

Date of issuance: 5 September 2023

Product Highlights Sheet

Principal Islamic Balanced Wholesale Fund-of-Funds

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 29 November 2019.

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 Information Memorandum dated 26 September 2019, First Supplemental Information Memorandum dated 29 November 2019 and Second Supplemental Information Memorandum dated 5 September 2023. You are advised to request, read and understand the Information Memorandum before deciding to invest.

Brief Information on Principal Islamic Balanced Wholesale Fund-of-Funds

Principal Islamic Balanced Wholesale Fund-of-Funds is a Wholesale Fund issued by Principal Malaysia. The Fund aims to achieve moderate capital growth by investing in a portfolio of Islamic CIS that invest in Shariah-compliant equities and/or Sukuk.

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

Product Suitability

The Fund best suits you if you:

- Seek for a potentially moderate volatile investment return;
- Have a medium term to long term investment horizon;
- Want a balanced portfolio that includes Islamic CIS investing predominantly in Shariah-compliant equities and/or Sukuk; and
- Want a portfolio of investments that adhere to Shariah principles.

Key Product Features

Fund category/Type	Wholesale Fund (Fund-of-funds – Shariah-compliant)/ Growth.
Benchmark	<p>As a fund-of-funds, the Fund is benchmark unconstrained, i.e. it will be managed without reference to any specific benchmark. However, for performance comparison purpose, the Fund can be compared to the 30% Quantshop GII Medium Index + 20% CIMB Islamic 1-month Fixed Return Income Account-I (FRIA-i) + 50% FTSE Bursa Malaysia EMAS Shariah Index.</p> <p>Note: You are cautioned that the risk profile of the Fund is different from the benchmark. The information on Quantshop GII Medium Index can be obtained from www.quantshop.com. The information on CIMB Islamic 1-month FRIA-i can be obtained from www.cimbislamic.com. Information on the FTSE Bursa Malaysia EMAS Shariah Index can be obtained from www.bursamalaysia.com.</p>
Investment policy and principal investment strategy	<p>The Fund aims to invest at least three (3) Islamic CIS investing predominantly in Shariah-compliant equities and/or Sukuk. In line with its objective, the investment policy and strategy of the Fund is to maintain a balanced portfolio between Islamic CIS investing predominantly in Shariah-compliant equities and Islamic CIS investing predominantly in Sukuk.</p> <p>As a balanced fund, the Fund will invest between 40% to 60% of its NAV in Islamic CIS investing predominantly in Shariah-compliant equities as well as between 40% to 60% of its NAV in Islamic CIS investing predominantly in Sukuk. The Islamic CIS investing predominantly in Sukuk will provide some capital stability to the Fund whilst the Islamic CIS investing predominantly in equity portion will provide the added return in a rising market. The Fund may also invest up to 5% of its NAV in Islamic liquid assets such as Islamic money market instruments and/or Islamic Deposits for liquidity purposes.</p> <p>The allocation between the Islamic CIS is done through a combination of macroeconomic data, liquidity trends and the outlook to overweight or underweight a particular Islamic CIS. The Fund may invest in Islamic CIS that focus its investment in the Asia Pacific ex Japan region, i.e. companies that are domiciled in, listed in, and/or have operations or businesses that focus in the Asia Pacific ex Japan region within the Eligible Markets.</p> <p>Asset Allocation</p> <ul style="list-style-type: none"> ▪ Between 40% to 60% of the Fund's NAV will be invested in Islamic CIS investing predominantly in Shariah-compliant equities; ▪ Between 40% to 60% of the Fund's NAV will be invested in Islamic CIS investing predominantly in Sukuk; and ▪ Up to 5% of the Fund's NAV may be invested in Islamic liquid assets such as Islamic money market instruments and/or Islamic Deposits.
Launch date	24 November 2017.
Financial year-end	31 December.
Distribution policy	The Fund is not expected to pay any distribution. However, we have the discretion to make income distribution on an ad-hoc basis, depending on the availability of realised income and/or realised gains, as well as the performance of the Fund.
Manager	Principal Asset Management Berhad.

Trustee	Before 11 October 2023, PB Trustee Services Berhad After 11 October 2023, HSBC (Malaysia) Trustee Berhad.
Shariah adviser	Amanie Advisors Sdn Bhd.
Solicitors	Wei Chien & Partners.

Key Risks

General risks of investing in a collective investment scheme	
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.
General market environment 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 wholesale 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. 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.
Reclassification of Shariah status risk	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, Shariah adviser of the issuer, the Shariah adviser of the Fund or the Shariah boards of the relevant Islamic indices. If this occurs, we will take the necessary steps to dispose such securities. There may be opportunity loss to the fund due to the fund not being allowed to retain the excess gains derived from the disposal of the Shariah non-compliant securities. 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.
Specific risks related to the Fund	
Risk associated with investing in Islamic CIS	Since the Fund will invest entirely 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.
Country risk	The Fund may invest into Islamic CIS which can be domiciled in various countries. Therefore, the Fund will be subjected to risks specific to the countries in which the Islamic CIS are domiciled in. Such risks include adverse changes in economic fundamentals, social and political stability, laws and regulations and foreign investments policies. These factors may be an adverse impact on the price of the Islamic CIS, which will depress the Islamic CIS's NAV growth, and consequently depress the Fund's NAV growth.
Currency risk	As the Fund may invest into Islamic CIS denominated in currencies other than MYR, any fluctuation in the exchange rate between MYR and the currencies in which the Islamic CIS are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the Islamic CIS are denominated depreciate against MYR, this will have an adverse effect on the NAV of the Fund in MYR and vice versa. You should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

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, please consult your professional advisers for a better understanding of the risks.

Note: Please take note that if your investments are made through an institutional unit trust schemes adviser via a nominee system of ownership, you would not be deemed as a Unit holder under the deed of the Fund 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 and Charges

Application Fee	Nil.
Withdrawal Fee	Nil.
Switching Fee	Nil.
Transfer Fee	Nil.
Management Fee	Up to 1.50% per annum of the NAV of the Fund.
Trustee Fee	Before 11 October 2023, Up to 0.035% per annum of the NAV of the Fund. After 11 October 2023, Up to 0.03% per annum of the NAV of the Fund.
Other charges payable directly by you when purchasing or withdrawing 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 that Fund. Examples of relevant expenses are audit fee and tax agent's fee.

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.

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 made via any digital platform) and for any period or periods of time at our absolute discretion.

Transaction Information

Minimum initial investment	MYR5,000 or such other amount as we may decide from time to time.
Minimum additional investment	MYR2,000 or such other amount as we may decide from time to time.
Minimum withdrawal	MYR2,000 or such other amount as we may decide from time to time.
Minimum balance	MYR5,000 or such other amount as we may decide from time to time.
Switching	Switching will be conducted based on the value of your investment in the Fund. The minimum amount for a switch is subject to: <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).
Transfer	No transfer facility is available for the Fund.

Cooling-off period	You have six (6) Business Days after your initial investment (i.e. from the date the complete application is received and accepted by us) to reconsider its appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per Unit when the units were purchased or prevailing NAV per Unit at the point of cooling-off (whichever is lower) (“Refund Amount”). We will pay the Refund Amount including the Application Fee (if any) to you within seven (7) Business Days from the date we receive the complete documentations. Please note that the cooling-off right is only given to first time investor investing with us. However, corporations or institutions, Principal Malaysia’s staff and person(s) registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.
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Note: You may request for a lower amount 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 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 ANY PAYMENT DIRECTLY OR INDIRECTLY TO ANY INDIVIDUAL AGENT/EMPLOYEE OF THE MANAGER OR ISSUE A CHEQUE IN THE NAME OF AN AGENT/EMPLOYEE OF THE MANAGER WHEN PURCHASING THIS FUND.

Valuations

We will carry out the valuation for a Business Day on the next Business Day (T+1) by 4:00 p.m. This is to cater for the currency translation of the foreign securities or instruments to the Fund’s base currency based on the bid exchange rate quoted by Bloomberg or Reuters at UK time 4:00 p.m. on the same day (Malaysian time 11:00 p.m. or 12:00 a.m.), or such other time as stipulated in the IMS. The NAV per Unit for a Business Day is available on our website at www.principal.com.my after 5:30 p.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 from the Fund or switch out of the Fund. 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 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 MYR 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, switching 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 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 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) FIMM'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 banks in Kuala Lumpur and/or Selangor are open for business.
CIS	- Collective investment schemes.
CMSA	- Capital Markets and Services Act 2007.
Eligible Markets	- An exchange, government securities market or an over-the-counter market that is regulated by a regulatory authority of that jurisdiction, that is open to the public or to a substantial number of market participants, and on which financial instruments are regularly traded.
FIMM	- Federation of Investment Managers Malaysia.
Fund or IWFF-B	- Principal Islamic Balanced Wholesale Fund-of-Funds.
IMS	- Investment Management Standards issued by the FIMM.
Information Memorandum	- Refers to the information memorandum in respect of the Fund and includes any addendum and/or supplemental to the information memorandum or replacement information memorandum, as the case may be.
Islamic Deposit	- As per the definition of "Islamic deposit" in the Islamic Financial Services Act 2013. Note: To exclude Islamic structured deposits.
Management Fee	- A percentage of the NAV of the Fund that is paid to us 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, 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 this disclosure document issued by the Manager that contains clear and concise information of the salient features of the Fund.
SAC	- Shariah Advisory Council.
SC	- Securities Commission Malaysia.
SC Guidelines	- SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.
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 ijthad of ulamak (personal effort by qualified Shariah scholars to determine the true ruling of the divine law on matters whose revelations are not explicit).
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"> (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.
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.

- 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.*

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