

Date of issuance: 1 April 2020

Product Highlights Sheet

Principal Islamic Deposit Fund 2

(formerly known as CIMB Islamic Deposit Fund 2)

Responsibility Statement

This PHS has been reviewed by the authorised committee approved by the directors 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.

Statement of Disclaimer

The Securities Commission Malaysia has authorized/recognised the issuance of Principal Islamic Deposit Fund 2 and a copy of this PHS has been lodged with the Securities Commission Malaysia.

The authorisation of Principal Islamic Deposit Fund 2 and lodgement of this PHS, should not be taken to indicate that the Securities Commission Malaysia recommends Principal Islamic Deposit Fund 2 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 Islamic Deposit Fund 2 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 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 27 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 Fund’s Replacement Prospectus dated 1 April 2020 and its supplementary (if any). You are advised to request, read and understand the Prospectus before deciding to invest.

Brief Information on Principal Islamic Deposit Fund 2

Principal Islamic Deposit Fund 2 is an Islamic money market fund issued by Principal Malaysia. The Fund aims to provide investors with liquidity and regular income, whilst maintaining capital stability by investing primarily in Islamic deposits. The Fund is established with a multi-class structure and is allowed to establish new class(es) from time to time.

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

Product Suitability

The recommended investment timeframe for this Fund is one (1) year. The Fund can be used as a place to:

- invest the cash portion of an investment portfolio; and
- set money aside while waiting to make another investment.

It is also best suits you if you:

- seek liquid and low risk investment;
- have an investment horizon of one (1) year or less;
- seek preservation of capital* and flexibility in investment; and
- desire a stream of income.

Note:

*The Fund is neither a capital guaranteed fund nor a capital protected fund.

Key Product Features

Fund Category/Type	Money Market (Islamic) / Income.					
Base currency	RM.					
Benchmark	CIMB Islamic Bank Overnight Rate for performance comparison.					
Investment strategy	<p>The Fund will invest at least 70% of the Fund's NAV in Islamic Deposits with Islamic financial institutions. Up to 30% of the Fund's NAV may be invested in Islamic money market instruments, all of which have a remaining maturity period of not more than 365 days. The Fund may also invest up to 10% of the Fund's NAV in Islamic Deposits and Islamic money market instruments with a remaining maturity period of more than 365 days but less than 732 days. The minimum credit rating for the Islamic money market instruments must be at least "BBB3" or "P2" by RAM or equivalent rating by MARC or any local rating agencies of the country or "BBB" by S&P or equivalent rating by any other international rating agencies. We will manage the portfolio actively with trading frequency that will depend on the view of the interest rate outlook. The investment policy and strategy is to invest in liquid and low risk short-term investments for capital preservation* and to accommodate the short-term cash flow requirements of its unit holders.</p> <p>* The Fund is neither a capital guaranteed fund nor a capital protected fund within the definition in the SC Guidelines.</p> <p>Asset Allocation</p> <ul style="list-style-type: none"> ▪ At least 70% of the Fund's NAV in Islamic Deposits with Islamic financial institutions; ▪ Up to 30% of the Fund's NAV in Islamic money market instruments, all of which have a remaining maturity period of not more than 365 days; and ▪ Up to 10% of the Fund's NAV in Islamic Deposits and Islamic money market instruments with a remaining maturity period of more than 365 days but less than 732 days. 					
Launch date	Class A	:	7 November 2017	Class D	:	1 April 2020
	Class B	:	7 November 2017	Class E	:	1 April 2020
	Class C	:	7 November 2017	Class F	:	1 April 2020
Financial year-end	31 May.					
Distribution policy	<p>Class A, Class B, Class C, Class D, Class E and Class F:</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>					

Manager	Principal Asset Management Berhad (<i>formerly known as CIMB-Principal Asset Management Berhad</i>).
Trustee	PB Trustee Services Berhad.
Shariah adviser	Amanie Advisors Sdn Bhd.
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	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 risk	This risk refers to the day-to-day management of the fund by us which will impact the performance of the fund. For example, investment decisions undertaken by us, 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 Islamic money market instruments in the fund may be reclassified as Shariah non-compliant in the periodic review of the instruments by the relevant authority. If this occurs, we will take the necessary steps to dispose such instruments. 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 instruments. In the event that the Shariah non-compliant instruments 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 of the Fund	
Interest rate risk	<p>Interest rate risk refers to the impact of the changes in the interest rate environment that would affect the performance of the Fund. When the interest rates decrease, financial institutions may offer deposits with lower interest rates. As such, this will reduce the potential returns of future deposits which in turn will reduce the potential returns of the Fund.</p> <p>Please note that although Islamic Deposit is a non-interest bearing deposit, the profit rate is correlated to the movement in the interest rates. As such, investment in Islamic Deposit will have an exposure to interest rates. Even though the Fund does not invest in interest bearing instruments, the interest rate referred herein is to the general interest rate of the country which may affect the value of the investment of the Fund.</p>
Credit and default risk	Investment of the Fund may involve a certain degree of credit and default risk. Generally, credit and default risk is the risk of loss due to the counterparty's and/or issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. We aim to mitigate this risk by performing fundamental credit research and analysis to determine the creditworthiness of its counterparty and/or issuer.

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).

INVESTMENT IN THE FUND IS NOT THE SAME AS PLACEMENT IN AN ISLAMIC DEPOSIT WITH AN ISLAMIC FINANCIAL INSTITUTION. THERE ARE RISKS INVOLVED AND YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS WHEN INVESTING IN THE FUND.

Fees & Charges

	Class(es) of units					
	Class A	Class B	Class C	Class D	Class E	Class F
Currency denomination	RM					
Application Fee	Nil.					
Withdrawal Fee	Nil.					
Switching Fee	Switching is treated as a withdrawal from a Class and an investment into another Class or Principal Malaysia's fund (or its classes). As such, you will be charged a Switching Fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of other Class or Principal Malaysia's fund (or its classes). Switching Fee will not be charged if the Class or Principal Malaysia's fund (or its classes) to be switched into has a lower Application Fee. In addition, we impose a RM100 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.					
Transfer Fee	A maximum of RM50 may be charged for each transfer.					
Management Fee	Up to 0.35%	Up to 0.25%	Up to 0.15%	Up to 0.20%	Up to 0.10%	Up to 0.05%
	per annum of the NAV of the Class.					
Trustee Fee	Up to 0.01% 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 by the Fund or you as disclosed in the 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 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

	Class(es) of units					
	Class A	Class B	Class C	Class D	Class E	Class F
Minimum initial investment	RM10,000 [#]	RM500,000	RM50 million	RM10 million	RM100 million	RM500 million
	or such other amount as we may decide from time to time.					
Minimum additional investment	RM1,000	RM25,000	RM100,000	RM50,000	RM500,000	RM1 million
	or such other amount as we may decide from time to time.					
Minimum withdrawal	1,000 units	10,000 units	50,000 units	25,000 units	1 million units	5 million units
	or such other amount as we may decide from time to time.					
Minimum balance	5,000 units	10,000 units	1 million units	25,000 units	1 million units	5 million units
	or such other amount as we may decide from time to time.					
Regular Savings Plan ("RSP")	RSP is available for Class A. The RSP allows you to make regular monthly investments of RM1,000 or more, direct from your account held with a bank approved by us or our	Currently, Regular Savings Plan is not available.				

	Class(es) of units					
	Class A	Class B	Class C	Class D	Class E	Class F
	Distributors. The minimum initial investment for the RSP is RM10,000 or such other amount as we may decide from time to time.					
Switching	<p>Switching will be conducted based on the value of your investments in the Class. The minimum amount for a switch is subject to:</p> <ul style="list-style-type: none"> ▪ for switching out of the Class: <ul style="list-style-type: none"> ○ the minimum withdrawal applicable to the Class; ○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and ○ the Withdrawal Fee of the Class (if any). ▪ for switching into a Class <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 Class; 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	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units subject to such terms and conditions as may be stipulated in the Deed.					
Cooling-off period	<p>Six (6) Business Days after your initial investment from the date the complete application is received and accepted by us or our Distributors from the first time investor. However, Principal Malaysia's staff and person(s) registered to deal in unit trust of Principal Malaysia or any 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 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 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 will value the Classes 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 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 a Class by completing a withdrawal form and sending it to the relevant Distributors 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 three (3) Business Days, upon receipt of the complete withdrawal request to your bank account. For a withdrawal amount greater than RM30 million, you are required to provide us with a written notice (electronically or otherwise) of minimum seven (7) Business Days of such intention to withdraw to enable us to process the withdrawal. You will have to bear the applicable bank fees and charges, if any.

For more information on the withdrawals, switching and transfer facility, please refer to the “Transaction Information” chapter of the 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 Prospectus.

Fund Performance

Average total return of the Fund

FYE: 31 May 2019 in %	1-Year	3-Year	5-Year	10-Year	Since inception
Class A	-	-	-	-	-
Class B	0.33	-	-	-	0.21
Class C	1.26	-	-	-	0.80
Benchmark	3.17	-	-	-	1.64

Note: All performance figures have been extracted from Lipper.

Annual total return of the Fund

FYE: 31 May, in %	2019	2018
Class A	-	-
Class B	0.33	-
Class C	1.26	-
Benchmark	3.17	-

Note: All performance figures have been extracted from Lipper.

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 May	2019	2018
Fund	30.72	-

The Fund’s PTR was stood at 30.72 times as at 31 May 2019.

Distribution

FYE: 31 May		2019	2018
Class A	Net distribution per unit (Sen)	-	-
	Gross distribution per unit (Sen)	-	-
Class B	Net distribution per unit (Sen)	0.33	-
	Gross distribution per unit (Sen)	0.33	-
Class C	Net distribution per unit (Sen)	1.26	-
	Gross distribution per unit (Sen)	1.26	-

The Fund distributed a total of RM3.42 million to unit holders for the financial year ended 31 May 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 Industries 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.
Class	- Any class of units representing similar interest in the assets of the Fund.
Class A, Class B, Class C, Class D, Class E, Class F	- The Classes of units issued by the Fund denominated in Malaysian Ringgit and differentiated mainly by its Management Fee.
Deed	- The principal deed and any supplemental deed in respect of the Fund made between us and the Trustee, in which the Unit holders of the Fund agrees to be bound by the provisions of the Deed.
Distributors	- Any relevant persons and bodies appointed by Principal Malaysia from time to time, who are responsible for selling units of the Funds, including Principal Distributors and IUTAs.
EPF	- Employees Provident Fund.
EPF-MIS	- Employees' Provident Fund Members Investment Scheme.
Fund or iDF2	- Principal Islamic Deposit Fund 2 (<i>formerly known as CIMB Islamic Deposit Fund 2</i>).
Islamic Deposits	- As per the definition of "Islamic deposit" in the Islamic Financial Services Act 2013. Note: To exclude Islamic structured deposits.
IUTA	- Institutional Unit Trust Schemes Adviser.
Management Fee	- A percentage of the NAV of the Class that is paid to us for managing the portfolio of the Fund.
MARC	- Malaysian Rating Corporation Berhad.
NAV	- Net Asset Value.
NAV of the Fund	- 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. The NAV of a Class is 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 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, a document issued by us that contains clear and concise information of the salient features of the Fund.
Prospectus	- Refers to the document issued by us describing the details of the Fund.

RAM	- RAM Rating Services Berhad.
RM or MYR	- Malaysian Ringgit.
S&P	- Standard & Poor's.
SAC	- Shariah Advisory Council.
SC	- Securities Commission Malaysia.
SC Guidelines	- Guidelines on Unit Trust Funds issued by the SC.
Switching Fee	- A charge that may be levied when switching is done from one (1) fund or class to another.
Transfer Fee	- A nominal fee levied for each transfer of units from one (1) Unit holder to another.
Trustee	- PB Trustee Services Berhad.
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, legislations 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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