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Product Highlights Sheet

Principal Islamic Institutional Sukuk Fund

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 the 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 22 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 for the Fund dated 22 November 2019 and its supplementary (if any). You are advised to request, read and understand the Information Memorandum before deciding to invest.

Brief Information on Principal Islamic Institutional Sukuk Fund

The Fund is a wholesale sukuk fund issued by Principal Malaysia. The Fund aims to provide total return of investments through potential income and capital appreciation over medium to long-term by investing primarily in Ringgit denominated Shariah-compliant fixed income securities that comply with the Shariah principles.

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

Product Suitability

This Fund best suits you if you:

- are an institution, including a company or a corporation;
- have medium to long-term investment horizon, i.e. 3 years or more;
- want a diversified portfolio consisting of Malaysian Shariah-compliant fixed income securities;
- are looking for tax efficient income stream;
- want to maintain the value of your investments; and
- are looking for a less volatile investment but can accept that returns may fluctuate over the short term.

Key Product Features

Fund Category/Type	Wholesale Fund (Sukuk)/ Growth & Income
Benchmark	50% TR BPAM Corporates Sukuk Index + 50% TR BPAM 3y-7y Sukuk Index. <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. Information on the benchmark can be obtained from https://www.bpam.com.my.</i>
Investment strategy	The investment strategy and policy of the Fund is to invest in a diversified portfolio of RM denominated fixed income securities that comply with Shariah. The Shariah-compliant fixed income securities portfolio will consist primarily of Sukuk, aims to provide potential streams of income as well as capital appreciation. The Fund seeks to achieve its objective by investing up to 100% of its NAV in Sukuk and other Shariah-compliant fixed income securities, including but not limited to Islamic deposits with financial institutions under Financial Services Act 2013 and/or Islamic Financial Services Act 2013 in Malaysia. These Shariah-compliant securities include but not limited to those issued or backed by governments, government agencies, supranational organizations, corporates or other issuers in Malaysia. The minimum credit rating for these securities would be "A3" by RAM or MARC equivalent, with the exception for those issued or backed by governments or supranational organizations. The Fund may invest up to 30% of its NAV in unrated Sukuk and other unrated Shariah-compliant fixed income securities.
Launch date	8 April 2009
Financial year-end	31 July
Distribution policy	Quarterly, depending on the performance of the Fund and at the discretion of the Manager. Distribution, if any, will be made by the last Business Day of the following months of each year: March, June, September and December. <i>Note: 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 the Unit holders 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 Unit holders. We also have the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of its realised income, realised gains and/or capital, as well as the performance of the Fund.</i>
Manager	Principal Asset Management Berhad.
Trustee	HSBC (Malaysia) Trustee Berhad
Shariah Adviser	Amanie Advisors Sdn Bhd
Solicitors	Soon Gan Dion & 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.

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.
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.
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 noncompliance 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 installment 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 noncompliant in the periodic review of the securities by the SAC of the SC, the Shariah adviser, the Shariah boards of the relevant Islamic indices or the Shariah adviser of the issuer. 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 of the Fund	
Credit and default risk	Investment in debt securities, such as Sukuk, may involve a certain degree of credit and default risk with regards to the issuers. Generally, credit and default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment. This will cause a decline in value of the defaulted debt securities and subsequently depress the NAV of the Fund. Usually credit and default risk is more apparent for an investment with a longer tenor, i.e. the longer the duration, the greater the credit and default risk. It can be managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of the issuer. In addition, we also manage the duration of the investment in accordance with the objective of the Fund.
Interest rate risk	In general, when interest rates rise, Sukuk prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. However, you should be aware that should the Fund hold a Sukuk till maturity, such price fluctuations would dissipate as it approaches maturity, and thus the growth of the NAV shall not be affected at maturity. In order to mitigate interest rates exposure of the Fund, we will manage 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 its continuous fundamental research and analysis. Please note that although Sukuk is a non-interest bearing instrument, its price movement is correlated to the movement in the interest rates. As such, investment in Sukuk 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.
Counterparty risk	When the Fund conducts over-the-counter (OTC) transactions, it may be exposed to risks relating to the credit standing of its counterparties and their ability to fulfil the conditions of the contracts it enters into with them. Hence, it is generally not applicable to transactions performed through exchanges. We aim to mitigate this risk by performing fundamental credit research and analysis to determine the creditworthiness of its counterparty and impose a credit limit as a precautionary step to limit any loss that may arise directly or indirectly as a result of a defaulted transaction.
Liquidity risk	Liquidity risk can be defined as the ease with which a security can be sold at or near its fair value depending on the volume traded in the market. If a security encounters a liquidity crunch, the security may need to be sold at a discount to the market fair value of the security. This in turn would depress the NAV and/or growth of the Fund. Generally, all investments are subject to a certain degree of liquidity risk depending on the nature of the investment instruments, market, sector and other factors. We will attempt to balance the entire portfolio by investing in a mix of assets with satisfactory trading volume and those that occasionally could encounter poor liquidity. This is expected to reduce the risks for the entire portfolio without limiting the Fund's growth potentials.

Fees & Charges

Application Fee	Nil.
Withdrawal Fee	Nil.
Switching Fee	No switching facility is available for the Fund. Hence, Switching Fee is not applicable.
Transfer Fee	No transfer facility is available for the Fund. Hence, Transfer Fee is not applicable.
Management Fee	Up to 0.25% per annum of the NAV of the Fund.
Trustee Fee	Up to 0.03% per annum of the NAV of the Fund, subject to a minimum of RM30,000 per annum.
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 a 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 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 you or the Fund as disclosed in the Product Highlights Sheet.

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	RM10 million or such other amount as we may from time to time decide.
Minimum additional investment	RM10 million or such other amount as we may from time to time decide.
Minimum withdrawal	RM1 million or such other amount as we may from time to time decide.
Minimum balance	1 million units or such other amount as we may from time to time decide.
Switching	No switching facility is available for the Fund.
Transfer	No transfer facility is available for the Fund.
Cooling-off period	Not applicable for corporations/institutions.

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 amount or number 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 INDIVIDUAL AGENT/EMPLOYEE OF THE MANAGER WHEN PURCHASING THIS FUND.

Valuations

We will carry out the valuation point for the Fund for a Business Day at the end of that Business Day (T). The NAV per unit for a Business Day is available on our website at 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 Information Memorandum for more information.

Avenues 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.

Withdrawals can be made from the Fund by either completing a withdrawing form or sending a letter to us. There is no restriction on the frequency of withdrawals. You may request for a cash withdrawal or withdrawal via transfer of assets. Your request for withdrawal via transfer of asset is subject to our discretion and the concurrence of the Trustee. Should you request for withdrawal via transfer of assets, we have the discretion to request for further information and/or documents in order to accept the withdrawal request.

For cash withdrawal:

If you request a specific amount in RM, the number of units will be calculated by dividing the requested amount in RM by the unit pricing, and the number of units will be rounded down to two (2) decimal places. That amount will be paid in RM within three (3) Business Days. The amount that you will receive is calculated by the withdrawal value less the Withdrawal Fee (if any). You will have to bear the applicable bank fees and charges, if any.

For withdrawal via transfer of assets:

If you request a specific amount in RM, the Sukuk value may not commensurate with your withdrawal value. As such, we reserve the right to pay you partially in Sukuk and in cash. You will be paid via transfer of assets within three (3) Business Days and remaining cash (if any) within 30 days. You should note that withdrawal by transfer of assets of the Fund will not be at the NAV per unit of the Fund, as you will receive the underlying assets of the Fund, which are Sukuk. 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 the “Fees, Charges and Expenses” chapter of the Information Memorandum.

Contact for Further Information/Complaint

- (i) You may contact our Corporate & Institutional Business at (03) 2084 8888 between 8:45 a.m. and 5:45 p.m. (Malaysian time) from Mondays to Fridays or you can e-mail us at 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
 - via letter to : Securities Industry Dispute Resolution Center
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 : 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.
BPAM	- Bond Pricing Agency Malaysia.
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. Note: We may declare certain Business Days a non-Business Day when deemed necessary, such as in the event of market disruption.
Fund or iISF	- Principal Islamic Institutional Sukuk Fund.
Information Memorandum	- Refers to the information memorandum dated 22 November 2019 and first supplemental information memorandum dated 26 February 2024 in respect of the Fund issued by us describing the details of the Fund.
Management Fee	- A percentage of the NAV of the Fund that is paid to the Manager for managing the portfolio of the Fund.
MARC	- Malaysian Rating Corporation Berhad.
NAV	- Net Asset Value.
NAV of the Fund	- The value of all Fund's assets less the value of all the Fund's liabilities, at the point of valuation. For the purpose of computing the annual Management Fee (if any) and annual Trustee Fee (if any), the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day.
NAV per unit	- The NAV of the Fund divided by the number of units in circulation, at the valuation point.
Principal Malaysia or the Manager	- Principal Asset Management Berhad.
PHS	- Refers to Product Highlights Sheet, this document issued by us that contains clear and concise information of the salient features of the Fund.
RAM	- RAM Rating Services Berhad.
RM or MYR	- Malaysian Ringgit.
SAC	- Shariah Advisory Council.
SC	- Securities Commission Malaysia.
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: <ol style="list-style-type: none">(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(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, and/or any other category(ies) of investors as may be permitted by the SC from time to time. <i>Note: For more information, please refer to our website at www.principal.com.my for the current and/or updated definition and categories of "Sophisticated Investor".</i>
Sukuk	- Refers to certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts. Note: For local Sukuk, it must comply with Shariah principles and concepts endorsed by the SAC of SC.
Switching Fee	- A charge that may be levied when switching is done from one (1) fund to another.
TR	- Thomson Reuters.
Transfer Fee	- A nominal fee levied for each transfer of units from one (1) Unit holder to another.
Trustee Fee	- A percentage of the NAV of the Fund that is paid to the Trustee for its services rendered as trustee for the Fund.
Unit holder	- The registered holder for the time being of a unit of the Fund including persons jointly so registered.
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, legislations or statutes in this Product Highlights Sheet 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 Product Highlights Sheet shall be a reference to that time, day or date in Malaysia; and*
- *reference to “days” in this Product Highlights Sheet will be taken to mean calendar days.*

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