

Date of issuance: 13 August 2020

# Product Highlights Sheet

## Principal Islamic Wholesale Sukuk Fund

### Responsibility Statement

This PHS has been reviewed by the directors or authorised committee or persons approved by the board of Principal Islamic 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 Islamic Malaysia responsible for the Fund and takes no responsibility for the contents of this PHS. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this PHS, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

### The Manager

Principal Islamic Malaysia obtained its license to operate as an Islamic Fund Management Company in August 2009 from the Securities Commission Malaysia. Principal Islamic Malaysia is one of the first companies in the industry to be awarded an Islamic fund management license by the Securities Commission Malaysia. Headquartered in Kuala Lumpur, Principal Islamic Malaysia is strategically located in the world's first country with a complete Islamic financial system operating in parallel to the conventional banking system. This allows the firm to leverage on Malaysia's comprehensive Islamic financial infrastructure and its adopted global regulatory, legal and Shariah best practices.

**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 Information Memorandum for Principal Islamic Wholesale Sukuk Fund dated 13 August 2020 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 Wholesale Sukuk Fund

The Fund is a wholesale fund issued by Principal Islamic 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 MYR denominated Islamic fixed income securities that comply with the Shariah principles. 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 medium to long term investment horizon; and
- want an investment primarily in Ringgit denominated Islamic fixed income securities that comply with Shariah principles.

### Key Product Features

<b>Fund Category/Type</b>	Wholesale Fund (Sukuk)/ Income					
<b>Base currency</b>	RM					
<b>Benchmark</b>	Maybank 12-month General Investment Account for performance comparison purpose only.					
<b>Investment strategy</b>	<p>The Fund seeks to achieve its investment objective by investing in a diversified portfolio of MYR denominated Islamic fixed income securities which consists primarily of Sukuk, GII and/ or GG. The Fund will invest between 70% and 98% (both inclusive) of its NAV in Sukuk with a minimum credit rating of AA3 by RAM or AA- by MARC, in unrated GII and/ or unrated GG. At least 2% of the Fund's NAV will be maintained in Islamic liquid assets such as Islamic money market instruments and/or Islamic Deposits.</p> <p><b>Asset Allocation</b></p> <ul style="list-style-type: none"> <li>▪ between 70% and 98% (both inclusive) of the Fund's NAV will be invested in Sukuk, GII and/ or GG; and</li> <li>▪ at least 2% of the Fund's NAV will be invested in Islamic liquid assets such as Islamic money market instruments and/or Islamic Deposits.</li> </ul>					
<b>Launch date</b>	Class A	:	13 August 2020	Class C	:	13 August 2020
	Class B	:	13 August 2020			
	<b>Note:</b> We have the discretion to determine the launch date, which shall be 13 August 2020, or such other date as maybe determined by us.					
<b>Financial year-end</b>	30 November					
<b>Distribution Policy</b>	<p><b><u>Class A, Class B and Class C</u></b></p> <p>Quarterly, 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 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 and/or realised gains, as well as the performance of the Fund.</p>					
<b>Manager</b>	Principal Islamic Asset Management Sdn Bhd					
<b>Trustee</b>	PB Trustee Services Berhad.					
<b>Shariah Adviser</b>	Amanie Advisors Sdn Bhd.					
<b>Solicitor</b>	Soon Gan Dion & Partners					

### Key Risks

General risks of investing in a fund	
<b>Returns not guaranteed</b>	The investment of the fund is subject to market fluctuations and its inherent risk. There is <b>NO GUARANTEE</b> on the investment returns, nor any assurance that the fund's investment objective will be achieved.

<b>Market risk</b>	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.
<b>Inflation risk</b>	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.
<b>Manager risk</b>	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.
<b>Financing risk</b>	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.
<b>Reclassification of Shariah status risk</b>	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, the Shariah Adviser 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.
<b>Specific risks related to the Fund</b>	
<b>Credit and default risk</b>	The Fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the Fund invests in 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 Sukuk, 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.
<b>Interest rate risk</b>	Interest rate risk refers to the impact of interest rate changes on the valuation of Sukuk, GII and/ or GG and Islamic money market instruments. When interest rates rise, Sukuk, GII and/ or GG and Islamic money market instruments prices generally decline and this may lower the market value of the Fund's investment in Sukuk, GII and/ or GG and Islamic money market instruments. In managing the Sukuk, GII and/ or GG, we take into account the coupon rate and time to maturity of the Sukuk with an aim to mitigate the interest rate risk. As for Islamic money market instruments, the typical tenor of this instrument is less than 12-month maturity and unlike Sukuk, GII and/ or GG, any change to interest rate will only have a minor impact to the prices of these instruments.  <b>Please note that although Sukuk, GII and/ or GG is a non-interest bearing instrument, its price movement is correlated to the movement in the interest rates. As such, investment in Sukuk, GII and/ or GG 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.</b>

## Fees & Charges

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>
<b>Application Fee</b>		Nil.	
<b>Withdrawal Fee</b>		Nil.	

<b>Switching Fee</b>	Switching is treated as a withdrawal from a Class and an investment into another Class or Principal Islamic Malaysia's fund (or its classes). 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 Islamic Malaysia's fund (or its classes). Switching Fee will not be charged if the Class or Principal Islamic Malaysia's fund (or its classes) to be switched into has a lower Application Fee. In addition, we may impose a RM100 administrative fee for every switch. You may negotiate to lower the switching fee and/or administrative fees with us. We also have the discretion to waive the switching fee and/or administrative fees.		
<b>Transfer Fee</b>	A Transfer Fee of not more than RM50 may be charged for each transfer.		
<b>Management Fee</b>	Up to 0.30%	Up to 0.25%	Up to 0.20%
	per annum of the NAV of the Class.		
<b>Trustee Fee</b>	Up to 0.025% per annum of the NAV of the Fund, subject to a minimum fee of Ringgit Malaysia Twelve Thousand (RM12,000.00) per annum.		
<b>Other charges payable directly by you when purchasing or withdrawing the units</b>	Any applicable bank charges and other bank fees incurred as a result of an investment or withdrawal will be borne by you.		
<b>Expenses directly related to the Fund</b>	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 you or the Fund as disclosed in the PHS.

We may, for any reason at any time, where applicable, waive, or reduce the amount of any fees (except 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

	Class A	Class B	Class C
<b>Minimum initial investment</b>	MYR 1 million	MYR 25 million	MYR 50 million
	or such other amount as we may decide from time to time.		
<b>Minimum additional investment</b>	MYR 1 million	MYR 1 million	MYR 1 million
	or such other amount as we may decide from time to time.		
<b>Minimum withdrawal</b>	MYR 250,000	MYR 250,000	MYR 250,000
	or such other amount as we may decide from time to time.		
<b>Minimum balance</b>	250,000 units	1 million units	25 million units
	or such other number of units as we may decide from time to time.		
<b>Switching</b>	<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"> <li>▪ for switching out of the Class: <ul style="list-style-type: none"> <li>○ the minimum withdrawal applicable to the Class;</li> <li>○ the minimum balance required (after the switch) for the Class, unless you are withdrawing from the Class in entirety; and</li> <li>○ the withdrawal penalty of the Class (if any).</li> </ul> </li> <li>▪ for switching into a Class <ul style="list-style-type: none"> <li>○ the minimum initial investment amount or the minimum additional investment amount (as the case may be) applicable to the Class; and</li> <li>○ the switching fee applicable for the proposed switch (if any).</li> </ul> </li> </ul> <p>You may negotiate to lower the amount for your switch with us or our Distributors.</p>		
<b>Transfer</b>	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.
<b>Cooling-off Period</b>	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 with a body approved by the SC to deal in unit trust are not entitled to the cooling-off right.

**Note:** You may request for a lower amount or number of units when purchasing units (or additional units) or withdrawing units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject a lower the amount or number of units and without having to assign any reason, either generally (for all Sophisticated Investors) or specifically (for any particular Sophisticated Investors, 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 Investors, a group of Sophisticated Investors or investments made via any digital platform) without prior notice to you. For increase in the amount or 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 ISLAMIC MALAYSIA OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST SCHEME CONSULTANT/EMPLOYEE OF PRINCIPAL ISLAMIC MALAYSIA WHEN PURCHASING UNIT TRUST 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 price for a Business Day is available on our website at <http://www.principalislamic.com> 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. Please note that if you withdraw during the initial offer period, the Application Fee will not be refunded to you, except in the case of cooling-off period.

You may withdraw by completing a redemption form and sending it to 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 ten (10) calendar 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 Institutional and International Sales at (03) 2084 8888 for further information or for any dispute resolution. Our Institutional and International Sales is available between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. to 4:45 p.m. (Malaysian time) on Fridays (except on Selangor public holidays) or you can e-mail us at [enquiries.principalislamic@principal.com.my](mailto:enquiries.principalislamic@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](mailto: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](mailto:aduan@seccom.com.my)
- via online complaint form available at [www.sc.com.my](http://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](mailto:complaints@fimm.com.my)
- via online complaint form available at [www.fimm.com.my](http://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. <b>Note:</b> We may declare certain Business Days a non-Business Day when deemed necessary, such as in the event of market disruption.
CMSA	- Capital Markets and Services Act 2007.
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 Islamic Malaysia from time to time, who are responsible for selling units of the Fund including Principal Distributors.
Deed	- The principal and all supplemental deed in respect of the Fund made between us and the Trustee, in which the Unit holders agree to be bound by the provisions of the deeds.
Fund or IWSF	- Principal Islamic Wholesale Sukuk Fund.
GLOLA	- SC Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.
GII	- Refers to Government Investment Issue, which is an Islamic debt instrument issued by BNM on behalf of the Government of Malaysia that complies with Shariah requirements.
GG	- Refers to Government Guaranteed Issuances, an issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures guaranteed by the Government of Malaysia.
Information Memorandum	- Refers to the Information Memorandum in respect of the Fund and includes any supplemental to the information memorandum or replacement information memorandum, as the case may be.
Islamic Deposits	- As per the definition of "Islamic deposit" in the Islamic Financial Services Act 2013.
Management Fee	- A percentage of the NAV of the Class that is paid to us for managing the portfolio of the Fund.
MCR	- Multi-class ratio, being the apportionment of the NAV of each Class over the Fund's NAV based on the size of each Class. The MCR is calculated by dividing the NAV (in MYR) of the respective Class by the NAV of the Fund before income and expenses for the day, save and except for Management Fee and those that are related to the specific Class shall be allocated to that Class only. The apportionment is expressed as a ratio and calculated as a percentage.
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 Distributors	- Refers to the unit trust scheme consultants of Principal Malaysia (authorised Principal Malaysia distributors).
Principal Islamic Malaysia or the Manager	- Principal Islamic Asset Management Sdn Bhd
Principal Malaysia	- Principal Asset Management Berhad
RAM	- RAM Rating Services Berhad.
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).
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, regulation, restrictions or requirements imposed by the respective country's regulators where the Fund is open for sale. For investors in Malaysia, this refers to any person who falls within any of the categories of investors set out in Part 1, Schedules 6 and 7 of the CMSA. Note: For more information, please refer to our website at <a href="http://www.principalislamic.com">http://www.principalislamic.com</a> for the current excerpts of Part 1, Schedules 6 and 7 of the CMSA.
Sukuk	- Refers to certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts. <b>Note:</b> For local Sukuk, it must also comply with Shariah principles and concepts endorsed by the SAC of SC.
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.
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.

**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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