

PRODUCT HIGHLIGHTS SHEET

# MAYBANK CONSTANT INCOME FUND 8 ("the Fund")

Date of Issuance: 21 October 2019

## RESPONSIBILITY STATEMENT

This Product Highlights Sheet has been reviewed and approved by the directors of Maybank Asset Management Sdn Bhd and they have collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, 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 the Product Highlights Sheet false or misleading.

## STATEMENT OF DISCLAIMER

The Securities Commission Malaysia has authorised the issuance of Maybank Constant Income Fund 8 and a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia.

The authorisation of the Maybank Constant Income Fund 8 and lodgement of this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the Maybank Constant Income Fund 8 or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of the Maybank Asset Management Sdn Bhd responsible for the Maybank Constant Income Fund 8 and takes no responsibility for the contents of this Product Highlights Sheet. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Product Highlights Sheet, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

This Product Highlights Sheet only highlights the key features and risks of the Maybank Constant Income Fund 8. Investors are advised to request, read and understand the disclosure documents before deciding to invest.

### 1. What is Maybank Constant Income Fund 8?

The Fund is Maybank Asset Management Sdn Bhd's fixed income (close-ended) fund. The Fund aims to provide unit holders with income\* through investments in a portfolio of fixed income securities.

*Note:*

\* Income will be paid out via cash payment mode.

### 2. Fund Suitability

The Fund is suitable for investors who:

- have a moderate to high risk appetite;
- have a medium term investment horizon; and
- are seeking income distribution on an annual basis.

### 3. Investment Objective

The Fund aims to provide unit holders with income through investments in a portfolio of Fixed Income Securities\*\*.

*Note:*

\*\* "Fixed Income Securities" means debt instruments which includes but not limited to bonds, convertible bonds, floating rate instruments, fixed rate instruments, zero coupon securities as well as other instruments which has fixed income like features such as a fixed stream of income over certain duration and carry a credit rating (referred to as "fixed-income-like-instruments"). These fixed-income-like-instruments would include but are not limited to hybrid securities, preferred securities or shares, preference shares and capital securities (such as contingent convertible securities, subordinated tier 1 securities and perpetual subordinated bonds).

### 4. Key Product Features

<b>Fund Category</b>	Fixed income (close-ended).
<b>Performance Benchmark</b>	<p>3-year Maybank fixed deposit rate as at the Commencement Date<sup>^</sup>.          (Source: www.maybank2u.com)</p> <p><i>Note: The risk profile of the Fund is different from the risk profile of the performance benchmark.</i></p> <p><sup>^</sup> "Commencement Date" means the seventh (7<sup>th</sup>) business day immediately following the end of the offer period or such earlier date as may be determined by the Manager in the event the Manager determines that it is in the best interest of the unit holders.</p>
<b>Viable Fund Size and Minimum Target Yield</b>	<p>The Fund has a minimum viable fund size of RM30 million or such other amount as the Manager and the Trustee may jointly deem to be uneconomical to proceed with the Fund and aims to achieve a minimum target yield of 4.30% per annum.</p> <p>The Manager may terminate the Fund after consulting the Trustee and with prior notification to the SC, if at any time before or on the Commencement Date, the amount of capital raised by the Fund is less than RM30 million or such other amount as the Manager and the Trustee may jointly deem to be uneconomical to proceed with the Fund, or if the Manager is of the view that the Fund is unable to</p>

	achieve the minimum target yield of 4.30% per annum due to prevailing market condition.										
<b>Tenure and Maturity Date</b>	The tenure of the Fund is three (3) years. The Fund will mature on the third (3 <sup>rd</sup> ) anniversary of the Commencement Date or such earlier date in accordance with the provisions of the deed. If that date is not a business day, the Maturity Date shall be the first business day following the date that is the third (3 <sup>rd</sup> ) anniversary of the Commencement Date.										
<b>Investment Strategy</b>	<p>The Fund seeks to achieve its investment objective by investing a minimum of 80% of the Fund's net asset value ("NAV") in RM denominated Fixed Income Securities and/or foreign currency denominated Fixed Income Securities (i.e. foreign currency Fixed Income Securities are Fixed Income Securities denominated in currencies other than RM). A maximum of 20% of the Fund's NAV will be invested in liquid assets and/or collective investment schemes. However, when the Fund approaches the Maturity Date, the Manager may choose to invest in liquid assets and/or collective investment schemes to facilitate the pay out of the proceeds to unit holders after the Maturity Date.</p> <p><i>Note: Please refer to section 3.9 in the prospectus for further details.</i></p>										
<b>Launch Date</b>	21 October 2019.										
<b>Manager</b>	Maybank Asset Management Sdn Bhd.										
<b>Management Fee</b>	Nil.										
<b>Sales Charge</b>	Up to 2.50% of the offer price of the Fund.										
<b>Exit Fee</b>	<table border="1"> <thead> <tr> <th>Period from the Commencement Date</th> <th>Exit Fee based on the redemption amount</th> </tr> </thead> <tbody> <tr> <td>Up to the first anniversary</td> <td>3.50%</td> </tr> <tr> <td>The next business day following the first anniversary up to the second anniversary</td> <td>2.50%</td> </tr> <tr> <td>The next business day following the second anniversary up to the Maturity Date</td> <td>1.50%</td> </tr> <tr> <td>Maturity Date</td> <td>Nil</td> </tr> </tbody> </table>	Period from the Commencement Date	Exit Fee based on the redemption amount	Up to the first anniversary	3.50%	The next business day following the first anniversary up to the second anniversary	2.50%	The next business day following the second anniversary up to the Maturity Date	1.50%	Maturity Date	Nil
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The next business day following the first anniversary up to the second anniversary	2.50%										
The next business day following the second anniversary up to the Maturity Date	1.50%										
Maturity Date	Nil										
<b>Switching Fee</b>	Not applicable as switching is not allowed.										
<b>Transfer Fee</b>	<p>RM10.00 per transfer.</p> <p><i>Note: The Manager reserves the right to decline any transfer request if such transfer will expose the Manager to any liability and/or will contravene any law or regulatory requirements, whether or not having the force of law.</i></p>										
<b>Trustee</b>	TMF Trustees Malaysia Berhad.										

<b>Trustee Fee</b>	0.03% per annum of the NAV of the Fund (excluding foreign custodian fees and charges), accrued daily and payable monthly to the Trustee.
<b>Minimum Initial Investment</b>	RM1,000 or such other amount as determined by the Manager.
<b>Minimum Additional Investment</b>	RM1,000 or such other amount as determined by the Manager. <i>Note: Additional investments may be made during the offer period only.</i>
<b>Minimum Holdings</b>	1,000 units or such other number of units as determined by the Manager.
<b>Distribution Policy</b>	The Fund will declare income distribution annually, subject to the availability of income, during the tenure of the Fund. <i>Note: The Fund's income distributions are non-guaranteed and subject to the continuing ability of the issuers of the Fund's investments to meet their respective financial obligations.</i>

**YOU SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT.**

## 5. Asset Allocation

Asset Type	% of the Fund's NAV
Foreign currency and/or RM denominated Fixed Income Securities	Minimum of 80%
Liquid Assets and/or collective investment schemes	Maximum of 20%

## 6. Key Risks

### Specific Risks of the Fund

#### Company Specific Risk

This risk arises when a company is exposed to adverse conditions or negative sentiments such as management issues, deteriorating business fundamentals or loss of competitiveness which is specific to a single company. As a consequence, the price of Fixed Income Securities issued by such company might fall and subsequently affects the Fund's performance. The impact of a specific company may be reduced as the Fund invests in a wide portfolio of investments consisting of Fixed Income Securities issued by different companies thereby spreading the element of this risk through diversification.

#### Default Risk

This risk refers to the possibility that the issuer of the Fixed Income Security or money market instrument is unable to make timely or full payments of principal and/or interest when due. In the event of a default in payment of principal and/or interest, this may cause a reduction in the value of the Fund. The Manager will endeavour to take the necessary steps to deal with the investments in the best interest of the unit holders including to dispose the defaulted investments within a time frame deemed reasonable by the Manager.

Current deposits and/or fixed deposits that the Fund has 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 interest foregone, causing the

performance of the Fund to be adversely affected. Placement with financial institutions will also be made based on prudent selection.

#### Counterparty Risk

Counterparty risk refers to a risk that relates to the credit standing of counterparties when over-the-counter transactions are carried out and is generally not applicable to transactions performed through exchanges. In the event where counterparties of a contract fail to live up to its contractual obligations, the Fund will suffer from financial losses. The Fund seeks to reduce this risk by performing fundamental credit research and analysis to determine the creditworthiness of the counterparties, prior to commencement of the investment.

Should there be a downgrade in the credit rating of the over-the-counter derivatives' counterparty, the Manager will evaluate the situation and reassess the creditworthiness of the counterparty. The Manager will take the necessary steps in the best interest of the Fund.

#### Country risk

Investments of the Fund in any countries may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or prices of Units to fall. The Manager will attempt to mitigate this risk by diversifying its country exposures. In respect of this Fund, should a country's conditions be unfavourable to the Fund, the Manager may change the Fixed Income Securities allocations in a country accordingly for the best interest of the Fund.

#### Currency Risk

As the investments of the Fund may be denominated in currencies other than the base currency, any fluctuation in the exchange rate between the base currency and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the 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. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment. In order to reduce this risk, the Manager intends to use derivatives to hedge the foreign currency exposure. However, investors should be aware that the Fund may not enjoy the upside of the exchange rate movement once it is hedged.

#### Interest Rate Risk

Interest rate risk refers to the impact of interest rate changes on the valuation of the Fixed Income Securities. When interest rates rise, Fixed Income Securities prices generally decline and this may lower the market value of the Fund's investment in Fixed Income Securities. The reverse may apply when interest rates fall.

In the event that the Fixed Income Securities are held until maturity, the concern regarding price fluctuations arising from interest rate changes may be minimal due to the lock in of price and yields. The impact of this risk is mitigated as the Fund will attempt to invest in Fixed Income Securities with maturities/call dates close to three (3) years to match the maturity of the Fund.

#### Mismatch Risk

Mismatch risk arises when the Fund buys a Fixed Income Security with tenure longer than three (3) years. Given that the Fund is to liquidate all its Fixed Income Security holdings on the Maturity Date, there is a risk whereby the Fixed Income Security holdings with a maturity of more than three (3) years may have to be sold at an unfavourable price depending on the market condition at the point of time. In such a case, the mismatch of maturities may potentially result in a loss to the Fund due to the selling of its Fixed Income Securities at a market price which is lower

than the par value of the Fixed Income Security had the Fixed Income Security been held until maturity. The Fund seeks to mitigate this risk by investing in Fixed Income Securities with maturities/call dates close to three (3) years to match the Fund's maturity.

#### Derivatives Risk

Derivatives, if any, will only be used for the purpose of hedging the Fund's portfolio from certain anticipated losses such as those resulting from unfavourable exchange rate and interest rate movements. However, every hedge comes with a cost. In a move to mitigate the risk of uncertainty, the Fund is now exposed to the risk of opportunity loss. Once hedged, the Fund cannot take full advantage of favourable exchange rate and interest rate movements. If the exposure which the Fund is hedging against makes money, the act of hedging would have typically reduced the potential returns of the Fund. On the other hand, if the exposure which the Fund is hedging against losses money, the act of hedging would have reduced the loss, if successfully hedged.

#### Non-Commencement Risk

This is the risk that the Fund does not commence as expected. Hence, at any time before or on the Commencement Date of the Fund, the Manager reserves the right not to commence the Fund if the capital raised by the Fund is below RM30 million or such other amount as the Manager and the Trustee may jointly deem to be uneconomical to proceed with the Fund, or if the Manager is of the view that the Fund is unable to achieve a minimum target yield of 4.30% per annum due to prevailing market condition. In such instances, the Manager shall return the amount subscribed to investors together with the sales charge, and investors may have to reinvest the monies returned to them into other investments.

#### Redemption Risk

Investors are reminded to stay committed to their investment until the Maturity Date. Exiting the Fund prior to the Maturity Date will incur exit fee.

#### Reinvestment Risk

Reinvestment risk may occur when there is divestment of a Fixed Income Security due to the issue or issuer rating being downgraded or to fulfil redemption request. Reinvestment risk also arises when an issuer of Fixed Income Security exercises its right to pay the principal on an obligation earlier than the expected maturity date. The Fund may not be able to reinvest in a suitable replacement Fixed Income Security and consequently the Fund may experience lower returns due to reinvesting in lower yielding Fixed Income Securities especially during times of declining interest rates.

#### Below Investment-Grade Risk

The Fund may invest up to 100% in foreign Fixed Income Securities with a minimum rating of "BB-" by S&P Global Ratings or its equivalent rating by Moody's Investors Service or Fitch Ratings. Investors should be aware that bonds rated below "BBB-" are considered below investment-grade Fixed Income Securities (also known as "junk Fixed Income Securities" or "high yield Fixed Income Securities") and are generally considered to be speculative and more sensitive to adverse changes in market condition. Below investment-grade Fixed Income Securities are generally being subject to greater levels of interest rate risk and default risks as compared to investment-grade Fixed Income Securities. Such Fixed Income Securities generally experience greater price volatility in comparison to those of higher credit quality and usually lacks liquidity in secondary market, which in turn may adversely affect the value of these Fixed Income Securities and that of the Fund.

#### Contingent Convertible Securities Risk

Contingent convertible securities ("CoCos") are hybrid capital securities that can be converted into equity of the issuer upon the occurrence of a trigger event when the issuer's regulatory capital ratio falls below certain level.

The value of CoCos is unpredictable and will be influenced by factors which include, but are not limited to (i) the issuer’s creditworthiness and/or fluctuations in the issuer’s applicable capital ratios; (ii) supply and demand for the CoCos; (iii) general market conditions and available liquidity and (iv) economic, financial and political events that affect the issuer, its particular market or the financial markets in general.

Similar to other fixed income securities, CoCos are subject to interest rate risk and default risks as mentioned above.

In the event CoCos are converted, it will be subject to risks associated with equities such as market risk and stock specific risk relating to that underlying equity.

If the Fund invests in CoCos, the value of CoCos may be subject to a sudden drop in value should the trigger event occurs, and the Fund may be required to accept cash or securities with a value less than its original investment. As such, we will closely monitor these investments to avoid such trigger events.

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

*For more details, please refer to section 3.10 in the prospectus for the general and specific risks of investing in the Fund.*

***Note: If your investments are made through an institutional unit trust adviser (“Distributor”) which adopts the nominee system of ownership, you would not be deemed to be a unit holder under the deed and as a result, your rights as an investor may be limited. Accordingly, we will only recognize the Distributor as a unit holder of the Fund and the Distributor shall be entitled to all the rights conferred to it under the deed.***

## 7. Valuation of Investment

The Fund must be valued at least 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 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 2 days old).

Investors will be able to obtain the unit price of the Fund from [www.maybank-am.com.my](http://www.maybank-am.com.my). Alternatively, the Manager’s client servicing personnel can be contacted at 03-2297 7888.

## 8. Exiting from Investment

Submission of Redemption Request	The cut-off time for redemption of units shall be at <b>4.00 p.m.</b> on a business day.
Payment of Redemption Proceeds	Redemption proceeds will be paid out within ten (10) calendar days from the date the redemption request is received by the Manager.
Remittance of Redemption Proceeds	The Manager shall remit the redemption proceeds to the account held in the name of the unit holder(s).

*For both creation and redemption of units, the Manager shall not be held responsible for any delay or loss incurred in the event of:*

- *Real Time Electronic Transfer of Funds and Securities (RENTAS) experiencing problems;*
- *Any remittance of funds that does not correspond with the request promptly;*
- *Inaccurate details (including but not limited to identity card number and account number) provided by unit holders; or*

- Circumstances beyond the control of the Manager or the Trustee.

## 9. Contact Information

### I. For internal dispute resolution, you may contact:

#### **Clients Servicing Personnel**

Tel : 03-2297 7888  
Fax : 03-2715 0071  
Email : [mamcs@maybank.com.my](mailto:mamcs@maybank.com.my)  
Website : [www.maybank-am.com](http://www.maybank-am.com)

### II. If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industry Dispute Resolution Center (SIDREC):

- a. via phone to : 03-2282 2280
- b. via fax to : 03-2282 3855
- c. via email to : [info@sidrec.com.my](mailto:info@sidrec.com.my)
- d. via letter to : Securities Industry Dispute Resolution Center (SIDREC)  
Unit A-9-1, Level 9, Tower A  
Menara UOA Bangsar  
No. 5, Jalan Bangsar Utama 1  
59000 Kuala Lumpur

### III. You can also direct your complaint to the Securities Commission Malaysia (SC) even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Consumer & Investor Office:

- a. via phone to : 03-6204 8999
- b. via fax to : 03-6204 8991
- c. via email to : [aduan@seccom.com.my](mailto:aduan@seccom.com.my)
- d. via the online complaint form available at [www.sc.com.my](http://www.sc.com.my)
- e. via letter to : Consumer & Investor Office  
Securities Commission Malaysia  
No 3 Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur

### IV. Federation of Investment Managers Malaysia (FIMM)'s Complaints Bureau:

- a. via phone to : 03-2092 3800
- b. via fax to : 03-2093 2700
- c. via email to : [complaints@fimm.com.my](mailto:complaints@fimm.com.my)
- d. via the online complaint form available at [www.fimm.com.my](http://www.fimm.com.my)
- e. via letter to : 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