

Date of issuance: 15 April 2020

# Product Highlights Sheet

## Principal Malaysia Government Bond Fund

### Responsibility Statement

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

### Statements of Disclaimer

The relevant information and document in relation to the Principal Malaysia Government Bond 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 Principal Malaysia Government Bond Fund, including this PHS, should not be taken to indicate that the Securities Commission Malaysia recommends the Principal Malaysia Government Bond 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 the Principal Asset Management Berhad responsible for the Principal Malaysia Government Bond 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 Asset Management Berhad (*formerly known as CIMB-Principal Asset Management Berhad*) (“Principal Malaysia”) holds a Capital Markets Services License for fund management and dealing in securities restricted to unit trust under the Capital Markets and Services Act 2007 and specializes in managing and operating unit trusts for investor, 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 originally commenced its operations as a unit trust company in November 1995.

**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 Information Memorandum for Principal Malaysia Government Bond Fund dated 15 April 2020 and its supplementary (if any). Sophisticated Investors are advised to request, read and understand the Information Memorandum before deciding to invest.**

## Brief Information on Principal Malaysia Government Bond Fund

Principal Malaysia Government Bond Fund is wholesale fund issued by Principal Malaysia. The Fund aims to provide regular income through investments primarily in Malaysian government debt instruments. The Fund is established with a multi-class structure and is allowed to establish new Class(es) from time to time without your prior consent.

This is neither a capital protected nor capital guaranteed fund.

### Product Suitability

The Fund best suits you if you:

- are a Sophisticated Investor;
- have a short to medium term investment horizon; and
- seek exposure in Malaysian government debt instruments.

### Key Product Features

<b>Fund Category/Type</b>	Wholesale Fund (Bond)/ Income					
<b>Base currency</b>	MYR					
<b>Benchmark</b>	TR BPAM All Bond Index – Government – 1Y to 3Y for performance comparison purpose only.					
<b>Investment strategy</b>	<p>The Fund seeks to achieve its Fund objective by investing up to 98% of its NAV in a portfolio of Malaysian government debt instruments, which includes but not limited to Malaysia Government Securities (“MGS”), Government Investment Issue (“GI”) and Government Guaranteed Issuances (“GG”). At least 2% of its NAV may be invested in money market instruments and/or Deposits for liquidity purposes.</p> <p><b>Asset Allocation</b></p> <ul style="list-style-type: none"> <li>▪ Up to 98% of its NAV in Malaysian government debt instruments; and</li> <li>▪ At least 2% of its NAV in liquid assets such as money market instruments and/or Deposits.</li> </ul>					
<b>Launch date</b>	<b>Class B</b>	:	15 April 2020	<b>Class C</b>	:	15 April 2020
	<b>Class D</b>	:	15 April 2020			
<b>Financial year-end</b>	31 December.					
<b>Distribution Policy</b>	<p><b>Class B, Class C and Class D:</b></p> <p>Monthly, depending on the availability of realised income and/or realised gains and at our discretion. 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 you 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 you. 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>					
<b>Manager</b>	Principal Asset Management Berhad ( <i>formerly known as CIMB-Principal Asset Management Berhad</i> )					
<b>Trustee</b>	HSBC (Malaysia) Trustee Berhad					
<b>Solicitor</b>	Soon Gan Dion & Partners					

### Key Risks

General risks of investing in a 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 which includes your investment capital and returns, nor any assurance that the fund’s objective will be achieved.
<b>Market 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 fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the value of the investment in monetary terms has increased.

<b>Manager 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. For example, investment decisions undertaken by the manager, as a result of an incorrect view of the market or any non-compliance 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.
<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. In the event units are used as collateral, you may be required to top-up your existing instalment 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 as compared to the NAV per unit at the point of purchase towards settling the financing.
<b>Specific risks related to the Fund</b>	
<b>Interest rate risk</b>	Interest rate risk is 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.
<b>Credit and default risk</b>	The Fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the Fund invests in debt instrument, money market instruments and/or place 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 instrument, this may lead to a credit downgrade. 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 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 its issuers or counterparties, and impose investment limits on exposures for 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 transaction.
<b>Liquidity risk</b>	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:** 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, 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(es) of units		
	Class B	Class C	Class D
<b>Currency denomination</b>	MYR		
<b>Application Fee</b>	Nil.		
<b>Withdrawal Penalty</b>	Nil.		
<b>Switching Fee</b>	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a switching fee equal to the difference (if any) between the Application Fee of this 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 each 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.		
<b>Transfer Fee</b>	A maximum of MYR 50 may be charged for each transfer.		
<b>Management Fee</b>	Up to 0.15%	Up to 0.10%	Up to 0.07%
	per annum of the NAV of the Class.		
<b>Trustee Fee</b>	Up to 0.02% per annum of the NAV of the Fund.		
<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.		

	Class(es) of units		
	Class B	Class C	Class D
<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 Distributors for lower charges. However, you should note that we or 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 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, for any reason at any time, where applicable, waive, or reduce the amount of any fees (except Trustee Fee) or other charges payable by you to us 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 our absolute discretion.

## Transaction Information

	Class(es) of units		
	Class B	Class C	Class D
<b>Minimum initial investment</b>	MYR 10 million	MYR 150 million	MYR 300 million
	or such other amount as we may decide from time to time.		
<b>Minimum additional investment</b>	MYR 10 million	MYR 10 million	MYR 10 million
	or such other amount as we may decide from time to time.		
<b>Minimum withdrawal</b>	MYR 10 million	MYR 10 million	MYR 10 million
	or such other amount as we may decide from time to time.		
<b>Minimum balance</b>	1 million units	10 million units	50 million units
	or such other amount as we may decide from time to time.		
<b>Switching</b>	Switching will be conducted based on the value of your investments in the Class. The minimum amount for a switch is subject to: <ul style="list-style-type: none"> <li>▪ for switching out of the Class: <ul style="list-style-type: none"> <li>○ the minimum withdrawal applicable to the Class;</li> <li>○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and</li> <li>○ the Withdrawal Penalty of the Class (if any).</li> </ul> </li> <li>▪ for switching into a Class <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 Class; and</li> <li>○ the switching fee applicable for the proposed switch (if any).</li> </ul> </li> </ul> You may negotiate to lower the amount for your switch with us or our Distributors.		
<b>Transfer</b>	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.		

**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 the amount or number of units and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investors, 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 Investors, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. For increase in the amount or 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 CONSULTANT/EMPLOYEE OF PRINCIPAL MALAYSIA OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT/EMPLOYEE OF PRINCIPAL MALAYSIA WHEN PURCHASING UNIT TRUST FUND.**

## Valuations

We will carry out the valuation point 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 Information Memorandum 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 eligible Sophisticated Investors. You may withdraw your investment at the NAV per unit of the Business Day.

You may withdraw 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 and no Withdrawal Penalty will be charged. Hence, the amount that you will receive is the withdrawal value. You will be paid 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 Information Memorandum. 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 Information Memorandum.

## 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 between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. to 4:45 p.m. (Malaysian time) on Fridays (except on Kuala Lumpur public holidays) or you can e-mail us at [institutionalenquiries@principal.com.my](mailto:institutionalenquiries@principal.com.my).
- (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):
- 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  
Unit A-9-1, Level 9, Tower A, Menara UOA Bangsar  
No.5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur
- (iii) 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 : 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
- (iv) 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, 6<sup>th</sup> 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. This information will be communicated to you via our website at <http://www.principal.com.my>.

CMSA	- Capital Markets and Services Act 2007.
Class	- Any Class of units representing similar interests in the assets of the Fund and differentiated by features such as transaction amount, fees and charges and/or distribution policy.
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.
Deed	- The principal deed and any supplemental deed in respect of the Fund entered into between us and the Trustee, in which the Unit holders, agree to be bound by the provisions of the Deed.
Deposit	- As per the definition of “deposit” in the Financial Services Act 2013 and “Islamic deposit” in the Islamic Financial Services Act 2013.
Fund or MGBF	- Principal Malaysia Government Bond Fund.
Information Memorandum	- Refers to the information memorandum in respect of the Fund and includes any supplemental information memorandum or replacement information memorandum, as the case may be.
IUTA	- Institutional Unit Trust Schemes Adviser.
Management Fee	- A percentage of the NAV of the Class that is paid to the Manager for managing the portfolio of the Fund.
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 (including Management Fee and Trustee Fee), at the point of valuation.
NAV of the Class	- 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 Malaysia, the Manager, we or us	- Principal Asset Management Berhad (formerly known as CIMB-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.
SC	- Securities Commission Malaysia.
Sophisticated Investor	- Refers to investors as we determine as qualified or eligible to invest in the Fund and that fulfil any laws, rules, regulation, 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 falls within any of the categories of investors set out in Part 1, Schedules 6 and 7 of the CMSA. <b>Note:</b> For more information, please refer to our website at <a href="http://www.principal.com.my">http://www.principal.com.my</a> for the current excerpts of Part 1, Schedules 6 and 7 of the CMSA.
Trustee Fee	- A percentage of the NAV of the Fund paid to the Trustee for its services rendered as trustee of the Fund.
Unit holder	- The registered holder for the time being of a unit of the Fund including persons jointly so registered.

**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 disclosed in this PHS should be indicated as Malaysia time; and
- reference to “days” in this PHS will be taken to mean calendar days.

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