

Date of issuance: 1 May 2020

# Product Highlights Sheet

## Principal Islamic Lifetime Balanced Growth Fund

*(formerly known as CIMB Islamic Balanced Growth Fund)*

### Responsibility Statement

This PHS has been reviewed by the authorised committee approved by the board 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 authorized/recognised 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 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 PHS supersedes the PHS dated 31 December 2019.**

**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 Replacement Master Prospectus (Islamic Funds) dated 31 December 2019 and its supplementary (if any). You are advised to request, read and understand the Master Prospectus (Islamic Funds) before deciding to invest.**

## Brief Information on Principal Islamic Lifetime Balanced Growth Fund

Principal Islamic Lifetime Balanced Growth Fund is a Shariah-compliant balanced fund issued by Principal Malaysia. The Fund aims to grow the value of the Unit holders' investments over the long-term in a diversified mix of Malaysian assets in approved Shariah instruments\* while providing consistent income.

\* This refers to Shariah instruments that are certified as Shariah-compliant by the relevant authority.

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;
- want a portfolio of investments that adhere to Shariah principles;
- seek capital appreciation with income being secondary;
- want a diversified portfolio with preference to higher Shariah-compliant equity exposure; and
- accept that investment returns may be negative over the short-term, but recognise that a diversified fund tends to produce a smoother return over time than a fund which invests in only one asset class such as equities.

### Key Product Features

<b>Fund Category/Type</b>	Balanced (Shariah-compliant) / Growth & Income
<b>Benchmark</b>	60% FBM EMAS Shariah Index + 40% CIMB Islamic 1-month Fixed Return Income Account-i (FRIA-i) for performance comparison purpose only.
<b>Investment policy and principal investment strategy</b>	<p>The Fund aims to invest in a diversified portfolio of Malaysian assets comprising Shariah-compliant equities and Islamic fixed income investments. In line with its objective, the investment policy and strategy of the Fund is to maintain a balanced portfolio between Shariah-compliant equities and Islamic 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 investment by the Fund in Shariah-compliant equities shall not be less than 40% of the NAV of the Fund and investments in Islamic fixed income securities and Islamic liquid assets shall not exceed 60% 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 any other international rating agencies. The Fund may invest up to 40% of its NAV in Unrated Islamic fixed income securities. The Fund may also opt to seek investment exposure via Islamic CIS that is in line with the Fund's objective, subject to the requirements of the SC Guidelines.</p> <p>The asset allocation strategy for this Fund is as follows:</p> <ul style="list-style-type: none"> <li>▪ at least 40% of the Fund's NAV in Shariah-compliant equities, subject to a maximum of 60%;</li> <li>▪ up to a maximum of 60% of the Fund's NAV in Islamic fixed income investments and Islamic liquid assets, subject to a minimum of 40%;</li> <li>▪ up to 40% of the Fund's NAV in Unrated Islamic fixed income securities; and</li> <li>▪ at least 2% of the Fund's NAV in Islamic liquid assets.</li> </ul>
<b>Launch date</b>	26 May 2003
<b>Financial year-end</b>	31 December
<b>Distribution policy</b>	Distribution (if any) is expected to be distributed every January at our discretion.
<b>Manager</b>	Principal Asset Management Berhad
<b>Trustee</b>	Maybank Trustees Berhad
<b>Shariah Adviser</b>	Amanie Advisors Sdn Bhd
<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>	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.
<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>Financing risk</b>	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.
<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>Reclassification of Shariah status risk</b>	<p>This risk refers to the risk that the currently held Shariah-compliant securities in the fund may be reclassified as Shariah non-compliant in the periodic review of the securities by the SAC of the SC, the Shariah Adviser or the Shariah boards of the relevant Islamic indices or Shariah-compliant securities. If this occurs, we will take the necessary steps to dispose such Shariah-compliant securities. There may be opportunity loss to the fund due to the fund not being allowed to retain the capital excess gains derived from the disposal of the Shariah non-compliant securities.</p> <p>In the event that the Shariah non-compliant securities are disposed at a price lower than the investment cost, it may adversely affect the value of the fund. Thus, it may cause the NAV of the fund or price of units to fall.</p>
Specific risks of the Fund	
<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>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 profit and/or principal. Default risk relates to the risk that a securities issuer or counterparties either defaulting on payments or failing to make payments in a timely manner. If the risk materialize, the value of the Fund could be adversely affected.
<b>Interest rate risk</b>	<p>Interest rate risk refers to the impact of interest rate changes on the valuation of Sukuk and Islamic money market instruments. When interest rates rise, Sukuk and Islamic money market instruments prices generally decline and this may lower the market value of the Fund's investment in Sukuk and Islamic money market instruments. In managing the Sukuk, we take into account the coupon rate and time to maturity of the Sukuk with an aim to mitigate the interest rate risk. As for Islamic money market instruments, the typical tenor of these instruments are less than 12-month maturity and unlike Sukuk, any change to interest rate will only have a minor impact to the prices of these instruments.</p> <p><b>Please note that although Sukuk is a non-interest bearing instrument, its price movement is correlated to the movement in the interest rates, which is herein referred to the general interest rate of the country, which may affect the value of the investment of the Fund.</b></p>
<b>Risk associated with investing in CIS</b>	Since the Fund may invest into Islamic CIS, there is a risk of concentration into Islamic CIS, in which the Islamic CIS's management company has absolute discretion over the Islamic CIS's investment technique and knowledge, operational controls and management. In the event of mismanagement of the Islamic CIS and/or the management company, the NAV of the Fund, which invests into those Islamic CIS would be affected negatively. Should the situation arise, we will seek for another Islamic CIS that is consistent with the objective of this Fund.

**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

<b>Application Fee</b>	<b>Principal Distributors</b>	: Up to 6.00% of the NAV per unit
	<b>IUTAs</b>	: Up to 5.00% 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. You may negotiate to lower the Switching Fee and/or administrative fees. We also have the discretion to waive the Switching Fee and/or administrative fee.
<b>Transfer Fee</b>	A maximum of RM50 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>	Up to 0.07% per annum of the NAV of the Fund (including local custodian fee but excludes foreign sub-custodian fee (if any)).
<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, a group of investors or investments made via any digital platform) 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, a group of investors or investments made via any digital platform) and for any period or periods of time at our absolute discretion.

## Transaction Information

<b>Minimum initial investment#</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>	400 units or such other number of units as we may decide from time to time.	
<b>Minimum balance</b>	500 units or such other number of units as we may decide from time to time.	
<b>Switching</b>	<p>Switching will be conducted based on the value of your investment in the Fund. The minimum amount for a switch is subject to:</p> <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> <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>	
<b>Transfer</b>	Transfer of unit holdings is allowed but this is subject to such terms and conditions as may be stipulated in the Deed. However, we may allow or refuse any transfer of unit at our absolute discretion.	
<b>Cooling-off period</b>	<p>You have six (6) Business Days after your initial investment (i.e. the date the complete application is received and accepted by us or our Distributors) to reconsider its appropriateness and suitability for your investment needs. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any of our Distributors 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 the EPF-MIS (where available) shall be RM1,000 (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 <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 a lower amount or number of units and without having to assign any reason, either generally (for all investors) or specifically (for any particular investor, a group of 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 investors) or specifically (for any particular investor, a group of 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 PAYMENT IN CASH TO A UNIT TRUST SCHEME CONSULTANT/EMPLOYEE OF PRINCIPAL MALAYSIA OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST SCHEME CONSULTANT/EMPLOYEE OF PRINCIPAL MALAYSIA WHEN PURCHASING UNIT TRUST FUND.**

## Valuations

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).

Please refer to the “Unit Pricing” section of the Master Prospectus (Islamic Funds) for more information.

## 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.

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 (Islamic Funds). 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 (Islamic Funds).

## Fund Performance

### Average total return of the Fund

FYE: 31 December 2019 in %	1-Year	3-Year	5-Year	10-Year	Since inception
<b>Fund</b>	6.26	3.08	2.13	5.67	6.02
<b>Benchmark</b>	3.59	1.21	0.76	3.34	5.30

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

### Annual total return of the Fund

FYE: 31 December, in %	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Fund</b>	6.26	(5.49)	9.05	(3.36)	4.96	0.68	13.50	9.96	7.39	15.57
<b>Benchmark</b>	3.59	(6.99)	7.60	(2.49)	2.72	(1.37)	9.09	8.24	2.77	11.72

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

The Fund registered a return of 6.26% for the financial year under review, outperforming the benchmark by 2.67%. On a 3-year and 5-year basis, the Fund appreciated by 9.52% and 11.09% respectively, outperforming the benchmark return in both periods.

### 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 December	2019	2018	2017
Fund	0.89	1.05	0.94

The Fund's PTR decreased from 1.05 times to 0.89 times as there were less trading activities during the financial year.

### Distribution

FYE: 31 December	2019	2018	2017	
Fund	Gross distribution per unit (Sen)	1.55	2.65	2.50
	Net distribution per unit (Sen)	1.55	2.65	2.50

The Fund distributed a total net income of RM7.82 million to unit holders. As a result, the NAV per unit dropped from RM0.6166 to RM0.6011 on 17 January 2019, during the financial year ended 31 December 2019.

**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 for further information or for any dispute resolution. 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) 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](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) 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](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.
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.
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.
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	- EPF's Members Investment Scheme.

FBM EMAS Shariah Index	- FTSE Bursa Malaysia EMAS Shariah Index.
FTSE	- Financial Times Stock Exchange.
Fund or iLI-BG	- Principal Islamic Lifetime Balanced Growth Fund ( <i>formerly known as CIMB Islamic Balanced Growth Fund</i> ).
IUTA	- Institutional Unit Trust Schemes Adviser.
MARC	- Malaysian Rating Corporation Berhad.
Management Fee	- A percentage of the NAV of the Fund that is paid to us for managing the portfolio of the Fund.
Master Prospectus (Islamic Funds)	- Refers to the document issued by us describing the details of the Fund.
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 consultants of Principal Malaysia.
Principal Malaysia or the Manager	- Principal Asset Management Berhad.
PHS	- Refers to Product Highlights Sheet; the document issued by us that contains clear and concise information of the salient features of the Fund.
RAM	- RAM Rating Services Berhad.
RM	- Malaysian Ringgit.
RSP	- Regular Savings Plan.
S&P	- Standard & Poor's.
SAC	- Shariah Advisory Council.
SC	- Securities Commission Malaysia.
SC Guidelines	- Guidelines on Unit Trust Funds issued by the SC.
Shariah	- Islamic law, originating from the Qur'an (the holy book of Islam), and its practices and explanations rendered by the prophet Muhammad (pbuh) and ijthid of ulamak (personal effort by qualified Shariah scholars to determine the true ruling of the divine law on matters whose revelations are not explicit).
Sukuk	- Refers to certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts. <b>Note:</b> For local Sukuk, it must also comply with Shariah principles and concepts endorsed by the SAC of SC.
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 of the Fund.
Unrated Islamic fixed income securities	- Refers to Islamic fixed income securities which are not rated by any rating agencies, including but not limited to Islamic treasury bills, Sukuk issued by government, government agency, statutory board or a corporation. <b>Note:</b> In this context, Unrated Islamic fixed income securities are not junk Islamic fixed income securities. The Fund will only invest in Unrated Islamic fixed income securities that fulfill the selection criteria of our credit evaluation process.
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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