

Date of Issuance: 26 February 2024

# Product Highlights Sheet

## Principal Institutional Bond Fund 4

### 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 omissions of other facts which would make any statement in this PHS false or misleading.

### Statement of Disclaimer

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

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

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

### The Manager

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

**This PHS supersedes the PHS dated 25 May 2023.**

**This PHS only highlights the key features and risks of this unlisted capital market product. You are advised to read this PHS together with the Replacement Information Memorandum dated 19 December 2019 and its supplementary (if any). You are advised to request, read and understand the Replacement Information Memorandum before deciding to invest.**

## Brief Information on Principal Institutional Bond Fund 4

The Fund is a wholesale bond fund issued by Principal Malaysia which aims to provide capital preservation with regular income over the short to medium term period by investing primarily in Malaysian fixed income securities and money market instruments.

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

### Product Suitability

This Fund best suits you if you:

- have a short to medium term investment horizon;
- seek opportunity to invest in Malaysian fixed income securities and money market instruments;
- want capital preservation with regular income from their investment; and
- are looking for a less volatile investment but can accept that returns may fluctuate over the short term.

### Key Product Features

<b>Fund category/Type</b>	Wholesale Fund (Bond) / Growth & Income
<b>Benchmark</b>	Quant Shop MGS 1-5 Years + 0.80% per annum. <b>Note:</b> <i>The Fund's benchmark is for performance comparison purpose only. The benchmark is customised as such to align it closer to the structure of the investment portfolio. The information of Quant Shop MGS 1-5 Years can be obtained from <a href="http://www.quantshop.com">www.quantshop.com</a>.</i>
<b>Investment policy and principal investment strategy</b>	<p>The investment strategy and policy of the Fund is to invest in a diversified portfolio of RM denominated fixed income securities consisting primarily of corporate bonds, aimed to provide income as well as capital appreciation. The Fund seeks to achieve its objective by investing at least 70% of its NAV in corporate bonds with a minimum credit rating of "A1" or "A+" by RAM or MARC. The remaining of the Fund's NAV will be invested in Deposits, money market instruments (including treasury bills and certificate of deposits) and liquid assets.</p> <p>The investment in corporate bonds includes conventional bonds and Sukuk issued in Malaysia. The corporate bonds shall have the maturity period of not more than 10.50 years at the point of purchase. The maturity period for placement of Deposits shall not exceed one (1) year. The average portfolio duration of the Fund shall not exceed five (5) years.</p> <p>The asset allocation for the Fund is as follows:</p> <ul style="list-style-type: none"> <li>▪ at least 70% of its NAV in corporate bonds; and</li> <li>▪ up to 30% of its NAV in Deposits, money market instruments and liquid assets.</li> </ul>
<b>Launch date</b>	3 September 2009.
<b>Financial year-end</b>	31 December.
<b>Distribution policy</b>	Monthly, depending on the level of income (if any) the Fund generates and at our discretion.
<b>Manager</b>	Principal Asset Management Berhad
<b>Trustee</b>	<p>Before 25 May 2023, PB Trustee Services Berhad</p> <p>After 25 May 2023, HSBC (Malaysia) Trustee Berhad</p>
<b>Solicitors</b>	Soon Gan Dion & Partners

### Key Risks

General risks of investing in a collective investment scheme	
<b>Returns not guaranteed</b>	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.
<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'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. 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 associated with the investment portfolio of the Fund</b>	
<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 securities, 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 securities, 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>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>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.
<b>Company specific risk</b>	The investments of the Fund in companies may be affected by any company-specific changes such as the company's business situation, unforeseen entry of a new competitor into the market or the company's credit rating being downgraded. This may cause the price of any issuance by that company to fall and in turn may cause the net asset value of the Fund to fall.

*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 Wholesale 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:** Please take note that if your investments are made through an IUTA via a nominee system of ownership, you would not be deemed as 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>	Nil.
<b>Withdrawal Fee</b>	Nil.
<b>Switching Fee</b>	Nil.
<b>Transfer Fee</b>	Nil.
<b>Management Fee</b>	Up to 0.25% per annum of the NAV of the Fund.
<b>Trustee Fee</b>	Before 25 May 2023, 0.04% per annum of the NAV of the Fund. After 25 May 2023, 0.03% per annum of the NAV of the Fund.
<b>Expenses directly related to 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.
<b>Other charges payable indirectly by you when investing in the Fund</b>	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by the investor.

**Note:** Despite the maximum Application Fee disclosed above, you may negotiate with us or Distributors for lower fees or charges. We and our Distributors reserve our sole and absolute discretion to accept or reject your request and without having to assign any reason.

Subject always to the provisions of the Deed and GLOLA, 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, Class, payable by you to the Fund or payable by any other investors to the Fund.

We may for any reason and at any time, waive or reduce: (a) any fees (except the Trustee Fee); (b) other charges payable by you in respect of 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.

**Transaction Information**

<b>Minimum initial investment</b>	MYR 1 million or such other amount as we may decide from time to time.
<b>Minimum additional investment</b>	MYR 1 million or such other amount as we may decide from time to time.
<b>Minimum withdrawal</b>	1 million units or such other number of units as we may decide from time to time. There is no restriction on the frequency of withdrawals.
<b>Minimum balance</b>	1 million units or such other number of units as we may decide from time to time.
<b>Switching</b>	Switching will be conducted based on the value of your investment in the Fund. The minimum amount for a switch must be equivalent to the minimum withdrawal amount applicable to the Fund or such other amounts as we may from time to time decide. Please note that the minimum amount for a switch must also meet the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the fund to be switched into. Further, Unit holders must at all times maintain at least the minimum balance required for the Fund to stay invested in that Fund. Currently, there is no restriction on the frequency of switches.
<b>Transfer facility</b>	No transfer facility is available for this Fund.
<b>Cooling-off period</b>	Corporations/institutions investing in the Fund are not entitled to the cooling-off right.

**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) You may 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 the Trustee Fee); (b) other charges payable by you in respect of 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 adopt the single pricing method for any transactions (i.e. applications, switches, transfers and/or withdrawals) based on forward prices. This means that we will process your transactions request based on the NAV per unit at the next valuation point after we receive the completed relevant transaction forms from you. Please refer to “Unit Pricing” section of the Information Memorandum for more details.

**Avenue to Exit This Investment**

To exit from this investment, you may withdraw from the Fund or switch out of the Fund. You may withdraw your investment at the NAV per unit of the Business Day. Please refer to the “Fees & Charges” and “Transaction Information” sections of the Information Memorandum for more details.

Withdrawals can be made from the Fund by completing a withdrawal form and sending it to 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 seven (7) Business Days upon our 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, please refer to the “Transaction Information” chapter of the Information Memorandum. For more information on the fees and charges incurred 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 and Institutional Business at (03) 2084 8888 for further information or for any dispute resolution. Our Corporate and Institutional Business is available during business hours 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](mailto:myservice@principal.com) or [myinstitutionalenquiries@principal.com](mailto:myinstitutionalenquiries@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](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 the 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 : 03-7890 4242
  - 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. <b>Note:</b> We may declare certain Business Days a non-Business Day when deemed necessary, such as in the event of market disruption.
CMSA	- Capital Markets and Services Act 2007.
Deed	- The principal deed and any supplemental deed in respect of the Fund made between us and the Trustee, in which the Unit holders agree to be bound by the provisions of the Deed.
Deposits	- As per the definition of “deposit” in the Financial Services Act 2013 and “Islamic deposit” in the Islamic Financial Services Act 2013. <b>Note:</b> To exclude structured deposits
Fund or IBF4	- Principal Institutional Bond Fund 4.
Information Memorandum	- Refers to the information memorandum dated 19 December 2019, first supplemental information memorandum dated 7 September 2021, second supplemental information memorandum dated 25 May 2023 and third supplemental information memorandum dated 26 February 2024 in respect of the Fund issued by us describing the details of the Fund.
IUTAs	- Institutional Unit Trust Scheme Advisers.
GLOLA	- SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.
Management Fee	- A percentage of the NAV of the Class that is paid to the Manager for managing the portfolio of the Fund.
MARC	- Malaysian Rating Corporation Berhad
NAV per unit	- The NAV of the Fund divided by the number of units in circulation, at the valuation point.
Net Asset Value or NAV	- The NAV of the Fund is the value of all the Fund’s assets less the value of all the Fund’s liabilities, at the point of valuation. For the purpose of computing the annual Management Fee (if any) and annual Trustee Fee (if any), the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day.
Principal Malaysia or the Manager	- Principal Asset Management Berhad
PHS	- Refers to Product Highlights Sheet, this document issued by the Manager that contains clear and concise information of the salient features of the Fund.
RAM	- Rating Agency Malaysia Berhad.
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, regulations, restrictions or requirements imposed by the respective country’s regulators where the Fund is open for sale. For investors in Malaysia, this refers to any person who: <ul style="list-style-type: none"><li>(i) is determined to be a sophisticated investor under the SC’s Guidelines on Categories of Sophisticated Investors, as amended from time to time; or</li><li>(ii) acquires any capital market products where the consideration is not less than MYR250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise,</li></ul> and/or any other category(ies) of investors as may be permitted by the SC from time to time. <b>Note:</b> For more information, please refer to our website at <a href="http://www.principal.com.my">www.principal.com.my</a> for the current and/or updated definition and categories of “Sophisticated Investor”.
Switching Fee	- A charge that may be levied when switching is done from one (1) fund to another.
Transfer Fee	- A nominal fee levied for each transfer of units from one (1) Unit holder to another.
Trustee Fee	- A fee that is paid to the Trustee for its services rendered as trustee of the Fund.
Unit holder	- The registered holder for the time being of a unit of the Fund including persons jointly so registered.
Wholesale Fund	- A unit trust scheme established in Malaysia where the units are to be issued, offered for subscription or purchase, or for which invitations to subscribe for or purchase the units are to be made, exclusively to Sophisticated Investor.
Withdrawal Fee	- A charge levied upon withdrawal under certain terms and conditions (if applicable).

### Notes: Unless the context otherwise requires:

- words importing the singular number should include the plural number and vice versa.
- reference to any rules, regulations, guidelines, standards, directives, notices, legislation or statutes in this 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.