

# PROSPECTUS

This Prospectus in relation to the following Fund is dated 16 August 2021.



## Maybank Asia Mixed Assets-I Fund

(constituted on 24 May 2021 and launched on 16 August 2021)

**Manager:** Maybank Asset Management Sdn Bhd (Registration No.: 199701006283 (421779-M))

**Trustee:** TMF Trustees Malaysia Berhad (Registration No.: 200301008392 (610812-W))

THE FUND IS NOT A CAPITAL GUARANTEED FUND OR A CAPITAL PROTECTED FUND.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 7.

**Humanising Financial Services.**



**Maybank**  
Asset Management

## RESPONSIBILITY STATEMENT

This Prospectus has been reviewed and approved by the directors of Maybank Asset Management Sdn Bhd and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this Prospectus false or misleading.

## STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia (“SC”) has authorised the Maybank Asia Mixed Assets-I Fund and a copy of this Prospectus has been registered with the SC.

The authorisation of the Maybank Asia Mixed Assets-I Fund, and registration of this Prospectus, should not be taken to indicate that the SC recommends the Maybank Asia Mixed Assets-I Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus.

The SC is not liable for any non-disclosure on the part of the Manager responsible for the Maybank Asia Mixed Assets-I Fund and takes no responsibility for the contents in this Prospectus. The SC makes no representation on the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

**INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF INVESTORS ARE UNABLE TO MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT PROFESSIONAL ADVISERS.**

## ADDITIONAL STATEMENTS

Investors should note that they may seek recourse under the *Capital Markets and Services Act 2007* for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to the Maybank Asia Mixed Assets-I Fund.

The Maybank Asia Mixed Assets-I Fund has been certified as Shariah-compliant by the Shariah adviser appointed for the Fund.

The Maybank Asia Mixed Assets-I Fund will not be offered for sale in the United States of America, its territories or possessions and all areas subject to its jurisdiction, or to any U.S. Person(s). Accordingly, investors may be required to certify that they are not U.S. Person(s) before making an investment in the Maybank Asia Mixed Assets-I Fund.

**The Maybank Asia Mixed Assets-I Fund is not a capital protected or capital guaranteed fund.**

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## (1) DEFINITIONS

In this Prospectus, the following abbreviations or words shall have the following meanings unless otherwise stated:

Base Currency	means MYR, the currency in which the Fund is denominated.
Bursa Malaysia	means the stock exchange managed or operated by Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W)).
Business Day	means a day on which Bursa Malaysia is open for trading.

We may declare a certain Business Day as a non-Business Day if that day is not a dealing day of the Target Fund.

*Note: A dealing day means a business day (i.e., a day other than Saturday, Sunday or a gazetted public holiday on which commercial banks are open for business in Singapore, or any other day as the Investment Manager and the trustee of the Target Fund may agree in writing) or such other day or days at such intervals as the Investment Manager may from time to time determine with the prior consultation of the trustee of the Target Fund, provided that reasonable notice of any such determination will be given by the Investment Manager to all affected holders at such time and in such manner as the trustee of the Target Fund may approve. If on any day which would otherwise be a dealing day, the recognised market on which investments of the Target Fund having in aggregate values amounting to at least 50% of the value of the deposited property of the Target Fund (as at the relevant valuation point) are quoted, listed, or dealt in is not open for normal trading, the Investment Manager may determine that such day shall not be a dealing day.*

Class(es)	means any class of Units in the Fund representing similar interest in the assets of the Fund and a “Class” means any one class of Units.
CMSA	means the Capital Markets and Services Act 2007 as may be amended from time to time.
Code	means the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore pursuant to Section 321 of the Securities and Futures Act (Cap. 289).
Deed	means the deed in respect of the Fund and any other supplemental deed that may be entered into between the Manager and the Trustee and registered with the SC.
ETF(s)	Exchange Traded Fund(s).
Ex-distribution Date	means the next Business Day after the date on which income distribution of the Fund is declared.
FDIs	means financial derivatives instruments.
Fitch	means Fitch Ratings.
FIMM	means the Federation of Investment Managers Malaysia.

Forward Pricing	means the Net Asset Value per Unit for the Fund valued or calculated at the next valuation point after a purchase request of Units or a redemption request of Units is received by the Manager.
Fund	means the Maybank Asia Mixed Assets-I Fund.
Guidelines	means the Guidelines on Unit Trust Funds issued by the SC and any other relevant guidelines issued by the SC.
Investment Manager	means the investment manager of the Target Fund, Maybank Asset Management Singapore Pte. Ltd.
LPD	means the latest practicable date as at 1 April 2021.
Manager/ we / us / our	means Maybank Asset Management Sdn Bhd (Registration No.: 199701006283 (421779-M)).
Maybank	means Malayan Banking Berhad (Registration No.: 196001000142 (3813-K)).
Moody's	means Moody's Investors Service.
MYR Class	represents a Class denominated in MYR.
Net Asset Value / NAV	means the total value of the Fund's assets minus its liabilities at the valuation point; where the Fund has more than one Class, there shall be a NAV of the Fund attributable to each Class.
NAV per Unit	means the NAV of a Class at the valuation point divided by the total number of Units in circulation of that Class at the same valuation point.
OTC	means over-the-counter.
Prospectus	means the prospectus for this Fund.
Redemption Price	means the price payable by the Manager to a Unit Holder pursuant to a redemption request by the Unit Holder and will be the NAV per Unit. The Redemption Price shall be exclusive of the redemption charge (if any).
RM / MYR	means Ringgit Malaysia.
SACBNM	means the Shariah Advisory Council of Bank Negara Malaysia.
SACSC	means the Shariah Advisory Council of the SC.
SC	means the Securities Commission Malaysia.
Selling Price	means the price payable by an investor or a Unit Holder for the purchase of a Unit of the Fund and will be the NAV per Unit. The Selling Price shall be exclusive of the sales charge.
Shariah	means Islamic law, originating from the <i>Qur'an</i> (the holy book of Islam), and its practices and explanations rendered by the prophet Muhammad ( <i>pbuh</i> ) and <i>ijtihad</i> of <i>ulama'</i> (personal effort by qualified Shariah scholars to determine the true ruling of the divine law on matters whose revelations are not explicit).
Shariah Adviser	means Amanie Advisors Sdn Bhd (Registration No.: 200501007003 (684050-H)).

Standard & Poor's	means Standard & Poor's Rating Services.
Target Fund	means the Maybank Asian Growth and Income-I Fund.
Trustee	means TMF Trustees Malaysia Berhad (Registration No.: 200301008392 (610812-W)).
Unit	means a measurement of the right or interest of a Unit Holder in the Fund and means a unit of the Fund or a Class, as the case may be.
Unit Holders / you	means the person registered as the holder of a Unit or Units including persons jointly registered for a Class. In respect of the Fund, means all the unit holder of every Class in the Fund.
USD	means United States Dollar.
USD Class	represents a Class denominated in USD.
U.S. (United States) Person(s)	means: <ul style="list-style-type: none"> <li>(a) a U.S. citizen (including those who hold dual citizenship or a greencard holder);</li> <li>(b) a U.S. resident alien for tax purposes;</li> <li>(c) a U.S. partnership;</li> <li>(d) a U.S. corporation;</li> <li>(e) any estate other than a non-U.S. estate;</li> <li>(f) any trust if: <ul style="list-style-type: none"> <li>(i) a court within the U.S. is able to exercise primary supervision over the administration of the trust; and</li> <li>(ii) one or more U.S. Persons have the authority to control all substantial decisions of the trust;</li> </ul> </li> <li>(g) any other person that is not a non-U.S. person; or</li> <li>(h) any definition as may be prescribed under the Foreign Account Tax Compliance Act 2010, as may be amended from time to time.</li> </ul>

## (2) CORPORATE DIRECTORY

<b>MANAGER</b>	Maybank Asset Management Sdn Bhd (Registration No.: 199701006283 (421779-M))
<b>REGISTERED OFFICE</b>	5 <sup>th</sup> Floor, Tower A Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel. No.: 03 - 2297 7870
<b>BUSINESS OFFICE</b>	Level 12, Tower C, Dataran Maybank No. 1, Jalan Maarof, 59000 Kuala Lumpur Tel. No.: 03 - 2297 7888 Fax No.: 03 - 2715 0071
<b>WEBSITE</b>	<a href="http://www.maybank-am.com">http://www.maybank-am.com</a>
<b>E-MAIL</b>	<a href="mailto:mamcs@maybank.com.my">mamcs@maybank.com.my</a>
<b>INVESTMENT MANAGER OF THE TARGET FUND</b>	Maybank Asset Management Singapore Pte. Ltd. (Registration No.: 200812589K)
<b>REGISTERED OFFICE</b>	50 North Canal Road #03-01 Singapore 059304
<b>BUSINESS OFFICE</b>	2 Battery Road, #08-01 Maybank Tower Singapore 049907
<b>TRUSTEE</b>	TMF Trustees Malaysia Berhad (Registration No.: 200301008392 (610812-W))
<b>REGISTERED OFFICE</b>	10 <sup>th</sup> Floor, Menara Hap Seng No. 1 & 3, Jalan P. Ramlee 50250 Kuala Lumpur
<b>BUSINESS OFFICE</b>	10 <sup>th</sup> Floor, Menara Hap Seng No. 1 & 3, Jalan P. Ramlee 50250 Kuala Lumpur Tel. No.: 03 - 2382 4288 Fax No.: 03 - 2026 1451
<b>WEBSITE</b>	<a href="http://www.tmf-group.com">www.tmf-group.com</a>
<b>SHARIAH ADVISER</b>	Amanie Advisors Sdn Bhd (Registration No.: 200501007003 (684050-H))
<b>REGISTERED OFFICE</b>	Unit 11-3A, 3 <sup>rd</sup> Mile Square, No. 151, Jalan Klang Lama Batu 3 ½, 58100 Kuala Lumpur



**BUSINESS OFFICE**

Level 13A-2  
Menara Tokio Marine Life  
189 Jalan Tun Razak  
50400 Kuala Lumpur  
Tel. No.: 03-2161 0260  
Fax No.: 03-2161 0262

**WEBSITE**

<http://amanieadvisors.com>

### (3) FUND INFORMATION

#### 3.1 The Fund Information

FUND	Maybank Asia Mixed Assets-I Fund					
Fund Category	Feeder Fund (Islamic)					
Fund Type	Income and growth					
Base Currency	MYR					
Initial Offer Price	<table><tr><th>MYR Class</th><th>USD Class</th></tr><tr><td>RM1.00</td><td>USD1.00</td></tr></table>	MYR Class	USD Class	RM1.00	USD1.00	
MYR Class	USD Class					
RM1.00	USD1.00					
Initial Offer Period	Up to 21 days from the date of this Prospectus.  <i>Note: The initial offer period may be shortened if we determine that it is in your best interest to commence investment for the Fund.</i>					
Commencement Date	Within seven (7) Business Days after the end of the Initial Offer Period.					
Investment Objective	The Fund seeks to provide capital growth and income through investments in the Target Fund, the Maybank Asian Growth and Income-I Fund.  <i>Any material change to the investment objective of the Fund would require Unit Holders' approval.</i>					
Investment Strategy	The Fund seeks to achieve its investment objective by investing a minimum of 90% of the Fund's NAV in Class I - USD of the Target Fund.  The Target Fund is a Singapore-authorized open-ended unit trust constituted in Singapore and is a sub-fund of Maybank Focus Funds.  The Fund will use Islamic derivatives such as Islamic currency forwards for hedging purposes to manage the currency risk of the Fund's investments and the Classes not denominated in MYR.  Although the Fund is passively managed by us, we will ensure proper and efficient management of the Fund so that the Fund is able to meet redemption requests by Unit Holders.					
Asset Allocation	<ul style="list-style-type: none"><li>- At least 90% of the Fund's NAV will be invested in the Target Fund.</li><li>- Up to 10% of the Fund's NAV will be invested in liquid assets*.</li></ul> <i>* Liquid assets include but are not limited to Islamic deposits with financial institutions and Islamic money market instruments.</i>					
Temporary Defensive Position	We may adopt temporary defensive positions to protect the Fund's investments to respond to adverse market, political or economic conditions by holding up to 100% of the Fund's NAV in liquid assets, which include but are not limited to					

	<p>Islamic deposits and Islamic money market instruments, that may be inconsistent with the Fund's principal investment strategy and asset allocation. As the temporary defensive positions are adopted at the Fund's level, our view on market outlook may differ from the view of the Investment Manager. As a result, there is a risk that the Fund will not achieve its investment objective by adopting such defensive strategies. However, for all intents and purposes, we will resume the investment strategy to invest at least 90% of the Fund's NAV in the Target Fund as soon as practical.</p>
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## RISK FACTORS

FUND	Maybank Asia Mixed Assets-I Fund
General Risks of Investing in the Fund	<p><u>Market Risk</u> The value of an investment will decrease or increase due to changes in market factors i.e. economic, political or other events that impact large portions of the market. Market risk cannot be eliminated, hence the Fund's investment portfolio may be prone to changing market conditions that may result in uncertainties and fluctuations in the value of the underlying of the Fund's investment portfolio, causing the NAV or prices of Units to fluctuate.</p> <p><u>Inflation Risk</u> This is the risk that your investments 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 nominal value of the investment in monetary terms has increased.</p> <p><u>Liquidity Risk</u> The liquidity risk of the Fund is our ability as manager to honour redemption requests or to pay Unit Holders' redemption proceeds in a timely manner. This is subject to the Fund's holding of adequate liquid assets, its ability to take cash financing on a temporary basis as permitted by the relevant laws and/or its ability to redeem the shares of the Target Fund at fair value. Should there be inadequate liquid assets held, the Fund may not be able to honour requests for redemption or to pay Unit Holders' redemption proceeds in a timely manner and may be forced to dispose the shares of the Target Fund at unfavourable prices to meet redemption requirements.</p> <p><u>Financing Risk</u> This risk occurs when investors take a financing to finance their investment. The inherent risk of investing with financed money includes investors being unable to service the financing instalments. In the event Units are used as collateral, an investor may be required to top-up the investors' existing instalment if the prices 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.</p> <p><u>Manager's Risk</u> This risk refers to our day-to-day management of the Fund which will impact the performance of the Fund. For example, investment decisions undertaken by us, as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the Deed, relevant law or guidelines due to factors such as human error or weaknesses in operational process and systems, may adversely affect the performance of the Fund. In order to mitigate this risk, the implementation of internal controls and a structured investment process and operational procedures has been put in place by us.</p>

	<p><u>Non-Compliance Risk</u> This is the risk that we may not follow the provisions set out in this Prospectus or the Deed or the law, rules or guidelines that governs the Fund or our own internal procedures whether by oversight or by omission. This risk may also occur indirectly due to legal risk, which is a risk of circumstances from the imposition and/or amendment on the relevant regulatory frameworks, laws, rules, and other legal practices affecting the Fund. An act of non-compliance/ mismanagement of the Fund may lead to operational disruptions that could potentially be detrimental to the Fund. We aim to mitigate this risk by placing stringent internal policies and procedures and compliance monitoring processes to ensure that the Fund is in compliance with the relevant fund regulations or guidelines.</p> <p><u>Returns Are Not Guaranteed</u> Unit Holders should take note that by investing in the Fund, there is no guarantee of any income distribution or capital appreciation. Unlike fixed deposits which carry a specific rate of return, a unit trust fund does not provide a fixed rate of return.</p>
<p><b>Specific Risks of the Fund</b></p>	<p><u>Country Risk</u> The investment of the Fund may be affected by risk specific to the country in which it invests in. Such risks include changes in a country's economic, social and political environment. The value of the assets of the Fund may also be affected by uncertainties such as currency repatriation restrictions or other developments in the law or regulations of the country in which the Fund invest in, i.e. Singapore, the domicile country of the Target Fund.</p> <p><u>Concentration Risk</u> As the Fund invests at least 90% of its NAV in the Target Fund, it is subject to concentration risk as the performance of the Fund would be dependent on the performance of the Target Fund.</p> <p><u>Investment Manager Risk</u> The Fund will invest in the Target Fund managed by a foreign asset management company. This risk refers to the risk associated with the Investment Manager, which include:</p> <ul style="list-style-type: none"> <li>i) the risk of non-adherence to the investment objective, strategy and policies of the Target Fund;</li> <li>ii) the risk of direct or indirect losses resulting from inadequate or failed operational and administrative processes and systems by the Investment Manager; and</li> <li>iii) the risk that the Target Fund may underperform its benchmark due to poor investment decisions by the Investment Manager.</li> </ul> <p><u>Default Risk</u> Default risk relates to the risk that an issuer of an Islamic money market instrument either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the Islamic money market instruments. This could affect the value of the Fund as up to 10% of the NAV of the Fund will be invested in liquid assets which include but are not limited to Islamic deposits and Islamic money market instruments.</p> <p>Islamic deposits that the Fund placed with financial institutions are also exposed to default risk. If the financial institutions become insolvent, the Fund may suffer capital losses with regards to the capital invested and profit foregone, causing the performance of the Fund to be adversely affected. Placement with financial institutions will also be made based on prudent selection.</p>

	<p><b>OTC Counterparty Risk</b>  OTC counterparty risk is the risk associated with the other party to an OTC Islamic derivative transaction not meeting its obligations. If the counterparty to the OTC Islamic derivative transaction is unable to meet or otherwise defaults on its obligations (for example, due to bankruptcy or other financial difficulties), the Fund may be exposed to significant losses greater than the cost of the Islamic derivatives. The risk of default of a counterparty is directly linked to the creditworthiness of that counterparty. Should there be a downgrade in the credit rating of the OTC Islamic derivatives' counterparty, we will evaluate the situation and reassess the creditworthiness of the counterparty. We will take the necessary steps in the best interest of the Fund.</p> <p><b>Currency Risk</b>  As the base currency of the Fund is denominated in MYR and the investments of the Fund in the Target Fund is denominated in USD, the Fund is exposed to currency risk. Any fluctuations in the exchange rates between MYR and USD will affect the value of the Fund's investments. Unit Holders should be aware that if the currencies in which the Fund's investments are denominated depreciate against the Base Currency, this will have an adverse effect on the NAV of the Fund in the Base Currency and vice versa. Unit Holders should note that any gains or losses arising from the fluctuations in the exchange rate may further increase or decrease the returns of the investment.</p> <p>As the base currency of the Fund is denominated in MYR and the currency denomination of the Classes may be denominated in other than MYR, the Classes not denominated in MYR are also exposed to currency risk. Any fluctuation in the exchange rates between MYR and the currency denomination of the Class (other than MYR Class) will affect the Unit Holder's investments in those Classes (other than MYR Class). The impact of the exchange rate movement between the Base Currency and the currency denomination of the Class (other than MYR Class) may result in a depreciation of the Unit Holder's holdings as expressed in the Base Currency.</p> <p>In order to manage currency risk, we may employ currency hedging strategies to fully or partially hedge the foreign currency exposure of the investments of the Fund and/or Classes not denominated in MYR. However, every hedge comes with a cost and will be borne by the respective Class.</p> <p>Currency hedging may reduce the effect of the exchange rate movement for the Fund but it does not entirely eliminate currency risk between the Fund and the investments of the Fund in the Target Fund. The unhedged foreign exchange exposure of the Fund will still be affected by the exchange rate movements and it may cause fluctuation of NAV of the Fund. You should note that if the exchange rate moves favourably, the Fund will not benefit from any upside in currency movement due to the hedging strategy. In addition, hedging is subject to a minimum size of entering into a hedging contract and the cost of hedging may affect returns of the Fund.</p> <p><i>Please also refer to Section 15 for further details on the "currency risk" of the Target Fund.</i></p>
<b>Risk Management Strategies</b>	<p>The risk management strategy and technique employed by the Fund is to adopt the temporary defensive positions as disclosed in the above section under the heading "Temporary Defensive Position".</p> <p>In addition, we may, in consultation with the Trustee and subject to Unit Holders' approval, replace the Target Fund with another fund of a similar objective if, in our opinion, the Target Fund no longer meets the Fund's investment objective.</p>

Investors are reminded that the risks listed above may not be exhaustive and if necessary, they should consult their adviser(s), e.g. bankers, Shariah advisers, lawyers, stockbrokers or independent professional advisers for a better understanding of the risks.

#### OTHER INFORMATION

FUND	Maybank Asia Mixed Assets-I Fund
Investor's Profile	<p>The Fund is suitable for investors who:</p> <ul style="list-style-type: none"> <li>• seek capital and income growth;</li> <li>• are comfortable with the volatility and risks of a fund which invests primarily in Shariah-compliant equities issued by companies in the Asia region, and global sukuk issued by companies in the Asia and Middle Eastern region; and</li> <li>• are comfortable with the exposure to and the investment policy and approach of an Islamic fund.</li> </ul>
Distribution Policy	Distribution will be incidental for the first financial year. Thereafter, distribution will be made on a quarterly basis (subject to the availability of income).
Mode of Distribution	All income distribution will be reinvested into additional Units in the Fund.
Reinvestment Policy	<p>We will create the Units based on the NAV per Unit* at the income reinvestment date (which is within ten (10) days from the Ex-distribution Date).</p> <p><i>*There will be no cost to Unit Holders for reinvestments in new additional Units.</i></p>
Performance Benchmark	<p>Target return of 6% per annum (in MYR terms), net of fees over long term.</p> <p><i>Information of the Fund's performance benchmark can be obtained from the Manager.</i></p> <p><i>Note: This is not a guaranteed return and is only a measurement of the Fund's performance. For the purpose of the Fund, the performance benchmark is used as a yardstick to assess the performance of the Fund as the Target Fund is an absolute return fund and there is no benchmark against which the performance of the Target Fund is or will be measured.</i></p>
Permitted Investments	<p>The Fund is permitted to invest in the following:</p> <ul style="list-style-type: none"> <li>(a) one Islamic collective investment scheme that is, the Target Fund;</li> <li>(b) liquid assets which include but are not limited to Islamic deposits and Islamic money market instruments;</li> <li>(c) Islamic derivatives (for hedging purposes); and</li> <li>(d) any other Shariah-compliant investments permitted by the SC which is in line with the objective and asset allocation of the Fund.</li> </ul>

<b>Investment Restrictions</b>	<p>The Fund shall not invest in the following:</p> <ul style="list-style-type: none"> <li>(a) a fund-of-funds;</li> <li>(b) a feeder fund; and</li> <li>(c) any sub-fund of an umbrella scheme which is a fund-of-funds or a feeder fund.</li> </ul>
<b>Financing and Securities Lending</b>	<p>The Fund may not obtain cash financing or borrow other assets in connection with its activities. However, the Fund may obtain cash financing on a temporary basis for the purpose of meeting redemption requests for Units and for short term bridging requirements subject to the following:</p> <ul style="list-style-type: none"> <li>(a) the Fund's cash financing is only on a temporary basis and that financings are not persistent;</li> <li>(b) the financing period shall not exceed one (1) month;</li> <li>(c) the aggregate financing of the Fund shall not exceed 10% of the Fund's NAV at the time the financing is incurred; and</li> <li>(d) the Fund may only obtain financing from Islamic financial institutions.</li> </ul> <p>The Fund will not participate in the lending of securities within the meaning of the Securities Borrowing and Lending Guidelines issued by the SC.</p>
<b>Approvals and Conditions</b>	There is no exemption and/or variation to the Guidelines for this Fund.
<b>Financial Year End</b>	30 November
<b>Shariah Investment Guidelines</b>	<p>The following are the Shariah Investment Guidelines for the Fund, which the Manager, is to strictly adhere to on a continuous basis. At all times, the Fund shall invest in investment instruments that are allowed under Shariah principles and shall not invest in investment instruments that are prohibited by Shariah principles based on the parameters of the applicable Shariah Advisory Council and the Shariah Adviser.</p> <p><b>A. Investments</b></p> <p><b>Investment in the Target Fund</b> The Fund will invest in the Target Fund. The Manager will provide the Shariah Adviser with the Target Fund's prospectus and fatwas (where applicable) of the Target Fund for the Shariah Adviser's endorsement.</p> <p><b>Islamic money market instruments</b> For investment in money market, the Fund may acquire any Islamic money market instruments based on the data available at:</p> <ul style="list-style-type: none"> <li>• Bond Info Hub (<a href="http://www.bondinfo.bnm.gov.my">www.bondinfo.bnm.gov.my</a>)</li> <li>• Fully Automated System for issuing/tendering (<a href="https://fast.bnm.gov.my">https://fast.bnm.gov.my</a>)</li> </ul> <p>The Fund may also invest into any other Islamic money market instruments deemed Shariah-compliant by the SACBNM or the Shariah Adviser.</p>

	<p><b>Investment in Deposits</b> The Fund is also prohibited from investing in interest-bearing deposits and recognizing any interest income.</p> <p><b>Islamic Derivatives</b> Derivatives that are endorsed by other Shariah adviser(s) or Shariah committee(s) must be approved by the Shariah Adviser upon review of the relevant documents e.g. principal terms and conditions and Shariah pronouncements or approvals.</p> <p><i>Note: In the event the Fund invests in a Shariah non-compliant securities/instruments, the Shariah non-compliant securities/instruments will receive the same treatment as stated in “Appendix; under the heading of Cleansing/ Purification Process for the Target Fund” of this Prospectus with the cleansing process to be undertaken by the Manager.</i></p> <p><b>Payment of Zakat</b>  This refers to the purification by way of payment of zakat by Muslims. The Fund do not pay zakat on behalf of Muslim Unit Holders. Thus, Muslim Unit Holders are advised to pay zakat on their own.</p> <p>The investment portfolio of the Fund will comprise instruments that have been classified as Shariah-compliant by the SACSC and, where applicable, the SACBNM. For instruments that are not classified as Shariah-compliant by the SACSC and, where applicable, the SACBNM, the status of the instruments has been determined in accordance with the ruling issued by the Shariah Adviser.</p>
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### 3.2 Information of the Target Fund

<b>Name of the Target Fund</b>	Maybank Asian Growth and Income-I Fund
<b>Investment Manager</b>	Maybank Asset Management Singapore Pte. Ltd. (regulated by the Monetary Authority of Singapore)
<b>Domicile</b>	Singapore
<b>Regulatory Authority</b>	Monetary Authority of Singapore
<b>Legislation Applicable to the Target Fund</b>	Securities and Futures Act (Chapter 289 of Singapore) Code on Collective Investment Schemes
<b>Share Class</b>	Class I - USD
<b>Date of Establishment of the Target Fund</b>	10 November 2020
<b>Date of Establishment of the Class</b>	23 April 2021
<b>Base Currency of the Target Fund</b>	USD
<b>Base Currency of the Class</b>	USD



<b>About the Maybank Focus Funds</b>	The Maybank Focus Funds is constituted as a unit trust in Singapore by way of a trust deed dated 28 October 2014 as amended by the first amending and restating deed dated 27 October 2015, the second amending and restating deed dated 11 June 2018, the third amending and restating deed dated 10 December 2018, the fourth amending and restating deed dated 5 July 2019, the fifth amending and restating deed dated 11 November 2019 and the sixth amending and restating deed dated 10 November 2020, all entered into between BNP Paribas Trust Services Singapore Limited and the Investment Manager.
<b>Information on the Investment Manager</b>	<p>The investment manager of the Target Fund is Maybank Asset Management Singapore Pte. Ltd., a fully owned subsidiary of Maybank Asset Management Group Berhad and is licensed and regulated by the Monetary Authority of Singapore.</p> <p>The Investment Manager has managed collective investment schemes or discretionary funds since April 2009.</p>
<b>Investment Objective</b>	<p>The investment objective of the Target Fund is to provide capital growth and income through investments in equities that comply with Shariah principles and global Islamic securities instruments known as sukuk.</p> <p><i>Note: Sukuk (such as floating rate, fixed-rate, index-linked, subordinated and convertible securities) are investment certificates that provide evidence of an investment/funding into an underlying asset or a project which is typically an income generating project or asset. Shariah is the divine Islamic law which governs the practical aspect of a Muslim's daily life. In commerce, it can determine business style and indicate a desire to comply with 'halal' (Islamic permitted) and ethical investing. Issuers of securities that comply with Shariah principles are deemed to be compliant under Islamic law. *</i></p>
<b>Investment Focus and Approach</b>	<p>To achieve its objective, the Target Fund will invest up to 2/3 of its net asset value in Asia equities that comply with Shariah principles, and up to 100% of the Target Fund's net asset value in global sukuk or liquid assets that comply with Shariah principles. The neutral asset allocation of the Target Fund is equal weight in Shariah-compliant equities and global sukuk (i.e. 50% in equities and 50% in global sukuk). Under the Target Fund's tactical asset allocation strategy, however, the Target Fund may overweigh or underweigh the allocation of assets in either Shariah-compliant equities or global sukuk based on various market indicators. The Target Fund may also invest up to 10% of its net asset value in Islamic collective investment schemes such as Islamic gold ETFs when the Investment Manager is of the view that the equity market outlook is unfavourable.</p> <p>The performance of Islamic gold ETFs is in the Investment Manager's view highly correlated to the performance of gold based on their historical returns, and accordingly, the Target Fund's investments in Islamic gold ETFs will give the Target Fund exposure to gold.</p> <p>The Target Fund seeks to achieve an absolute return and thus is not managed in reference to any benchmark. You should note however that an absolute return is not guaranteed, and your capital is at risk.</p> <p>The remaining net asset value of the Target Fund not invested into either of the above asset classes will be invested in liquid assets that comply with Shariah principles. Such liquid assets include but are not</p>

	<p>limited to Islamic fixed deposits placed with financial institutions and/or Islamic money market instruments.</p> <p>In relation to the Target Fund’s Shariah-compliant equity portfolio, all equities must comply with the Shariah investment guidelines of the Target Fund, and if necessary, be validated as Shariah-compliant by the Shariah adviser of the Target Fund, before the Target Fund can invest in them. Stocks are selected using Factor Investing, an investment approach that involves targeting quantifiable characteristics or “factors” that can explain differences in stock returns thus enabling the selection of securities on attributes which appear or are deemed to be associated with higher returns. Factors are generally the broad, persistent forces that drive returns of stocks, sukuk and other assets. The Investment Manager intends to use multiple factors to assess the investment potential of the possible stocks to be invested by the Target Fund. While individual factors tend to perform well at different parts of the economic cycle, a combination of multiple factors aim to diversify across factors and aim to reduce the effect of cyclicity. Stock selection is based on a combination of style factors which the Investment Manager term as “M-TIGER”, which stands for Momentum, Total Capital Management, Intrinsic Value, Growth, Expectations and Risk. The Investment Manager may, in addition to the foregoing, take into account factors which may include material environment, social and governance considerations when selecting possible stocks to be invested by the Target Fund. “ESG” refers to “environmental, social and governance” criteria, which are three central factors used in measuring the sustainability and ethical impact of an investment in securities of an issuer. By way of example, “environmental” may cover themes such as climate risks and natural resources scarcity, “social” may include labour issues and product liability risks such as data security and “governance” may encompass items such as business ethics, fiscal transparency and level of corruption. These are only examples and do not necessarily determine the policy of the Target Fund in employing ESG factors. The Investment Manager will continuously research and optimise the factors used to ensure their relevance.</p> <p>In relation to the Target Fund’s global sukuk portfolio, the Investment Manager will invest in sukuk, among other government and/or supranational securities, emerging credit instruments, corporate securities and/or convertible securities that are compliant with Shariah principles. All investments in sukuk must be approved by the Shariah adviser of the Target Fund before the Target Fund can invest in them. Issuers of the above securities will normally have their registered offices in an emerging country belonging to the Middle-East and Asian regions or will carry out a significant part of their business in such countries.</p> <p>The Target Fund will be actively managed to meet its investment objective. The Target Fund is designed to systematically allocate between cash and Shariah-compliant equities. The allocation changes dynamically over time and the Target Fund does not stay fully invested in equities at all times. A market hedging overlay is employed to determine the overall asset allocation between stocks and cash, with the aim of avoiding large market corrections. The outcome of the market hedging overlay may result in the Target Fund holding up to all its assets in liquid assets for a prolonged period of time due to reasons other than adverse market, political or economic conditions that warrant the need to take temporary defensive positions (“TDP”), for</p>
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	<p>example, when the market hedging overlay indicates that equities are greatly overpriced.</p> <p>There would be times when the Investment Manager, in an attempt to respond to adverse market, political or economic conditions may take TDP, which may be inconsistent with the Target Fund's principal strategy. Under such situations, the Target Fund may hold up to all of the Target Fund's net asset value in liquid assets such as money market instruments or placement in deposits and may deviate from the Target Fund's asset allocation. The defensive positions may be adopted for such time period as the Investment Manager, in consultation with the trustee of the Target Fund, consider appropriate.</p> <p>The Target Fund will invest in markets where the regulatory authority is an ordinary or associate member of the International Organisation of Securities Commissions. The Target Fund does not and will not invest directly in commodities or in a collective investment scheme that invests directly in commodities (save and except for gold). It is currently intended that:</p> <ul style="list-style-type: none"> <li>(a) the Target Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single entity will not exceed 15% of its net asset value, even where such investments above this limit are permitted under the Code;</li> <li>(b) the credit rating for the counterparty of OTC Islamic derivatives will be at least investment grade, even where this is not required under the Code; and</li> <li>(c) the Target Fund's investments in other Islamic collective investment schemes will generally also comply with the investment limits provided above.</li> </ul> <p>Islamic FDIs</p> <p>The Target Fund may use Islamic FDIs for the purposes of hedging. The global exposure of the Target Fund to Islamic FDIs or embedded Islamic FDIs will not at any time exceed 100% of the net asset value of the Target Fund. Notwithstanding the foregoing, the Target Fund shall comprise securities which are or will be determined to be Shariah-compliant, in accordance with the Shariah investment guidelines of the Target Fund.</p> <p>Securities Lending and Repurchase Transactions</p> <p>Currently, the Target Fund will not carry out securities lending or repurchase transactions.</p>
<b>Shariah Adviser of the Target Fund</b>	<p>Amanie Advisors Sdn Bhd</p> <p><i>Please refer to the profile of the Shariah adviser of the Target Fund in Section 8.</i></p>
<b>Shariah Investment Guidelines of the Target Fund</b>	See Appendix of Section 15
<b>Permitted Investments and Investment Restrictions of the Target Fund</b>	See Appendix of Section 15

<b>Specific Risks of the Target Fund</b>	See Appendix of Section 15
<b>Fees and Charges of the Target Fund</b>	<p>The fees and charges incurred by the Fund when investing in the Target Fund are as follows:</p> <p>Subscription fee: Up to 5%. However, no subscription fee will be charged to the Fund for its investment in the Target Fund.</p> <p>Realisation fee: Currently 0%; up to 3%.</p> <p>Switching fee: Currently 0%; up to 1%.</p> <p>Management fee: Currently 0.60% per annum of the net asset value of the Target Fund; maximum 1.75% per annum of the net asset value of the Target Fund. The management fee of the Target Fund is included in the annual management fee of the Fund and there shall be no double charging of management fee.</p> <p>Trustee fee: Currently not more than 0.1% per annum of the net asset value of the Target Fund (subject to a minimum of SGD15,000 per annum).</p> <p>Other fees and charges: Subject to agreement with the relevant parties. Other fees and charges, including registrar and transfer agent fees, the Shariah adviser's fee, administration fee and custodian fees, may each amount to or exceed 0.1% per annum of the net asset value of the Target Fund, depending on the proportion that each fee or charge bears to the Target Fund's net asset value.</p> <p><b>Impact on Fees and Charges of the Target Fund on the Costs of Investing in the Fund</b></p> <p>There are fees and general expenses which will be charged to the Target Fund as mentioned above; therefore, Unit Holders are indirectly bearing the fees and expenses charged at the Target Fund level as well as the fees and expenses of the Fund.</p> <p><i>Investors may be subjected to higher fees arising from the layered investment structure of a feeder fund.</i></p>

Prospective investors should read and understand the contents of this Prospectus and, if necessary, should consult their adviser(s).

If you are interested in the Fund, have any queries or require further information, please contact our client servicing personnel at 03-2297 7888 at any time during office hours (8.45 a.m. to 5.45 p.m.) from Monday to Thursday and (8.45 a.m. to 4.45 p.m.) on Friday on a Business Day. Alternatively, you may e-mail your enquiries to [mamcs@maybank.com.my](mailto:mamcs@maybank.com.my).

## (4) FEES, CHARGES AND EXPENSES

Due to multiple Classes in this Fund, the indirect fees and/or charges for the Fund are apportioned based on the size of the Class relative to the whole Fund. This means that the multi-class ratio (“MCR”) is calculated by taking the “value of a Class” for a particular day and dividing it with the “value of the Fund” for that same day. This apportionment is expressed as a ratio and is calculated as a percentage. As an illustration, assuming there is an indirect fee chargeable to the Fund of RM100 and the size of MYR Class and USD Class over the size of the Fund is 60% and 40% respectively, the ratio of the apportionment based on the percentage will be 60:40, 60% being borne by MYR Class and 40% being borne by USD Class.

Please refer to the illustration in Section 5.3 of this Prospectus below for better clarity.

### ***Charges***

The following describes the charges that you may **directly** incur when buying or redeeming Units:

#### **4.1 Sales Charge**

MYR Class	USD Class
Up to 5.00% of the NAV per Unit.	

*Notes:*

- (1) Investors may negotiate for a lower sales charge.*
- (2) We reserve the right to waive or reduce the sales charge.*
- (3) All sales charge will be rounded up to two (2) decimal places and will be retained by us.*
- (4) There is no subscription fee for investing in the Target Fund. Hence, the sales charge will be charged at the Fund level only.*

#### **4.2 Redemption Charge**

Nil.

#### **4.3 Transfer Fee**

MYR Class	USD Class
RM10.00 per transfer.	USD10.00 per transfer.

*Notes:*

- (1) We reserve the right to waive the transfer fee.*
- (2) We reserve the right to decline any transfer request if such transfer will expose us to any liability and/or will contravene any law or regulatory requirements, whether or not having the force of law.*

#### **4.4 Switching Fee**

MYR Class	USD Class
RM10.00 per switch.	USD10.00 per switch.

Notes:

- (1) We reserve the right to waive the switching fee.
- (2) In addition to the switching fee, you will also have to pay the difference in sales charge when switching from a fund with lower sales charge to a fund with higher sales charge.

### **Fees and Expenses**

The fees and expenses **indirectly** incurred by you when investing in the Fund are as follows:

## **4.5 Annual Management Fee**

MYR Class	USD Class
Up to 1.80% per annum of the NAV of each Class.	

Note:

*The annual management fee is inclusive of the management fee charged by the Target Fund. There shall be no double charging of management fee.*

Illustration - Computation of management fee

Example:

Assuming that the NAV of the Fund is RM100 million for that day, the accrued management fee for the Fund for that day would be:

$$\frac{\text{RM}100,000,000 \times 1.80\%}{365 \text{ days}} = \text{RM}4,931.51 \text{ per day}$$

The management fee is calculated and accrued daily, and is paid monthly to us.

## **4.6 Annual Trustee Fee**

The Trustee is entitled to a trustee fee of 0.06% per annum of the NAV of the Fund (excluding foreign custodian fees and charges), accrued daily and paid monthly to the Trustee. The trustee fee is calculated using the Base Currency.

Illustration - Computation of trustee fee

Example:

Assuming that the NAV of the Fund is RM100 million for that day, the accrued trustee fee for the Fund for that day would be:

$$\frac{\text{RM}100,000,000 \times 0.06\%}{365 \text{ days}} = \text{RM}164.38 \text{ per day}$$

## **4.7 Fund Expenses**

Only the expenses (or part thereof) which are directly related and necessary to the operation and administration of the Fund or each Class may be charged to the Fund or each Class respectively. These would include (but are not limited to) the following:

- (i) commissions or fees paid to brokers or dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes (if any);

- (ii) taxes and other duties charged on the Fund by the government and/or other authorities;
- (iii) costs, fees and expenses properly incurred by the auditors appointed for the Fund;
- (iv) fees incurred for the valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- (v) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- (vi) costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- (vii) costs, commissions, fees and expenses of the sale, purchase, takaful and any other dealing of any asset of the Fund;
- (viii) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- (ix) costs, fees and expenses incurred in engaging any adviser for the benefit of the Fund;
- (x) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- (xi) costs, fees and expenses incurred in the termination of the Fund or a Class or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;
- (xii) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed by the Fund);
- (xiii) remuneration and out of pocket expenses of the independent members of the investment committee of the Fund, unless the Manager decides otherwise;
- (xiv) costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority;
- (xv) (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign assets of the Fund;
- (xvi) expenses and charges incurred in connection with the printing and postage for the annual or interim report, tax certificates, reinvestment statements and other services associated with the administration of the Fund;
- (xvii) all costs and expenses associated with the distributions declared pursuant to the Deed and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer; and
- (xviii) any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred under sub-paragraphs (i) to (xvii) above.

Expenses related to the issuance of this Prospectus will be borne by the Manager.

## 4.8 Policy on Stockbroking Rebates and Soft Commissions

We, our delegate, the Trustee or Trustee's delegate should not retain any rebate from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund.

However, soft commissions may be retained by us if:

- (i) the soft commission is of demonstrable benefit to Unit Holders and in the form of research and advisory services that assist in the decision making process relating to the investments of the Fund such as research material, data and quotation services and investment management tools; and
- (ii) any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund.

## 4.9 Tax

Unit Holders and/or the Fund, as the case may be, will bear any tax which may be imposed by the government or other authorities from time to time in addition to the applicable fees, charges and expenses stated in this Prospectus.

***There are fees and charges involved and you are advised to consider the fees and charges before investing in the Fund.***

***You may be subjected to higher fees arising from the layered investment structure of a feeder fund.***



## **(5) TRANSACTION INFORMATION**

### **5.1 Bases of Valuation of Investments**

#### Islamic Collective Investment Schemes

The value of any investment in the Target Fund, an unquoted Islamic collective investment scheme, is valued each day based on the last published repurchase price per unit for that Islamic collective investment scheme.

#### Islamic Money Market Instruments

Investments in Islamic commercial papers and Islamic treasury bills are valued each day based on the price quoted by bond pricing agency (“BPA”) registered with the SC. Where we are of the view that the price quoted by BPA differs from the market price by more than 20 basis points, we may use the market price provided that we:

- (i) record our basis for using a non-BPA price;
- (ii) obtain the necessary internal approvals to use the non-BPA price; and
- (iii) keep an audit trail of all decisions and basis for adopting the market yield.

For investments in Islamic money market instruments that are not quoted by BPA, such instruments are valued each day at cost, adjusted for amortisation of premium or accretion of discount over their par value at the time of acquisition, less provision for any diminution in value.

#### Islamic Deposits

Islamic deposits placed with financial institutions are valued each day by reference to the value of such investments and the profits accrued thereon for the relevant period.

#### Islamic Derivatives

Islamic derivative positions will be valued daily at fair value, as determined in good faith by us based on methods or bases which have been verified by the auditor and approved by the Trustee.

#### Foreign Exchange Rate Conversion

Where the value of an asset of the Fund is denominated in a foreign currency (if any), the assets are translated on a daily basis to MYR using the bid foreign exchange rate quoted by either Reuters or Bloomberg, at United Kingdom time 4.00 p.m. which is equivalent to 11.00 p.m. or 12.00 midnight (Malaysia time) on the same day, or such other time as prescribed from time to time by FIMM or any relevant laws.

#### Any other investments

Fair value as determined in good faith by us, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

### **5.2 Valuation Point**

The Fund is valued once every Business Day after the close of the market in which the portfolio of the Fund is invested for the relevant day but not later than the end of the next Business Day.

As such, the daily price of the Fund for a particular Business Day will not be published on the next Business Day but will instead be published two (2) Business Days later (i.e., the price will be two (2) days old).

### **5.3 Computation of NAV and NAV per Unit**

The NAV of the Fund is determined by deducting the value of the Fund’s liabilities from the value of the Fund’s assets, at a valuation point.

Please note that the example below is for illustration only:

	Fund (RM)	MYR Class (RM)	USD Class (RM)
Value of the Fund/Class	101,500,000.00	60,900,000.00	40,600,000.00
<b>Multi-class ratio<sup>^</sup></b>	<b>100%</b>	<b>60%</b>	<b>40%</b>
Add: Other assets (including cash) & income	200,000.00	120,000.00	80,000.00
Less: Liabilities	100,000.00	60,000.00	40,000.00
NAV before deducting management fee and trustee fee for the day	101,600,000.00	60,960,000.00	40,640,000.00
Less: Management fee for the day		(60,960,000 x 1.80% / 365 days)	(40,640,000 x 1.80% / 365 days)
	5010.41	3,006.25	2,004.16
Less: Trustee fee for the day		(60,960,000 x 0.06% / 365 days)	(40,640,000 x 0.06% / 365 days)
	167.01	100.21	66.81
<b>Total NAV (RM)</b>	<b>101,594,822.58</b>	<b>60,956,893.54</b>	<b>40,637,929.04</b>

<sup>^</sup>Multi-class ratio is apportioned based on the size of the Class relative to the whole Fund. This means the multi-class ratio is calculated by taking the value of a Class for a particular day and dividing it with the value of the Fund for that same day. This apportionment is expressed as a ratio and calculated as a percentage.

The NAV per Unit of a Class is calculated by dividing the NAV of the Fund attributable to the Class by the number of Units in circulation of that Class at the end of each Business Day.

Assuming there are 70,000,000 Units of the Fund in circulation at the point of valuation, the NAV per Unit of a Class shall therefore be calculated as follows:

	Fund (RM)	MYR Class (RM)	USD Class (RM)
NAV	101,594,822.58	60,956,893.54	40,637,929.04
Divide: Units in circulation	70,000,000	60,000,000	10,000,000
NAV per Unit of the Class (RM)		1.0159	4.0638
Conversion to USD (at RM4.00:USD1.00 exchange rate)			USD1.0159

The NAV per Unit of each Class will be rounded up to 4 decimal places for the purposes of publication of the NAV per Unit.

## 5.4 Pricing of Units

### Single Pricing Regime

We adopt a **single pricing regime** in calculating your investments into the Fund and redemption of Units. This means that all purchases and redemptions are transacted on a single price (i.e. NAV per Unit). You would therefore purchase and redeem Units at NAV per Unit. The Selling Price per Unit and Redemption Price per Unit are based on Forward Pricing.

### Selling Price of Units

The Selling Price of a Unit of a Class of the Fund is the NAV per Unit at the next valuation point after the request to purchase Units is received by us (Forward Pricing). The sales charge applicable to the Class is payable by you in addition to the Selling Price for the Units purchased.

### Calculation of Selling Price

#### **Illustration - Sale of Units**

##### ***Example:***

If you wish to invest RM10,000.00 in MYR Class before 4.00 p.m. on a Business Day, and if the sales charge is 5.00% of the NAV per Unit, the total amount to be paid by you and the number of Units issued to you will be as follows:

Sales charge incurred	=	$\frac{\text{investment amount}}{1 + \text{sales charge (\%)}}$	x	sales charge (%)
	=	$\frac{\text{RM10,000}}{1 + 5.00\%}$	x	5.00%
	=	RM476.19		
Net investment amount	=	investment amount - sales charge		
	=	RM10,000 - RM476.19		
	=	RM9,523.81		
Units credited to investor	=	net investment amount / NAV per Unit		
	=	RM9,523.81 / RM1.000		
	=	9,523.81 Units		

**You are advised not to make payment in cash when purchasing Units of the Fund via any individual agent.**

### Redemption Price of Units

The Redemption Price of a Unit of a Class of the Fund is the NAV per Unit at the next valuation point after the redemption request is received by us (Forward Pricing).

### Calculation of Redemption Price

#### **Illustration - Redemption of Units**

##### ***Example:***

If you wish to redeem 10,000.00 Units from MYR Class before 4.00 p.m. on a Business Day, and if no redemption charge is imposed, the total amount to be paid to you will be as follows:

In the event that the NAV per Unit for MYR Class at the end of the Business Day = RM1.0000

Redemption charge payable by you = 0% x [10,000.00 Units x RM1.0000] = **RM0.00**

The total amount to be paid to you will be:

= the number of Units to be redeemed multiplied with the NAV per Unit less redemption charge

$$= [10,000.00 \text{ Units} \times \text{RM}1.0000] - \text{RM}0.00$$

$$= \underline{\text{RM}10,000.00}$$

Therefore, you will receive **RM10,000.00** as redemption proceeds.

## 5.5 Incorrect Pricing

We shall ensure that the Fund and the Units are correctly valued and priced according to the Deed and all relevant laws. Where there is an error in the valuation and pricing of the Fund and/or Units, any incorrect valuation and pricing of the Fund and/or Units which is deemed to be significant will involve the reimbursement of money in the following manner:

(i) by us to the Fund; or

(ii) by the Fund to you and/or the former Unit Holders.

However, reimbursement of money shall only apply if the error is at or above the significant threshold of 0.5% of the NAV per Unit and the amount to be reimbursed is RM10.00 or more.

***There are fees and charges involved and you are advised to consider the fees and charges before investing in the Fund.***

## TRANSACTION DETAILS

### 5.6 How and Where to Purchase and Redeem Units of the Fund

You can purchase and sell Units of the Fund at any of our appointed distributors as set out in Section 14 of this Prospectus.

### 5.7 Investment

The minimum initial investment and minimum additional investment for each Class of the Fund are set out in the table below:

	MYR Class	USD Class
Minimum Initial Investment <sup>^</sup>	RM1,000	USD1,000
Minimum Additional Investment <sup>^</sup>	RM100	USD100

<sup>^</sup> or such other lower amount as determined by us from time to time

Investors are recognised as Unit Holders only after they have been registered in the Unit Holders' register. The registration takes effect from the date we receive and accept the application to purchase Units from you together with the payment thereof.

***Note: Our distributors may have a lower minimum initial and/or additional investments than the above for investments made via their digital platforms subject to their terms and conditions for investment.***

#### Unit holdings for each Class

You should note that there are differences when purchasing Units for each Class in certain circumstances.

There is no difference in terms of investment value of each Unit Holder, and all Unit Holders

would have equal voting rights at Unit Holders' meetings of the Fund (if voting is done by poll as the Units held by him or her will be proportionate to the value of the Units).

However, this would not apply in situations where a show of hands is required to pass a resolution at a Unit Holders' meeting of the Fund.

## 5.8 Redemption of Units

You may redeem part or all of your Units by simply completing the redemption request form and returning it to us.

The minimum Unit holdings for each Class after the redemption must not be less than the Unit holdings set out below:

	MYR Class	USD Class
Minimum Unit holdings <sup>^</sup>	1,000 Units	1,000 Units

<sup>^</sup>or such other lower number of Units as determined by us from time to time.

If your Unit holdings are, after a redemption request, below the minimum Unit holdings for the Class, full redemption will be initiated.

You shall be paid within ten (10) days from the date the redemption request is received by us.

Other than the above conditions, there is no restriction in terms of the minimum number of Units for redemption or the frequency of redemption for the Fund.

## 5.9 Transfer of Units

Transfer of ownership of Units is allowed for this Fund.

Transfer of ownership from the account of the deceased Unit Holder to his/her personal representative will only be undertaken through the process of estate administration and death claims procedures.

## 5.10 Switching

You are permitted to switch from and to other funds managed by us provided that both funds are denominated in the same currency. Switching is treated as a withdrawal from 1 fund and an investment into another fund. Switching will be made at the prevailing NAV per Unit of the Class to be switched from on a Business Day when the switching request is received and accepted by us, subject to the availability and any terms and conditions imposed by the intended fund to be switched to, if any. Units will be created in the intended fund to be switched into upon receipt of the redemption proceeds of the fund that you are switching out from.

There is no restriction on the minimum number of Units for a switch or the frequency of switching. However, you must meet the minimum Unit holdings (after the switch) of the Class that you intend to switch from unless you are redeeming all your investments from the Class.

If you switch from a fund with a lower sales charge to a fund with a higher sales charge, you need to pay the difference in sales charge between the sales charges of these two (2) funds in addition to the switching fee. If you switch from a fund with higher sales charge to a fund with a lower sales charge, you do not need to pay the difference in sales charge between these funds.

For example:-

#### Scenario 1

If you invest in a fund with no sales charge and now wish to switch to another fund which has a sales charge of 1.00% on the net asset value per unit, you will be charged the difference in sales charge of 1.00% on the net asset value per unit of the fund being switched into in addition to the switching fee of the fund you switched from.

#### Scenario 2

If you invest in a fund with a sales charge of 1.00% on the net asset value per unit and now wish to switch to another fund which has no sales charge, you will not be charged any sales charge.

Any switching request made **on or before the cut off time of 4.00 p.m.** will be made at the NAV per Unit of the Class to be switched from when the switching request is received and accepted by us on a Business Day, subject to availability and any terms and conditions imposed by the intended fund, if any.

Any switching request received or deemed to have been received after this cut-off time would be considered as being transacted on the following Business Day.

We reserve the right to vary the terms and conditions for switching from time to time, which shall be communicated to you in writing.

However, switching from an Islamic fund to a conventional fund is discouraged especially for Muslim Unit Holders.

*Note: Our distributors may have an earlier cut-off time for receiving applications in respect of switching of Units. Please check with the respective distributors for their respective cut-off time.*

### 5.11 Dealing Cut-Off Time for Investment and Redemption of Units

The dealing cut-off time is at **4.00 p.m.** on a Business Day.

Any application received on or before the cut-off time on a Business Day will be processed on the same Business Day based on the Forward Pricing of the Fund.

Any application received after the cut-off time on a Business Day will be treated as having been received on the next Business Day and will be processed on the next Business Day based on the next Forward Pricing of the Fund.

The above is in accordance with the standards issued by FIMM on the dealing cut-off time.

*Note: Our distributors may have an earlier cut-off time for receiving applications in respect of any dealing in Units. Please check with the respective distributors for their respective cut-off time.*

### 5.12 Notice of Cooling-off Period

A cooling-off right refers to the right of the individual Unit Holder to obtain a refund of his investment in the Fund if he so requests within the cooling-off period. A cooling-off right is only given to you as an investor, **other than those listed below**, who is investing in any of our funds **for the first time**:

- (i) our staff; and
- (ii) persons registered with a body approved by the SC to deal in unit trusts.

The cooling-off period shall be for a total of six (6) Business Days commencing from the date the

application for Units is received by us.

The refund for every Unit held by you pursuant to the exercise of your cooling-off right shall be the sum of:

- (a) the NAV per Unit on the day the Units were first purchased; and
- (b) the sales charge per Unit originally imposed on the day the Units were purchased.

You will be refunded within ten (10) days from our receipt of your cooling-off application.

***You are advised not to make payment in cash when purchasing Units of the Fund via any individual agent.***

## **5.13 Distribution of Income**

Distribution will be incidental for the first financial year. Thereafter, distribution will be on a quarterly basis (subject to availability of income).

### Mode of Distribution

All income distribution will be reinvested into additional Units in the Fund.

### Reinvestment Policy

We will create the Units based on the NAV per Unit\* at the income reinvestment date (which is within ten (10) days from the Ex-distribution Date).

*\* There will not be any cost to Unit Holders for reinvestments in new additional Units.*

## **5.14 Anti-Money Laundering Policies and Procedures**

We have established this set of policies and procedures to prevent money laundering activity and to report transactions if it appears to be suspicious, in compliance with the provision of Anti Money-Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act, 2001 (“AMLA”). In view of these, we have a duty to ensure the following are strictly adhered to:-

- i) Compliance with laws: We shall ensure that laws and regulations are adhered to, the business is conducted in conformity with high ethical standards and that service is not provided where there is good reason to suppose that transactions are associated with money laundering activities;
- ii) Co-operation with law enforcement agencies: We shall co-operate fully with law enforcement agencies. This includes taking appropriate measures such as disclosure of information by us to the Financial Intelligence and Enforcement Department in Bank Negara Malaysia;
- iii) Policies, procedures and training: We shall adopt policies consistent with the principles set out under the AMLA and ensure that our staff is informed of these policies and provide adequate training to our staff on matters provided under the AMLA; and
- iv) Know your customer: We shall obtain satisfactory evidence of the customer’s identity and have effective procedure for verifying the bona fides of the customer.

**Unit prices and distributions payable, if any, may go down as well as up.**

## **(6) THE MANAGEMENT OF THE FUND**

### **6.1 Background Information**

We are a member of Malayan Banking Berhad Group (“Maybank Group”). We were established on 5 March 1997 following the corporatization of the Investment Department of Maybank Investment Bank Berhad (“MIB”). MIB, which was incorporated on 28 September 1973, is the investment banking arm of the Maybank Group. We are a holder of a Capital Markets Services Licence under the CMSA.

As at LPD, we have over 30 years of experience including the period prior to our corporatization at MIB in managing investments ranging from equities, fixed income securities, money market instruments to unit trust funds and wholesale funds mainly on behalf of corporations, institutions, insurance and takaful companies and individuals.

### **6.2 Functions, Duties and Responsibilities of the Manager**

Our general functions, duties and responsibilities include, but are not limited to, the following:

- carrying out and conducting business in a proper and diligent manner and be responsible for daily sales and management of the Fund and the general administration of the Fund in accordance with the Deed, the CMSA and the relevant guidelines and other applicable laws at all times and acceptable and efficacious business practices within the industry;
- observing high standards of integrity and fair dealing in managing the Fund to the best and exclusive interest of the Unit Holders; and
- acting with due care, skill and diligence in managing the Fund and effectively employing the resources and procedures necessary for the proper performance of the Fund.

### **6.3 Board of Directors of the Manager**

We have an experienced board of directors with background in the financial industry. Our business and affairs shall be managed under the direction and oversight of the board of directors. Board meetings are held at least 4 times annually or more frequently should the circumstances require.

#### Board of Directors

Dato’ Idris bin Kechot (chairman/ independent non-executive director)  
Goh Ching Yin (independent non-executive director)  
Loh Lee Soon (independent non-executive director)  
Badrul Hisyam bin Abu Bakar (non-independent non-executive director)  
Ahmad Najib bin Nazlan (non-independent executive director / chief executive)

***Note:** Please refer to our website at <http://www.maybank-am.com> for information on the profile of our Board of Directors. Please note that there may be changes to the composition and/or profile of the Board of Directors from time to time, please refer to our website for the updated information.*

### **6.4 Role of the Investment Committee**

The investment committee of the Fund is responsible for the following:

- (i) to provide general guidance on matters pertaining to policies on investment management;
- (ii) to select appropriate strategies to achieve the proper performance of the Fund in



accordance with the fund management policies;

- (iii) to ensure that the strategies selected are properly and efficiently implemented at the management level;
- (iv) to ensure that the Fund is managed in accordance with the investment objective, the Deed, product specifications, relevant guidelines and securities laws, internal restrictions and policies, as well as acceptable and efficacious practices within the industry;
- (v) to actively monitor, measure and evaluate the investment management performance, risk and compliance level of Investment Department and all funds under the management of the company; and
- (vi) to not make nor influence investment decisions of the licensed persons or perform any other action that is in breach of any applicable laws, rules and regulations pertaining to portfolio manager's license.

The Fund's investment committee's meetings are held four (4) times a year and more frequently should the circumstances require.

*Note: Please refer to our website at <http://www.maybank-am.com> for further information in relation to our Investment Committee.*

## 6.5 Fund Management Function

The profile of the designated fund manager for the Fund is as follows:

### **Syhiful Zamri Bin Abdul Azid**

Syhiful Zamri was appointed as Chief Investment Officer of the Manager on 1 April 2021. Prior to this, he was the Chief Investment Officer of Maybank Islamic Asset Management Sdn Bhd ("MIAM") for over 5 years and was responsible for overseeing investments across asset classes together with a team of fund managers at MIAM with their respective responsibilities to manage and monitor investments in particular managing pension and institutional funds. Syhiful also assists the Head of Regional Investment in the development of short-term and long-term investment strategies and policies for MAMG. Prior to that, he was the VP of Equities in the Manager since November 2014.

Syhiful has more than 18 years of experience in the fund management industry. He is well versed in debt restructuring, corporate turnarounds, and mergers and acquisitions. His strength lies in his insight to the power sector and toll roads where most debts for the sector were raised during his career as Senior Vice President of Research and Advisory in Kenanga Investors Bhd and Head of Fund Management Research in RHB Investment Management.

He graduated with an Honours Degree from De Monfort University (UK) with Bachelor in Accounting and Finance. He is a holder of CMSRL license for fund management.

## 6.6 Material Litigation

As at LPD, there is no material litigation or arbitration, including any pending or threatened, and there are no facts likely to give rise to any proceedings which might materially affect our business/ financial position.

*Note: For more information and/or updated information about the Manager and the Shariah Adviser, please refer to our website at <http://www.maybank-am.com>.*

## **(7) THE TRUSTEE**

### **7.1 Background Information**

TMF Trustees Malaysia Berhad was incorporated in Malaysia on 1 April 2003 under the Companies Act 1965 (now known as Companies Act 2016) and registered as a trust company under the Trust Companies Act 1949 on 9 October 2003. Its registered and business address is at 10<sup>th</sup> Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.

The Trustee is part of TMF Group, an independent global service provider in the trust & fiduciary sector. The group has more than 125 offices in 83 jurisdictions in the world. TMF Trustees Malaysia Berhad started in Malaysia in 1992 with its first office in Labuan International Business Financial Centre (Labuan IBFC), providing trust and fiduciary services. The Kuala Lumpur office was established in 2003 to support the Labuan office in servicing Malaysian clients and to undertake domestic trust business.

### **7.2 Experience in Trustee Business**

The Trustee provide various types of trustee service, such as security trustee for private debt securities, corporate administrator to asset-backed securities, trustee for unit trust funds & private trust. The TMF Group provides a more comprehensive range of corporate secretarial services, financial accounting, HR administrative and payroll outsourcing services.

### **7.3 Duties and Responsibilities of the Trustee**

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit Holders. In carrying out these functions and duties, the Trustee has to exercise all due care, skills, diligence and vigilance and is required to act in accordance with the provisions of the Deed, all relevant laws and Guidelines. Apart from being the legal owner of the Fund's assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, all relevant laws and the Guidelines.

### **7.4 Litigation and Arbitration**

As at LPD, the Trustee is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Trustee.

### **7.5 Trustee's Delegate**

The Trustee has appointed Standard Chartered Bank Malaysia Berhad ("SCBMB") as the custodian of the quoted and unquoted investments of the Fund. SCBMB was incorporated in Malaysia under the same name on 29 February 1984 under the Companies Act 1965 (now known as Companies Act 2016) as a public limited company and is a subsidiary of Standard Chartered PLC (the holding company of a global banking group). SCBMB was granted a license on 1 July 1994 under the Financial Services Act 2013.

SCBMB is responsible for the Fund's assets settlement and custodising the Fund's asset. The assets are held in the name of the Fund through the custodian's wholly owned subsidiary and nominee company, Cartaban Nominees (Tempatan) Sdn Bhd. All investments are automatically registered into the name of the Fund. The custodian acts only in accordance with the instructions from the Trustee.

## **(8) THE SHARIAH ADVISER**

### **8.1 Background Information**

Amanie Advisors Sdn Bhd ("Amanie") is a Shariah advisory, consultancy, training and research and development boutique for institutional and corporate clientele focusing on Islamic financial services. Amanie is a registered Shariah adviser with the SC. It has been established with the aim of addressing the global needs for experts' and Shariah scholars' pro-active input. This will ultimately allow the players in the industry to manage and achieve their business and financial goals in accordance with the Shariah principles. Amanie also focuses on organizational aspect of the development of human capital in Islamic finance worldwide through providing updated quality learning embracing both local and global issues on Islamic financial products and services.

The company is led by Datuk Dr. Mohd Daud Bakar and teamed by an active and established panel of consultants covering every aspect related to the Islamic banking and finance industry both in Malaysia and the global market. Currently the team comprises of eight (8) full-time consultants who represent dynamic and experienced professionals with a mixture of corporate finance, accounting, product development, Shariah law and education. As at the LPD, Amanie has acquired over fifteen (15) years of experience in the advisory role of unit trusts with more than 100 funds which Amanie acts as Shariah adviser.

Amanie meets every quarter to address Shariah advisory matters pertaining to its Shariah funds.

The Shariah Adviser is independent from the Manager and none of its consultants are members of the investment committee of the Fund or any other funds managed by the Manager.

### **8.2 Roles and Responsibilities of the Shariah Adviser**

As the appointed Shariah Adviser for the Fund, the roles and responsibilities of Amanie include:

- Ensuring that the Fund is managed and administered in accordance with the Shariah principles;
- Perform Shariah assessment/evaluation on constituents of the benchmark index as and when requested by the Manager;
- Providing expertise and guidance for the Fund in all matters relating to Shariah principles, including on the Fund's Deed and Prospectus, its structure and investment process, and other operational and administrative matters;
- Consulting the SC who may consult the SACSC should there be any ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process;
- Scrutinising the Fund's compliance report as provided by the compliance officer, transaction report provided by or duly approved by the Trustee and any other report deemed necessary for the purpose of ensuring the Fund's investments are in line with the Shariah principles;
- Preparing a report to be included in the Fund's annual reports certifying whether the Fund has been managed and administered in accordance with the Shariah principles;
- Ensuring that the Fund complies with any guideline, ruling or decision issued by the SC, including resolutions issued by the SACSC with regard to Shariah matters; and
- Vetting and advising on the promotional materials of the Fund.

Amanie will meet with the Manager once every quarter to review the Fund's investments to ensure compliance with Shariah principles and address Shariah advisory matters pertaining to the Fund, if any.

### **8.3 Profile of the Shariah Team**

The designated persons responsible for Shariah matters relating to the Fund are:

**DATUK DR MOHD DAUD BAKAR**  
***Shariah Adviser/ Executive Chairman***

Datuk Dr Mohd Daud Bakar is the Founder and Executive Chairman of Amanie Group. One of its flagship companies namely Amanie Advisors, is operating in few cities globally. He serves as the Chairman of the Shariah Advisory Council (SAC) at the Central Bank of Malaysia, the Securities Commission of Malaysia, the Labuan Financial Services Authority, the Astana International Financial Centre (AIFC), Kazakhstan, the First Abu Dhabi Bank and Permodalan Nasional Berhad (PNB).

Datuk Dr Daud is also a Shariah board member of various global financial institutions, including the National Bank of Oman (Oman), Amundi Asset Management (France), Bank of London and Middle East (London), BNP Paribas Najma (Bahrain), Natixis Bank (Dubai), Oasis Asset Management (South Africa), Noor Islamic Bank (Dubai), Morgan Stanley (Dubai), Sedco Capital (Saudi and Luxembourg) and Dow Jones Islamic Market Index (New York) amongst many others.

In the corporate world, Datuk is currently a member of the PNB investment committee. He also served as a Board Director at Sime Darby Property Berhad and Chairman to Malaysia Islamic Economic Development Foundation (YaPEIM). Currently in the academic side, he is the 8<sup>th</sup> President of the International Islamic University of Malaysia (IIUM) due to his vast skill and experience serving the university. Previously, his last post there was as the Deputy Vice Chancellor. He was also the third Chair Professor in Islamic Banking and Finance of Yayasan Tun Ismail Mohamed Ali Berdaftar (YTI) PNB at Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia (USIM). In addition, he is the co-founder of Experts Analytics Centre Sdn Bhd and MyFinb.

In 2016, he received the “Award of Excellence for Outstanding Contribution for Shariah Leadership & Advisory” at London Sukuk Summit Awards and “Shariah Adviser Award” at The Asset Triple A Islamic Finance Award. In 2014, he received the “Most Outstanding Individual” award by His Majesty, the King of Malaysia, in conjunction with the national-level Prophet Muhammad’s birthday. Under his leadership, Amanie Advisors received the “Islamic Economy Knowledge Infrastructure Award” at the Global Islamic Economy Summit, Dubai 2015, by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, Oct 2015.

He received his first degree in Shariah from University of Kuwait in 1988 and obtained his PhD from University of St. Andrews, United Kingdom in 1993. In 2002, he completed his external Bachelor of Jurisprudence at University of Malaya.

His first book entitled “Shariah Minds in Islamic Finance: An Inside Story of A Shariah Scholar” has won the “Islamic Finance Book of the Year 2016” by the Global Islamic Finance Award (GIFA) 2016. Then, his book on sukuk entitled “An Insightful Journey to Emirates Airline Sukuk: Pushing The Boundaries of Islamic Finance” has also won the “Best Islamic Finance Case 2017” by the GIFA 2017 in Kazakhstan.

**SUHAIDA MAHPOT**  
***Chief Executive Officer***

Suhaida Mahpot is the Chief Executive Officer for Amanie Advisors in Kuala Lumpur office. She joined Amanie in 2008 and was amongst the pioneers in the company. She is a specialist in sukuk advisory and has been partnering with Datuk Dr Mohd Daud Bakar for the last 10 years to advise numerous sukuk locally and internationally.

One of the sukuk advised by her has been awarded as Best Securitisation Sukuk at the Asset Triple A Islamic Finance Award. Apart from sukuk advisory, her primary focus is on Shariah governance, structuring, enhancement and conversion exercises, establishment of Islamic financial entities as well as development of Islamic products. She holds a Bachelor of Economics (Islamic Economic & Finance) from International Islamic University Malaysia, and currently pursuing MSc in Islamic Finance with INCEIF. Her career in banking & financial industry started as a trainee under Capital Market Graduated Trainee Scheme organized by the ASC.

Prior to joining Amanie, she worked with Affin Investment Bank Bhd since 2006 as an executive for debt & capital markets department. She completed various project financing deals using private debt securities instruments ranging from infrastructure & utilities, real estate, plantation and many others.

## (9) SALIENT TERMS OF THE DEED

### 9.1 Unit Holders' Rights and Liabilities

#### Unit Holders' Rights

A Unit Holder has the right, amongst others:

1. to receive distributions, if any, of the Fund;
2. to participate in any increase in the value of the Units;
3. to call for Unit Holders' meetings and to vote for the removal of the Trustee or the Manager through special resolution;
4. to receive annual and interim reports on the Fund; and
5. to enjoy such other rights and privileges as are provided for in the Deed.

A Unit Holder would not, however, have the right to require the transfer to the Unit Holder of any of the Fund's assets. Neither would a Unit Holder have the right to interfere with or to question the exercise by the Trustee (or the Manager on the Trustee's behalf) of the rights of the Trustee as registered owner of the Fund's assets.

#### Unit Holders' Liabilities

1. No Unit Holder is liable for any amount in excess of the purchase price paid for the Units as determined in accordance with the Deed at the time the Units were purchased and any charges payable in relation thereto.
2. A Unit Holder shall not be under any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the Fund's assets, and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund.

### 9.2 Maximum Fees and Charges Permitted by the Deed

Fund	Maximum Sales Charge	Maximum Redemption Charge	Maximum Annual Management Fee	Maximum Annual Trustee Fee
MYR Class	5.00% of the NAV per Unit	5.00% of the NAV per Unit	3.00% per annum of the NAV of each Class	0.10% per annum of the NAV of the Fund (excluding foreign custodian fees and charges).
USD Class				

Any increase of the fees and/or charges above the maximum stated in the Deed shall require Unit Holders' approval.

## **9.3 Procedures to Increase the Direct and Indirect Fees and Charges**

### **Sales Charge**

The Manager may not charge a sales charge at a rate higher than that disclosed in this Prospectus unless:

- (a) the Manager has notified the Trustee in writing of and the effective date for the higher charge;
- (b) a supplemental prospectus or replacement prospectus in respect of the Fund setting out the higher charge is registered, lodged and issued; and
- (c) such time as may be prescribed by any relevant law has elapsed since the effective date of the supplemental prospectus or replacement prospectus.

### **Redemption Charge**

The Manager may not charge a redemption charge at a rate higher than that disclosed in this Prospectus unless:

- (a) the Manager has notified the Trustee in writing of and the effective date for the higher charge;
- (b) a supplemental prospectus or replacement prospectus in respect of the Fund setting out the higher charge is registered, lodged and issued; and
- (c) such time as may be prescribed by any relevant law has elapsed since the effective date of the supplemental prospectus or replacement prospectus.

### **Management Fee**

The Manager may not charge a management fee at a rate higher than that disclosed in this Prospectus unless:

- (a) the Manager has come to an agreement with the Trustee on the higher rate;
- (b) the Manager has notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective; such time as may be prescribed by any relevant law shall have elapsed since the notice is sent;
- (c) a supplemental prospectus or replacement prospectus stating the higher rate is registered, lodged and issued thereafter; and
- (d) such time as may be prescribed by any relevant law shall have elapsed since the date of the supplemental prospectus or replacement prospectus.

### **Trustee Fee**

The Trustee may not charge a trustee fee at a rate higher than that disclosed in this Prospectus unless:

- (a) the Manager has come to an agreement with the Trustee on the higher rate;
- (b) the Manager has notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective; such time as may be prescribed by any relevant law shall have elapsed since the notice is sent;
- (c) a supplemental prospectus or replacement prospectus stating the higher rate is registered, lodged and issued thereafter; and
- (d) such time as may be prescribed by any relevant law shall have elapsed since the date of the supplemental prospectus or replacement prospectus.

## 9.4 Expenses Permitted by the Deed

Only the expenses (or part thereof) which are directly related and necessary to the operation and administration of the Fund or each Class may be charged to the Fund or each Class respectively. These would include (but are not limited to) the following:

- (i) commissions or fees paid to brokers or dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes (if any);
- (ii) taxes and other duties charged on the Fund by the government and/or other authorities;
- (iii) costs, fees and expenses properly incurred by the auditors appointed for the Fund;
- (iv) fees incurred for the valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- (v) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- (vi) costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- (vii) costs, commissions, fees and expenses of the sale, purchase, takaful and any other dealing of any asset of the Fund;
- (viii) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- (ix) costs, fees and expenses incurred in engaging any adviser for the benefit of the Fund;
- (x) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- (xi) costs, fees and expenses incurred in the termination of the Fund or a Class or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;
- (xii) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed by the Fund);
- (xiii) remuneration and out of pocket expenses of the independent members of the investment committee of the Fund, unless the Manager decides otherwise;
- (xiv) costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority;
- (xv) (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign assets of the Fund;
- (xvi) expenses and charges incurred in connection with the printing and postage for the annual or interim report, tax certificates, reinvestment statements and other services associated with the administration of the Fund;
- (xvii) all costs and expenses associated with the distributions declared pursuant to the Deed



and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer; and

- (xviii) any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred under sub-paragraphs (i) to (xvii) above.

## **9.5 Retirement, Removal and Replacement of the Manager**

The Manager shall have the power to retire in favour of some other corporation and as necessary under any written law upon giving to the Trustee three (3) months' notice in writing of its desire so to do, or such other shorter period as the Manager and the Trustee may agree upon, and subject to fulfilment of the conditions as stated in the Deed.

Subject to the provisions of any relevant law, the Trustee shall take all reasonable steps to remove the Manager:

- (a) if the Manager has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interest of the Unit Holders for the Trustee to do so after the Trustee has given notice to the Manager of that opinion and the reasons for that opinion, and has considered any representations made by the Manager in respect of that opinion and after consultation with the relevant authorities and with the approval of the Unit Holders by way of a special resolution;
- (b) unless expressly directed otherwise by the relevant authorities, if the Manager is in breach of any of its obligations or duties under the Deed or the relevant laws, or has ceased to be eligible to be a management company under the relevant laws; or
- (c) the Manager has gone into liquidation except for the purpose of amalgamation or reconstruction or some similar purpose, or has had a receiver appointed or has ceased to carry on business.

If any of the events set out above occurs, the Manager shall upon receipt of a written notice from the Trustee cease to be the management company of the Fund. The Trustee shall, at the same time, in writing appoint some other corporation already approved by the relevant authorities to be the management company of the Fund; such corporation shall have entered into such deed or deeds as the Trustee may consider to be necessary or desirable to secure the due performance of its duties as management company for the Fund.

## **9.6 Retirement, Removal and Replacement of the Trustee**

The Trustee may retire upon giving three (3) months' notice to the Manager of its desire to do so (or such other shorter period as the Manager and the Trustee may agree) and may by deed appoint in its stead a new trustee approved by the relevant authorities and under any relevant law.

The Trustee may be removed and another trustee may be appointed by special resolution of the Unit Holders at a Unit Holders' meeting convened in accordance with the Deed or as stipulated in the CMSA.

The Manager shall take all reasonable steps to replace the Trustee as soon as practicable after becoming aware that:

- (a) the Trustee has ceased to exist;
- (b) the Trustee has not been validly appointed;

- (c) the Trustee is not eligible to be appointed or to act as trustee under any relevant law;
- (d) the Trustee has failed or refused to act as trustee in accordance with the provisions or covenants of the Deed or any relevant law;
- (e) a receiver has been appointed over the whole or a substantial part of the assets or undertaking of the Trustee and has not ceased to act under the appointment, or a petition is presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or
- (f) the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 or any relevant law.

## 9.7 Termination of the Fund

### Termination of the Fund

The Fund may be terminated or wound up should the following occur:-

- (a) the authorisation of the Fund has been revoked by the SC; or
- (b) a special resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund.

The Manager may also, in its sole discretion and without having to obtain the prior consent of the Unit Holders, terminate and wind up the Fund if the Manager deems it to be uneconomical for the Manager to continue managing the Fund.

### Termination of a Class

The Manager may terminate a particular Class via the passing of a special resolution by the Unit Holders of such Class at a meeting of such Unit Holders, and subject to and in accordance with the relevant laws. The Manager may only terminate a particular Class if the termination of that Class does not prejudice the interests of Unit Holders of any other Class. For the avoidance of doubt, the termination of a Class shall not affect the continuity of any other Class of the Fund.

The Manager may also, in its sole discretion and without having to obtain the prior consent of the Unit Holders, terminate the Class if the Manager deems it to be uneconomical for the Manager to continue managing the Class.

## 9.8 Unit Holders' Meeting

A Unit Holders' meeting may be called by the Manager, Trustee or Unit Holders. Any such meeting must be convened in accordance with the Deed and/or the Guidelines.

Every question arising at any meeting shall be decided in the first instance by a show of hands unless a poll is demanded or, if it be a question which under the Deed requires a special resolution, a poll shall be taken. On a show of hands every Unit Holder who is present in person or by proxy shall have one vote.

### Quorum

- (a) The quorum required for a meeting of the Unit Holders of the Fund or a Class, as the case may be, shall be five (5) Unit Holders, whether present in person or by proxy, however:

- (i) if the Fund or a Class, as the case may be, has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund or a Class, as the case may be, shall be two (2) Unit Holders, whether present in person or by proxy; or
  - (ii) if the Fund or a Class, as the case may be, has only two (2) Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund or a Class, as the case may be, shall be one (1) Unit Holder, whether present in person or by proxy.
- (b) If the meeting has been convened for the purpose of voting on a special resolution, the Unit Holders present in person or by proxy must hold in aggregate at least twenty five per centum (25%) of the Units in circulation of the Fund or a Class, as the case may be, at the time of the meeting.

## (10) CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

### Related Party Transactions

Save as disclosed below, there are no existing or proposed related party transactions involving the Fund, us as the manager, the Trustee and/or persons connected to them as at LPD:

Name of Party	Name of Related Party and Nature of Relationship	Existing / Potential Related Party Transaction
The Manager	<p>Maybank.</p> <p>The Manager is wholly-owned by Maybank Asset Management Group Berhad (“MAMG”). Maybank is a substantial shareholder of MAMG.</p>	<p>Distributor:</p> <p>Maybank has been appointed as one of the Manager’s institutional unit trust scheme advisers.</p> <p>Delegate:</p> <p>The Manager has delegated its back office functions (i.e. the fund accounting and valuation function, clearing and settlement and maintenance of the register of Unit Holders) to Maybank Securities Solutions which is a unit within Maybank.</p>
	<p>Maybank Investment Bank Berhad.</p> <p>Maybank Investment Bank Berhad is wholly-owned by Maybank.</p>	<p>Delegate:</p> <p>The Manager has delegated its back office functions (i.e. finance, legal, compliance, corporate secretarial, operations and information technology and risk management) to Maybank Investment Bank Berhad.</p>
	<p>Maybank Asset Management Singapore Pte Ltd. (“MAMS”)</p> <p>MAMS is wholly-owned by Maybank Asset Management Group Berhad.</p>	<p>Investment Manager of the Target Fund:</p> <p>MAMS is the investment manager of the Target Fund.</p>

### Policies On Dealing With Conflict Of Interest Situations

We have in place policies and procedures to deal with any conflict of interest situations. In making an investment transaction for the Fund, we will not make improper use of our position in managing the Fund to gain, directly or indirectly, any advantage or to cause detriment to the interests of Unit Holders.

We and our directors including the investment committee members will at all times act in the best interests of the Unit Holders of the Fund and will not conduct ourselves in any manner that will result in a conflict of interest or potential conflict of interest. In the unlikely event that any conflict of interest arises, such conflict shall be resolved such that the Fund is not disadvantaged. In the unlikely event that we face conflicts in respect of our duties to the Fund and our duties to

the other funds that we manage, we are obliged to act in the best interests of all our investors and will seek to resolve any conflicts fairly and in accordance with the Deed and the relevant laws.

Where a conflict or potential conflict of interest situation arises, it will be evaluated by the compliance department and disclosed to our executive director for the next course of action. Conflict of interest situations involving the executive director will be disclosed to our board of directors for a decision on the next course of action. Directors or staffs who are in advisory positions such as portfolio managers or staffs who have access to information on transactions are not allowed to engage in dealings on their own account. Investment committee members who hold substantial shareholdings or directorships in public companies shall refrain from any decision making if the Fund invests in the particular share or stocks of such companies.

We have formulated policies and adopted certain procedures to prevent conflicts of interest situations.

They include the following:

- (a) the adoption of our policy on ownership of shares and stocks of limited companies by our employees. The policy includes a requirement for all employees to submit a written declaration of their interests in the securities of limited companies;
- (b) prohibition of employees involved in share trading on the stock market, from trading in the open market in their private capacity, except with prior approval of the chief executive officer or compliance officer, or for the purpose of disposing shares in quoted limited companies acquired through sources permitted by us;
- (c) limits set when using brokers and/or financial institutions for dealings of the investments of the unit trust funds;
- (d) duties for making investment decisions, raising accounting entries and ensuring that payments are properly segregated and carried out by different departments which are headed by separate persons;
- (e) investment procedures, authorised signatories and authorised limits are properly documented in our standard operating procedures;
- (f) holding meetings with the Trustee on a case to case basis to discuss issues related to the management of the unit trust fund, including conflict of interest situations; and
- (g) a proper segregation of duties to prevent conflict of interest situations.

In addition, a periodic declaration of securities trading is required from all employees and our executive director, to ensure that there is no potential conflict of interest between the employees' securities trading and the execution of the employees' duties to us and our customers. We have also appointed a senior compliance officer whose duties include monitoring and resolving conflict of interest situations in relation to unit trust funds managed and administered by us.

As at LPD, we are not aware of any existing or potential conflict of interest situations which may arise.

#### **Details Of The Manager's Directors' and Substantial Shareholders' Direct And Indirect Interest In Other Corporations Carrying On A Similar Business**

As at LPD, our directors do not have any direct and indirect interest in other corporations carrying on a similar business.

As at LPD, Maybank Asset Management Group Berhad, which is our sole shareholder, has direct or indirect interests in the following corporations which are carrying on a similar business as us:

- (i) Maybank Islamic Asset Management Sdn Bhd;
- (ii) Maybank Asset Management Singapore Pte Ltd; and
- (iii) PT Maybank Asset Management.

#### **Other Declarations**

The solicitors, Shariah Adviser and tax adviser confirm that there are no existing or potential conflicts of interest in their respective capacity as advisors for us.

## (11) ADDITIONAL INFORMATION

### (a) Official Receipt and Statement of Investment

Each time you purchase Units or conduct any other transaction for the Fund, a confirmation advice is sent out to you by ordinary post. A computer generated statement will also be issued to provide you with a record of each and every transaction made in the account so that you may confirm the status and accuracy of your transactions, as well as to provide you with an updated record of your investment account(s) with us.

### (b) Customer Service of the Manager

Unit Holders can seek assistance on any issue relating to the Fund, from our client servicing personnel at our office at 03 - 2297 7888 from 8.45 a.m. to 5.45 p.m. from Monday to Thursday and from 8.45 a.m. to 4.45 p.m. on Friday. Alternatively, you may e-mail your enquiries to [mamcs@maybank.com.my](mailto:mamcs@maybank.com.my).

### (c) Keeping Track of the Daily Prices of Units

We will publish the Fund's NAV per Unit on our website at <http://www.maybank-am.com.my>.

As the Fund has exposure to investment in foreign markets, the NAV per Unit for a particular Business Day will be published two (2) Business Days later.

### (d) Financial Reports

You will be informed of the Fund's performance through the audited annual reports and half-yearly unaudited reports. The reports will be sent to you within two (2) months after the close of the financial year-end or interim period.

### (e) Changing account details

You are required to inform us in writing on any changes to your account details. The account details will amongst other things include the following:

- (i) your address; and
- (ii) signing instructions.

### (f) Unclaimed Monies

Any monies payable to Unit Holders which remain unclaimed for one (1) year will be handled in accordance with the requirements of the Unclaimed Moneys Act, 1965.

### (g) The Deed

<b>Deed of the Fund</b>	Deed dated 24 May 2021
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The Deed can be inspected at our office during office hours (8.45 a.m. to 5.45 p.m.) from Monday to Thursday and (8.45 a.m. to 4.45 p.m.) on Friday on a Business Day.

### (h) Customer Information Service

You can seek assistance on any issue relating to the Fund, from our client servicing personnel at our office at 03 - 2297 7888 from 8.45 a.m. to 5.45 p.m. from Monday to

Thursday and from 8.45 a.m. to 4.45 p.m. on Friday. Alternatively, you may e-mail your enquiries to [mamcs@maybank.com.my](mailto:mamcs@maybank.com.my).

Alternatively, you can contact:

**(i) Complaints Bureau, FIMM via:**

- Tel No: 03 - 2092 3800
- Fax No: 03 - 2093 2700
- Email: [complaints@fimm.com.my](mailto:complaints@fimm.com.my)
- Online complaint form: [www.fimm.com.my](http://www.fimm.com.my)
- Letter: Legal, Secretarial & Regulatory Affairs  
Federation of Investment Managers Malaysia  
19-06-1, 6<sup>th</sup> Floor Wisma Tune  
No. 19, Lorong Dungun  
Damansara Heights  
50490 Kuala Lumpur.

**(ii) Securities Industry Dispute Resolution Center (SIDREC) via:**

- Tel No: 03 - 2282 2280
- Fax No: 03 - 2282 3855
- Email: [info@sidrec.com.my](mailto:info@sidrec.com.my)
- Letter: 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.

**(iii) Consumer & Investor Office, Securities Commission Malaysia via:**

- Tel No: 03 - 6204 8999 (*Aduan hotline*)
- Fax No: 03 - 6204 8991
- Email: [aduan@seccom.com.my](mailto:aduan@seccom.com.my)
- Online complaint form : [www.sc.com.my](http://www.sc.com.my)
- Letter: Consumer & Investor Office  
Securities Commission Malaysia  
3 Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur.

**(i) Consents**

- (i) The consent of the Trustee, Shariah Adviser and the Investment Manager for the inclusion of their names in this Prospectus in the manner and form in which such names appear have been given before the date of issue of this Prospectus and none of them have subsequently withdrawn their written consents.
- (ii) The tax adviser has given its consent to the inclusion of its name and the Tax Adviser's Letter on Taxation of the Fund and Unit Holders in the form and context in which they appear in this Prospectus and has not withdrawn such consent prior to the date of this Prospectus.

**The Fund's annual report is available upon request.**



## **(12) DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at our registered office or such other place as the SC may determine, during normal business hours (8.45 a.m. to 5.45 p.m.) from Monday to Thursday and (8.45 a.m. to 4.45 p.m.) on Friday:

- (a) the Deed;
- (b) this Prospectus and supplementary or replacement prospectus, if any;
- (c) the latest annual and interim reports for the Fund;
- (d) each material contract disclosed in this Prospectus and, in the case of a contract not reduced into writing, a memorandum which gives full particulars of the contract;
- (e) where applicable, the audited financial statements of the Manager and the Fund for the current financial year and the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement;
- (f) any report, letter or other document, valuation and statement by an expert, any part of which is extracted or referred to in this Prospectus;
- (g) writ and relevant cause papers for all material litigation and arbitration disclosed in this Prospectus; and
- (h) consent given by an expert disclosed in this Prospectus.

## (13) TAXATION ADVISER'S LETTER



Ernst & Young Tax Consultants Sdn. Bhd.  
Registration No: 190901002487 (379793-K)  
SST ID: W10-1808-31044478  
Level 23A Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
50490 Kuala Lumpur Malaysia

Tel: +603 7495 8000  
Fax: +603 2095 5332 (General line)  
+603 2095 7043  
ey.com

### Taxation adviser's letter in respect of the taxation of the unit trust fund and the unit holders (prepared for inclusion in this Prospectus)

Ernst & Young Tax Consultants Sdn Bhd  
Level 23A Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

27 May 2021

The Board of Directors  
Maybank Asset Management Sdn Bhd  
Level 12, Tower C  
Dataran Maybank  
No. 1, Jalan Maarof  
59000 Kuala Lumpur

Dear Sirs

#### Taxation of the unit trust fund and unit holders

This letter has been prepared for inclusion in this Prospectus in connection with the offer of units in the unit trust known as Maybank Asia Mixed Assets-I Fund (hereinafter referred to as "the Fund").

The purpose of this letter is to provide prospective unit holders with an overview of the impact of taxation on the Fund and the unit holders.

#### Taxation of the Fund

The taxation of the Fund is subject to the provisions of the Malaysian Income Tax Act 1967 (MITA), particularly Sections 61 and 63B.

Subject to certain exemptions, the income of the Fund comprising profits and other investment income derived from or accruing in Malaysia after deducting tax allowable expenses, is subject to Malaysian income tax at the rate of 24% with effect from the year of assessment 2016.

Under Section 2(7) of the MITA, any reference to interest shall apply, *mutatis mutandis*, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of *Syariah*.

The effect of this is that any gains or profits received (hereinafter referred to as "profits") and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of *Syariah*, will be accorded the same tax treatment as if they were interest.

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Tax allowable expenses would comprise expenses falling under Section 33(1) and Section 63B of the MITA. Section 33(1) permits a deduction for expenses that are wholly and exclusively incurred in the production of gross income. In addition, Section 63B allows unit trusts a deduction for a portion of other expenses (referred to as 'permitted expenses') not directly related to the production of income, as explained below.

"Permitted expenses" refer to the following expenses incurred by the Fund which are not deductible under Section 33(1) of the MITA:

- the manager's remuneration,
- maintenance of the register of unit holders,
- share registration expenses,
- secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage.

These expenses are given a partial deduction under Section 63B of the MITA, based on the following formula:

$$A \times \frac{B}{4C}$$

- where
- A is the total of the permitted expenses incurred for that basis period;
  - B is gross income consisting of dividend<sup>1</sup>, interest and rent chargeable to tax for that basis period; and
  - C is the aggregate of the gross income consisting of dividend<sup>1</sup> and interest (whether such dividend or interest is exempt or not) and rent, and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period,

provided that the amount of deduction to be made shall not be less than 10% of the total permitted expenses incurred for that basis period.

<sup>1</sup> Pursuant to Section 15 of the Finance Act 2011, with effect from the year of assessment 2011, dividend income is deemed to include income distributed by a unit trust which includes distributions from Real Estate Investment Trusts.

### Exempt income

The following income of the Fund is exempt from income tax:

- **Malaysian sourced dividends**

All Malaysian-sourced dividends should be exempt from income tax.

- **Malaysian sourced interest (profits)**

- (i) interest from securities or bonds issued or guaranteed by the Government of Malaysia;
- (ii) interest from debentures or *sukuk*, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission;
- (iii) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia;
- (iv) interest derived from Malaysia and paid or credited by banks licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013<sup>2</sup>;
- (v) interest derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002<sup>2</sup>;
- (vi) interest from *sukuk* originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority (LFSA)<sup>3</sup>; and
- (vii) interest which is specifically exempted by way of statutory orders or any other specific exemption provided by the Minister.

- **Discount**

Tax exemption is given on discount paid or credited to any unit trust in respect of investments as specified in items (i), (ii) and (iii) above.

<sup>2</sup> Effective from 1 January 2019, the income tax exemption for a unit trust fund, pursuant to Paragraph 35A, Schedule 6 of the Income Tax Act shall not apply to a wholesale fund which is a money market fund.

<sup>3</sup> Effective from the year of assessment 2017, the exemption shall not apply to interest paid or credited to a company in the same group or interest paid or credited to a bank licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013; or a development financial institution prescribed under the Development Financial Institutions Act 2002.

### **Foreign sourced income**

Dividends, profits and other income derived from sources outside Malaysia and received in Malaysia by a resident unit trust is exempt from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

### **Gains from the realisation of investments**

Pursuant to Section 61(1) (b) of the MITA, gains from the realisation of investments will not be treated as income of the Fund and hence, are not subject to income tax. Such gains may be subject to real property gains tax (RPGT) under the Real Property Gains Tax Act 1976 (RPGT Act), if the gains are derived from the disposal of chargeable assets, as defined in the RPGT Act.

### **Implementation of Sales and Service Tax ("SST")**

Sales and Service Tax ("SST") was re-introduced effective 1 September 2018. Sales Tax of 10% (most common rate) or 5% is charged by Malaysian manufacturers of taxable goods or upon importation into Malaysia of such taxable goods, unless specifically exempted under the Sales Tax (Goods Exempted From Tax) Order 2018. Service Tax at the rate of 6% is charged on certain prescribed taxable services performed by taxable persons as stipulated under Service Tax Regulations 2018. The input tax recovery mechanism under the previous GST regime does not apply to SST. Therefore, any SST incurred is not recoverable and will form a cost element for businesses.

Based on the Service Tax Regulations 2018, a unit trust fund is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Fund incurs expenses such as management fees, the management services provided by asset and fund managers are specifically excluded from the scope of Service Tax. As for other fees, such as trustee fees and other administrative charges, these may be subject to 6% service tax provided they fall within the scope of service tax (i.e. are provided by a "taxable person", who exceeds the required annual threshold (in most cases RM 500,000 per annum) and the services qualify as "taxable services").





The Board of Directors  
Maybank Asset Management Sdn Bhd

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### **Taxation of unit holders**

For Malaysian income tax purposes, unit holders will be taxed on their share of the distributions received from the Fund.

The income of unit holders from their investment in the Fund broadly falls under the following categories:

1. taxable distributions; and
2. non-taxable and exempt distributions.

In addition, unit holders may also realise a gain from the sale of units.

The tax implications of each of the above categories are explained below:

#### **1. Taxable distributions**

Distributions received from the Fund will have to be grossed up to take into account the underlying tax paid by the Fund and the unit holder will be taxed on the grossed up amount.

Such distributions carry a tax credit, which will be available for set-off against any Malaysian income tax payable by the unit holder. Should the tax deducted at source exceed the tax liability of the unit holder, the excess is refundable to the unit holder.

Please refer to the paragraph below for the income tax rates applicable to the grossed up distributions.

#### **2. Non-taxable and exempt distributions**

Tax exempt distributions made out of gains from the realisation of investments and exempt income earned by the Fund will not be subject to Malaysian income tax in the hands of the unit holders.

### Rates of tax

The Malaysian income tax chargeable on the unit holders would depend on their tax residence status and whether they are individuals, corporations or trust bodies. The relevant income tax rates are as follows:

Unit holders	Malaysian income tax rates
<p>Malaysian tax resident:</p> <ul style="list-style-type: none"> <li>Individual and non-corporate unit holders (such as associations and societies)</li> <li>Co-operatives<sup>4</sup></li> <li>Trust bodies</li> </ul>	<ul style="list-style-type: none"> <li>Progressive tax rates ranging from 0% to 30%</li> <li>Progressive tax rates ranging from 0% to 24%</li> <li>24%</li> </ul>

<sup>4</sup> Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society—  
(a) in respect of a period of five years commencing from the date of registration of such co-operative society; and  
(b) thereafter where the members' Fund [as defined in Paragraph 12(2)] of such co-operative society as at the first day of the basis period for the year of assessment is less than seven hundred and fifty thousand ringgit, is exempt from tax.

Unit holders	Malaysian income tax rates
<ul style="list-style-type: none"> <li>Corporate unit holders               <ul style="list-style-type: none"> <li>(i) A company with paid up capital in respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment) and gross income from a source or sources consisting of a business not exceeding RM50 million for the basis period for the year of assessment<sup>5 6</sup></li> <li>(ii) Companies other than (i) above</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>First RM600,000 of chargeable income @ 17%</li> <li>Chargeable income in excess of RM600,000 @ 24%</li> <li>24%</li> </ul>
Non-Malaysian tax resident (Note 1): <ul style="list-style-type: none"> <li>Individual and non-corporate unit holders</li> <li>Corporate unit holders and trust bodies</li> </ul>	<ul style="list-style-type: none"> <li>30%</li> <li>24%</li> </ul>

**Note 1:**

Non-resident unit holders may be subject to tax in their respective countries depending on the provisions of the tax legislation in the respective countries and any existing double taxation arrangements with Malaysia.

<sup>5</sup> A company would not be eligible for the 17% tax rate on the first RM600,000 of chargeable income if:-

- more than 50% of the paid up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- the company owns directly or indirectly more than 50% of the paid up capital in respect of the ordinary shares of a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- more than 50% of the paid up capital in respect of the ordinary shares of the company and a related company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.

<sup>6</sup> The above excludes a business trust and a company which is established for the issuance of asset-backed securities in a securitization transaction approved by the Securities Commission.





The Board of Directors  
Maybank Asset Management Sdn Bhd

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#### **Gains from sale of units**

Gains arising from the realisation of investments will generally not be subject to income tax in the hands of unit holders unless they are insurance companies, financial institutions or traders/dealers in securities.

#### **Unit splits and reinvestment of distributions**

Unit holders may also receive new units as a result of unit splits or may choose to reinvest their distributions. The income tax implications of these are as follows:

- Unit splits – new units issued by the Fund pursuant to a unit split will not be subject to income tax in the hands of the unit holders.
- Reinvestment of distributions – unit holders may choose to reinvest their income distribution in new units by informing the Manager. In this event, the unit holder will be deemed to have received the distribution and reinvested it with the Fund.

\*\*\*\*\*



The Board of Directors  
Maybank Asset Management Sdn Bhd

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We hereby confirm that, as at the date of this letter, the statements made in this letter correctly reflect our understanding of the tax position under current Malaysian tax legislation and the related interpretation and practice thereof, all of which are subject to change, possibly on a retrospective basis. We have not been retained (unless specifically instructed hereafter), nor are we obligated to monitor or update the statements for future conditions that may affect these statements.

The statements made in this letter are not intended to be a complete analysis of the tax consequences relating to an investor in the Fund. As the particular circumstances of each investor may differ, we recommend that investors obtain independent advice on the tax issues associated with an investment in the Fund.

Yours faithfully  
Ernst & Young Tax Consultants Sdn Bhd



Bernard Yap  
Partner

Ernst & Young Tax Consultants Sdn Bhd has given its consent to the inclusion of the Taxation Adviser's Letter in the form and context in which it appears in this Prospectus and has not withdrawn such consent before the date of issue of this Prospectus.

## **(14) DIRECTORY**

### **Maybank Asset Management Sdn Bhd**

Level 12, Tower C  
Dataran Maybank  
No. 1, Jalan Maarof  
59000 Kuala Lumpur  
Malaysia

Tel. No.: 03 - 2297 7888

Fax No.: 03 - 2715 0071

Website: <http://www.maybank-am.com>

Email: [mamcs@maybank.com.my](mailto:mamcs@maybank.com.my)

### **LIST OF DISTRIBUTORS**

Kindly contact us for more details on the list of our appointed distributors.

## (15) APPENDIX

### SHARIAH INVESTMENT GUIDELINES OF THE TARGET FUND

The following are the Shariah investment guidelines of the Target Fund, which the Investment Manager is to strictly adhere to on a continuous basis. For so long as the Target Fund is an Islamic fund, the Target Fund shall invest in investment instruments that are allowed under Shariah principles and shall not invest in investment instruments that are prohibited by Shariah principles based on the parameters of the applicable Shariah advisory bodies (as set out below) and the Shariah adviser of the Target Fund.

You should note that the Shariah investment guidelines of the Target Fund may from time to time be updated or amended by the Shariah adviser of the Target Fund, and the latest Shariah investment guidelines of the Target Fund may be obtained from the Investment Manager's website at [www.maybank-am.com.sg](http://www.maybank-am.com.sg).

Where the Shariah adviser of the Target Fund intends to modify the Shariah investment guidelines of the Target Fund, it shall give the Investment Manager sufficient prior notice including a reasonable period of time to reflect any necessary update or change to the prospectus of the Target Fund in accordance with the requirements of any applicable law and regulation.

The Shariah investment guidelines of the Target Fund as at 23 April 2021, the date of the prospectus of the Target Fund, are described below.

#### Investments

##### a. Shariah-compliant Equity-related Securities

The Target Fund shall invest in securities:

- listed under the list of Shariah-compliant securities issued by the local Shariah governing bodies of the relevant countries, such as the SACSC in Malaysia and/or the Majelis Ulama Indonesia in Indonesia; and/or
- listed on a formal list of Shariah-compliant securities issued by internationally recognised Shariah indices including but not limited to the MSCI Islamic Index Series.

The Target Fund may invest in any securities which are not certified by the local Shariah governing bodies of the relevant countries or are not listed on a formal list of Shariah-compliant securities issued by internationally recognised Shariah indices, provided that such securities are deemed to be Shariah-compliant pursuant to the rulings issued by the Shariah adviser of the Target Fund. The Shariah adviser of the Target Fund shall issue such rulings based on both business activity screening and financial screening of such securities, which is described in further detail below.

##### Level 1: Business Activity Screening

The Shariah investment guidelines of the Target Fund do not allow investment in companies which are directly active in, or derive more than 5% of their revenue (cumulatively) from, the following activities ("prohibited activities"):

- alcohol;
- tobacco;
- pork related products;
- conventional financial services;
- defense or weapons;
- gambling or casino;
- music;
- hotels;
- cinema; and
- adult entertainment.

## **Level 2: Financial Screening**

The Shariah investment guidelines of the Target Fund do not allow investment in companies deriving significant income from interest or companies that have excessive leverage. The following three financial ratios are to be met in order for a company to qualify as Shariah-compliant:

- total debt (excluding Shariah-compliant debt and Shariah-compliant instruments) over total assets must be less than 33.33%;
- the sum of a company's cash and interest-bearing securities (excluding Shariah-compliant debt and Shariah-compliant instruments) over total assets must be less than 33.33%; and
- the sum of a company's accounts receivables and cash over total assets must be less than 33.33%.

Should any company fail to meet the above benchmarks, the Shariah adviser of the Target Fund will not accord Shariah-compliant status to such company.

### **b. Sukuk**

The Target Fund shall only invest in sukuk as approved by the respective Shariah scholar(s) or Shariah board(s) of the relevant sukuk and/or as listed in the Dow Jones Sukuk Price Return Index. The Investment Manager shall seek the Shariah adviser of the Target Fund's prior approval to making an investment for the Target Fund in any sukuk.

### **c. Islamic Deposits**

The Target Fund may place bank deposits in Islamic accounts issued by licensed Islamic financial institutions/financial institutions, or where no such Islamic account is accessible, non-interest bearing accounts. The Target Fund is also prohibited from investing in interest-bearing deposits and recognising any interest income.

### **d. Islamic Money Market Instruments**

The Target Fund may invest in money market instruments that are endorsed by the respective Shariah advisers or committees of the relevant instruments, provided that such instruments are first approved by the Shariah adviser of the Target Fund based on its review of the relevant documents e.g. principal terms and conditions, and Shariah pronouncement or approvals.

### **e. Islamic Collective Investment Schemes**

The Target Fund may invest in eligible collective investment schemes which are endorsed by other reputable Shariah advisers or committees, provided that such schemes are first approved by the Shariah adviser of the Target Fund based on its review of the relevant documents e.g. principal terms and conditions, and Shariah pronouncement or approvals.

### **f. Islamic FDIs**

The Target Fund may invest in Islamic FDIs that are endorsed by other reputable Shariah advisers or committees, provided that such Islamic FDIs are first approved by the Shariah adviser of the Target Fund based on its review of the relevant documents e.g. principal terms and conditions, and Shariah pronouncements or approvals.

### **g. Any other Shariah-compliant investments**

For avoidance of doubt, the Investment Manager shall seek the Shariah adviser of the Target Fund's approval before making investments for the Target Fund in Islamic liquidity management instruments, and shall submit all relevant documents relating to such instruments to the Shariah adviser of the Target Fund for this purpose.

## **Cleansing/ Purification Process for the Target Fund**

### **a. Shariah Non-Compliant Investment**

The Investment Manager will immediately dispose of any Shariah non-compliant investment inadvertently made by the Target Fund. If the disposal of the Shariah non-compliant investment results in a loss to the Target Fund, the loss is to be borne by the Investment Manager. The Investment Manager shall ensure that the loss is restored and returned to the Target Fund. The said investment will be disposed/withdrawn

with immediate effect or within a period of not more than one month after the Investment Manager becomes aware of the status of the investment. In the event that there are any capital gains or dividend received before or after the disposal of the investment, such gains will be channeled to *baitulmal* and/or any charitable bodies as selected by the Investment Manager and approved by the Shariah adviser of the Target Fund. The Target Fund has the right to retain only the investment cost.

#### **b. Reclassification of Shariah status of the Target Fund's investments**

If a security is reclassified as Shariah non-compliant by the SACSC and/or the Shariah board of the MSCI Islamic Index Series and/or any other relevant sources, as per the Shariah adviser of the Target Fund's advice, the said security shall be disposed of as soon as practical, once the total amount of dividends received and the market value held exceed or equal the investment costs. Any dividends received up to the date of the announcement/review and capital gains arising from the disposal of the Shariah non-compliant securities made at the time of the announcement/review can be kept by the Target Fund. However, any dividends received and excess capital gains derived from the disposal after the announcement/review day at a market price that is higher than the closing price on the announcement/review day is to be channelled to *baitulmal* and/or any charitable bodies as selected by the Investment Manager and approved by the Shariah adviser of the Target Fund.

On the other hand, the Target Fund is allowed to hold the investment in the Shariah non-compliant securities if the market price of the said securities is below the investment cost. It is also permissible for the Target Fund to keep the dividends received during the holding period until such time when the total amount of dividends received and the market value of the Shariah non-compliant securities held equal the investment cost. At this stage, the Target Fund is advised to dispose of its holding in that securities.

#### **c. Purification of Cash Dividend**

The cleansing process is the means by which all remaining elements of non-permissible income are removed or purged from a portfolio through dividend cleansing. The process applies mainly to non-permissible income pursuant to the MSCI screening methodology and should be disposed according to the same methodology of the MSCI. The cleansed income shall be channelled to *baitulmal* and/or charitable bodies as selected by the Investment Manager and notified to or (if required) approved by the Shariah adviser of the Target Fund in accordance with the Shariah principles.

#### **Payment of Zakat**

This refers to the purification by way of payment of zakat by Muslims. The Target Fund will not pay zakat on behalf of Muslim holders. Thus, Muslim holders are advised to pay zakat on their own.

### **PERMITTED INVESTMENTS AND INVESTMENT RESTRICTIONS OF THE TARGET FUND**

#### **1. Permissible Investments**

1.1 The Target Fund's underlying investments may only consist of the following permissible investments:

- a) Shariah-compliant transferable securities;
- b) Islamic money market instruments;
- c) eligible Islamic deposits;
- d) units in other Islamic schemes;
- e) Islamic financial derivatives; and
- f) Shariah-compliant shares or Shariah-compliant securities equivalent to shares that are not listed for quotation or quoted and have not been approved for listing for quotation or quotation on an organised exchange.

1.2 For the purpose of paragraph 1.1,

- a) "Shariah-compliant transferable securities" refer to:
  - i) Shariah-compliant shares or Shariah-compliant securities equivalent to shares; and

Guidance

Shariah-compliant *shares* include units in a business trust.

- ii) sukuk or other securitised Islamic debt instruments,

that meet the requirements of paragraph 1.3 but do not include:

- A) Islamic money market instruments; or
  - B) any Shariah-compliant security the title to which cannot be transferred or can be transferred only with the consent of a third party.
- b) “eligible Islamic deposits” refer to deposits with banks licensed under the Banking Act (Cap. 19), finance companies licensed under the Finance Companies Act (Cap. 108), merchant banks approved as financial institutions under section 28 of the Monetary Authority of Singapore Act (Cap. 186) or any other deposit-taking institution licensed under an equivalent law in a foreign jurisdiction.

Requirements of Shariah-compliant transferable securities

- 1.3 Shariah-compliant transferable securities should meet the following requirements:

- a) the maximum potential loss which may be incurred as a result of the investment is limited to the amount paid for it;
- b) the investment is liquid;
- c) the investment is subject to reliable and verifiable valuation on a daily basis; and
- d) there is appropriate information available to the market on the investment or, where relevant, on the portfolio.

Guidance

*In determining whether information on a transferable security is appropriate, the Investment Manager should consider if the information available on the market is regular and accurate, as well as sufficient to analyse the investment. For example, reliance on annual or financial reports is acceptable if the Investment Manager is of the view that it is appropriate.*

Requirements on investments in other Islamic schemes

- 1.4 The Target Fund may invest in other Islamic schemes only if the underlying scheme is:

- a) an authorised or recognised Islamic scheme;

Guidance

*Notwithstanding paragraph 1.4(a), the Target Fund should not invest in an underlying scheme which is a hedge fund or fund-of-hedge funds even if the underlying scheme complies with Appendix 3 of the Code on Collective Investment Schemes (“Code”).*

- b) an Islamic scheme which:
  - i) is constituted and regulated in a jurisdiction where the laws and practices afford to participants in Singapore protection at least equivalent to that afforded to participants of schemes which are wholly managed in Singapore;
  - ii) adheres to investment guidelines and borrowing limits which are substantially similar to those set out in the relevant Appendices of the Code; and
  - iii) has a manager that is reputable and supervised by an acceptable financial supervisory authority; or
- c) an Islamic scheme which is invested in permissible investments or real estate, meets the requirements set out in paragraph 1.3(a) to (d) and, for the purposes of this paragraph, the units in the Islamic scheme are listed for quotation and traded on an organised exchange.

Guidance

*Restricted schemes may be acceptable as underlying investments if they can meet the conditions in paragraph 1.4(b) or (c).*

Requirements of Islamic financial derivatives

1.5 Islamic financial derivatives should meet the following requirements:

- a) the underlying consists of instruments referred to in paragraph 1.1, indices, interest rates, foreign exchange rates or currencies. The Investment Manager should undertake in the trust deed to settle such transaction in cash and disclose the fact in the prospectus of the Target Fund;
- b) the Islamic financial derivatives are liquid;
- c) the Islamic financial derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value; and
- d) the Islamic financial derivatives should not result in the delivery of investments other than those described in paragraph 1.1(a) to (f).

OTC Islamic financial derivatives

1.6 In the case of OTC Islamic financial derivatives, reliable and verifiable valuation stated in paragraph 1.5(c) refers to:

- a) a valuation made by the Investment Manager based on a current market value; or
- b) where such value is not available, a fair value based on an appropriate valuation model which is checked at an appropriate frequency by an independent party.

The valuation by the Investment Manager should not be based solely on a valuation provided by the counterparty to the transaction.

Guidance

*The party who carries out the verification should be independent of the counterparty as well as the Investment Manager's fund management function.*

**2. Spread of Investments**

Single entity limit and group limit

2.1 The Target Fund should comply with the following limits:

- a) Investments in:
  - i) Shariah-compliant transferable securities; or
  - ii) Islamic money market instrumentsissued by a single entity should not exceed 10% of the Target Fund's net asset value ("single entity limit").
- b) Aggregate investments in, or exposures to, a group of entities through:
  - i) Shariah-compliant transferable securities;
  - ii) Islamic money market instruments;
  - iii) eligible Islamic deposits; and
  - iv) counterparty risk exposures arising from the use of OTC Islamic financial derivatives,should not exceed 20% of the Target Fund's net asset value ("group limit"). For the purposes of this paragraph, a group of entities refers to an entity, its subsidiaries, fellow subsidiaries and its holding company.



Guidance 1

*Investments in transferable securities and money market instruments issued by a trust should be included in the single entity limit and group limit.*

Guidance 2

*The group of entities referred to in the group limit also applies to aggregate investments in, or exposures to, special purpose vehicles ("SPVs") where the substance of the relationship between a sponsor and its SPV, determined in accordance with the Interpretation of Financial Reporting Standard 12, indicates that the SPV is controlled by that sponsor.*

Short-term deposits

- 2.2 The group limit does not apply to placements of eligible Islamic deposits arising from liquidation of investments prior to the termination of the Target Fund, where the placing of these monies with various institutions would not be in the interests of participants.
- 2.3 The single entity limit of 10% may be raised to 15% of the Target Fund's net asset value where the issuing entity or trust is, or the issue is guaranteed by, either a government, government agency or supranational, that has a minimum long-term rating of BBB by Fitch, Baa by Moody's or BBB by Standard & Poor's (including such sub-categories or gradations therein).
- 2.4 If there is a downgrade in rating to that below the minimum rating as stated in paragraph 2.3, or if the rating agencies no longer rate the entity or the guarantor, the single entity limit should revert to 10%.
- 2.5 The single entity limit of 10% may be raised to 15% of the Target Fund's net asset value where the issuing entity or trust is, or the issue is guaranteed by, either a government, government agency or supranational, that has a minimum long-term rating of AA by Fitch, Aa by Moody's or AA by Standard & Poor's (including such sub-categories or gradations therein).
- 2.6 If there is a downgrade in rating to that below the minimum rating as stated in paragraph 2.5, or if the rating agencies no longer rate the entity or the guarantor, the single entity limit as specified in paragraph 2.1(a) or 2.3, as the case may be, should apply accordingly.

Unrated and non-investment grade corporate sukuk

- 2.7 The single entity limit of 10% in paragraph 2.1(a) for sukuk and other securitised Islamic debt instruments is lowered to 5% of the Target Fund's net asset value if the issuing entity or trust:
- a) is not rated; or
  - b) has a long-term rating below that of BBB by Fitch, Baa by Moody's or BBB by Standard & Poor's (including such sub-categories or gradations therein).
- 2.8 Notwithstanding paragraph 2.7(a), the Investment Manager may rely on:
- a) the rating of an unrated issuer's parent company provided that an explicit guarantee by the parent company for the issuer is in place; or
  - b) its internal rating of an unrated issuer if the Investment Manager has satisfied the trustee that its internal rating is comparable to a rating issued by Fitch, Moody's or Standard & Poor's.

Guidance

*For the purpose of paragraph 2.8(b), the trustee may consider the Investment Manager's internal rating methodology.*

Commodity-backed sukuk

- 2.9 The Target Fund may invest in sukuk that are undated, secured by physical commodities, listed for quotation and traded on an organised exchange, subject to the limit in paragraph 2.12.

#### Investment in other Islamic schemes

- 2.10 The Target Fund may invest up to 20% of its net asset value in another Islamic scheme only if the underlying scheme satisfies paragraph 1.4(a) or (b).
- 2.11 Investments in an underlying Islamic scheme which does not satisfy paragraph 1.4(a) or (b) but satisfies:
- a) paragraph 1.4(c) and is invested in permissible investments or real estate should not exceed 10% of the Target Fund's net asset value; or

#### Guidance

*For example, investments in a real estate investment trust which do not satisfy paragraph 1.4(a) or (b) but satisfy the requirements in paragraph 1.3(a) to (d) should not exceed 10% of the Target Fund's net asset value.*

- b) paragraph 1.4(c) and is invested directly in commodities (gold only) is subject to the limit in paragraph 2.12 below.

#### Guidance

*Investments in a commodity-backed exchange-traded fund (gold exchange-traded fund only) which satisfies the requirements in paragraph 1.3(a) to (d) will be subject to the limit in paragraph 2.12.*

#### Alternative exposure limit

- 2.12 Investments in:

- a) Shariah-compliant shares or Shariah-compliant securities equivalent to shares that are not listed for quotation or quoted, and have not been approved for listing for quotation or quotation, on an organised exchange; and
- b) sukuk which are undated, secured by physical commodities, listed for quotation and traded on an organised exchange; and
- c) underlying Islamic scheme which do not satisfy paragraph 1.4(a) or (b) but satisfy 1.4(c) and are invested directly in commodities (gold only),

are subject to an aggregate limit of 10% of the Target Fund's net asset value.

#### Concentration limit

- 2.13 The Target Fund should not invest in more than:

- a) 10% of the total outstanding Shariah-compliant shares, or Shariah-compliant securities equivalent to shares, of any single entity or trust; and
- b) 10% of each individual issuance of sukuk of any single issuing entity or trust, where such issuance is not part of a debt issuance programme; or where sukuk are issued under a debt issuance programme, 20% of each tranche, subject to a limit of 10% of the overall programme size; and
- c) 10% of the Islamic money market instruments of a single issuing entity or trust.

### **3. Global Exposure**

- 3.1 The global exposure of the Target Fund to Islamic financial derivatives or embedded Islamic financial derivatives should not exceed 100% of the Target Fund's net asset value at all times.
- 3.2 The global exposure of the Target Fund will be calculated based on commitment approach.
- 3.3 The global exposure of the Target Fund is calculated as the sum of:
- a) the absolute value of the exposure of each individual Islamic financial derivative not involved in netting or hedging arrangements;

- b) the absolute value of the net exposure of each individual Islamic financial derivative after netting or hedging arrangements; and
- c) the sum of the values of cash collateral received pursuant to the reduction of exposure to counterparties of OTC Islamic financial derivatives,

and that are reinvested.

#### *Netting arrangements*

3.4 Netting arrangements may be taken into account to reduce the Target Fund's exposure to Islamic financial derivatives.

3.5 The Target Fund may net positions between:

- a) Islamic financial derivatives on the same underlying assets, even if the maturity dates are different; or
- b) Islamic financial derivatives and the same corresponding underlying asset, if those underlying assets are Shariah-compliant transferable securities, Islamic money market instruments or units in other Islamic schemes.

#### *Hedging arrangements*

3.6 Hedging arrangements may be taken into account to reduce the Target Fund's exposure to Islamic financial derivatives.

3.7 The marked-to-market value of Shariah-compliant transferable securities, Islamic money market instruments or units in Islamic schemes involved in hedging arrangements may be taken into account to reduce the Target Fund's exposure to Islamic financial derivatives.

3.8 For the purposes of paragraphs 3.6 and 3.7, the hedging arrangement should:

- a) not be aimed at generating a return;
- b) result in an overall verifiable reduction of the risk of the Target Fund;
- c) offset the general and specific risks linked to the underlying being hedged;
- d) relate to the same asset class being hedged; and
- e) be able to meet its hedging objective in all market conditions.

#### Guidance

*Strategies which seek to offset the beta (market risk) but do not aim to offset the specific risks linked to the underlying investment and keep the alpha would not comply with the requirements in paragraph 3.8. Such strategies would include market neutral or long/short strategies.*

3.9 Notwithstanding paragraph 3.8, Islamic financial derivatives used for the purposes of hedging currency exposure may be netted when calculating the global exposure.

## **4. Use of Islamic Financial Derivatives**

#### Spread of underlying assets

4.1 The exposure of the Target Fund to the underlying assets of Islamic financial derivatives should be sufficiently diversified on a portfolio basis.

4.2 In the case where the underlying assets are:

- a) Shariah-compliant transferable securities, Islamic money market instruments, eligible Islamic deposits or units in other Islamic schemes, the limits in paragraph 2, except for the concentration limits, apply; and
- b) indices, paragraphs 4.2(a) apply to each constituent of the index, where applicable,

on a portfolio basis.

#### Embedded Islamic financial derivatives

- 4.3 Where a Shariah-compliant transferable security or Islamic money market instrument embeds an Islamic financial derivative, the requirements in paragraphs 3 and 4 apply to the embedded Islamic financial derivative.
- 4.4 Where the counterparty risk of the embedded Islamic derivative is or may be transferred to the Target Fund, the requirements in paragraph 5 also apply to the embedded Islamic financial derivative.
- 4.5 A Shariah-compliant transferrable security or Islamic money market instrument is considered to be embedding an Islamic financial derivative if it contains a component which fulfils the following criteria:
- a) the component results in some or all of the cash flows that otherwise would be required by the Shariah-compliant transferable security or Islamic money market instrument which functions as host contract to be modified according to a variable including but not limited to a specified interest rate, price of a financial instrument, foreign exchange rate, index of prices or rates, credit rating or credit index, and therefore vary in a way similar to a stand-alone financial derivative;
  - b) the component's economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - c) the component has a significant impact on the risk profile and pricing of the Shariah-compliant transferable security or Islamic money market instrument.
- 4.6 A Shariah-compliant transferable security or an Islamic money market instrument should not be regarded as embedding a financial derivative where it contains a component which is contractually transferable independently of the Shariah-compliant transferable security or the Islamic money market instrument. Such a component should be deemed to be a separate financial instrument.
- 4.7 Where an instrument is structured as an alternative to an OTC Islamic financial derivative or tailor-made to meet the specific needs of the Target Fund, the instrument should be deemed as embedding an Islamic financial derivative.

#### Cover

- 4.8 A transaction in Islamic financial derivatives which gives rise, or may give rise, to a future commitment on behalf of the Target Fund should be covered as follows:
- a) in the case of Islamic financial derivatives which will, or may at the option of the Target Fund, be cash settled, the Target Fund should hold, at all times, liquid assets sufficient to cover the exposure;

#### Guidance 1

*The term "exposure" refers to any transaction in Islamic financial derivatives that may give rise to a future commitment by the Target Fund to make contractually required payments. As such, exposure would include, among others, any cash settlement of contracts, margin calls, and interest payments.*

#### Guidance 2

*Liquid assets refer to cash or permissible investments that can satisfy the requirements in chapter 1.2(i) of the Code. The quantity of such liquid assets held as cover should however be determined after the application of appropriate safeguards such as haircuts.*

- b) in the case of Islamic financial derivatives which will, or may at the option of the counterparty, require physical delivery of the underlying assets, the Target Fund should hold the underlying assets in sufficient quantities to meet the delivery obligation at all times. If the Investment Manager deems the underlying assets to be sufficiently liquid, the Target Fund may hold as coverage other liquid assets in sufficient quantities, provided that

such alternative assets may be readily converted into the underlying asset at any time to meet the delivery obligation.

## **5. Counterparty of Islamic Financial Derivatives**

### OTC Islamic financial derivatives

- 5.1 The counterparty of an OTC Islamic financial derivative should be subject to prudential supervision by a financial supervisory authority in its home jurisdiction.
- 5.2 Subject to the group limit in paragraph 2.1, the maximum exposure of the Target Fund to the counterparty of an OTC Islamic financial derivative may not exceed:

- a) in the case of an eligible financial institution described in paragraph 5.3, 10% of the Target Fund's net asset value; or
- b) in any other case, 5% of the Target Fund's net asset value,

("counterparty limits").

Note: For the purpose of paragraph 5.2(b), the credit rating for the counterparty of OTC Islamic financial derivatives will be at least investment grade, even where this is not required under the Code.

- 5.3 For the purpose of paragraph 5.2, an eligible financial institution should have a minimum long-term rating of A by Fitch, A by Moody's or A by Standard & Poor's (including sub-categories or gradations therein). Alternatively, where the financial institution is not rated, the Target Fund should have the benefit of a guarantee by an entity which has a long-term rating of A (including sub-categories or gradations therein).
- 5.4 The exposure to a counterparty of an OTC Islamic financial derivative should be measured based on the maximum potential loss that may be incurred by the Target Fund if the counterparty defaults and not on the basis of the notional value of the OTC Islamic financial derivative.

### Exchange-traded Islamic financial derivatives

- 5.5 Islamic financial derivatives which:

- a) are transacted on an exchange where the clearing house performs a central counterparty role; and
- b) have trades which are characterised by a daily marked-to-market valuation of the financial derivative positions and subject to at least daily margining,

would not be subject to the counterparty limits in paragraph 5.2.

### Margins

- 5.6 Any exposure arising from initial margin posted and the variation margin receivable from a counterparty relating to OTC or exchange-traded Islamic financial derivatives, which is not protected against insolvency of the counterparty, is to be included in the counterparty limit.

### Guidance

*The exposures from margins held with brokers need not be included if the margins are maintained in trust accounts.*

## **6. Borrowings**

- 6.1 The Target Fund may borrow, on a temporary basis, for the purposes of meeting redemptions and bridging requirements.
- 6.2 The Target Fund may only borrow from banks licensed under the Banking Act (Cap. 19), finance companies licensed under the Finance Companies Act (Cap. 108), merchant banks approved as

financial institutions under section 28 of the Monetary Authority of Singapore Act (Cap. 186) or any other deposit-taking institution licensed under an equivalent law in a foreign jurisdiction.

6.3 The borrowing period should not exceed one month.

6.4 Aggregate borrowings for the purposes of paragraph 6.1 should not exceed 10% of the Target Fund's net asset value at the time the borrowing is incurred.

Guidance

*Credit balances (e.g. cash) may not be offset against borrowings when determining the percentage of borrowings outstanding.*

## **7. Breaches**

### **7.1 Rectification**

The Investment Manager should take all necessary action to rectify any breach of the Code as soon as practicable. The Investment Manager should not enter into any transaction that would increase the extent of the breach.

### **7.2 Notification**

a) The Investment Manager should inform the Monetary Authority of Singapore within three (3) business days after it becomes aware of any breach of the guidelines or limits set out in Part I and Part II of the Code.

b) Notwithstanding chapter 7.2(a), any breach as a result of any:

- i) appreciation or depreciation in the value of the Target Fund's underlying investments;
- ii) redemption of units or payments made from the Target Fund;
- iii) change in the capital of a company;

Guidance

*Examples of changes in the capital include changes in the total outstanding shares of a company arising from the issuance of (pro-rata) rights or bonuses.*

iv) reduction in the weight of a constituent in the benchmark being tracked by a scheme; or

v) downgrade in or cessation of a credit rating,

need not be reported to the Monetary Authority of Singapore as long as such breach is rectified in accordance with paragraph 7.1 but no later than three (3) months from the date of the breach unless otherwise specified in Part I of the Code. This period may be extended if the Investment Manager satisfies the trustee of the Target Fund that it is in the best interest of participants. Such extension should be subject to monthly review by the trustee of the Target Fund.

## **SPECIFIC RISKS OF THE TARGET FUND**

### **Company Specific Risk**

Specific risks to Shariah-compliant securities issued by a company apply as there are adverse conditions or negative sentiments which a company can be uniquely exposed to, be it from the view of management issues, deteriorating business fundamentals or losing competitiveness. As a consequence, the price of Shariah-compliant securities issued by such company might fall and subsequently affect the Target Fund's performance. The impact of a specific company may be reduced where the Target Fund invests in a wide portfolio of investments consisting of Shariah-compliant securities issued by different companies thereby spreading the element of this risk through diversification.

### **Default Risk**

Default risk will arise when the issuer of a sukuk fails to make timely payments of profit and/or principal. This may cause the value of the Target Fund to be adversely affected.

Furthermore, current Islamic deposits and fixed deposits that the Target Fund has placed with financial institutions are also exposed to credit or default risk. If the financial institutions become insolvent, the Target Fund may suffer capital losses with regards to the capital deposited and profits foregone, causing the performance of the Target Fund to be adversely affected.

*Note: The Investment Manager may from time to time rely on ratings issued by credit rating agencies. The Investment Manager has established a set of internal credit assessment standards and have put in place a credit assessment process to ensure that the investments by the Target Fund are in line with these standards. Information on the Investment Manager's credit assessment process (in such form and manner and to such extent as it may decide) can be made available to the Fund upon request. The Fund shall agree in writing to keep such credit assessment process information confidential if so required by the Investment Manager.*

#### **Interest Rate Risk**

The investments of the Target Fund in sukuk are subject to interest rate risk. A sukuk's value will generally increase in value when interest rates fall and decrease in value when interest rates rise. Interest rate risk is the chance that such movements in interest rates will negatively affect a sukuk's value or, in the Target Fund's case, its net asset value. Sukuk with longer-term maturities tend to be more sensitive to interest rate changes than shorter-term sukuk. As a result, longer-term sukuk tend to offer higher yields for this added risk. While changes in interest rates may affect the Target Fund's profit income, such changes may positively or negatively affect the net asset value of the Target Fund's units on a daily basis.

#### **Currency Risk**

Where the Target Fund has investments that are not denominated in the same currency as the Target Fund, the Target Fund is exposed to currency risk. Fluctuation in foreign currency exchange rates will also affect the value of the Target Fund's investments when converted into the currency of denomination of the Target Fund and subsequently the value of the holders' investments.

In the management of the Target Fund, the Investment Manager may use Islamic foreign currency forwards to hedge the foreign currency exposure in full or partially, and may actively manage such exposure.

#### **Derivatives Risk**

Subject to the provisions set out in the prospectus of the Target Fund, the Investment Manager may use various Islamic FDIs. Throughout this section and others that refer to Islamic FDIs, privately negotiated or non-exchange traded Islamic FDIs are referred to as being OTC.

The Target Fund may use Islamic FDIs relating to, for example, currencies, securities, indices and interest rates, for the purposes set out in the prospectus of the Target Fund.

The performance and value of Islamic FDIs depend, at least in part, on the performance or value of the underlying asset. Islamic FDIs involve cost, may be volatile, and may involve a small investment relative to the risk assumed (leverage effect). Their successful use may depend on the Investment Manager's ability to predict market movements. Risks include default by the counterparty or the inability to close out a position because the trading market becomes illiquid. Some Islamic FDIs (such as interest rate swaps, options or futures which are related to interest rates) are particularly sensitive to changes in interest rates.

Transactions in futures may carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the value of the Target Fund (than if no futures contracts were entered into) which may work for or against the Target Fund. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

*Note: This refers to orders to buy or sell futures contract. The evolution of the market may make it difficult or impossible to sell a derivative contract (for example, where there is no offer to meet the demand, closure of the market due to economic or political conditions, etc.).*

Forward transactions, in particular those traded OTC, have an increased counterparty risk. If a counterparty defaults, the Target Fund may not get the expected payment. This may result in a loss of the unrealised profit.

Transactions in options may also carry a high degree of risk. Selling (“writing” or “granting”) an option generally entails considerably greater risk than purchasing options.

Although the premium received by the Target Fund is fixed, the Target Fund may sustain a loss well in excess of that amount. The Target Fund will also be exposed to the risk of the purchaser exercising the option and the Target Fund will be obliged either to settle the option in cash or to acquire the underlying investment or asset in the options contract or deliver the underlying investment. If the option is “covered” by the Target Fund holding a corresponding position in the underlying investment or a future on another option (i.e. a future on an option similar to the one held by the Target Fund), the risk may be reduced.

The risk of loss to the Target Fund for a swap transaction on a net basis depends on which party is obliged to pay the net amount to the other party. If the counterparty is obliged to pay the net amount (the amount that the Target Fund will finally get as opposed to the notional amount) to the Target Fund, the risk of loss to the Target Fund is the loss of the amount that the Target Fund is entitled to receive; if the Target Fund is obliged to pay the net amount, its risk of loss is limited to the net amount due.

Islamic FDIs traded in OTC markets may trade in smaller volumes, and their prices may be more volatile than instruments traded on exchanges. Such instruments may be less liquid than more widely traded instruments (i.e. those that are traded on a centralised exchange). In addition, the prices of such instruments may include an undisclosed dealer mark-up which the Target Fund may pay as part of the purchase price.

### **Counterparty Risk**

Where the Target Fund enters into OTC transactions, the Target Fund is exposed to the risk that a counterparty may default on its obligations to perform under the relevant contract. If a counterparty becomes bankrupt or insolvent, the Target Fund could experience delays in liquidating an investment and may therefore incur significant losses, including losses resulting from a decline in the value of the investment during the period in which the Target Fund seeks to enforce its rights. The Target Fund may also be unable to realise any gains on the investment during such period and may incur fees and expenses to enforce its rights. There is also a risk that counterparty contracts may be terminated earlier due to, for instance, bankruptcy, supervening illegality or change in the tax or accounting laws relative to those laws existing at the time the contracts were entered into.

### **Call Risk**

Subject to the provisions set out in the prospectus of the Target Fund, The Target Fund may invest in callable sukuk. Issuers may call these sukuk prior to maturity for a variety of reasons (e.g falling interest rates, changes in credit spreads and improvements in the issuer’s credit quality). If an issuer calls a sukuk that the Target Fund has invested in, the Target Fund would then lose any price appreciation above the sukuk’s call price, and may not recoup the full amount of its initial investment. The Target Fund may also be forced to reinvest the unanticipated proceeds in sukuk with lower profit rates, sukuk with greater credit risks or sukuk with less favourable features.

### **Reclassification of Shariah Status Risk**

The Investment Manager will be advised by the Shariah adviser of the Target Fund, in accordance with the terms set out in the prospectus of the Target Fund. The investments of the Target Fund must comply with the Shariah investment guidelines of the Target Fund before the Investment Manager may make these investments. As a consequence, the Target Fund may be required to undertake or dispose of investments in circumstances that are less advantageous than might otherwise be the case for other investment funds that do not seek to adhere to the Shariah investment guidelines of the Target Fund. For instance, where a security is reclassified as Shariah non-compliant through an announcement/review



by the relevant bodies as described in the Shariah investment guidelines of the Target Fund, the Shariah adviser of the Target Fund may require the Target Fund to dispose of this security. Any dividends received up to the date of the announcement/review and capital gains arising from the disposal of such security made as of the day of the announcement/review can be kept by the Target Fund. However, any dividends received and excess capital gains derived from the disposal after the announcement/review day at a market price that is higher than the closing price on the announcement/review day is to be channelled to *baitulmal* and/or any charitable body as selected by the Investment Manager and notified to or (if required) approved by the Shariah adviser of the Target Fund in accordance with the Shariah principles.

The Target Fund may also be required to forego investments that it otherwise could have undertaken if it were not a Shariah-compliant fund.

Although the Investment Manager intends to observe the Shariah investment guidelines of the Target Fund at all times, you should note that no such assurance can be given, as there may be occasions when the Target Fund's investments do not fully comply with such criteria due to factors outside the Investment Manager's control.

The Target Fund may invest in certain securities that generate dividend or income which is considered to be not "pure" by the Shariah adviser of the Target Fund (i.e. being non-Shariah compliant). Such income and dividend may be required by the Shariah adviser of the Target Fund to be "purified" by donating them to charitable bodies as may be selected by the Investment Manager and notified to or (if required) approved by the Shariah adviser of the Target Fund in accordance with the Shariah principles. Therefore, the amount to be distributed to holders (i.e., the Fund) will be derived from the net income of the Target Fund (post purification by the Target Fund of such non "pure" amount as mentioned in the foregoing).

#### **Limited Counterparties for Islamic FDIs Risk**

The Target Fund might use Islamic FDIs for hedging purposes. There may be a limited number of counterparties available for certain Shariah-compliant financial instruments, exposing the Target Fund to the possibility that only a few counterparties or only one counterparty is available to engage in a given transaction. Where such counterparties do not offer competitive rates for a hedging transaction or decide not to roll a hedging transaction when it falls due, the Target Fund's ability to implement its hedging strategy would be impaired.

#### **Sukuk Investment Risk**

The changes in price of sukuk are influenced predominantly by interest rates in the capital markets, which in turn are influenced by macro-economic factors. Sukuk could suffer when capital market interest rates rise, while they could increase in value when capital market interest rates fall. The price changes of sukuk also depend on the remaining term to maturity of the relevant sukuk. In general, sukuk with shorter terms have less price risks than sukuk with longer terms, but also generate lower returns, and require that the Target Fund reinvest more frequently than if the sukuk had a longer term.

#### **Sovereign Sukuk**

Sovereign sukuk are sukuk issued or guaranteed by government or government-linked entities. Investment in sovereign sukuk involves some risk, as the governmental entity that controls the repayment of sovereign sukuk may not be able or willing to repay the principal and/or return the same when due in accordance with the terms of such debt due to factors such as (i) the state of their foreign reserves, and (ii) the available amount of their foreign exchange as at the date of repayment. Sovereign sukuk holders may also be affected by additional constraints relating to sovereign issuers, such as (i) the unilateral rescheduling of such debt by the issuer and (ii) the limited legal recourses available against the issuer (in case of failure or delay in repayment).

#### **Exposure to Gold**

Investors should note that the Target Fund is subject to risks linked to its investments in Islamic gold ETFs. The value of the Target Fund's investments in Islamic gold ETFs is tied to the price of gold, which in turn is influenced by unique factors. For example, crises may motivate large-scale sales of gold, which could decrease the price of gold. The official sector or various ETFs could also make substantial sales and/or purchases of gold, which could contribute to the volatility of the price of gold.

THE ABOVE ARE THE KEY RISKS APPLICABLE TO THE TARGET FUND AND MAY NOT BE EXHAUSTIVE. INVESTORS ARE ADVISED TO CONSULT THEIR ADVISER(S), E.G. THEIR BANKERS, SHARIAH ADVISERS, LAWYERS, STOCKBROKERS OR INDEPENDENT PROFESSIONAL ADVISERS FOR A BETTER UNDERSTANDING OF THE RISKS.

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