



Maybank Asian Credit Income Fund

(Constituted on 22 May 2020 and launched on 7 July 2020)

Manager: Maybank Asset Management Sdn Bhd (Registration No. 199701006283)

Trustee: TMF Trustees Malaysia Berhad (Registration No. 200301008392)

This Prospectus in relation to the following Fund is dated 7 July 2020.

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 6.

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 Asian Credit Income Fund and a copy of this Prospectus has been registered with the SC.

The authorisation of the Maybank Asian Credit Income Fund, and registration of this Prospectus, should not be taken to indicate that the SC recommends the Maybank Asian Credit Income 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 Asian Credit Income 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 Asian Credit Income Fund.

The Maybank Asian Credit Income 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 Asian Credit Income Fund.

The Maybank Asian Credit Income Fund is not a capital protected or capital guaranteed fund.

Table of Contents

| | | |
|------|---|----|
| (1) | DEFINITIONS | 1 |
| (2) | CORPORATE DIRECTORY | 4 |
| (3) | FUND INFORMATION | 5 |
| 3.1 | The Fund Information | 5 |
| 3.2 | Information of the Target Fund | 10 |
| (4) | FEES, CHARGES AND EXPENSES | 14 |
| 4.1 | Sales Charge | 14 |
| 4.2 | Redemption Charge | 14 |
| 4.3 | Transfer Fee | 14 |
| 4.4 | Switching Fee | 14 |
| 4.5 | Annual Management Fee | 15 |
| 4.6 | Annual Trustee Fee | 15 |
| 4.7 | Fund Expenses | 15 |
| 4.8 | Policy on Stockbroking Rebates and Soft Commissions | 17 |
| 4.9 | Tax | 17 |
| (5) | TRANSACTION INFORMATION | 18 |
| 5.1 | Bases of Valuation of Investments | 18 |
| 5.2 | Valuation Point | 18 |
| 5.3 | Computation of NAV and NAV per Unit | 18 |
| 5.4 | Pricing of Units | 20 |
| 5.5 | Incorrect Pricing | 21 |
| 5.6 | How and where to Purchase and Redeem Units of the Fund | 21 |
| 5.7 | Investment | 21 |
| 5.8 | Redemption of Units | 22 |
| 5.9 | Transfer of Units | 22 |
| 5.10 | Switching | 22 |
| 5.11 | Dealing Cut-Off Time for Investment and Redemption of Units | 23 |
| 5.12 | Notice of Cooling-off Period | 23 |
| 5.13 | Distribution of Income | 24 |
| 5.14 | Anti-Money Laundering Policies and Procedures | 24 |
| (6) | THE MANAGEMENT OF THE FUND | 25 |
| 6.1 | Background Information | 25 |
| 6.2 | Functions, Duties and Responsibilities of the Manager | 25 |
| 6.3 | Board of Directors of the Manager | 25 |
| 6.4 | Role of the Investment Committee | 25 |
| 6.5 | Fund Management Function | 26 |

| | | |
|------|---|----|
| 6.6 | Material Litigation | 26 |
| (7) | THE TRUSTEE | 27 |
| 7.1 | Background Information | 27 |
| 7.2 | Experience in Trustee Business | 27 |
| 7.3 | Duties and Responsibilities of the Trustee | 27 |
| 7.4 | Litigation and Arbitration | 27 |
| 7.5 | Trustee's Delegate | 27 |
| (8) | SALIENT TERMS OF THE DEED | 29 |
| 8.1 | Unit Holders' Rights and Liabilities | 29 |
| 8.2 | Maximum Fees and Charges Permitted by the Deed | 29 |
| 8.3 | Procedures to Increase the Direct and Indirect Fees and Charges | 30 |
| 8.4 | Expenses Permitted by the Deed | 31 |
| 8.5 | Retirement, Removal and Replacement of the Manager | 32 |
| 8.6 | Retirement, Removal and Replacement of the Trustee | 32 |
| 8.7 | Termination of the Fund | 33 |
| 8.8 | Unit Holders' Meeting | 33 |
| (9) | CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS | 35 |
| (10) | ADDITIONAL INFORMATION | 38 |
| (11) | DOCUMENTS AVAILABLE FOR INSPECTION | 40 |
| (12) | TAXATION ADVISER'S LETTER | 41 |
| (13) | DIRECTORY | 50 |
| (14) | APPENDIX | 51 |

(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). |
| 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. <i>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.</i> |
| Class | 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. |
| 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. |
| 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 / MACIF | means the Maybank Asian Credit Income 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 30 April 2020. |
| Manager/ Maybank AM / we / us / our | means Maybank Asset Management Sdn Bhd (Registration No. 199701006283) |
| Maybank | means Malayan Banking Berhad (Registration No. 196001000142). |
| 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. |
| 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. |
| SGD | means Singapore Dollar. |
| SGD (Hedged) Class | represents a Class denominated in SGD which seeks to reduce the effect of currency fluctuations between the currency of the Class and the Base Currency. |
| Standard & Poor's | means Standard & Poor's Rating Services |
| Target Fund | means the Maybank Asian Income Fund. |
| Trustee | means TMF Trustees Malaysia Berhad (Registration No. 200301008392). |
| 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 the Fund. |
| USD | means United States Dollar. |
| U.S. (United States) Person(s) | means: <ul style="list-style-type: none"> (a) a U.S. citizen (including those who hold dual citizenship or a greencard holder); (b) a U.S. resident alien for tax purposes; (c) a U.S. partnership; |

- (d) a U.S. corporation;
- (e) any estate other than a non-U.S. estate;
- (f) any trust if:
 - (i) a court within the U.S. is able to exercise primary supervision over the administration of the trust; and
 - (ii) one or more U.S. Persons have the authority to control all substantial decisions of the trust;
- (g) any other person that is not a non-U.S. person; or
- (h) any definition as may be prescribed under the Foreign Account Tax Compliance Act 2010, as may be amended from time to time.

(2) CORPORATE DIRECTORY

| | |
|--|---|
| MANAGER | Maybank Asset Management Sdn Bhd (Registration No. 199701006283) |
| REGISTERED OFFICE | 5 th Floor, Tower A Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No: 03 - 2297 7870 |
| BUSINESS OFFICE | Level 12, Tower C, Dataran Maybank No 1, Jalan Maarof, 59000 Kuala Lumpur Tel No: 03 - 2297 7888 Fax No: 03 - 2715 0071 |
| WEBSITE | http://www.maybank-am.com |
| E-MAIL | mamcs@maybank.com.my |
| INVESTMENT MANAGER OF THE TARGET FUND | Maybank Asset Management Singapore Pte. Ltd. (Registration No. 200812589K) |
| REGISTERED OFFICE | 50 North Canal Road #03-01 Singapore 059304 |
| BUSINESS OFFICE | 2 Battery Road, #08-01 Maybank Tower Singapore 049907 |
| TRUSTEE | TMF Trustees Malaysia Berhad (Registration No. 200301008392) |
| REGISTERED OFFICE | 10 th Floor, Menara Hap Seng No. 1 & 3, Jalan P. Ramlee 50250 Kuala Lumpur |
| BUSINESS OFFICE | 10 th Floor, Menara Hap Seng No. 1 & 3, Jalan P. Ramlee 50250 Kuala Lumpur Tel No: 03 - 2382 4288 Fax No: 03 - 2026 1451 |

(3) FUND INFORMATION

3.1 The Fund Information

| FUND | MACIF | | | | |
|------------------------------|---|-----------|--------------------|--------|---------|
| Fund Category | Feeder Fund. | | | | |
| Fund Type | Fixed Income. | | | | |
| Base Currency | MYR. | | | | |
| Initial Offer Price | <table border="1"> <thead> <tr> <th>MYR Class</th> <th>SGD (Hedged) Class</th> </tr> </thead> <tbody> <tr> <td>RM1.00</td> <td>SGD1.00</td> </tr> </tbody> </table> | MYR Class | SGD (Hedged) Class | RM1.00 | SGD1.00 |
| MYR Class | SGD (Hedged) Class | | | | |
| RM1.00 | SGD1.00 | | | | |
| Initial Offer Period | <p>21 days from the date of this Prospectus.</p> <p><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></p> | | | | |
| Investment Objective | <p>The Fund aims to maximise investment returns by investing in the Target Fund, the Maybank Asian Income Fund.</p> <p><i>Any material change to the investment objective of the Fund would require the Unit Holders' approval.</i></p> | | | | |
| Investment Strategy | <p>The Fund seeks to achieve its investment objective by investing a minimum of 90% of the Fund's NAV in Class A (Dist) - SGD of the Target Fund.</p> <p>The Target Fund is a Singapore-authorized open-ended unit trust constituted in Singapore and is a sub-fund of Maybank Focus Funds.</p> <p>The Fund will use derivatives such as currency forwards for hedging purposes to manage the currency risk of the Fund's investments and the Classes not denominated in MYR.</p> <p>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.</p> | | | | |
| Asset Allocation | <ul style="list-style-type: none"> - At least 90% of the Fund's NAV will be invested in the Target Fund. - Up to 10% of the Fund's NAV will be invested in liquid assets*. <p><i>* Liquid assets include but are not limited to deposits and money market instruments.</i></p> | | | | |
| Temporary Defensive Position | <p>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 deposits and 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</p> | | | | |

| | |
|--|--|
| | 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. |
|--|--|

RISK FACTORS

| FUND | MACIF |
|---|---|
| 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 borrow 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>Loan Financing Risk</u> This risk occurs when investors take a loan/financing to finance their investment. The inherent risk of investing with borrowed money includes investors being unable to service the loan repayments. 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 loan.</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</p> |

| | |
|--|--|
| | <p>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>Specific Risks of the Fund</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"> i) the risk of non-adherence to the investment objective, strategy and policies of the Target Fund; ii) the risk of direct or indirect losses resulting from inadequate or failed operational and administrative processes and systems by the Investment Manager; and iii) the risk that the Target Fund may underperform its benchmark due to poor investment decisions by the Investment Manager. <p><u>Default Risk</u> Default risk relates to the risk that an issuer of a 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 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 fixed deposits and money market instruments.</p> <p><u>OTC Counterparty Risk</u> OTC counterparty risk is the risk associated with the other party to an OTC derivative transaction not meeting its obligations. If the counterparty to the OTC 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 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 derivatives' counterparty, we will evaluate the</p> |

| | |
|--|---|
| | <p>situation and reassess the creditworthiness of the counterparty. We will take the necessary steps in the best interest of the Fund.</p> <p><u>Currency Risk</u></p> <p>As the Base Currency is denominated in MYR and the investments of the Fund in the Target Fund is denominated in SGD, the Fund is exposed to currency risk. Any fluctuation in the exchange rates between MYR and SGD 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 fluctuation in the exchange rate may further increase or decrease the returns of the investment.</p> <p>As the Base Currency 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 Fund’s investments and the 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 Class being hedged but it does not entirely eliminate currency risk between the Class and the Base Currency. The unhedged portion of the Class will still be affected by the exchange rate movements and it may cause fluctuation of NAV of the Class. You should note that if the exchange rate moves favourably, the Class 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 hedged class.</p> <p><i>Please also refer to Section 14 for further details on the “currency risk” of the Target Fund.</i></p> |
| <p>Risk Management Strategies</p> | <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 Positions”.</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, lawyers, stockbrokers or independent professional advisers for a better understanding of the risks.

OTHER INFORMATION

| FUND | MACIF |
|---|--|
| Investor's Profile | <p>The Fund is suitable for investors:</p> <ul style="list-style-type: none"> • who seek capital growth and income; • who are comfortable with the volatility and risks of a fixed income portfolio which invests primarily in Asian fixed income securities and United States government debt; and • with a medium to long term investment horizon. |
| Distribution Policy | <p>Distribution will be incidental for the first financial year. Thereafter, distribution will be on a bi-monthly basis, i.e. every two months (subject to the availability of income).</p> |
| Mode of Distribution | <p>All income distribution will be reinvested into additional Units in the Fund.</p> |
| Reinvestment Policy | <p>We will create the Units based on the NAV per Unit** at the income payment date (which is within 10 calendar 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>JP Morgan Asian Credit Index</p> <p><i>(Source: www.jpmorgan.com)</i></p> <p><i>Note: The performance benchmark chosen for the Fund is the same as and corresponding with the Target Fund to allow for a similar comparison with the performance of the Target Fund. However, do note that the risk profile of the Fund is different from the risk profile of the performance benchmark.</i></p> |
| Permitted Investments | <p>The Fund is permitted to invest in the following:</p> <ol style="list-style-type: none"> (a) one collective investment scheme that is, the Maybank Asian Income Fund; (b) liquid assets which include but are not limited to deposits and money market instruments; (c) derivatives (for hedging purposes); and (d) any other investments permitted by the SC which is in line with the objective and asset allocation of the Fund. |
| Investment Restrictions | <p>The Fund shall not invest in the following:</p> <ol style="list-style-type: none"> (a) a fund-of-funds; (b) a feeder fund; and (c) any sub-fund of an umbrella scheme which is a fund-of-funds or a feeder fund. |
| Financing and Securities Lending | <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</p> |

| | |
|---------------------------------|---|
| | <p>basis for the purpose of meeting redemption requests for Units and for short term bridging requirements subject to the following:</p> <p>(a) the Fund's cash borrowing / cash financing is only on a temporary basis and that borrowings are not persistent;</p> <p>(b) the borrowing/financing period shall not exceed one (1) month;</p> <p>(c) the aggregate borrowing/financing of the Fund shall not exceed 10% of the Fund's NAV at the time the borrowing/financing is incurred; and</p> <p>(d) the Fund may only obtain borrowing/financing from financial institutions.</p> <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> |
| Approvals and Conditions | There is no exemption and/or variation to the Guidelines for this Fund. |
| Financial Year End | 30 April |

3.2 Information of the Target Fund

| | |
|--|--|
| Name of the Target Fund | Maybank Asian Income Fund |
| Investment Manager | Maybank Asset Management Singapore Pte. Ltd. (regulated by the Monetary Authority of Singapore) |
| Domicile | Singapore |
| Regulatory Authority | Monetary Authority of Singapore |
| Legislation Applicable to the Target Fund | Securities and Futures Act (Chapter 289 of Singapore) Code on Collective Investment Schemes |
| Share Class | Class A (Dist) - SGD |
| Date of Establishment of the Target Fund | 24 November 2014 |
| Date of Establishment of the Class | 15 January 2018 |
| Base Currency of the Target Fund | USD |
| Base Currency of the Class | SGD |
| About the Maybank Focus Funds | The Maybank Focus Funds is constituted as a unit trust in Singapore by way of a trust deed dated 28 October 2014 |

| | |
|--|---|
| | <p>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 and the fifth amending and restating deed dated 11 November 2019, all entered into between BNP Paribas Trust Services Singapore Limited and the Investment Manager.</p> |
| Information on the Investment Manager | <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> |
| Investment Objective | <p>The investment objective of the Target Fund is to provide investors with capital growth and income primarily through investing in a portfolio of Asian fixed income securities and U.S. government debt.</p> |
| Investment Strategy and Policy | <p>To achieve the investment objective, the Target Fund will invest primarily in a portfolio of debt securities.</p> <p>The bulk of the Target Fund's returns are expected to be generated from the underlying market risk while the expected incremental returns are expected to be generated from various actively managed fixed income investment activities, which encompass but are not limited to security selection, duration risk and yield curve management. The Target Fund will invest primarily in, but not limited to, Asian debt securities including money market instruments denominated in both local currencies as well as in USD. In addition to this, the Target Fund may also have exposures in foreign currencies through its underlying exposures via debt securities in various currencies. The Target Fund may also invest in U.S. government debt* such as treasuries or bills. The investment process comprises both top down and bottom up analysis where we will consider the fundamentals, relative value and market technical factors before deciding on the portfolio positioning.</p> <p>The Target Fund may employ currency hedging strategies to partially hedge the foreign currency exposure into the currency of denomination of the Target Fund, to manage currency risk. Furthermore, the Target Fund may also employ interest rate futures to fully or partially hedge the interest rate risk inherent in the fixed income exposure. The Target Fund will be actively managed.</p> <p>The Target Fund does not and will not invest in commodities or in a scheme that invests in commodities. Subject to the Code on Collective Investment Schemes ("Code"), it is currently intended that with effect from 11 November 2019 the Target Fund's investments in debt</p> |

| | |
|--|--|
| | <p>securities issued by any single entity will not exceed 20% of its net asset value, and the Target Fund's investments in other schemes will not exceed 20% of its net asset value. The counterparty of an OTC financial derivatives (where applicable) will be an eligible financial institution as required under the applicable laws, regulations and/or the Code.</p> <p><i>Note:</i> <i>* The investment of the Target Fund in US government debt is for defensive positioning and for long end duration positioning. Typically, the Target Fund's allocation in US government debt for the above positioning would be less than 20% of the net asset of the Target Fund. Under normal investment conditions, the Target Fund's investment in US government debt would not be substantial. In extreme risk off environment, a higher percentage may be undertaken to protect the investors' (i.e., the Fund's) principal investments. Treasuries refer to the US government debt instruments which have a maturity of more than 1 year whereas bills refer to the US government debt instruments which have a maturity of 1 year or less.</i></p> |
| <p>Permitted Investments and Investment Restrictions of the Target Fund</p> | <p>See Appendix of Section 14</p> |
| <p>Specific Risks of the Target Fund</p> | <p>See Appendix of Section 14</p> |
| <p>Fees and Charges of the Target Fund</p> | <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%; maximum 3%.</p> <p>Switching fee: Up to 1%.</p> <p>Management fee: Currently 1% per annum of the net asset value of the Target Fund; maximum 1.5% 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 0.025% per annum of the net asset value of the Target Fund; maximum 0.05% per annum of the net asset value of the Target Fund (subject to a minimum of SGD10,000 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, administration fee and custodian fees, may each amount to or exceed 0.1% per annum of the net asset value of the Target Fund,</p> |

| | |
|--|--|
| | <p>depending on the proportion that each fee or charge bears to the Target Fund's net asset value.</p> <p>Impact on Fees and Charges of the Target Fund on the Costs of Investing in the Fund</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.

(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 SGD (Hedged) Class over the size of the Fund is 50% and 50% respectively, the ratio of the apportionment based on the percentage will be 50:50, 50% being borne by MYR Class and 50% being borne by SGD (Hedged) 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 | SGD (Hedged) Class |
|----------------------------------|--------------------|
| Up to 3.00% 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 sales charge 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 | SGD (Hedged) Class |
|-----------------------|------------------------|
| RM10.00 per transfer. | SGD10.00 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 | SGD (Hedged) Class |
|---------------------|----------------------|
| RM10.00 per switch. | SGD10.00 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 | SGD (Hedged) Class |
|---|--------------------|
| Up to 1.25% 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:

$$\frac{\text{RM}100,000,000 \times 1.25\%}{365 \text{ days}} = \text{RM}3,424.66 \text{ per day}$$

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) costs, fees and expenses 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, insurance 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 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.

Note: All fees, charges and expenses stated herein are exclusive of any tax which may be imposed by the government or other relevant authorities. You and/or the Fund (as the case may be) are responsible to pay the applicable amount of tax in addition to the fees, charges and expenses stated herein.

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

Collective Investment Schemes

The value of any investment in unquoted collective investment schemes shall be calculated or valued based on the last published repurchase price per unit for that collective investment scheme.

Money Market Instruments

Investments in commercial papers and treasury bills are valued each day based on the price quoted by bond pricing agency (“BPA”) registered with the SC.

For investments in 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.

Deposits

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

Derivatives

Derivative positions will be valued daily at fair value, as determined in good faith by the Manager 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 Ringgit Malaysia 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) | SGD (Hedged) Class (RM) |
|---|-----------------------|---------------------------------|----------------------------------|
| Value of the Fund/Class | 101,500,000.00 | 50,750,000.00 | 50,750,000.00 |
| Multi-class ratio[^] | 100% | 50% | 50% |
| Add: Other assets (including cash) & income | 200,000.00 | 100,000.00 | 100,000.00 |
| Less: Liabilities | 100,000.00 | 50,000.00 | 50,000.00 |
| NAV before deducting management fee and trustee fee for the day | 101,600,000.00 | 50,800,000.00 | 50,800,000.00 |
| Less: Management fee for the day | | (50,800,000 x 1.25% / 365 days) | (50,800,000 x 1.25% / 365 days) |
| | 3,479.44 | 1,739.72 | 1,739.72 |
| Less: Trustee fee for the day | | (50,800,000 x 0.06% / 365 days) | (50,800,000 x 0.06% / 365 days) |
| | 167.02 | 83.51 | 83.51 |
| Total NAV (RM) | 101,596,353.54 | 50,798,176.77 | 50,798,176.77 |

[^]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 65,000,000 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) | SGD (Hedged) Class (RM) |
|---|----------------|-------------------|----------------------------------|
| NAV | 101,596,353.54 | 50,798,176.77 | 50,798,176.77 |
| Divide: Units in circulation | 65,000,000 | 50,000,000 | 15,000,000 |
| NAV per Unit of the Class (RM) | | RM1.0159 | RM3.3865 |
| Conversion to RM (at SGD1:RM3.00 exchange rate) | | | SGD1.1288 |

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 15 April 2020, and if the sales charge is 3.00% 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 (%) |
| | = | $\frac{\text{RM10,000}}{1 + 3.00\%}$ | x | 3.00% |
| | = | RM291.26 | | |
| Net investment amount | | Investment Amount - sales charge | | |
| | | RM10,000 - RM291.26 | | |
| | | RM9,708.74 | | |
| Units credited to investor | = | Net investment amount / NAV per Unit | | |
| | = | RM9,708.74 / RM1.000 | | |
| | = | 9,708.74 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 Units from MYR Class before 4.00 p.m. on any Business Day, and if no redemption charge is imposed, the total amount to be paid to you and the number of Units redeemed by you will be as follows:

In the event that the NAV per Unit for MYR Class at the end of the Business Day on 15 April 2020 = RM1.0000

Redemption charge payable by you = 0% x 10,000.00 = **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.
 = [10,000.00 Units x RM1.0000 (the NAV per Unit)] - redemption charge
 = RM10,000.00 - RM0.00
 = **RM10,000.00**

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 13 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 | SGD (Hedged) Class |
|--|-----------|--------------------|
| Minimum Initial Investment [^] | RM1,000 | SGD1,000 |
| Minimum Additional Investment [^] | RM100 | SGD100 |

[^] 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.

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.

For partial redemption, the minimum redemption amount is 100 Units or such other number of Units as determined by us from time to time. The Unit holdings for each Class after the redemption must not be less than the Unit holdings set out below:

| | MYR Class | SGD (Hedged) Class |
|------------------------------------|-------------|--------------------|
| Minimum Unit holdings [^] | 1,000 Units | 1,000 Units |

[^]or such other 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) calendar days from the date the redemption request is received by us.

Other than the above conditions, there is no restriction in terms of 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 will be made at the prevailing NAV per Unit 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.

There is no restriction on the minimum Units for switching or 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.

Switching is treated as a withdrawal from one (1) fund and an investment into another fund. 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 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.

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 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.

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) calendar 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 bi-monthly basis, i.e. every two months (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 payment date (which is within 10 calendar 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

Dr Hasnita binti Dato’ Hashim (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:

Abdul Razak bin Ahmad

Abdul Razak bin Ahmad joined us in November 2014 as chief investment officer. Prior to this, he was chief executive officer/executive director of a local asset management company where he served for over four (4) years. He has more than twenty (20) years' experience in the financial industry, mainly asset management, unit trust business, corporate banking and treasury. He has held senior management positions and directorships in three (3) investment management organisations in Malaysia. He holds a Bachelor Degree of Science majoring in Business Administration (Finance) Magna Cum Laude from University of Southwestern Louisiana, USA. He is a holder of capital markets services representative's licence for fund management and investment advice from the SC. He is also a Certified Financial Planner (CFP).

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, 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 and registered as a trust company under the Trust Companies Act 1949 on 9 October 2003. Its registered and business address is at 10th 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 (PDS), corporate administrator to asset-backed securities (ABS), 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 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) SALIENT TERMS OF THE DEED

8.1 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.

8.2 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). |
| SGD (Hedged) Class | | | | |

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

8.3 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 the 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.

8.4 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) costs, fees and expenses 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, insurance 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 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.

8.5 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.

8.6 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.

8.7 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.

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.

8.8 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.

(9) 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 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 Services 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 semi-annual 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 and tax adviser confirm that there are no existing or potential conflicts of interest in their respective capacity as advisors for us.

(10) 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.

(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;
- (ii) signing instructions; and
- (iii) distribution of income instruction.

(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

| | |
|-------------------------|------------------------|
| Deed of the Fund | Deed dated 22 May 2020 |
|-------------------------|------------------------|

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.

Alternatively, you can contact:

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

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

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

- Tel No: 03 - 2282 2280
- Fax No: 03 - 2282 3855
- Email: 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
- Online complaint form : 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 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 it appears in this Prospectus and have not withdrawn such consent prior to the date of this Prospectus.

The Fund's annual report is available upon request.

(11) 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.

(12) TAXATION ADVISER'S LETTER



Ernst & Young Tax Consultants Sdn. Bhd.
179793-K
SST ID: W10-1809-31044478
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 First Prospectus)

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

08 May 2020

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 First Prospectus ("the Prospectus") in connection with the offer of units in the unit trust known as Maybank Asian Credit Income 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.

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 dividend¹, interest and rent chargeable to tax for that basis period; and
 - C is the aggregate of the gross income consisting of dividend¹ 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.

¹ 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**

- (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 2013²;
- (v) interest derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002²;
- (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)³; and
- (vii) interest which is specifically exempted by way of statutory orders or any other specific exemption provided by the Minister.

² 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.

³ 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.

- **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.

Foreign sourced income

Dividends, interest 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”).

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"> • Individual and non-corporate unit holders (such as associations and societies) • Co-operatives⁴ • Trust bodies | <ul style="list-style-type: none"> • Progressive tax rates ranging from 0% to 30% • Progressive tax rates ranging from 0% to 24% • 24% |

⁴ 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' funds [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"> • Corporate unit holders <ul style="list-style-type: none"> (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^{5 6} (ii) Companies other than (i) above | <ul style="list-style-type: none"> • First RM600,000 of chargeable income @ 17% • Chargeable income in excess of RM600,000 @ 24% • 24% |
| <p>Non-Malaysian tax resident (Note 1):</p> <ul style="list-style-type: none"> • Individual and non-corporate unit holders • Corporate unit holders and trust bodies | <ul style="list-style-type: none"> • 30% • 24% |

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.

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

- (a) 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;
- (b) 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;
- (c) 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.

⁶ 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
08 May 2020

8

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
08 May 2020

9

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

A handwritten signature in black ink, appearing to read 'Bernard Yap', written in a cursive style.

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 First Prospectus and has not withdrawn such consent before the date of issue of this First Prospectus.

(13) 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

LIST OF DISTRIBUTORS

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

(14) APPENDIX

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) transferable securities;
- b) money market instruments;
- c) eligible deposits;
- d) units in other schemes;
- e) financial derivatives; and
- f) shares or 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) "transferable securities" refer to:

- i) shares or securities equivalent to shares; and

Guidance

Shares include units in a business trust.

- ii) bonds or other securitised debt instruments,

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

- A) money market instruments; or
- B) any security the title to which cannot be transferred or can be transferred only with the consent of a third party.

b) "eligible 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.

1.3 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.

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

- a) an authorised or recognised 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) a 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 and borrowing guidelines 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) a 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 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).

- 1.5 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;
 - b) the financial derivatives are liquid;
 - c) the 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 financial derivatives should not result in the delivery of investments other than those described in paragraph 1.1(a) to (f).
- 1.6 In the case of OTC 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

- 2.1 The Target Fund should comply with the following limits:

- a) Investments in:
 - i) transferable securities; or
 - ii) money market instruments

issued 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) transferable securities;
- ii) money market instruments;
- iii) eligible deposits; and
- iv) counterparty risk exposures arising from the use of OTC 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.

- 2.2 The single entity limit of 10% may be raised to 20% 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).
- 2.3 If there is a downgrade in rating to that below the minimum rating as stated in paragraph 2.2, or if the rating agencies no longer rate the entity or the guarantor, the single entity limit should revert to 10%.
- 2.4 The single entity limit of 10% may be raised to 20% of the Target Fund's net asset value where:
 - a) 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).
- 2.5 If there is a downgrade in rating to that below the minimum rating as stated in paragraph 2.4, 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 2.2, as the case may be, should apply accordingly.
- 2.6 The single entity limit of 10% in paragraph 2.1(a) for bonds and other securitised 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).
- 2.7 Notwithstanding paragraph 2.6(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 2.7(b), the trustee may consider the Investment Manager's internal rating methodology.

- 2.8 The Target Fund may invest in debt securities that are undated, secured by physical commodities, listed for quotation and traded on an organised exchange, subject to the limit in paragraph 2.11.
- 2.9 The Target Fund may invest up to 20% of its net asset value in another scheme only if the underlying scheme satisfies paragraph 1.4(a) or (b).
- 2.10 Investments in an underlying scheme which does not satisfy paragraph 1.4(a) or (b) but satisfies 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.

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.

- 2.11 Investments in:
 - a) shares or 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) debt securities which are undated, secured by physical commodities, listed for quotation and traded on an organised exchange,are subject to an aggregate limit of 10% of the Target Fund's net asset value.
- 2.12 The Target Fund should not invest in more than:
 - a) 10% of the total outstanding shares, or securities equivalent to shares, of any single entity or trust; and
 - b) 10% of each individual issuance of debt securities of any single issuing entity or trust, where such issuance is not part of a debt issuance programme; or where debt securities 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 money market instruments of a single issuing entity or trust.

3. Global Exposure

- 3.1 The global exposure of the Target Fund to financial derivatives or embedded 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 financial derivative not involved in netting or hedging arrangements;
 - b) the absolute value of the net exposure of each individual 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 financial derivatives,and that are reinvested.
- 3.4 Netting arrangements may be taken into account to reduce the Target Fund's exposure to financial derivatives.

- 3.5 The Target Fund may net positions between:
- a) financial derivatives on the same underlying assets, even if the maturity dates are different; or
 - b) financial derivatives and the same corresponding underlying asset, if those underlying assets are transferable securities, money market instruments or units in other schemes.
- 3.6 Hedging arrangements may be taken into account to reduce the Target Fund's exposure to financial derivatives.
- 3.7 The marked-to-market value of transferable securities, money market instruments or units in the Target Fund involved in hedging arrangements may be taken into account to reduce the Target Fund's exposure to 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, financial derivatives used for the purposes of hedging currency exposure may be netted when calculating the global exposure.
- 4. Use of Financial Derivatives**
- 4.1 The exposure of the Target Fund to the underlying assets of financial derivatives should be sufficiently diversified on a portfolio basis.
- 4.2 In the case where the underlying assets are:
- a) transferable securities, money market instruments, eligible deposits or units in other 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.
- 4.3 Where a transferable security or money market instrument embeds a financial derivative, the requirements in paragraphs 3 and 4 apply to the embedded financial derivative.
- 4.4 Where the counterparty risk of the embedded derivative is or may be transferred to the Target Fund, the requirements in paragraph 5 also apply to the embedded financial derivative.
- 4.5 A transferrable security or money market instrument is considered to be embedding a 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 transferable security or 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 transferable security or money market instrument.
- 4.6 A transferable security or a money market instrument should not be regarded as embedding a financial derivative where it contains a component which is contractually transferable independently of the transferable security or the 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 financial derivative or tailor-made to meet the specific needs of the Target Fund, the instrument should be deemed as embedding a financial derivative.
- 4.8 A transaction in 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 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 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 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 Financial Derivatives

- 5.1 The counterparty of an OTC 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 financial derivative may not exceed 10% of the Target Fund's net asset value ("counterparty limits").
- 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 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 financial derivative.

- 5.5 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.
- 5.6 Any exposure arising from initial margin posted and the variation margin receivable from a counterparty relating to OTC or exchange-traded 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.

SPECIFIC RISKS OF THE TARGET FUND

Company Specific Risk

Specific risks to 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 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 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 fixed income security fails to make timely payments of interest and/or principal. This may cause the value of the Target Fund to be adversely affected.

Furthermore, current 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 interest 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 fixed income securities are subject to interest rate risk. A fixed income security'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 security's value or, in the Target Fund's case, its net asset value. Fixed income securities with longer-term maturities tend to be more sensitive to interest rate changes than shorter-term securities. As a result, longer-term securities tend to offer higher yields for this added risk. While changes in interest rates may affect the Target Fund's interest income, such changes may positively or negatively affect the net asset value of the Target Fund's units on a daily basis.

Country Risk

The investments of the Target Fund may be affected by risks specific to the country in which it invests. Such risks include changes in a country's economic, social and political environment. The value of the assets of the Target 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 Target Fund invests.

Risk of Investing in Emerging Markets

The Target Fund's investments in securities issued by corporations, governments, and public-law entities in different nations and denominated in different currencies involve certain risks. These risks are typically increased in developing countries and emerging markets. Such risks, which may have adverse effects on portfolio holdings, may include: (i) investment and repatriation restrictions; (ii) currency fluctuations; (iii) the potential for unusual market volatility as compared to more industrialised nations; (iv) government involvement in the private sector; (v) limited investor information and less stringent investor disclosure requirements; (vi) shallow and substantially smaller liquid securities markets than in more industrialised countries, which means the Target Fund may at times be unable to sell certain securities at desirable prices; (vii) certain local tax law considerations; (viii) limited regulation of the securities markets; (ix) international and regional political and economic developments; (x) possible imposition of exchange controls or other local governmental laws or restrictions; (xi) the increased risk of adverse effects from deflation and inflation; (xii) the possibility of limited legal recourse for the Target Fund; and (xiii) the custodial and/or the settlement systems may not be fully developed.

Investors should be mindful that securities in emerging markets may be less liquid than comparable securities in industrialised countries.

Currency Risk

Where a class of the Target Fund is denominated in a different currency from the currency of denomination of the Target Fund or where the Target Fund has investments that are not denominated in the same currency as the Target Fund or a class of 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 or (as the case may be) the relevant class and subsequently the value of the holders' investments.

In the management of the Target Fund, the Investment Manager may use 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 financial derivative instruments ("FDIs"). Throughout this section that refer to FDIs, privately negotiated or non-exchange traded FDIs are referred to as being "over-the-counter" (or "OTC").

The Target Fund may use 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 FDIs depend, at least in part, on the performance or value of the underlying asset. 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 our 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 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 over-the-counter, 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.

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.

| |
|---|
| <p>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, LAWYERS, STOCKBROKERS OR INDEPENDENT PROFESSIONAL ADVISERS FOR A BETTER UNDERSTANDING OF THE RISKS.</p> |
|---|

This page has been intentionally left blank.

This page has been intentionally left blank.

This page has been intentionally left blank.

Maybank Asset Management Sdn. Bhd. (199701006283)
Level 12, Tower C, Dataran Maybank,
No.1, Jalan Maarof, 59000 Kuala Lumpur, Malaysia
Telephone +603 2297 7888
Facsimile +603 2715 0071
www.maybank-am.com