	2019	Since inception to 28 Feb 2018
Class A	4.56	2.11	0.26	2.72	7.22	4.39	1.75
Class C	5.34	2.89	1.02	3.49	8.04	4.78	1.98
Benchmark	5.55	3.07	1.05	4.33	8.16	4.90	2.07

Note: All performance figures have been extracted from Lipper.

The Fund's Class A returned 4.56% and the Fund's Class C returned 5.34% over the last one year, with the Benchmark returning 5.56%. The Fund's Class A returned 7.04% over the last three years, 17.90% over the last five years and 25.23% since inception. The Fund's Class C returned 9.49% over the last three years, 22.42% over the last five years and 30.81% since inception.

Basis of calculation and assumptions made in calculating the returns

Percentage growth	=	$\frac{\text{NAV on that day} - \text{NAV of previous day}}{\text{NAV of previous day}} * 100$	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: 29 February	2024	2023	2022
Fund	0.47	0.27	0.36

During the financial year under review, the Fund's PTR increased to 0.47 times, due to an increase in trading activities.

Distribution

FYE: 29 February		2024	2023	2022
Fund	Net distribution per unit (Sen)	3.95	3.24	3.54
	Gross distribution per unit (Sen)	3.95	3.24	3.54

The Fund distributed a total net income of RM84.36 million to unit holders for the financial year ended 29 February 2024.

Distribution was in the form of cash or reinvested into additional units in the Fund at the NAV per unit on the distribution date.

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) 7723 7260 or whatsapp at +6016 299 9792 for further information or for any dispute resolution. Our Customer Care Centre is available during business hour between 8:45 a.m. and 5:45 p.m. (Malaysian time) from Mondays to Fridays or you can e-mail us at myservice@principal.com.

- (ii) Alternatively, you may also contact:
- (a) 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):
- 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 SIDREC. To make a complaint, please contact the SC's 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 : 03-7890 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.
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 all supplemental deed in respect of the Fund made between us and the Trustee, in which Unit holders agree to be bound by the provisions of the Deed.
Deposits	- As per the definition of "deposit" in the Financial Services Act 2013 and "Islamic deposit" in the Islamic Financial Services Act 2013. Note: To exclude structured deposits.
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 IUTA.
EPF	- Employees Provident Fund.
EPF-MIS	- Employees' Provident Fund Members Investment Scheme.
Fund or CBF	- Principal Conservative Bond Fund.
GUTF	- Guidelines on Unit Trust Funds issued by the SC.
IUTA	- Refers to Institutional Unit Trust Schemes Adviser, a corporation registered with Federation of Investment Managers Malaysia and authorised to market and distribute unit trust schemes of another party.
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.
MYR	- Malaysian Ringgit.
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 authorized unit trust scheme consultants registered with Principal Malaysia.
Principal Malaysia or the Manager	- Principal Asset Management Berhad.
PHS	- Refers Product Highlights Sheet; this document issued by us that contains clear and concise information of the salient features of the Fund.
Prospectus	- Refers to the document issued by us describing the details of the Fund.
RAM	- RAM Rating Services Berhad.
SC	- Securities Commission Malaysia.
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	- HSBC (Malaysia) Trustee 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).

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, legislations 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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