

Date of Issuance: 25 May 2023

Product Highlights Sheet

Principal Institutional Bond Fund 5

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 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 19 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 Information Memorandum dated 19 December 2019 and the First Supplemental Information Memorandum dated 25 May 2023. You are advised to request, read and understand the Replacement Information Memorandum and the First Supplemental Information Memorandum before deciding to invest.

Brief Information on Principal Institutional Bond Fund 5

Principal Institutional* Bond Fund 5 is a wholesale bond fund issued by Principal Malaysia. The Fund aims to grow the value of investments through investments primarily in bonds.

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

* The Fund is targeted for institutional clients. Hence, "Institutional" is stated in the Fund name.

Product Suitability

This Fund best suits you if you:

- are a Sophisticated Investor;
- have a medium term investment horizon, i.e. one (1) year or more;
- want access to bond market; and
- are looking for a less volatile investment but can accept that returns may fluctuate over the short term, i.e. less than one (1) year.

Key Product Features

Fund Category/Type	Wholesale Fund (Bond) / Growth.
Benchmark	TR BPAM Corporate (3 – 7 years) All Bond Index + 30% CIMB Bank Overnight Rate. <i>Note: 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.</i> <i>Information on the TR BPAM Corporate (3 – 7 years) All Bond Index can be obtained from www.bpam.com.my.</i> <i>Information on the CIMB Bank Overnight Rate can be obtained from www.cimbbank.com.my.</i>
Investment policy and principal investment strategy	The Fund seeks to achieve its objective by investing in a diversified portfolio of Government Securities and corporate bonds. At least 70% of its NAV will be invested in Government Securities and corporate bonds which carry a minimum credit rating of "AA" by RAM Rating Services Berhad or its equivalent rating by Malaysian Rating Corporation Berhad. Up to 30% of the Fund's NAV will be invested in liquid asset such as deposits.
Launch date	2 May 2013.
Financial year-end	31 July.
Distribution policy	Quarterly, depending on the performance of the Fund and at the discretion of the Manager.
Manager	Principal Asset Management Berhad.
Trustee	HSBC (Malaysia) Trustee Berhad.
Solicitors	Wei Chien & Partners.

Key Risks

General risks of investing in a collective investment schem	
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	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 fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the value of the investment in monetary terms has increased.
Manager risk	This risk refers to the day-to-day management of the fund by the manager which will impact the performance of the fund. For example, investment decisions undertaken by the manager, as a result of an incorrect view of the market or any 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.

Financing risk	This risk occurs when you obtain financing to finance your investment. The inherent risk of investing with money obtained from financing includes you being unable to service the financing payments. In the event units are used as collateral, 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.
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Specific risks related to the Fund

Credit and default risk	The Fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the Fund invests in debt securities, money market instruments and/or 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.
Interest rate risk	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.
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.
Company specific risk	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 NAV of the Fund to fall.
Reinvestment risk	Reinvestment risk is incurred when the investments* are not reinvested at the interest rate when the bond was initially purchased. This risk is more evident during periods of declining interest rate. If these investments* are reinvested at a lower interest rate, the returns generated from the reinvestment will be lower than the returns initially expected. * Investments in this context refer to: <ul style="list-style-type: none"> ▪ coupons earned from holding a bond; ▪ principal payments returned to the bondholder upon maturity of the bond; and/or ▪ prevailing market price of the bond if the bond is sold prior to its maturity.

The above summary of risks does not purport to be an exhaustive list of all the risk factors relating to investments in the Fund and are not set out in any particular order of priority. You should be aware that an investment in a unit trust fund may be exposed to other risks from time to time. If in doubt, you should consult professional advisers for a better understanding of the risks.

Note: 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

Application Fee	Nil
Withdrawal Fee	Nil
Switching Fee	Since switching is treated as a withdrawal from one (1) fund and an investment into another Principal Malaysia's fund, you will 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. However, we have the discretion to waive the Switching Fee and/or administrative fees.
Transfer Fee	A Transfer Fee of not more than RM50.00 may be charged for each transfer. However, we have the discretion to waive the Transfer Fee.
Management Fee	Up to 0.20% per annum of the NAV of the Fund.
Trustee Fee	[0.02%] per annum of the NAV of the Fund.
Expenses directly related to 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.

Other charges payable indirectly by you when investing in the Fund	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by the investor.
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Note: All fees and charges payable by you and/or the Fund 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 this PHS.

Despite the maximum Application Fee or Withdrawal 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 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 the Trustee Fee) or other charges payable by you 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 via any digital platform) and for any period or periods of time at our absolute discretion.

Transaction Information

Minimum initial investment	RM 1 million or such other amount as we may decide from time to time.
Minimum additional investment	RM 1 million or such other amount as we may decide from time to time.
Minimum withdrawal	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.
Minimum balance	1 million units or such other number of units as we may decide from time to time.
Switching	<p>You have the option to switch into any of Principal Malaysia's funds that allow switching of units. The switching is based on the value of your investments in the Fund, at the point of exercising the switch.</p> <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 amount applicable to the Fund; ○ the minimum balance required (after the switch) 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).
Transfer facility	You are allowed to transfer for your holdings to other Sophisticated Investor subject to such terms and conditions as may be stipulated in the Deed and by us from time to time. We may refuse to register any transfer of unit at our absolute discretion.
Cooling-off period	Corporations/institutions investing in the Fund are not entitled to the cooling-off right.

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 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 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 Investor, a group of Sophisticated 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 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. 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 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 Customer Care Centre at (03) 7723 7260 or whatsapp at +6016 299 9792 for further information or for any dispute resolution. Our Customer Care Centre is available during business hour between 8:45 a.m. and 5:45 p.m. (Malaysian time) from Mondays to Fridays or you can e-mail us at service@principal.com.my.
- (ii) Alternatively, you may also contact:
- (a) 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) SC’s Consumer & Investor Office:
- via phone to Aduan Hotline at : 03-6204 8999
 - via fax to : 03-6204 8991
 - via e-mail to : aduan@seccom.com.my
 - via online complaint form available at www.sc.com.my
 - via letter to : Consumer & Investor Office
Securities Commission Malaysia
No 3, Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur
- (c) Federation of Investment Managers Malaysia’s Complaints Bureau:
- via phone to : 03-7890 4242
 - via e-mail to : complaints@fimm.com.my
 - via online complaint form available at www.fimm.com.my
 - via letter to : Legal, Secretarial & Regulatory Affairs
Federation of Investment Managers Malaysia
19-06-1, 6th Floor, Wisma Tune,
No. 19, Lorong Dungun Damansara Heights, 50490 Kuala Lumpur

Appendix: Glossary

Application Fee	- Preliminary charge on each investment.
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.
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.
Fund or IBF5	- Principal Institutional Bond Fund 5.
Government Securities	- Securities/papers issued by Government of Malaysia or Bank Negara Malaysia.
Management Fee	- A percentage of the NAV of the Fund that is paid to the Manager for managing the portfolio of the Fund.
NAV	- Net Asset Value.
NAV of the Fund	- The NAV of the Fund is the value of all the Fund's assets less the value of all the Fund's liabilities, at the point of valuation. For the purpose of computing the annual Management Fee (if any) and annual Trustee Fee (if any), the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day.
NAV per unit	- The NAV of the Fund divided by the number of units in circulation, at the valuation point.
Principal Malaysia or the Manager	- Principal Asset Management Berhad
PHS	- Refers to the disclosure document issued by the Manager 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: (i) falls within any of the categories of investors set out in Part 1, Schedules 6 and 7 of the CMSA; or (ii) acquires unlisted 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. Note: For more information, please refer to our website at www.principal.com.my for the current excerpts of Part 1, Schedules 6 and 7 of the CMSA and the definition of "Sophisticated Investor" under the SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.
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).

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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