

Date of issuance: 26 February 2024

Product Highlights Sheet

Principal Islamic Wholesale Sukuk Fund

Responsibility Statement

This PHS has been reviewed by the authorised committee approved by the directors 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 this PHS false or misleading.

Statement of Disclaimer

The relevant information and document in relation to the Fund, including a copy of this PHS has been lodged with the Securities Commission Malaysia under the Lodge and Launch Framework.

The lodgement of the relevant information and document in relation to the Fund, including this PHS, should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this PHS.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Principal Islamic 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 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 supersedes the PHS dated 5 September 2023.

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 of the Fund dated 13 August 2020 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 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 fund nor a 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 MYR denominated Islamic fixed income securities that comply with Shariah principles.

Key Product Features

Fund category/Type	Wholesale Fund (Sukuk)/ Income					
Base currency	MYR					
Benchmark	Maybank 12-month General Investment Account-i for performance comparison purpose only. Note: The information of the benchmark can be obtained from www.maybank2u.com.my .					
Investment strategy	<p>The Fund seeks to achieve its 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>Asset Allocation</p> <ul style="list-style-type: none"> ▪ between 70% and 98% (both inclusive) of the Fund's NAV will be invested in Sukuk, GII and/ or GG; and ▪ 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. 					
Launch date	Class A	:	13 August 2020	Class C	:	13 August 2020
	Class B	:	13 August 2020			
Financial year-end	30 November.					
Distribution policy	<p><u>Class A, Class B and Class C</u></p> <p>Distributions (if any) will be on a quarterly basis. The Manager has the right to make provisions for reserves in respect of distribution of the Class. If the distribution 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. The Manager has the discretion to decide on the amount to be distributed to the Unit holders. The Manager also has the discretion to make income distribution on an ad-hoc basis, taking into consideration the level of the distributable income of the Fund, as well as the performance of the Fund. Note: The Class may distribute income from realised income, realised capital gains, unrealised income, unrealised capital gains, capital and/or a combination of any of the above. We reserve the right to vary the frequency and/or amount of distributions.</p>					
Manager	Principal Islamic Asset Management Sdn Bhd.					
Trustee	HSBC (Malaysia) Trustee Berhad.					
Shariah adviser	Amanie Advisors Sdn Bhd.					
Solicitors	Wei Chien & 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 which includes your investment capital and returns, nor any assurance that the fund's 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, investment decisions undertaken by the manager, as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the deed, relevant law or guidelines due to factors such as human error or weaknesses in operational process and systems, may adversely affect the performance of the fund.
Financing risk	This risk occurs when you obtain financing to finance your investment. The inherent risk of investing with money obtained from financing includes you being unable to service the financing payments. In the event units are used as collateral, you may be required to top-up your existing instalment if the price of units fall below a certain level due to market conditions. Failing which, the units may be sold at a lower NAV per unit as compared to the NAV per unit at the point of purchase towards settling the financing.
Reclassification of Shariah status risk	This risk refers to the risk that the currently held Shariah-compliant securities in the fund may be reclassified as Shariah non-compliant in the periodic review of the securities by the SAC of the SC, 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.
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 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.
Interest rate risk	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. 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.

The above summary of risks does not purport to be an exhaustive list of all the risk factors relating to investments in the Fund and are not set out in any particular order of priority. You should be aware that an investment in the Fund may be exposed to other risks from time to time. If in doubt, please consult your professional advisers for a better understanding of the risks.

Note: Please take note that if your investments are made through an institutional unit trust scheme advisers via a nominee system of ownership, you would not be deemed as a Unit holder under the deed of the Fund and as a result, you may not exercise all the rights ordinarily conferred to a Unit holder (e.g. the right to call for Unit holders' meetings and the right to vote at a Unit holders' meeting).

Fees & Charges

	Class A	Class B	Class C
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 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 MYR100 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.		
Transfer Fee	A transfer fee of not more than MYR50 may be charged for each transfer.		
Management Fee	Up to 0.30%	Up to 0.25%	Up to 0.20%
	per annum of the NAV of the Class.		
Trustee Fee	Up to 0.025% 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.		

Notes: All fees and charges payable by you and/or the Fund are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable by you or the Fund as disclosed in this 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
Minimum initial investment	MYR 1 million	MYR 25 million	MYR 50 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
	or such other amount as we may decide from time to time.		
Minimum withdrawal	MYR 250,000	MYR 250,000	MYR 250,000
	or such other amount as we may decide from time to time.		
Minimum balance	250,000 units	1 million units	25 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 		

	Class A	Class B	Class C
	<ul style="list-style-type: none"> ○ 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). <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 to another eligible Sophisticated Investors subject to such terms and conditions as may be stipulated by us from time to time.		
Cooling-off Period	You have six (6) Business Days after your initial investment (i.e. from the date the complete application is received and accepted by us or any of our Distributors) to reconsider the appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased or prevailing NAV per unit at the point of cooling-off (whichever is lower) (“Refund Amount”). We will pay the Refund Amount including the Application Fee (if any) to you in the currency of the respective Class within seven (7) Business Days from the date we receive the complete documentations. Please note that the cooling-off right is only given to first time investor investing with us or our Distributors. However, corporations/institutions, Principal Islamic Malaysia’s staff and person(s) registered with a body approved by the SC to deal in unit trust funds are not entitled to the cooling-off right.		

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 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 of units for minimum withdrawal and minimum balance, we will require concurrence from the Trustee and you will be notified of such changes before implementation.

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

Valuations

We will carry out the valuation 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.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 from the Fund or switch out of the Fund. 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 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 in MYR within seven (7) Business Days upon our receipt of the complete withdrawal request. You will have to bear the applicable bank fees and charges, if any.

For more information on the withdrawals, switching, 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 Corporate and Institutional Business at (03) 2084 8888 for further information or for any dispute resolution. Our Corporate and Institutional Business is available during business hour between 8:45 a.m. and 5:45 p.m. (Malaysian time) from Mondays to Fridays or you can e-mail us at myenquiries.principalislamic@principal.com or myinstitutionalenquiries@principal.com.

- (ii) 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
- (iii) 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 the 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
- (iv) 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.
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.
CMSA	- Capital Markets and Services Act 2007.
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.
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 Bank Negara Malaysia 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 dated 13 August 2020, first supplemental information memorandum dated 5 September 2023 and second supplemental information memorandum dated 26 February 2024 in respect of the Fund issued by us describing the details of the Fund.
Islamic Deposit	- 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.
MARC	- Malaysia Rating Corporation Berhad.
MYR	- Malaysian Ringgit.
NAV	- Net Asset Value.
NAV of the Fund	- The NAV of the Fund is the value of all the Fund's assets less the value of all the Fund's liabilities (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 divided by the number of units in circulation for that Class, at the valuation point.
PHS	- Refers to this disclosure document issued by the Manager that contains clear and concise information of the salient features of the Fund.
Principal Distributors	- Refers to the authorised unit trust scheme consultants registered with Principal Malaysia.
Principal Islamic Malaysia, the Manager, we or us	- Principal Islamic Asset Management Sdn Bhd.
Principal Malaysia	- Principal Asset Management Berhad.
RAM	- RAM Rating Services Berhad.
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 ijtehad 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. <p>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".</p>
Sukuk	- Refers to certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts. <p>Note: For local Sukuk, it must also comply with Shariah principles and concepts endorsed by the SAC of SC.</p>
Trustee	- HSBC (Malaysia) Trustee Berhad.
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.

Notes: Unless the context otherwise requires:

- words importing the singular number should include the plural number and vice versa;
- reference to any rules, regulations, guidelines, standards, directives, notices, 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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