

Date of issuance: 26 February 2024

Product Highlights Sheet

Principal Islamic Malaysia Government Sukuk Fund

Responsibility Statement

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

Statements 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 the 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 21 June 2021.

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 21 June 2021 and its supplementary (if any). Sophisticated Investors are advised to request, read and understand the Information Memorandum before deciding to invest.

Brief Information on Principal Islamic Malaysia Government Sukuk Fund

The Fund is a wholesale fund issued by Principal Malaysia. The Fund aims to provide regular income through investments primarily in Malaysian government Sukuk. The Fund is established with a multi-class structure and is allowed to establish new Class(es) from time to time without your prior consent.

This is neither a capital protected nor capital guaranteed fund.

Product Suitability

The Fund best suits you if you:

- are a Sophisticated Investor;
- have a short to medium term investment horizon; and
- want a diversified portfolio consisting of Malaysian government Sukuk.

Key Product Features

Fund Category/Type	Wholesale Fund (Sukuk)/ Income					
Base currency	MYR					
Benchmark	TR BPAM All Bond Index – Islamic – Government – 1Y to 3 Y for performance comparison purpose only.					
Investment policy and strategy	<p>The Fund seeks to achieve its Fund objective by investing up to 98% of its NAV primarily in Malaysian government Sukuk which includes but not limited to Government Investment Issue (“GII”) and Government Guaranteed Issuances (“GG”). At least 2% of its NAV will be invested in Islamic liquid assets such as Islamic money market instruments and/or Islamic Deposits for liquidity purposes.</p> <p>Asset Allocation</p> <ul style="list-style-type: none"> ▪ Up to 98% of its NAV in Malaysian government Sukuk; and ▪ At least 2% of its NAV in Islamic liquid assets such as Islamic money market instruments and/or Islamic Deposits. 					
Launch date	Class A	:	21 June 2021	Class C	:	21 June 2021
	Class B	:	21 June 2021	Class D	:	21 June 2021
Financial year-end	31 December.					
Distribution Policy	<p>Class A, Class B, Class C and Class D:</p> <p>Monthly, depending on the level of income (if any) and at our discretion. We have the right to make provisions for reserves in respect of distribution of the Class. 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, realised capital gains and/or capital, as well as the performance of the Fund.</p>					
Manager	Principal Asset Management Berhad					
Trustee	HSBC (Malaysia) Trustee Berhad					
Shariah Adviser	Amanie Advisors Sdn Bhd.					
Solicitor	Soon Gan Dion & Partners					

Key Risks

General risks of investing in a 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 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, an incorrect view by the manager of the market, 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 loan/financing to finance your investment. The inherent risk of investing with money obtained from borrowing/financing includes you being unable to service the loan/financing payments. In the event units are used as collateral and if the prices of units fall below a certain level due to market conditions, you may be required to pay additional amounts on top of your normal installment. If you fail to comply within the time prescribed, your units may be sold at an unfavourable price and the proceeds thereof will be used towards the settlement of your loan/financing.
Shariah non-compliance risk	<p>This is the risk of the fund not conforming to Shariah Investment Guidelines. The appointed Shariah Adviser for the Fund would be responsible for ensuring that the Fund is managed and administered in accordance with Shariah Investment Guidelines. Note that as the Fund can only invest in Shariah compliant instruments, non-compliance may adversely affect the NAV of the Fund when the rectification of non-compliance results in losses.</p> <p>If the non-compliance due to active breach by the Manager (i.e: buying a Shariah non-compliant instrument), then any gain received arising from the disposal of the Shariah non-complaint instrument shall be purified and channelled to charitable bodies; however, if there is a loss arising from such disposal, the Manager shall bear the loss, subject to the consultation with the Shariah Adviser.</p>

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 Malaysian government Sukuk, Islamic money market instruments and/or place Islamic Deposits. Credit risk relates to the creditworthiness of the securities issuers or counterparties and their expected ability to make timely payment of profit 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 Malaysian government Sukuk or issuer, 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	<p>Interest rate risk refers to the impact of interest rate changes on the valuation of debt instruments and money market instruments. When interest rates rise, debt instruments and money market instruments prices generally decline and this may lower the market value of the Fund's investment in debt instruments and money market instruments. In managing the debt instruments, we take into account the coupon rate and time to maturity of the debt instruments with an aim to mitigate the interest rate risk. As for money market instruments, the typical tenor of these instruments are less than 12-month maturity and unlike debt instrument, any change to interest rate will only have a minor impact to the prices of these instruments.</p> <p>Please note that although Malaysian government Sukuk is a non-interest bearing instrument, its price movement is correlated to the movement in the interest rates. As such, investment in Malaysian government Sukuk will have an exposure to the movement of the 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>

Note: If your investments are made through IUTA via a nominee system of ownership, you would not be deemed to be a Unit holder under the Deed and as a result, 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

Classes	Class A	Class B	Class C	Class D
Currency denomination			MYR	
Application Fee			Nil.	
Withdrawal Penalty			Nil.	
Switching Fee	Switching is treated as a withdrawal from this Class and an investment into another Class or Principal Malaysia's fund (or its class). As such, you may be charged a switching fee equal to the difference (if any) between the Application Fee of the Class and the Application Fee of the other Class or Principal Malaysia's fund (or its class). Switching fee will not be charged if the Class or Principal Malaysia's fund (or its class) to be switched into has a lower Application Fee. In addition, we may impose a MYR100.00			

Classes	Class A	Class B	Class C	Class D
	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.			
	Note: Switching from an Islamic fund to a conventional fund is discouraged for Muslim investors.			
Transfer Fee	A maximum of MYR50.00 may be charged for each transfer.			
Management Fee	Up to 0.20%	Up to 0.15%	Up to 0.10%	Up to 0.07%
	per annum of the NAV of the Class.			
Trustee Fee	Up to 0.02% 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: Despite the maximum Application Fee disclosed above, you may negotiate with us or Distributors for lower fee or charges. We and our Distributors reserve our sole and absolute discretion to accept or reject your request and without having to assign any reason.

Subject always to the provisions of the Deed and GLOLA, we reserve our sole and absolute discretion without providing any reason whatsoever and at any time to amend, vary, waive and/ or reduce the fees and charges (except for Trustee Fee), whether payable by the Fund, Class, payable by you to the Fund or payable by any other investors to the Fund.

We may for any reason and at any time, waive or reduce: (a) any fees (except the Trustee Fee); (b) other charges payable by you in respect of the Funds; and/ or (c) transactional values including but not limited to the units or amount, for any Unit holder and/or investments made via any distribution channels or platform.

Transaction Information

Classes	Class A	Class B	Class C	Class D
Minimum initial investment	MYR 1 million	MYR 10 million	MYR 150 million	MYR 300 million
	or such other amount as we may decide from time to time.			
Minimum additional investment	MYR 1 million	MYR 1 million	MYR 1 million	MYR 1 million
	or such other amount as we may decide from time to time.			
Minimum withdrawal	MYR 100,000	MYR 1 million	MYR 1 million	MYR 1 million
	or such other amount as we may decide from time to time.			
Minimum balance	100,000 units	1 million units	10 million units	50 million units
	or such other number of units as we may decide from time to time.			
Switching	Switching will be conducted based on the value of your investments in the Class. The minimum amount for a switch is subject to: <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 penalty 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). You may negotiate to lower the amount for your switch with us or our Distributors.			
Transfer	We may, at our absolute discretion, allow/refuse Unit holders to transfer their units to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.			

Note: We reserve our sole and absolute discretion without providing any reason whatsoever and at any time to accept, reject, amend, vary, waive and/ or reduce (as the case maybe): (i) You may request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units; and/ or (ii) the minimum balance. For increase in the number of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes.

We may for any reason and at any time, waive or reduce: (a) any fees (except the Trustee Fee); (b) other charges payable by you in respect of the Funds; and/ or (c) transactional values including but not limited to the units or amount, for any Unit holder and/or investments made via any distribution channels or platform.

YOU SHOULD NOT MAKE ANY PAYMENT DIRECTLY OR INDIRECTLY TO ANY INDIVIDUAL AGENT/EMPLOYEE OF THE MANAGER OR ISSUE A CHEQUE IN THE NAME OF AN INDIVIDUAL AGENT/EMPLOYEE OF THE MANAGER WHEN PURCHASING THIS FUND.

Valuations

We will carry out the valuation point for the Classes 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, switch out or transfer your unit holdings to other eligible Sophisticated Investors. You may withdraw your investment at the NAV per unit of the Business Day.

You may withdraw by completing a withdrawal form and sending it to the relevant Distributor or our head office. There is no restriction on the frequency of withdrawals and no withdrawal penalty will be charged. Hence, the amount that you will receive is the withdrawal value. You will be paid within seven (7) Business Days of 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, transfer facility 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 our Customer Care Centre at (03) 7723 7260 or whatsapp at +6016 2999792 or Corporate & Institutional Business at (03) 2084 8888 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) on Mondays to Fridays or you can e-mail us at myservice@principal.com or 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 (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 : 03-7890 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. This information will be communicated to you via our website at www.principal.com.my .
CMSA	- Capital Markets and Services Act 2007.
Class	- Any Class of units representing similar interests in the assets of the Fund and differentiated by features such as transaction amount, fees and charges and/or distribution policy.
Distributor	- Any relevant persons and bodies appointed by Principal Malaysia from time to time, who are responsible for selling units of the Fund including Principal Distributors and IUTA.
Deed	- The principal deed and all supplemental deed in respect of the Fund entered into between us and the Trustee, in which the Unit holders, agree to be bound by the provisions of the Deed.
Islamic Deposits Fund or IMSF	- As per the definition of "Islamic deposit" in Islamic Financial Services Act 2013. - Principal Islamic Malaysia Government Sukuk Fund.
Information Memorandum	- Refers to the information memorandum dated 21 June 2021 and first supplemental information memorandum dated 26 February 2024 in respect of the Fund issued by us describing the details of the Fund.
IUTA	- Refers to "Institutional Unit Trust Schemes Adviser", a corporation registered with Federation of Investment Managers Malaysia and authorised to market and distribute unit trust schemes of another party.
Management Fee	- A percentage of the NAV of the Class that is paid to us for managing the portfolio of the Fund.
Malaysian government Sukuk	- Refers to Islamic debt instrument issued by the Malaysian government which includes Government Investment Issue ("GII") that complies with Shariah requirements.
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 (including Management Fee and Trustee Fee), at the point of valuation.
NAV of the Class	- 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 Malaysia, the Manager, we or us	- Principal Asset Management Berhad.
PHS	- Refers to Product Highlights Sheet; the document issued by us that contains clear and concise information of the salient features of the Fund.
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 ijihad of ulamak (personal effort by qualified Shariah scholars to determine the true ruling of the divine law on matters whose revelations are not explicit).
Shariah Adviser or Amanie	- Amanie Advisors Sdn Bhd.
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) 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. 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".

Trustee Fee	- A percentage of the NAV of the Fund 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.

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 disclosed in this PHS should be indicated as Malaysia time; and*
- *reference to “days” in this PHS will be taken to mean calendar days.*

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