

Date of issuance: 17 April 2020

Product Highlights Sheet

Principal Small Cap Opportunities Fund

(formerly known as CIMB-Principal Small Cap Fund)

Responsibility Statement

This PHS has been reviewed by 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 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 Principal Small Cap Opportunities Fund and a copy of this PHS has been lodged with the Securities Commission Malaysia.

The authorisation of Principal Small Cap Opportunities Fund and lodgement of this PHS, should not be taken to indicate that the Securities Commission Malaysia recommends Principal Small Cap Opportunities 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 Asset Management Berhad responsible for Principal Small Cap Opportunities 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 (“Principal Malaysia”) holds a Capital Markets Services License for fund management and dealing in securities restricted to unit trusts 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 1 May 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 dated 17 April 2020 and its supplementary (if any). You are advised to request, read and understand the Master Prospectus before deciding to invest.

Brief Information on Principal Small Cap Opportunities Fund

Principal Small Cap Opportunities Fund is an equity fund issued by Principal Malaysia. The Fund aims to provide growth to the value of Unit holders' investments over the long-term in an equity fund by investing in undiscovered smaller companies listed on Bursa Malaysia.

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 to diversify their overall investment portfolio by including shares as an asset class, in particular, shares of smaller companies;
- are seeking capital appreciation over the long-term; and
- can accept that investment returns may fluctuate significantly over the short-term and may even be negative.

Key Product Features

Fund Category/Type	Equity (Small-Cap) / Growth
Benchmark	FTSE Bursa Malaysia Small Cap Index for performance comparison purpose only.
Investment policy and principal investment strategy	<p>The Fund may invest between 70% to 98% (both inclusive) of the Fund's NAV in shares of smaller companies with market capitalisation of up to three (3) billion Malaysian Ringgit at the point of purchase that are listed on Bursa Malaysia. The investment policy and strategy of the Fund will therefore focus on investments in securities of such smaller companies with potential growth and hands-on management policies but may be under-researched by major stock broking houses. However, should there be lack of liquidity or when we deem necessary to reduce volatility of the Fund, the Fund may invest up to 20% of its NAV in companies with market capitalization above three (3) billion Malaysian Ringgit at the point of purchase*. The Fund may opt to seek investment exposure via CIS that is in line with the Fund's objective, subject to the requirement of the SC Guidelines. To a lesser extent, the Fund may also invest in other permissible investments such as liquid assets primarily for the purpose of cash management. In addition, liquid assets may be strategically used if we feel that the market downside risk is high in the short term.</p> <p>* With effect from 1 July 2020, the Fund may invest up to 20% of its NAV in companies with market capitalization above three (3) billion Malaysian Ringgit at the point of purchase.</p> <p>The asset allocation strategy for this Fund is as follows:</p> <ul style="list-style-type: none"> ▪ between 70% to 98% (both inclusive) of the Fund's NAV will be invested in equities; and ▪ at least 2% of the Fund's NAV in liquid assets.
Launch date	20 April 2004
Financial year-end	31 December
Distribution policy	No distribution is expected to be paid, however, distribution, if any, will be incidental.
Manager	Principal Asset Management Berhad (<i>formerly known as CIMB-Principal Asset Management Berhad</i>).
Trustee	Maybank Trustees Berhad
Solicitors	Soon Gan Dion & Partners

Key Risks

General risks of investing in a unit trust fund	
Returns not guaranteed	The investment of the fund is subject to market fluctuations and its inherent risk. There is NO GUARANTEE on the investment returns, nor any assurance that the fund's investment objective will be achieved.
Market risk	Refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the fund's NAV.
Inflation risk	This is the risk that your investment in the unit trust fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the value of the investment in monetary terms has increased.

Manager's risk	This risk refers to the day-to-day management of the fund by the manager which will impact the performance of the fund, 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.
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 repayments.
Specific risks of the Fund	
Stock specific risk	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.
Liquidity risk	Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the Fund holds assets that are illiquid, or are difficult to dispose of, the value of the Fund will be negatively affected when it has to sell such assets at unfavourable prices.

Note: 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

Application Fee	Up to 6.00% of the NAV per unit
Withdrawal Fee	Nil.
Switching Fee	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 when you switch from one (1) fund to another. In addition, we may impose a RM100 administrative fee for every switch. You may negotiate to lower the Switching Fee and/or administrative fee.
Transfer Fee	A maximum of RM50 may be charged for each transfer.
Management Fee	Up to 1.50% per annum of the NAV of the Fund.
Trustee Fee	Up to 0.07% 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	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

Minimum initial investment[#]	Non-RSP	: RM500 or such other amount as we may decide from time to time.
	RSP	: RM500 or such other amount as we may decide from time to time.
Minimum additional investment	Non-RSP	: RM200 or such other amount as we may decide from time to time.
	RSP	: RM200 or such other amount as we may decide from time to time.
Minimum withdrawal	800 units or such other number of units as we may decide from time to time.	

Minimum balance	1,000 units or such other number of units as we may decide from time to time.
Switching	<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"> ▪ for switching out of the Fund: <ul style="list-style-type: none"> ○ the minimum withdrawal applicable to the Fund; ○ the minimum balance required for the Fund, unless you are withdrawing from the Fund in entirety; and ○ the Withdrawal Fee of the Fund (if any). ▪ for switching into the Fund: <ul style="list-style-type: none"> ○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Fund; and ○ 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	Transfer of unit holdings is allowed but this is subject to conditions stipulated in the Deed. However, we may refuse to register any transfer of unit at our absolute discretion.
Cooling-off period	<p>You have six (6) Business Days after your initial investment (i.e. from 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 amount or units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes before implementation.

YOU SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST 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 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. However, if the total withdrawal amount is fifteen percent (15%) or more of the total NAV of the Fund for a Business Day, we will pay to you within fifteen (15) calendar days from the day we receive the withdrawal notice. 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. 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.

Fund Performance

Average total return of the Fund

FYE: 31 December 2019 in %	1-Year	3-Year	5-Year	10-Year	Since inception
Fund	27.47	4.75	1.80	9.30	8.08
Benchmark	25.36	(1.26)	(1.19)	3.37	5.49

Note: All performance figures have been extracted from Lipper.

Annual total return of the Fund

FYE: 31 December 2019, in %	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Fund	27.74	(26.98)	23.47	(14.26)	10.96	6.04	43.62	23.42	(2.97)	22.01
Benchmark	25.36	(33.74)	15.87	(7.71)	6.04	(4.20)	36.71	(1.63)	(7.57)	24.19

Note: All performance figures have been extracted from Lipper.

For the financial year under review, the Fund's increased by 27.47%, while the benchmark gained by 25.36%. As such, the Fund outperformed its benchmark by 2.11%.

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	0.70	0.88	1.15

The Fund's PTR reduced from 0.88 times to 0.70 times due to reduction in trading activities.

Distribution

FYE: 31 December	2019	2018	2017	
Fund	Gross distribution per unit (Sen)	N/A	N/A	N/A
	Net distribution per unit (Sen)	N/A	N/A	N/A

There was no distribution made for 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.
- (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 : 03-2092 3800
- via fax to : 03-2093 2700
- via e-mail to : complaints@fimm.com.my
- via online complaint form available at www.fimm.com.my
- via letter to : Legal, Secretarial & Regulatory Affairs
Federation of Investment Managers Malaysia
19-06-1, 6th Floor Wisma Tune
No. 19, Lorong Dungun Damansara Heights, 50490 Kuala Lumpur

Appendix: Glossary

Application Fee	- Preliminary charge on each investment.
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 deedss.
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.
FTSE	- The Financial Times and the London Stock Exchange.
Fund or OP-SCO	- Principal Small Cap Opportunities Fund (<i>formerly known as CIMB-Principal Small Cap Fund</i>).
IUTA	- Institutional Unit Trust Schemes Adviser.
Management Fee	- A percentage of the NAV of the Fund that is paid to the Manager for managing the portfolio of the Fund.
Master Prospectus	- 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 scheme consultants of Principal Malaysia (authorized Principal Malaysia distributors).
Principal Malaysia or the Manager	- Principal Asset Management Berhad (<i>formerly known as CIMB-Principal Asset Management Berhad</i>).
PHS	- Refers to Product Highlights Sheet; the document issued by us that contains clear and concise information of the salient features of the Fund.
RM or MYR	- Malaysian Ringgit.
RSP	- Regular Savings Plan.
SC	- Securities Commission Malaysia.
SC Guidelines	- SC Guidelines on Unit Trust Funds.
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 for the Fund.
Unit holder	- The registered holder for the time being of a unit of the Fund including persons jointly so registered.
Withdrawal Fee	- A charge levied upon withdrawal under certain terms and conditions (if applicable).

Note: Unless the context otherwise requires,

- words importing the singular number should include the plural number and vice versa;

- *reference to any rules, regulations, guidelines, standards, directives, notices, 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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