

# **INFORMATION MEMORANDUM**

**RELATING TO**

## **Nomura i-Income Fund**

**MANAGER**

**Nomura Islamic Asset Management Sdn Bhd  
(Company No. 838564-T)**

**A company incorporated in Malaysia under the Companies Act, 1965**

**TRUSTEE**

**Deutsche Trustees Malaysia Berhad  
(Company No. 763590-H)**

**A company incorporated in Malaysia under the Companies Act, 1965 and registered as a trust company under the Trust Companies Act 1949**

This Information Memorandum is dated 27 December 2016 replaces and supersedes the previous Information Memorandum relating to Nomura i-Income Fund dated 23 August 2013.

Nomura i-Income Fund was constituted on 11 June 2012.

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

**UNITS OF NOMURA i-INCOME FUND CAN ONLY BE SOLD TO SOPHISTICATED INVESTORS AS PRESCRIBED UNDER THE SECURITIES COMMISSION MALAYSIA GUIDELINES ON UNLISTED CAPITAL MARKET PRODUCTS UNDER THE LODGE AND LAUNCH FRAMEWORK.**

**THIS INFORMATION MEMORANDUM IS TO BE ISSUED AND DISTRIBUTED IN MALAYSIA ONLY. CONSEQUENTLY, NO REPRESENTATION HAS BEEN AND WILL BE MADE AS TO ITS COMPLIANCE WITH THE LAWS OF ANY FOREIGN JURISDICTION.**

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 17.**

## **RESPONSIBILITY STATEMENTS / STATEMENTS OF DISCLAIMER**

### **RESPONSIBILITY STATEMENT**

This Information Memorandum in relation to the Nomura i-Income Fund has been seen and approved by the directors of Nomura Islamic Asset Management Sdn Bhd (“Manager”) and they collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts omitted which would make any statement herein misleading.

### **STATEMENTS OF DISCLAIMER**

The Securities Commission Malaysia has authorised the issue, offer or invitation in respect of the Fund, the subject of this Information Memorandum, and the authorisation shall not be taken to indicate that the Securities Commission Malaysia recommends the investment.

The Securities Commission Malaysia will not be liable for any non-disclosure on the part of the Manager and takes no responsibility for the contents of the Information Memorandum, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon the whole or any part of the contents of this Information Memorandum.

Additionally, prospective investors should not treat the contents of this Information Memorandum as advice relating to investment, law or taxation and must rely on their own legal counsel, accountants, and/or other professional advisers as to legal, tax and related matters concerning the Fund and investments therein.

### **Additional Statement**

*Nomura i-Income Fund has been certified as being Shariah compliant by the appointed Shariah Adviser.*

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## 1. GLOSSARY

**The terms defined here are specific to the Fund and are not of general application and may not be applicable to all other funds under the management of Nomura Islamic Asset Management Sdn. Bhd.**

<i>Bursa Malaysia</i>	Means the stock exchange managed and operated by Bursa Malaysia Securities Berhad.
<i>Business Day</i>	Means a day on which the Bursa Malaysia is open for trading, and/or banks in Kuala Lumpur are open for business.
<i>CMSA</i>	Means the Capital Markets and Services Act 2007 as may be amended from time to time.
<i>Cooling-off Period</i>	Refers to a period where the Unit Holders are entitled to exercise their Cooling-off Rights.
<i>Cooling-off Right</i>	Refers to the Unit Holders' right to apply for and receive a refund for every Unit that was paid for, provided that the Units were purchased within the Cooling-off Period. This right is available only if the investor is neither a corporation nor a staff of the Manager and that the investor are investing in any funds managed by the Manager for the first time. An investor will be refunded within 10 days from receipt of the cooling-off application by the Manager.
<i>days</i>	Means calendar days unless otherwise stated.
<i>Deed</i>	Means the Master Deed dated 11 June 2012 as modified by First Supplemental Master Deed dated 23 August 2013 and Second Supplemental Master Deed dated 23 October 2015 relating to the Fund entered into between the Manager and the Trustee and any supplemental(s) thereto. By virtue of an investor purchasing Units and becoming a Unit Holder, he is deemed to have agreed to be bound by the provisions of the Master Deed.
<i>Fund</i>	Means the wholesale fund known as the Nomura i-Income Fund.
<i>financial institutions</i>	Means licensed banks, licensed merchant banks or Islamic banks in Malaysia.
<i>General Investment Account (GIA)</i>	Refers to investment account based on either <i>Mudharabah</i> or <i>Murabahah</i> that works on profit sharing basis and fixed profit income basis respectively.
<i>Government</i>	Means Government of Malaysia.
<i>GST</i>	Means goods and services tax and includes any goods and services tax that is charged or levied in accordance with the Goods and Services Tax Act 2014.

<i>Guidelines</i>	<i>Guidelines on Unlisted Capital Market Products Under The Lodge And Launch Framework</i> issued by the SC as may be amended from time to time, including the guidance notes and circulars issued pursuant thereto.
<i>Information Memorandum</i>	Refers to this offer document in respect of the Nomura i-Income Fund; and includes any addendum to the Information Memorandum, supplemental or replacement Information Memorandum, as the case may be.
<i>Latest Practicable Date (LPD)</i>	Means 30 November 2016 and is the latest practicable date for the purposes of ascertaining certain information deemed relevant in this Information Memorandum.
<i>long term</i>	Means a period of more than five (5) years.
<i>Manager or Management Company or NIAM</i>	Refers to Nomura Islamic Asset Management Sdn Bhd.
<i>MARC</i>	Refers to Malaysian Rating Corporation Berhad.
<i>NAV</i>	Means Net Asset Value.
<i>Net Asset Value of the Fund or NAV of the Fund or Fund's NAV</i>	Means the value of the Fund which is determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at the valuation point.  For the purpose of computing the annual management fee and annual trustee fee, the NAV of the Fund should be inclusive of the management fee and trustee fee for the relevant day.
<i>NAV per Unit</i>	Means the value of the Fund at a particular valuation point divided by the total number of Units of that Fund in circulation at the same valuation point.
<i>RAM</i>	Refers to RAM Rating Services Berhad.
<i>Repurchase Charge</i>	Means a fee imposed pursuant to a repurchase request. It is represented as a percentage of the NAV per unit.
<i>relevant authorities</i>	Means any governmental or statutory authority with the power to regulate the securities industry (including fund management and unit trust industries) in Malaysia and/or having jurisdiction over the Manager and/or the Trustee and includes, without limitation, the SC.
<i>relevant laws</i>	Means all laws, rules, regulations, guidelines and directives passed or issued by any relevant authority relating to or connected with the fund management in Malaysia.
<i>Ringgit Malaysia/ RM</i>	Means the lawful currency of Malaysia.
<i>Sales Charge</i>	Means a fee payable by an investor for his/her purchase of Units. It is represented as a percentage of the NAV per Unit.

<i>SC</i>	Refers to Securities Commission Malaysia established under the Securities Commission Act 1993.
<i>Shariah Adviser</i>	Refers to IBFIM (Company No. 763075-W), the Shariah Adviser of Nomura i-Income Fund.
<i>Shariah</i>	Means Islamic law comprising the whole body of rulings pertaining to human conducts derived from the sources consisting of Quran, <i>Sunnah</i> , <i>Ijma'</i> , <i>Qiyas</i> , <i>Qawl al-Sahabi</i> , <i>Istihsan</i> , <i>Masalih al-Mursalah</i> , <i>'Uruf</i> , <i>Istishab</i> , <i>Sadd al-Dhara'i</i> and <i>Shar'u Man Qablana</i> .
<i>Shariah requirements</i>	Means a phrase or expression which generally means making sure that any human conduct must not involve any prohibition and that in performing that conduct all the essential elements that make up the conduct must be present and each essential element must meet all the necessary conditions required by the Shariah for that element.
<i>special resolution</i>	Means a resolution passed by a majority of not less than 3/4 of Unit Holders voting at a meeting of Unit Holders.
<i>Sophisticated Investor</i>	Refers to - <ul style="list-style-type: none"> <li>(a) an individual whose total net personal assets or total net joint assets with his or her spouse, exceed RM 3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence;</li> <li>(b) an individual who has a gross annual income exceeding RM 300,000 or its equivalent in foreign currencies per annum in the preceding twelve months;</li> <li>(c) an individual who, jointly with his or her spouse, has a gross annual income exceeding RM 400,000 or its equivalent in foreign currencies in the preceding twelve months;</li> <li>(d) a corporation with total net assets exceeding RM 10 million or its equivalent in foreign currencies based on the last audited accounts;</li> <li>(e) a partnership with total net assets exceeding RM 10 million or its equivalent in foreign currencies;</li> <li>(f) a unit trust scheme or prescribed investment scheme;</li> <li>(g) a private retirement scheme;</li> <li>(h) a closed-end fund approved by the Securities Commission Malaysia;</li> <li>(i) a company registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding RM 10 million or its equivalent in foreign currencies;</li> <li>(j) a corporation that is a public company under the Companies Act 1965 which is approved by the SC to be a trustee under the CMSA and has assets under management exceeding RM10 million or its equivalent in foreign currencies;</li> <li>(k) a statutory body established by an Act of Parliament or an enactment of any state;</li> <li>(l) a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967;</li> </ul>

- (m) a holder of a Capital Markets Services License or an executive director or a chief executive officer of a holder of a Capital Markets Services License;
- (n) a licensed institution as defined in the Financial Services Act 2013;
- (o) an Islamic bank as defined in the Islamic Financial Services Act 2013;
- (p) an insurance company registered under the Insurance Act 1996;
- (q) a takaful operator registered under the Takaful Act 1984;
- (r) a bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010;
- (s) an Islamic bank licensee or takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010; and
- (t) such other investor(s) as may be permitted by the Securities Commission Malaysia from time to time and/or under the relevant guidelines for wholesale funds

*sukuk* has the meaning ascribed to it in the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC.

*Trustee* Refers to Deutsche Trustees Malaysia Berhad (Company No. 763590-H), the trustee of the Fund.

*Unit or Units* Means unit of a Fund and where applicable includes a fraction of the unit.

*Units in Circulation* Means Units created and fully paid. It is the total number of Units issued at a particular valuation point.

*Unit Holder(s)* Means, in relation to each of the Fund, the person or persons for the time being who is registered pursuant to the Deed as a holder / holders of that Fund.

*Wholesale Fund* has the meaning ascribed to it in the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC.

*you* Refers to a Unit Holder of the Fund.

## **2. CORPORATE DIRECTORY**

### **MANAGER**

#### **NOMURA ISLAMIC ASSET MANAGEMENT MALAYSIA SDN BHD**

*Business Address/ Registered Address*

Suite No. 12.3, Level 12, Menara IMC

No. 8, Jalan Sultan Ismail

50250 Kuala Lumpur

Wilayah Persekutuan

Malaysia

Tel: 03-2027 6688

Fax: 03-2027 6612

Email: niam@nomura-iam.com.my

### **BOARD OF DIRECTORS OF MANAGER**

Mr. Toshihiko Matsunaga

Ms. Nor Rejina Binti Abdul Rahim

Mr. Yoshihiro Namura

Mr. Kenichi Suzuki

Mr. Johari Bin Abdul Muid\*

*\* Independent Director*

### **COMPANY SECRETARY**

Wong Wai Foong (MAICSA No. 7001358)

Tan Bee Hwee (MAICSA No. 7021024)

TRICOR Corporate Services Sdn Bhd (779773-H)

Unit 30-01, Level 30, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel: 03-2783 9191

Fax: 03-2783 9111

### **MANAGER'S DELEGATE (FUND ACCOUNTING & VALUATION AGENT)**

#### **DEUTSCHE BANK (MALAYSIA) BERHAD (312552-W)**

*Business Address*

Level 18 - 20, Menara IMC

No. 8, Jalan Sultan Ismail

50250 Kuala Lumpur

Tel: 03-2053 6788

Fax: 03-2031 8710

### **MANAGER'S DELEGATE (REGISTRAR AND TRANSFER AGENT)**

#### **KARVY COMPUTERSHARE (MALAYSIA) SDN BHD (1178655-U)**

*Business Address*

Suite 16.1, Level 16, Menara IMC

No. 8, Jalan Sultan Ismail

50250 Kuala Lumpur

Tel: 03-2022 4900

Fax: 03-2022 4099



**TRUSTEE****DEUTSCHE TRUSTEES MALAYSIA BERHAD (763590-H)***Business Address/ Registered Address*

Level 20, Menara IMC  
No. 8, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: 03-2053 7522  
Fax: 03-2053 7526

**SHARIAH ADVISER****IBFIM (763075-W)***Registered Office*

No: 149A, 149B, 151B  
Persiaran Raja Muda Musa  
42000 Port Klang  
Selangor Darul Ehsan

*Business Office*

3<sup>rd</sup> Floor, Menara Takaful Malaysia  
Jalan Sultan Sulaiman  
50000 Kuala Lumpur  
Tel: 03-2031 1010  
Fax: 03-2078 5250  
Website: [www.ibfim.com](http://www.ibfim.com)

**SOLICITORS****SOON GAN DION & PARTNERS**

1<sup>st</sup> Floor, No. 73 Jalan SS 21/1A  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7726 3168  
Fax: 03-7726 3445

**AUDITORS & REPORTING ACCOUNTANTS****PRICEWATERHOUSECOOPERS**

Level 10, 1 Sentral  
Jalan Rakyat  
Kuala Lumpur Sentral  
P.O. Box 10192  
50706 Kuala Lumpur  
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Fax: 03- 2173 1288

**TAX ADVISER****PRICEWATERHOUSECOOPERS TAXATION SERVICES SDN. BHD. (464731-M)**

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Jalan Rakyat  
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P.O. Box 10192  
50706 Kuala Lumpur  
Tel: 03-2173 1188  
Fax: 03-2173 1288

### 3. KEY DATA

3.1 INFORMATION ON THE FUND		Page				
<b>Name of Fund</b>	Nomura i-Income Fund	9				
<b>Fund Category</b>	Wholesale Islamic Fixed Income Fund	9				
<b>Fund Type</b>	Income					
<b>Objective</b>	The Fund seeks to provide investors with regular *income distributions through investments in Shariah-based deposits, Islamic money market instruments and sukuk. <i>* All income distribution will be made in the form of cash. Please refer to Income Distribution Policy on page 26 for further details.</i>	12				
<b>Asset Allocation</b>	The Fund's asset allocation is as follows: <table border="1" data-bbox="459 824 1206 1021"> <thead> <tr> <th>Asset Type</th> <th>% of the Fund's NAV</th> </tr> </thead> <tbody> <tr> <td>Shariah-based deposits, Islamic money market instruments and sukuk</td> <td>Minimum 0% to maximum of 100%</td> </tr> </tbody> </table>	Asset Type	% of the Fund's NAV	Shariah-based deposits, Islamic money market instruments and sukuk	Minimum 0% to maximum of 100%	12
Asset Type	% of the Fund's NAV					
Shariah-based deposits, Islamic money market instruments and sukuk	Minimum 0% to maximum of 100%					
<b>Investment Strategy</b>	The Fund shall invest mainly in Islamic money market instruments and sukuk to generate consistent income stream to meet investors' cash flow requirements.  The Manager will constantly manage the allocation among the permitted investments and actively manage the duration and maturity structure of the investments in the Fund to obtain optimal return while achieving the Fund's objective.  (please refer to Section 5.1 for more details)	12				
<b>Benchmark</b>	12-Month Malayan Banking Berhad General Investment Account Rate  Investors are advised that the selection of the 12-month Malayan Banking Berhad General Investment Account (GIA) rate does not imply that the risk profile of this Fund is the same as that of the benchmark.	32				
<b>Financial Year End</b>	31 December					

<b>3.1 INFORMATION ON THE FUND (CONTINUED)</b>		<b>Page</b>
<b>Income Distribution Policy</b>	<p>The Fund will distribute income at least on a monthly basis, subject to availability of income.</p> <p>If the distribution available is too small or insignificant, the Manager may choose not to distribute the income as the distribution may not be beneficial to the Unit Holders as the total cost to be incurred in such distribution may be higher than the amount available for distribution. The Manager has the discretion to decide on the amount to be distributed to the Unit Holders.</p> <p>Please refer to Section 11 for the details on Income Distribution Policy.</p>	25
<b>3.2 TRANSACTION DETAILS / FEES AND CHARGES</b>		<b>Page</b>
<b>Minimum Initial Investment</b>	RM500,000.00 or such amount as the Manager may decide from time to time.	27
<b>Minimum Additional Investment</b>	RM250,000.00 or such amount as the Manager may decide from time to time.	27
<b>Minimum Units held</b>	250,000 Units or such amount as the Manager may decide from time to time.	27
<b>Frequency of Repurchase and Minimum Units Repurchased</b>	<p>There is generally no restriction on the frequency of repurchase; however there is a minimum repurchase amount of 250,000 Units for each repurchase application or such other amount as the Manager may decide from time to time. If the repurchase request leaves you with less than 250,000 Units (minimum holdings), the Manager has the discretion whether to repurchase all of your remaining Units.</p> <p>The Manager, reserve the right to defer any repurchase requests if such request would adversely affect the Fund or the interest of other Unit Holders of the Fund.</p>	27
<b>Payment of Repurchase Proceeds</b>	Three (3) Business Days after a repurchase request is received by the Manager.	27
<b>Sales Charge per Unit</b>	Nil	
<b>Repurchase Charge per Unit</b>	Nil	
<b>Annual Management Fee</b>	Up to 0.40% per annum of the NAV of the Fund.	31

<b>3.3 TRANSACTION DETAILS / FEES AND CHARGES (CONTINUED)</b>		<b>Page</b>
<b>Annual Trustee Fee</b>	Up to 0.03% per annum of the NAV of the Fund subject to a minimum trustee fee of RM12,000.00 per annum.	31
* <i>In respect of all investors or any particular investor, the Manager may from time to time at its sole discretion waive, increase or reduce the minimum limits for initial investments, additional investments, repurchases and holdings, as well as the amount of any fee payable by the investor or investors in respect of the Fund. Any changes to the above shall be communicated to the existing Unit Holders and investors by way of a supplementary or replacement Information Memorandum.</i>		
<b>3.4 OTHER INFORMATION</b>		<b>Page</b>
<b>Designated Representative of the Manager</b>	Hiew Teck Kong	21
<b>The Trustee</b>	Deutsche Trustees Malaysia Berhad (763590-H)	32
<b>The Shariah Adviser</b>	IBFIM (763035-W)	35
<b>Deeds</b>	Master Deed - 11 June 2012 First Supplemental Master Deed – 23 August 2013 Second Supplemental Master Deed – 23 October 2015	

*The fees, charges and expenses quoted in this Information Memorandum are exclusive of GST. The Trustee, other service providers of the Fund and the Manager will charge GST currently at the prevailing statutory rate of 6% on the fees, charges and expenses in accordance with the Goods and Services Tax Act 2014.*

**Prospective Unit Holders should read and understand the contents of the Information Memorandum and, if necessary, should consult their adviser(s).**

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

## 4. PURPOSE AND OBJECTIVE

The Nomura i-Income Fund is a wholesale Islamic fixed income fund which seeks to provide investors with regular \*income distributions through investments in Shariah-based deposits, Islamic money market instruments and sukuk.

*\* All income distribution will be made in the form of cash. Please refer to Income Distribution Policy on page 26 for further details.*

## 5. INVESTMENT STRATEGY

### 5.1 Investment Strategy

The Fund shall mainly invest in Islamic money market instruments and sukuk of varying maturities, liquidity and yields. By having multiple Islamic money market instruments and sukuk as compared to purely keeping the investments in Shariah-based deposits, the Manager is able to potentially obtain higher yields over a period of time. While Unit Holders are expected to assume a higher degree of risks from having multiple instruments across different asset classes (as compared to GIA), Unit Holders may expect to be rewarded with returns above GIA.

#### *Credit Selection*

Credit selection is the most important factor in the Fund's overall investment process particularly in the mitigation of risks highlighted in this Information Memorandum and also to provide the expected returns for the Fund. In terms of the sukuk, the Fund will follow a strict selection process to ensure only appropriate sukuk are invested in with respect to the investment objective. The selection process is in essence a screening process that selects sukuk with risk-return profiles that match the Fund's requirements.

The Manager endeavours to identify sukuk of good credit quality which are underpriced. The selected sukuk is subject to a minimum credit rating of A3/P2 by RAM or an equivalent rating by MARC. Identification of such sukuk would allow the Fund to obtain potential profits provided that such sukuk has not defaulted and thus, may increase the overall returns of the Fund.

The selection of appropriate sukuk will depend largely on credit quality of the sukuk, to assure relative certainty of profit and principal payment.

In selecting sukuk, the following are the more important considerations:-

- issuer's and/or guarantor's industry and business medium to long-term outlook;
- issuer's and/or guarantor's financial strength and gearing levels;
- issuer's and/or guarantor's cash-flow quality and volatility;
- issuer's and/or guarantor's expected future cash-flow and ability to pay profit and principal;
- issuer's and/or guarantor's ratings, subject to a minimum credit rating of A3/ P2 by RAM or an equivalent rating by MARC;
- duration and interest rate sensitivity;

The ratings of the sukuk shall carry a minimum rating of A3/P2 by RAM or an equivalent rating by MARC at the point of purchase. In the unlikely event of a credit rating downgrade, the Manager reserves the right to deal with the sukuk in the best interest of the investors by

disposing the sukuk within a time frame deemed reasonable by the Manager taking into consideration prevailing market conditions and factors.

In terms of the Islamic money market instruments, the Manager will follow a strict selection process to ensure only appropriate instruments are invested. The selection process is in essence a screening process that selects instruments with risk-return profiles that match the Fund's objective. The selection will depend largely on credit quality of the issuers to assure the principal payment and the profits payouts.

The Manager will actively manage the maturity structure of the Shariah-based deposits in the Fund to optimize profits for investors in accordance to the interest rates outlook and analysis.

There will be no foreign investments in the Fund.

#### *Temporary Defensive Positions*

During periods of economic uncertainty or a downturn in economic conditions, the Manager may look to temporarily increase investments in Islamic money market instruments and/or holding liquid assets up to 100% of the Fund's NAV to protect the value of the Fund.

The Fund targets to provide consistent returns. Specific risks associated with this Fund and investments are as elaborated in Section 8 of the Information Memorandum.

**The Fund does not invest in interest bearing instruments. The interest rate referred herein is to the general interest rate of the country which may affect the value of the investment of the Fund.**

**Notwithstanding the general strategy stated above, the Fund, being a Shariah-compliant Fund, will be strictly guided by the methodologies, rulings and screening processes dictated by the Shariah Adviser appointed for the Fund.**

## **5.2 Asset Allocation**

The Fund's asset allocation is as follows:

Asset Type	% of the Fund's NAV
Shariah-based deposits, Islamic money market instruments and sukuk	Minimum 0% to maximum of 100%

## **5.3 Shariah Investment Guidelines and Cleansing/ Purification Process for the Fund**

### **1. Shariah Investment Guidelines**

The following are adopted by IBFIM in determining the Shariah status of investments of the Fund.

#### Sukuk and Islamic money market instruments:

IBFIM will review any sukuk and/ or Islamic money market instruments based on the data available at Bond Info Hub ([www.bondinfo.bnm.gov.my](http://www.bondinfo.bnm.gov.my)). The Fund can invest in Shariah-based deposits and Islamic money market instruments issued by financial institutions that are acceptable by Shariah advisers as Shariah-compliant or those Shariah-based deposits and Islamic money market instruments that have been approved by Bank Negara Malaysia's Shariah Advisory Council.

## 2. Cleansing/purification process for the Fund

### Cleansing process for the Fund

#### a) Wrong Investment

This refers to Shariah non-compliant investment made by the Manager. The said Shariah non-compliant investment will be disposed/ withdrawn within one month of knowing the status of the investment. In the event the investment resulted in gain (through capital gain and/or profit), the gain is to be channelled to Baitulmal or any other charitable bodies as advised by the Shariah Adviser. If the disposal of the investment resulted in losses to the Fund, the losses are to be borne by the Manager.

### Purification process for the Fund

#### a) Zakat for the Fund

The Fund does not pay Zakat on behalf of Muslim individuals and Islamic legal entities who are investors of the Fund. Thus, investors are advised to pay zakat on their own.

***Investment in the Fund is not the same as placement in a deposit with a financial institution. There are risks involved and investors should rely on their own evaluation to access the merits and risks when investing in the Fund.***

## 6. PERMITTED INVESTMENTS

Unless otherwise prohibited by the relevant authorities or any law and provided always that there is no inconsistency with the objective of the Fund, the Fund may invest in the following permitted investments:

- (a) Government Investment Issues and/or any Government-related agencies' Islamic issuances, Islamic Acceptance Bills, Bank Negara Monetary Notes-i, Cagamas sukuk and any other Government Islamic papers;
- (b) Other Shariah-compliant instruments issued or guaranteed by the Malaysian Government, Bank Negara Malaysia, Malaysian state governments and Government-related agencies;
- (c) Sukuk and Islamic money market instruments;
- (d) Shariah-based deposits and placement of money at call with licensed financial institutions;
- (e) General Investment Accounts and Islamic Negotiable Instruments (INIs),
- (f) Shariah-compliant collective investment schemes with similar objective to the Fund; and
- (g) Any other form of Shariah-compliant instruments as may be agreed upon by the Manager and Trustee from time to time that are in line with the Fund's objective.

**\* Where the Manager invest in other Shariah-compliant collective investment schemes which are also being managed by the Manager, the management fee will only be charged once at the Fund level. The management fee charged by the target fund will be paid out of the annual management fee charged by the Manager at the Fund level. There is no double charging of management fee.**

## 7. INVESTMENT LIMITS AND RESTRICTIONS

Detailed below are the investment scope and limits applicable to the Fund pertaining to a prudent spread of risk management. The aim of these restrictions on investments is to set the minimum limits for investments that may be held by the Fund.

- The value of the Fund's holding in Islamic money market instruments or sukuk issued by any single issuer shall not exceed 20% of the Fund's NAV. This limit may be increased to 30%, if the Islamic money market instruments or sukuk are rated by any domestic rating agency to be of the best quality and offer the highest safety for timely payment of profit and principal.
- The value of the Fund's placement in Shariah-based deposits with any single financial institution shall not exceed 30% of the Fund's NAV;
- The value of the Fund's holding in the Islamic money market instruments issued by any group of companies shall not exceed 30% of the Fund's NAV;
- The Fund's holding of any sukuk of any single issuer shall not exceed 30% of the sukuk issued;
- The value of the Fund's investments in units/ shares of any Shariah-based collective investment scheme shall not exceed 20% of the Fund's NAV;
- The Fund's investment in any Islamic money market instruments shall not exceed 10% of the instruments issued by any single issuer;
- The Fund will invest in sukuk with a minimum credit rating of at least A3/ P2 by RAM or equivalent rating by MARC at the point of purchase.

The limits and restrictions on the permitted investments set out above do not apply to securities/ instruments issued or guaranteed by the Government, Malaysian state government, Government –related agencies or Bank Negara Malaysia.

The above limits and restrictions shall be complied with at all times based on the most up-to-date value of the Fund and value of the Shariah-compliant instruments. However, a 5% allowance in excess of any limit or restriction shall be permitted where the limit or restriction is breached through the appreciation or depreciation of the NAV of the Fund whether as a result of an appreciation or depreciation in value of the fund's assets, or as a result of repurchase of units or payment made out of the fund.

The Manager will not make any further acquisition to which the relevant limit is breached and the Manager shall, within reasonable period of not more than three months from the date of the breach, take all necessary steps and actions to rectify the breach.



## **8. RISKS FACTORS**

All types of investments carry some degree of risk. It is not always possible to protect against all types of risk that can occur. For example, political changes and natural disasters can have a rapid effect on the outlook for economies and currencies. Therefore, before making an investment decision, an investor should consider the different types of risk that may affect the Fund or the investor individually as detailed below.

### **8.1 General Risks Of Investing In Wholesale Funds**

Just like any other form of investment, investments in wholesale funds also carry some risks. Risk is the term used to describe the probability that an investment may provide a return which differs from the expectation of the investor. One should consider, amongst others, the following when investing in wholesale funds:

#### **(a) Financing risk**

Investors should assess the inherent risk of investing with borrowed money, which should include the following:

- The ability to service the financing and the effect of interest rates on the financed amount; and
- If units are used as collateral, investors may be required to provide additional collateral should the Fund's prices fall below a certain level.

Investors are advised to seek Islamic financing to finance their acquisition.

#### **(b) Fund Management risk**

The performance of the Fund depends on the experience and expertise of the investment managers. The failure to exercise due care or any lapses in judgement on the part of the Manager may jeopardize the performance of the Fund.

#### **(c) Non-compliance risk**

This is the risk of the Manager or the Trustee, not complying with the Deed of the Fund and all applicable laws or guidelines issued by the regulators whether intentionally or through negligence. The magnitude of such risk and its impact on the Fund and/or Unit Holders are dependent on the nature and severity of the non-compliance. For example, an oversight of the Manager causes the non-compliance which may adversely affect the investment of the Fund especially if the investment of the Fund has to be disposed at a lower price to rectify the non-compliance.

#### **(d) Inflation risk**

Inflation risk is the risk of potential loss in the purchasing power of your investment due to a general increase of consumer prices. Inflation erodes the nominal rate of your return giving you a lower real rate of return. Inflation is thus one of the major risks to you over a long term period and results in uncertainty over the future value of investments. You are advised to take note that the Fund is not constituted with the objective of matching the inflation rate of Malaysia. The Fund has a specific objective that it seeks to achieve without having regard to

the inflation rate. If your investment objective is to match the inflation rate (so as not to lose your purchasing power over time), this Fund may not be suitable for you.

**(e) Other variable factors risk**

The performance of the Fund is driven by many variable factors and the return is not guaranteed. These include financial market conditions, interest rate fluctuation, stability of local currency and general economic environment. The prices of units may go down as well as up. Similarly, distribution (if any) may vary from year to year depending on the performance of the Fund.

## **8.2 Specific Risks Of The Fund**

**(a) Issuer/ credit risk**

Whilst the Manager is of the opinion that, based on the instruments that the Fund intends to hold, the circumstances that may lead to the occurrence of this risk is mitigated, nevertheless you should be aware that this risk does exist.

Credit risk refers to the possibility that the issuer of a sukuk will not be able to make timely payments of profit or principal payment. This may lead to a default in the payment of principal and profit and ultimately a reduction in the value of the Fund. History has shown that even governments do default on sukuk instruments issued by them.

The Manager will endeavour to minimise this risk by selecting only sukuk with a minimum credit rating of at least A3/P2 by RAM or equivalent rating by MARC. In the event of credit downgrade below the minimum stipulated, the Manager will endeavour to take the necessary steps to divest the sukuk within a time frame deemed reasonable by the Manager.

Placement of Shariah-based deposits with financial institutions may also attract such risk. A plausible scenario, though highly unlikely may occur whereby the financial institution suffers severe losses and there is no monetary assistance from any third party. In this highly unlikely scenario, the Fund may be left with the only choice of suing the financial institution.

Investing in Islamic money market instruments are also subject to this risk. In the event that the issuer of such instrument defaults in payment at maturity, the value of the Fund may be adversely affected. This may be managed by holding a diversified portfolio of Islamic money market instruments and monitoring the issuers' fundamentals on an ongoing basis.

**(b) Interest rate risk**

The risk refers to the effect of interest rate changes on the performance of the Fund consisting of sukuk. Generally, interest rates and value of sukuk are negatively co-related, meaning that when interest rate moves up, demand of sukuk may move down and vice versa. Sukuk with longer maturity and lower profit rates are more sensitive to interest rate changes. This risk will be mitigated via the management of the duration structure of the sukuk portfolio.

Interest rate is a general economic indicator that will have an impact on the management of the Fund regardless of whether it is a Shariah-compliant fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments.

**(c) Liquidity Risk**

It is generally accepted that the Malaysian sukuk market is less liquid than the equity market. Thus, the Fund may not be able to liquidate its investments easily if there are no willing buyers. As part of its risk management, the Manager will attempt to reduce the liquidity exposure by active asset allocation management and diversification within the portfolio. The Manager will also conduct constant fundamental research and analysis to ensure the feasibility of its management.

**(d) Reinvestment risk**

This is a risk that future proceeds (profit and/or capital) are reinvested at a lower potential profit rate.

Reinvestment risk is especially evident during periods of falling interest rates where the profit payments are reinvested at a lower profit rate compare to the initial profit rate.

**Investors are advised to read the Information Memorandum and obtain professional advice before subscribing to the Fund.**

**It is important to note that events affecting the investments cannot always be foreseen. Therefore, it is not always possible to protect your investments against all risks.**

**The investments of the Fund carry risks and we recommend that you read the whole Information Memorandum to assess the risks of the Fund.**

## 9. THE MANAGER OF THE FUND

### 9.1 Corporate Profile

The Manager obtained its Islamic fund management licence in January 2009. The Manager is a wholly owned subsidiary of Nomura Asset Management Singapore Ltd. which, in turn is wholly owned by Nomura Asset Management Co., Ltd. (NAM Tokyo). The Manager will extend the Nomura Asset Management Group's (NAM) Islamic branding and secure the company's vision of making Malaysia its global Islamic hub.

NAM Tokyo is a subsidiary of Nomura Holdings, Inc., the holding company of the Nomura Group.

NAM can trace back its investment management history to Nomura Securities Investment Trust Management Co. Ltd, which was established in 1959. NAM Tokyo, the company was established in 1997 as a result of the merger of Nomura Securities Investment Trust Management Co. Ltd. and Nomura Investment Management Co. Ltd. in 1981.

NAM's core business is investment management and currently manages over US\$366 billion (as of end September 2016) globally on behalf of central banks, pension funds, corporate and institutional funds as well as mutual funds.

As at LPD, the Manager has a staff force of ten (10), comprising of nine (9) are executive staff and one (1) non-executive staff. Its sister company, Nomura Asset Management Malaysia Sdn Bhd (NAMM) will provide the platform on certain back-office functions and technical experience in the setting up and management of Islamic fund activities. NAMM has a staff force of twenty-four (24).

### 9.2 Role Of The Manager

The Manager is responsible for the investment management and marketing of the Fund; servicing Unit Holders' needs; keeping proper administrative records of Unit Holders and the Fund; ensuring compliance with stringent internal procedures and guidelines of relevant authorities.

### 9.3 Financial Performance

The following is a summary of the past performance of the Manager based on audited accounts for the past three financial years ended 31 March:

	Financial Year Ended		
	31 March 2016 (RM) Audited	31 March 2015 (RM) Audited	31 March 2014 (RM) Audited
Turnover	12,424,474	10,730,321	9,209,406
Profit/ (loss) before tax	1,327,770	1,830,365	244,328
Profit/ (loss) after tax	960,318	1,526,584	244,328
Issued/ paid-up capital	7,000,000	7,000,000	7,000,000
Shareholders' fund	6,289,431	5,329,113	3,802,529

## 9.4 Board Of Directors

The Board of Directors is responsible for the overall management of the Manager and the Fund. The Board not only ensures corporate governance is practised but policies and guidelines are adhered to. The Board will sit at least four (4) times every year, or more should the need arise.

### 9.4.1 Board of Directors

Mr. Toshihiko Matsunaga  
Ms. Nor Rejina Abdul Rahim  
Mr. Yoshihiro Namura  
Mr. Kenichi Suzuki  
Mr. Johari Bin Abdul Muid\*  
*\*Independent director*

## 9.5 Key Management Staff

### **Toshihiko Matsunaga – Executive Advisor and Director**

Mr. Matsunaga is the executive advisor and director of NIAM since June 2012. He joined Nomura Securities Co., Ltd in 1978, and has over 30 years of direct experience in the capital market and financial services industry. He has contributed by helping to expand the marketing and institutional sales activities across various entities in the Nomura Group at Mexico, New York, Tokyo, Bahrain and London.

Mr. Matsunaga has held several senior management positions in both Nomura Securities and Nomura Asset Management group of companies including the position of chief executive officer at Nomura Investment Bank (Middle East) in Bahrain as well as at Nomura Asset Management UK Ltd. where his main focus of business was in the Gulf Cooperation Council countries for the past 13 years. Mr. Matsunaga holds a Bachelor in Arts obtained in 1978 and currently holds a valid and existing Capital Markets and Services Representative's License to carry out Islamic fund management activities.

### **Ramlie Kamsari – Chief Executive Officer**

Ramlie is currently the chief executive officer of NIAM. He has extensive experience in the global capital markets and financial services industry, spanning over 20 years in Singapore and Malaysia, and covering the areas of global sales, advisory services and deal executions of capital market products, listed derivatives products, insurance and risk transfer solutions, and most recently, customized global investment solutions. Prior to joining NIAM in May 2015, he was previously at CIMB Group, where he was concurrently CEO & ED of CIMB-Principal Islamic Asset Management; and MD & Head, Institutional & International Sales, CIMB Group Asset Management Division. He was also an Invited Member of the Investment Committee of CIMB-Principal Asset Management; and a Board Member of CIMB Futures and CIMB-Howden Insurance Brokers.

Prior to that, Ramlie was based in Singapore over a period of 10 years and has had stints with Societe Generale, Daiwa and Barings in various capacities.

Ramlie holds a Bachelor of Commerce from the University of Western Sydney, Australia, and a Graduate Diploma in Financial Management from the Singapore Institute of Management. He has also attended the Wharton Leadership Development Program at The Wharton School, University of Pennsylvania, and the INSEAD Leadership Program in Fontainebleau, France and Singapore.

**Hiew Teck Kong – Head of Fixed Income**

Hiew is currently the head of fixed income of NIAM. He has more than 15 years of experience in managing fixed income mandates. Prior to joining NIAM, he was the head of fixed income in HLG Asset Management Berhad. During his tenure as a fixed income manager with CIMB-Principal Asset Management Berhad and a fixed income manager with Mayban Investment Management Sdn Bhd from 2000 to 2005, he helped managed institutional and unit trust funds. He spent 3 years in Malaysia Discounts Berhad as senior fixed income dealer. He is the designated fund manager for the Fund.

Hiew holds a Bachelor of Science in Business Administration (Finance) from University of Nebraska, USA. Hiew obtained his Capital Markets Services Representative's license from the SC on 15 May 2001.

**Amos Tan En Wai – Portfolio Manager**

Amos is involved in the investment management of Shariah-compliant developed markets equities.

Within NAM, Amos is part of the developed markets equities team based out of Kuala Lumpur and the greater global equities team based out of London. Amos and the team in Kuala Lumpur also leverages on the global network of resources including a team of 10 global sector specialists in London and over 20 Japanese equities portfolio managers and research analysts headquartered in Tokyo.

Prior to joining NIAM, Amos was a senior investment analyst covering the commodities sector within Asia ex-Japan region, including Australia with a prominent local fund management company. He was also part of the investment management team responsible for a Natural Resources and Australian Fund.

Amos holds a Bachelor of Commerce, majoring in Finance and Marketing from the Curtin University of Technology, Western Australia, Australia. He is also a holder of a Capital Markets and Services Representative's License to carry out Islamic fund management activities.

**Eric Yeo – Compliance Officer**

Eric Yeo joined NIAM as compliance officer in December 2015 with over 9 years' experience in the areas of compliance and client service in the capital markets industry. He began his career in a trust company as an associate handling corporate trust portfolios. Thereafter, he joined a foreign bank in Malaysia as compliance officer, overseeing the bank's compliance and Anti-Money Laundering matters for 3 years. Eric spent the next 4 years managing another foreign bank's corporate trust business in Malaysia.

Eric holds a Bachelor of Laws from Queensland University of Technology and Certificate of Legal Practice from the Malaysian Bar.

**Wan Nurshafina – Compliance Executive (Shariah)**

Wan Nurshafina joined the compliance department of NIAM in October 2014. Prior to joining NIAM, Wan Nurshafina practiced as a litigation lawyer for 2 years after completing 9 months of pupillage in the same firm. During her practicing years, Wan Nurshafina assisted in and handled cases relating to corporate and commercial disputes, bankruptcy and corporate insolvency.

Wan Nurshafina holds a Bachelor of Laws (Honours) from University of Malaya and was admitted as an Advocate & Solicitor of High Court of Malaya in July 2012.

## 9.6 The Manager's Delegate

### Fund Valuation Functions

The Manager has appointed Deutsche Bank (Malaysia) Berhad as the fund valuation and fund accounting agent. Deutsche Bank (Malaysia) Berhad is a wholly-owned subsidiary of the parent organisation, Deutsche Bank Aktiengesellschaft. It established a presence in Kuala Lumpur, Malaysia in 1967 and was incorporated on the 22nd August 1994.

Its roles and responsibilities as the fund valuation and fund accounting agent are:

- Maintaining financial accounting records of portfolio/s including all transactions data, records and investment ledgers;
- Monitoring and recording of corporate actions;
- Performing cash and securities reconciliation with financial institutions and custodian records;
- Performing valuation of the investments and the Fund;
- Provision of a Reporting Package which includes the following:
  - Statement of Assets and Liabilities;
  - Statement of Income and Expenditure;
  - Portfolio Valuation Report; and
  - Transaction schedules;
- Providing relevant information to facilitate the preparation of statistical returns for submission to regulatory bodies; and
- Submitting accounts/accounting records to the appointed external auditors and providing relevant information for disclosure in the Annual Financial Statements (whenever applicable).

### Registrar and Transfer Agent

The Manager has appointed Karvy Computershare (Malaysia) Sdn. Bhd. ("Karvy") as the registrar and transfer agent for the Fund. Karvy was incorporated in Malaysia on 8 March 2016 and has its business address at Suite 16.01, Level 16, Menara IMC, 8 Jalan Sultan Ismail, 50250 Kuala Lumpur.

Its roles and responsibilities as registrar and transfer agent for the Fund include maintaining the register of Unit Holders, transaction processing, reconciliation and preparing relevant communication to Unit Holders.

All fees and expenses arising out of this appointment are not charged to the Fund and are solely borne by the Manager.

## 9.7 Disclosure Of Material Litigation And Arbitration

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

## 10. PRICING POLICY

### 10.1 Policy in respect of valuation point and Computation Of Net Asset Value And Net Asset Value Per Unit

The NAV of the Fund is determined at the close of each Business Day and is the total value of all assets of the Fund (which includes, amongst others investments and cash held by the Fund including income derived by the Fund which has not been distributed to Unit Holders), less all liabilities of the Fund (which includes, amongst others, any amount owing or payable by the Fund including any valid provisions that the Trustee or the Manager considers necessary to be made).

#### **Illustration 1: Computation of NAV and NAV per Unit**

The following is an illustration using hypothetical figures of a valuation carried out for the Fund.

Net Asset Value of the Fund	RM981,906,688.68
Units in Circulation	981,000,000 Units
Therefore, NAV per Unit is	<u>RM981,906,688.68</u> 981,000,000 Units = RM1.00092424941 (before rounding adjustments) = RM1.0009 (rounded to 4 decimal points)

### 10.2 Pricing of Units

The price of Units of the Fund is determined by using forward pricing where the price is based on the NAV per Unit of the Fund at the end of a Business Day after the transaction applications are received by the Manager.

For the Fund, all transactions of Units by an investor/Unit Holder on a Business Day, will be based on the NAV per Unit which is determined at the close of each Business Day. The NAV per Unit of the Fund will be made available from the Manager's office at 03-2027 6668.

In the event if at any time there is no Unit holder resulting in there being no Units in circulation to the Fund and the Fund's NAV being zero, the Manager shall have the sole right and discretion to issue new Units in the Fund for sale and price each Unit of the Fund for sale to new investors at RM1.00 per Unit.

A transaction of Units of the Fund by an investor/Unit Holder is considered as carried out on a particular Business Day only if the payment (in cleared funds) together with completed application form and relevant supporting documents are received by the Manager not later than 4:00 pm (or such other later time as the Manager may deem fit in its discretion) on that same Business Day. In the event the same is only received by the Manager after 4:00 pm (or such other later time as the Manager may deem fit in its discretion), the transaction is considered as carried out on the following Business Day. Any payment made on a non-Business Day shall be treated as payment made on the following Business Day.

Applications for repurchase or switching must be submitted to the Manager on a Business Day no later than 4:00 pm (or such other later time as the Manager may deem fit in its discretion). Such repurchase or switching requests are deemed received only if all documents and forms received by the Manager are duly and correctly completed. Any documents and forms



received by the Manager after 4:00 pm, (or such other later time as the Manager may deem fit in its discretion) shall be treated as having been received by the Manager on the following Business Day.

### 10.3 Bases of Valuation

In undertaking any of the Fund's investments, the Manager will ensure that all the assets of the Fund under its management will be valued appropriately, that is, at fair market value.

Accordingly:

- Unlisted sukuk will be valued daily using fair value prices quoted by a Bond Pricing Agency ("BPA") registered with the SC. If the Manager is of the view that the price quoted by the BPA for a sukuk differs from the 'market price' by more than 20 basis points, the Manager may use another 'market price' deemed appropriate provided that the Manager adheres to the requirements stipulated by the SC.
- For sukuk where prices are not available from the BPA, fair valuation will be based on the average prices provided by 3 financial institutions at least fortnightly.
- Where fair market valuation is not available from the above sources, publicly or where the use of a quoted market price is inappropriate, including in the event of suspension in the quotation of sukuk, the investments will be valued at fair value determined in good faith by the Manager, on methods or bases which has been verified by the Fund's auditors.
- Listed sukuk, which are quoted on an approved exchange, shall be calculated by reference to the last closing price on that approved exchange.
- Valuation of investments in Islamic money market instruments shall be done on a daily basis by reference to the value of such investments as provided by the bank or the financial institution that issues the instrument.
- Islamic deposits placed with financial institutions will be valued each day by reference to the principal value of such investments. Profit receivable will be accrued each day based on the profit attached to the deposits.
- Investments in unlisted Shariah-compliant collective investment schemes will be valued based on the last published repurchase price. Investments in listed Shariah-compliant collective investment schemes will be valued based on the end of the day's closing market price.

***Investors are advised that certain types of Shariah-compliant securities are required to be held until such Shariah-compliant securities mature for the "actual value" to be realised. Any sale of such Shariah-compliant securities prior to its maturity may attract costs and penalties that would result in a value which is less than its "actual value". As such, any valuation of such Shariah-compliant securities (prior to its maturity) is merely indicative of what the value might be and does not represent the "actual value" of such Shariah-compliant securities.***

## 11. INCOME DISTRIBUTION POLICY

The Fund will distribute its income at least on a monthly basis, subject to availability of income.

*The income distribution is derived from a combination of profits earned from the Fund's investments in Shariah-based deposits and Islamic money market instruments.*

If the distribution available is too small or insignificant, the Manager may choose not to distribute the income as the distribution may not be beneficial to the Unit Holders as the total cost to be incurred in such distribution may be higher than the amount available for distribution. The Manager has the discretion to decide on the amount to be distributed to the Unit Holders.

All income distribution will be made in the form of cash. However, you may, when filling up the application form for the purchase of Units, elect the mode of distributions in cash payment or additional Units by way of reinvestment by simply ticking the appropriate column in the application form. You may also inform the Manager, at any time before the distribution date, of your desire to receive either cash payment or additional Units via reinvestment. In the event the Unit Holders did not indicate any preference, all distributions shall be forwarded to the Unit Holders via cheque.

**Distribution, which is less than or equal to the amount of RM 1,000.00 would be automatically reinvested based on the NAV of the income payment date which is two (2) Business Days after the income distribution date. If you cease to be a Unit Holder after an income distribution is declared but before the distribution date, and therefore still entitled to the income distribution, you will be paid by cheque. The Manager has the discretion to decide on the amount to be distributed to the Unit Holders.**

### Reinvestment Process

If you elect to receive income distribution by way of reinvestment, the Manager shall create Units for you based on the NAV of the income payment date which is two (2) Business Days after the income distribution date.

*There will not be any cost to Investors for reinvestments in new additional Units.*

### Cash Payment Process

If you elect to receive income distribution by way of cash payment, the Manager shall transfer the money to your designated bank account unless a specific instruction is received to do otherwise.

The money shall be transferred to the Unit Holder two (2) Business Days after the income distribution date.

### Unclaimed Moneys

Distribution cheques which remain unclaimed for 6 months or more, will automatically be reinvested into the Fund based on the prevailing NAV per Unit of the Fund. Any repurchase moneys payable to Unit Holders which remain unclaimed after twelve (12) months as prescribed by the Unclaimed Moneys Act 1965 ("UMA") (as may be amended from time to time) will be handled in accordance to the UMA.

## **12. PERIODIC REPORTING TO INVESTORS**

The Fund will adopt the following:

- Monthly statement of accounts, which provides the latest updates of the investors' investment accounts will be sent to Unit Holders.
- Quarterly reports consisting of information on fund performance and volatility, risk, market outlook, changes in key investment personnel, illiquid holdings and details on portfolio exposure will be sent to Unit Holders.
- Annual report consisting of audited financial statements, information on fund performance and volatility, risk, market outlook, changes in key investment personnel, illiquid holdings and details on portfolio exposure will be sent to Unit Holders.
- Reports may be in hardcopy or softcopy format.

## **13. FREQUENCY OF REPURCHASE AND CREATION OF UNITS**

### **13.1 Subscription for Units**

Units of the Fund are available for subscription by Sophisticated Investors as from the date of the Information Memorandum. Units will be sold at the NAV per Unit as at the close of the Business Day on which the subscription amount is credited into the Manager's designated account. The cut-off time is 4:00 pm (or such other later time as the Manager may deem fit in its discretion) which means applications and subscription amount received after 4:00 pm will be deemed to have been received on the following Business Day.

The minimum initial investment by an investor is RM500,000.00 or such amount as the Manager may decide from time to time while subsequent investments by the same investor can be in any amount of RM250,000.00 or such amount as the Manager may decide from time to time.

The Manager may at its sole discretion decline any application for subscription.

Units can be bought on any Business Day at the Manager's office between 8:30am to 5:30pm. However, the cut off time is 4:00 pm (or such other time as the Manager may deem fit in its discretion) which means applications and subscription amount received after 4:00 pm will be deemed to have been received on the following Business Day.

### **13.2 Minimum Units Held**

Unit Holders must hold at least 250,000 Units (or such amount as the Manager may decide from time to time) in order to remain as a Unit Holder in the Fund.

### **13.3 Repurchase of Units**

Unit Holders may repurchase their investments partially or wholly by requesting the Manager to repurchase their Units; requests are irrevocable. Units will be repurchased at the NAV per Unit as at the close of the Business Day when the request is received. There is no Repurchase Charge. Repurchase proceeds will be paid to a Unit Holder within three (3) Business Days from the day the repurchase request is received by the Manager and provided that all documentations are completed and verifiable or such other period as may be agreed by the Manager and the Trustee in the event the Fund do not have sufficient cash or other Islamic liquid assets to make payment.

There is generally no restriction on the frequency of repurchase; however, there a minimum repurchase amount of 250,000 Units for each repurchase application or such other amount as the Manager may decide from time to time. However, if a Unit Holder is holding less than 250,000 Units or such amount as the Manager may decide from time to time, the Manager is entitled, but not compelled, to consider that a repurchase request has also been made in respect of the remaining Units and can compulsorily repurchase the same.

If due to circumstances beyond the Manager's control and in the Manager's sole opinion, liquidation of the assets of the Fund for the purpose of raising proceeds for repurchase request cannot be effected without prejudicing the interests of Unit Holders, the timing for payment of such repurchase proceeds may be extended if the Manager considers it necessary in the interests of the Unit Holders, where the timing for payment of such repurchase proceeds shall

not exceed twenty-one (21) days unless a longer period is agreed between the Manager and the Trustee.

However, if the request to the Trustee to repurchase or cancel the Units results in the sale of assets of the Fund, or sale of assets which cannot be liquidated at an appropriate price or on adequate terms and is as such not in the interest of existing Unit Holders, the Trustee may refuse the said request in accordance to the Deed.

Units can be sold on any Business Day at the Manager's office between 8.30 am to 5.30pm. However, the cut off time is 4:00 pm which means applications received after 4:00 pm will be deemed to have been received on the following Business Day.

### **13.4 Switching**

No switching fee charged for switching between the funds managed by the Manager. However, the Manager reserves the right to reject any switching request:-

- (i) that it regards as disruptive to efficient portfolio management; or
- (ii) if deemed by the Manager to be contrary to the best interest of either of the funds; or
- (iii) if it would result in that Unit Holder holding Units in the Fund which is less than minimum holding after the switch.

Unit Holders may exercise the switching facility on any Business Day by completing and sending a switching request in the form as prescribed by the Manager to the office of the Manager.

A switch is processed as a withdrawal from one Fund and an investment into another. If the Manager receives a valid switch request before 10:00 am (or such other time as the Manager may deem fit in its discretion), the Manager will process it using the NAV per Unit calculated for that Business Day. If the Manager receives the request at or after 10:00 am, then it will be processed using the NAV per Unit calculated for the following Business Day.

### **13.5 Transfers**

Transfers are not permitted for the Fund.

## 13.6 Transaction Details and Operational Requirements

TRANSACTIONS	OPERATIONAL REQUIREMENTS
<p><b>MAKING AN INITIAL INVESTMENT</b></p>	<p><i>Individual investor (single or joint applicant)</i></p> <ul style="list-style-type: none"> <li>• completed Account Opening Form;</li> <li>• photocopy of identity card or passport (if applicant is a Malaysian resident or foreigner);</li> <li>• completed Investor Suitability Assessment Form; and</li> <li>• payment for the investment in cleared funds.</li> </ul> <p><i>Corporate investor</i></p> <ul style="list-style-type: none"> <li>• completed Account Opening Form;</li> <li>• a copy each of the company's resolution and certificate of incorporation (certified by a director or company secretary); and list of authorised signatories and specimen signatures;</li> <li>• Form 24, 44, 49 and other documents, if required;</li> <li>• completed Investor Suitability Assessment Form; and</li> <li>• payment for the investment in cleared funds.</li> </ul> <p><i>An investor is recognised as a registered Unit Holder by the Manager upon acceptance and receipt of payment together with completed relevant forms and other relevant supporting documents by the Manager. The Manager will then issue a notification confirming the investment within 5 Business Days upon receipt of the aforesaid documents. In respect of a foreign investor, the Manager will issue a notification confirming the investment within 8 Business Days upon receipt of the aforesaid documents.</i></p>
<p><b>MAKING AN ADDITIONAL INVESTMENT</b></p>	<p><i>Individual investor (single or joint applicant) / Corporate Investor</i></p> <ul style="list-style-type: none"> <li>• completed Transaction Form; and</li> <li>• payment for the investment in cleared funds.</li> </ul> <p><i>The additional investments are recognised by the Manager upon its receipt of payment together with the relevant form. The Manager will then issue a notification confirming the investment within 5 Business Days upon receipt of the aforesaid documents. In respect of a foreign investor, the Manager will issue a notification confirming the investment within 8 Business Days upon receipt of the aforesaid documents.</i></p>

<p><b>REPURCHASE OF UNITS</b></p>	<p><b>Individual investor (single or joint applicant)/ Corporate Investor</b></p> <ul style="list-style-type: none"> <li>• completed Transaction Form.</li> </ul> <p><i>Repurchase can be made in part (provided the applicable Minimum Holding is not breached) or entirely on any Business Day.</i></p> <p><i>If the Minimum Holding is breached, the Manager will have the discretion to determine whether a repurchase request needs to be made in respect of the remaining units.</i></p> <p><i>Unit Holders may receive the repurchase proceeds within three (3) Business Days from the date the Manager is in receipt of the duly completed relevant form.</i></p>
<p><b>SWITCHING</b></p>	<p><b>Individual investor (single or joint applicant)/Corporate Investor</b></p> <ul style="list-style-type: none"> <li>• completed Transaction Form.</li> </ul> <p><i>The Manager will then issue a notification confirming the transaction within 5 Business Days upon receipt of the aforesaid documents.</i></p>
<p><b>COOLING-OFF</b></p>	<p><i>A qualified first time investor fulfilling the criteria set out below is entitled to exercise his Cooling-off Right within 6 Business Days from the date of the acceptance of the application (which shall be the date on which the investment monies are deposited into the collection accounts of the Manager). During this Cooling-off Period, should a Unit Holder change his mind about the investment, he may exercise his Cooling-off Right via a letter and shall be paid within 10 days of the receipt of the cooling-off notice by the Manager, the total sum of :</i></p> <ul style="list-style-type: none"> <li><i>(a) the purchase price per Unit on the day the Units were purchased; and</i></li> <li><i>(b) the Sales Charge per Unit originally imposed on the day the Units were purchased (if any).</i></li> </ul> <p><i>For investors who pay by cheque, the refund will be made upon clearance of the cheque.</i></p> <p><i>The Cooling-off Right is only accorded to a Sophisticated Investor investing for the first time in any of the funds managed by the Manager and would exclude:</i></p> <ul style="list-style-type: none"> <li><i>(a) a corporation or institution; and</i></li> <li><i>(b) a employee or agent of the Manager.</i></li> </ul>

## 14. MANAGEMENT AND OTHER FEES

### 14.1 Annual Management Fee

An annual management fee of up to 0.40% per annum of the NAV of the Fund is calculated and accrued daily and is charged to the Fund; this fee is collected by the Manager on a monthly basis.

**\* Where the Manager invest in other Shariah-compliant collective investment schemes which are also being managed by the Manager, the management fee will only be charged once at the Fund level. The management fee charged by the target fund will be paid out of the annual management fee charged by the Manager at the Fund level. There is no double charging of management fee.**

*Please note that the example below is for illustration only:*

Assuming that the NAV of the Fund for the day is RM300 million, the accrued management fee for that day would be:

$$\frac{\text{RM}300,000,000 \times 0.40\%}{365 \text{ days}} = \text{RM } 3,287.67 \text{ per day}$$

### 14.2 Annual Trustee Fee

An annual trustee fee of up to 0.03% per annum of the NAV of the Fund is calculated and accrued daily and is charged to the Fund subject to a minimum fee of RM12,000.00 per annum; this fee is collected by the Trustee on a monthly basis.

*Please note that the example below is for illustration only:*

Assuming that the NAV of the Fund for the day is RM300 million, the accrued trustee fee for that day would be:

$$\frac{\text{RM}300,000,000 \times 0.03\%}{365 \text{ days}} = \text{RM } 246.57 \text{ per day}$$

### 14.3 Other Expenses

Fund expenses are deducted from the Fund as and when they are incurred. The Fund will bear all direct and indirect expenses relating to the running of the Fund (including but not limited to tax agent, audit, trustee, Shariah Adviser and settlement/transaction fees, etc). Expenses of the Fund may vary over time. The Manager will make all reasonable efforts to keep the costs of running the Fund at a reasonable level. Expenses associated with the management and administration of the Fund, such as general overheads and costs for services expected to be provided by the Manager, will not be charged to the Fund.

***Expenses related to the issuance of this Information Memorandum will be borne by the Manager. There are fees and charges involved and Investors are advised to consider the fees and charges before investing in the Fund.***

***The fees, charges and expenses quoted in this Information Memorandum are exclusive of GST. The Trustee, other service providers of the Fund and the Manager will charge GST currently at the prevailing statutory rate of 6% on the fees, charges in accordance with the Goods and Services Act 2014.***



## 15. BENCHMARK

The Fund's performance shall be benchmarked against 12-Month Malayan Banking Berhad General Investment Account rate.

The information on the benchmark can be obtained from <http://maybankislamic.com.my>.

Investors are advised that the selection of the 12-month Malayan Banking Berhad General Investment Account (GIA) rate does not imply that the risk profile of this Fund is the same as that of the benchmark.

## 16. TRUSTEE

### 16.1 Profile

Deutsche Trustees Malaysia Berhad ("DTMB") (Company No. 763590-H) was incorporated in Malaysia on 22 February 2007 and commenced business in May 2007. The Company is registered as a trust company under the Trust Companies Act 1949, with its business address at Level 20, Menara IMC, 8 Jalan Sultan Ismail, 50250 Kuala Lumpur.

DTMB is a member of Deutsche Bank Group ("Deutsche Bank"), a global investment bank with a substantial private client franchise. With more than 100,000 employees in more than 70 countries, Deutsche Bank offers financial services throughout the world.

### 16.2 Financial Position

	31 Dec 2015 (RM)	31 Dec 2014 (RM)	31 Dec 2013 (RM)
Paid-up share capital	3,050,000	3,050,000	3,050,000
Shareholders' funds	4,718,968	6,314,678	5,275,318
Revenue	10,807,821	9,779,401	8,292,251
Profit/(loss) before tax	3,140,228	5,009,315	4,156,392
Profit/(loss) after tax	2,352,387	3,948,097	2,908,737

### 16.3 Experience in Trustee Business

DTMB is part of Deutsche Bank's Securities Services, which provides trust, agency, depository, custody and related services on a range of securities and financial structures. As at 30 November 2016, DTMB is the trustee for 213 collective investment schemes including unit trust funds, wholesale funds, exchange-traded funds and private retirement schemes.

DTMB's trustee services are supported by Deutsche Bank (Malaysia) Berhad ("DBMB"), a subsidiary of Deutsche Bank, financially and for various functions, including but not limited to financial control and internal audit.

## **16.4 Board of Directors**

Jacqueline William  
Jalalullail Othman\*  
Lew Lup Seong\*

*\* independent director*

### **Chief Executive Officer**

Richard Lim

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

DTMB's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit Holders of the Fund. In performing these functions, the Trustee has to exercise due care and vigilance and is required to act in accordance with the relevant provisions of the Deed, the CMSA and all relevant laws.

## **16.6 Trustee's Statement of Responsibility**

The Trustee has given its willingness to assume the position as trustee of the Fund and is willing to assume all its obligations in accordance with the Deed, the CMSA and all relevant laws. In respect of monies paid by an investor for the application of units, the Trustee's responsibility arises when the monies are received in the relevant account of the Trustee for the Fund and in respect of repurchase request, the Trustee's responsibility is discharged once it has paid the repurchase proceeds to the Manager.

## **16.7 Trustee's Delegate**

The Trustee has appointed DBMB as the custodian of the assets of the Fund. DBMB is a wholly-owned subsidiary of Deutsche Bank AG. DBMB offers its clients access to a growing domestic custody network that covers over 30 markets globally and a unique combination of local expertise backed by the resources of a global bank. In its capacity as the appointed custodian, DBMB's roles encompass safekeeping of assets of the Fund; trade settlement management; corporate actions notification and processing; securities holding and cash flow reporting; and income collection and processing.

All investments of the Fund are registered in the name of the Trustee for the Fund, or where the custodial function is delegated, in the name of the custodian to the order of the Fund. As custodian, DBMB shall act only in accordance with instructions from the Trustee.

## **16.8 Disclosure on Related-party Transactions/ Conflict of Interests**

As the Trustee for the Fund, there may be related party transactions involving or in connection with the Fund in the following events:

- (1) Where the Fund invests in the products offered by Deutsche Bank AG and any of its group companies (e.g. money market placement, etc.);
- (2) Where the Fund has obtained financing from Deutsche Bank AG and any of its group companies, as permitted under the Securities Commission's guidelines and other applicable laws;
- (3) Where the Manager appoints DBMB to perform its back office functions (e.g. fund accounting and valuation); and
- (4) Where DTMB has delegated its custodian functions for the Fund to DBMB.

DTMB will rely on the Manager to ensure that any related party transactions, dealings, investments and appointments are on terms which are the best that are reasonably available for or to the Fund and are on an arm's length basis as if between independent parties.

While DTMB has internal policies intended to prevent or manage conflicts of interests, no assurance is given that their application will necessarily prevent or mitigate conflicts of interests. DTMB's commitment to act in the best interests of the unit holders of the Fund does not preclude the possibility of related party transactions or conflicts.

## **16.9 Material Litigation and Arbitration**

As at 30 November 2016, neither the Trustee nor its delegate is (a) engaged in any material litigation and arbitration, including those pending or threatened, nor (b) aware of any facts likely to give rise to any proceedings which might materially affect the business/financial position of the Trustee and any of its delegate.

## **17. SHARIAH ADVISER**

IBFIM has been appointed as the Shariah Adviser for the Fund. Scheduled to meet the Manager and/or the Investment Committee of the Fund every quarter, where IBFIM will advise the Manager on the selection of investment tools to be adopted. IBFIM will also counsel the mechanism of the operations of the Fund's activities to ensure that the operations of the Fund comply with Shariah requirements.

### **17.1 General Information On IBFIM**

IBFIM was incorporated as a company limited by guarantee and not having share capital in Malaysia under the Companies Act, 1965 on 15 February 2007.

### **17.2 Experience In Advisory And Services**

IBFIM is registered with the SC to act as a Shariah Adviser for Shariah-compliant collective investment schemes and sukuk issuance. IBFIM is also involved in numerous Shariah-compliant private mandates as well as the Shariah Adviser for Islamic REITs and Islamic asset management houses.

As at LPD, IBFIM has total staff strength of 101 employees, and has 128 funds under its supervision.

### **17.3 Roles And Responsibilities Of The Shariah Adviser**

As the Shariah Adviser, the role of IBFIM is to ensure that the operations and investments of the Fund are in compliance with Shariah requirements. The Shariah Adviser reviews the Fund's investments on a monthly basis to ensure compliance with Shariah requirements at all times and meets with the Manager on a quarterly basis to review and advise on the Fund's compliance with Shariah requirements. Final responsibility for ensuring Shariah compliance of the Fund with Shariah requirements in all relevant aspects rests solely with the Manager.

In line with the SC Guidelines, the roles of IBFIM as the Shariah Adviser are:

1. ensuring that the Shariah-based unit trust funds are managed and administered in accordance with the Shariah principles;
2. providing expertise and guidance for the Fund in all matters relating to Shariah principles, including on the Fund's Deed and Information Memorandum, its structure and investment process, and other operational and administrative matters;
3. consulting the SC who may consult the Shariah Advisory Council where there is any ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process;
4. scrutinising the Fund's compliance report as provided by the compliance officer, transaction report provided by or duly approved by the trustee and any other report deemed necessary for the purpose of ensuring that the Fund's investments are in line with the Shariah principles;
5. preparing a report to be included in the Fund's quarterly and annual report certifying whether the Fund have been managed and administered in accordance with the Shariah principles;
6. ensuring that the Fund comply, with any guideline, ruling or decision issued by the SC, with regard to Shariah matters;
7. vetting and advising on the promotional materials of the Fund;
8. assisting and attending to any ad-hoc meeting called by the SC and/or any other relevant authority.

## 17.4 Profile Of The Shariah Team

**IBFIM's Shariah team consists of the following personnel:**

### **Dato' Mohd Bakir Haji Mansor (*Chairman, IBFIM Shariah Committee*)**

*Dato' Mohd Bakir* is a member of the Shariah Advisory Body of Syarikat Takaful Malaysia Berhad and sits on the Shariah Panel Committee of Amanah Ikhtiar Malaysia. Prior to joining IBFIM, Mohd Bakir was the Shariah Coordinator at BIMB, from 1984 to 2001. Previously, he served at the National Council for Islamic Religious Affairs in the Prime Minister's Department for 10 years from 1971. He was also a Chief Assistant Directors at the Islamic Research Centre for 4 years from 1981. He holds a Shahadah Ulya from Kolej Islam Malaya.

Mohd Bakir was awarded "*Anugerah Maulidur Rasul 1434H/2013M*" by the government of Malaysia for his contributions in promoting the Islamic finance industry.

### **Ahmad Zakirullah Mohamed Shaarani (*Shariah Advisor*)**

*Ahmad Zakirullah* is a member of Shariah Committee of the United Overseas Bank Malaysia Berhad. He joined IBFIM in February 2008. He is responsible in providing Shariah input on the advisory, consultancy and research functions with regard to Islamic banking, takaful, Islamic capital market and Shariah-compliant funds. Prior to joining IBFIM, he served at University Sains Islam Malaysia and PTPL College.

He obtained his Diploma of Shariah Islamiyyah (Honours) from Higher Institute of Islamic and Arabic Language (MADIWA), Perak, Bachelor of Shariah Islamiyyah (Honours) Degree from Al-Azhar University, Egypt and Master's Degree (with Honours) of Islamic Revealed Knowledge and Heritage (Fiqh and Usul al-Fiqh) from the International Islamic University Malaysia. He is the designated person responsible for Shariah matters related to the Shariah-compliant funds management-related activities.

### **Mohd Asyraf Bin Sharunudin (*Consultant, Shariah*)**

**Mohd Asyraf Sharunudin** became a member of the Shariah Business Advisory team of IBFIM from November 2014. He is responsible in providing input on the advisory, consultancy and research functions with regard to Islamic banking, takaful, Islamic capital market and Shariah-compliant unit trust funds. A graduate of the International Islamic University Malaysia in Bachelor of Islamic Revealed Knowledge and Heritage (Fiqh and Usul al-Fiqh) (with Honours) Degree, his career started with the attachment to Shariah Department of Bank Muamalat Malaysia Berhad to deepen and strengthen the Shariah Research Unit for the banking sector. He was also experienced Islamic Capital Market Graduate Training Scheme under the Securities Commission to sharpen the knowledge in the said sector.

At present, he is pursuing his Master's Degree (with Honours) of Islamic Revealed Knowledge and Heritage (Fiqh and Usul al-Fiqh) from the International Islamic University Malaysia. He also serves as secretary as well as member of IBFIM Internal Shariah Committee (IISC). He is the designated person responsible for Shariah matters related to the Shariah-compliant funds management-related activities.

## **18. RIGHTS AND LIABILITIES OF UNIT HOLDERS**

Money invested by an investor in the Fund will purchase a number of units, which represents the Unit Holder's interest in the Fund. Each Unit held in the Fund represents an equal undivided beneficial interest in the assets of the Fund. However, the Unit does not give a Unit Holder an interest in any particular part of the Fund or a right to participate in the management or operation of the Fund (other than through Unit Holders' meetings).

A Unit Holder will be recognised as a registered Unit Holder in the Fund on the Business Day where his/her details is entered onto the register of Unit Holders.

### **18.1 Rights Of Unit Holders**

A Unit Holder has the right, among others, to the following:

- To inspect the register, free of charge, at any time at the registered office of the Manager, and obtain such information pertaining to his Units as permitted under the Deed, Guidelines and relevant laws;
- To receive the distribution of the Fund (if any), participate in any increase in the capital value of the Units and to other rights and privileges as set out in the Deed;
- To call for Unit Holders' meetings;
- To vote for the removal of the Trustee or the Manager through a special resolution; and
- To receive annual reports, quarterly reports or any other reports of the Fund.

Unit Holders' rights may be varied by changes to the Deed, the Guidelines or judicial decisions or interpretation.

### **18.2 Liabilities And Limitations Of Unit Holders**

#### **Liabilities**

- (i) The liability of a Unit Holder is limited to the purchase price per Unit. A Unit Holder need not indemnify the Trustee or the Manager if there is a deficiency in the assets of the Fund to meet the claim of any creditor of the Trustee or Manager in respect of the Fund.
- (ii) The recourse of the Trustee, the Manager and any creditor is limited to the assets of the Fund.

#### **Limitations**

A Unit Holder cannot:

- (i) interfere with any rights or powers of the Manager and/or Trustee under the Deed;
- (ii) exercise a right in respect of an asset of the Fund or lodge a caveat or other notice affecting the asset of the Fund or otherwise claim any interest in the asset of the Fund; or
- (iii) require the asset of the Fund to be transferred to the Unit Holder.

For full details of the rights of a registered Unit Holder of the Fund, please refer to the Deed.

### **18.3 Fees And Charges Permitted By The Deed**

The Deed provides information on the fees and charges for the Fund payable by the Unit Holder, either directly or indirectly such as annual management fee and annual trustee fee.

All current fees and charges are disclosed in the Information Memorandum. Any changes to the annual management fee and annual trustee fee may be provided by a supplementary Information Memorandum and a supplemental deed should there be an increase in the fees from that permitted in the Deed, and a meeting of Unit Holders must be called for approving the changes.

### **18.4 Expenses Permitted By The Deed**

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

- commissions/fees paid to brokers/dealers in affecting dealings in the investments of the Fund;
- fees and other expenses properly incurred by the auditor tax agent;
- management fees;
- trustee fees;
- remuneration and other expenses of the Shariah Adviser;
- fees for the valuation of any investments of the Fund by independent valuers;
- taxes and other duties charged on the Fund by the Government and other authorities;
- expenses incurred in the printing of, purchasing of stationery and postage of the annual and interim reports;
- cost incurred for the modification of the Deed, other than those for the benefit of the Manager or Trustee;
- cost incurred for any Meeting of the Unit Holders, other those convened by, or for the benefit of, the Manager or Trustee;
- bank charges;
- any tax such as GST and/or other indirect or similar tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred by the Fund; and
- any other reasonable and legitimate administration expenses approved by the Trustee.

The Manager and the Trustee are required to ensure that any fees or charges payable are reasonable and in accordance with the Deed.

### **18.5 Power Of The Trustee To Remove, Retire Or Replace The Manager**

The Manager will be removed by the Trustee on the grounds that:

- the Manager goes into liquidation (except for the purpose of amalgamation or reconstruction or some other purpose approved by the relevant authorities); or has had a receiver appointed; or has ceased to carry on business; or is in breach of its obligations under the Deed, CMSA or the Guidelines; or
- 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 interests of Unit Holders for it to do so

after the Trustee has given notice to the Manager of that opinion and the reasons for that opinion, and after consultation with the SC and with the approval of the Unit Holders by way of a special resolution; or

- if a petition has been presented for the winding up against the Management Company (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction, the Management Company become or is declared insolvent); or
- of a special resolution is duly passed by the Unit Holders that the Manager be removed.

In any of the above said grounds, the Manager for the time being shall upon receipt of such notice by the Trustee cease to be the Manager and the Trustee shall by writing under its seal appoint another corporation to be the Manager of the Fund subject to such corporation entering into a deed(s) with the Trustee and thereafter act as Manager during the remaining period of the Fund.

## **18.6 Retirement, Removal Or Replacement Of The Manager**

The Manager may retire upon giving twelve (12) months notice to the Trustee of its desire to do so, or such shorter period as the Manager and Trustee may agree, in favour of another corporation.

The Manager may be removed by the Trustee under certain circumstances outlined in the Deed. These include:

- if the Manager shall have gone into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or cease to carry on business or if a receiver shall be appointed over the whole or any part of the undertaking or assets of the Manager or if any encumbrancer shall take possession of any of its assets;
- if a special resolution is duly passed by the Unit Holders that the Manager be removed;
- if the Manager is in breach of any of its obligations under the Deed; or
- 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 interests of the Unit Holders for it 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 SC and with the approval of the Unit Holders.

The Manager may be replaced by another corporation appointed as manager by special resolution of the Unit Holders at a Unit Holder's meeting convened in accordance with the Deed either by the Trustee or the Unit Holders.

## **18.7 Power Of The Manager To Remove/Replace The Trustee**

The Trustee will be removed in the event that:

- the Trustee goes into liquidation;
- the Trustee is placed under receivership, ceases to exist, fails or neglects its duties;
- the Trustee ceases to be registered with the SC to be a trustee for collective investment schemes; or
- if a special resolution is duly passed by the Unit Holders that the Trustee be removed.



Additionally, the Manager is legislatively empowered under Section 299 of the CMSA to remove a Trustee under specific circumstances set out therein.

The Trustee may be replaced by another corporation appointed as trustee by special resolution of the Unit Holders at a Unit Holder's meeting convened in accordance with the Deed either by the Manager or the Unit Holders.

## **18.8 Retirement Or Removal Or Replacement Of The Trustee**

The Trustee may retire upon giving twelve (12) months' notice to the Manager of its desire to do so, or such shorter period as the Manager and the Trustee may agree, and may by Deed appoint in its stead a new trustee which is registered with the SC.

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 reasonable steps to remove and replace the Trustee as soon as practicable after becoming aware of any such circumstances as stated under the heading "Power of Manager to remove/replace Trustee".

## **18.9 Termination / Winding Up Of The Fund**

The Fund may be terminated by the Manager in its absolute discretion by giving not less than three (3) months' notice in writing to the Trustee and the Unit Holders as hereinafter provided (i) if the Net Asset Value of the Fund shall be at such level as the Manager considers it impossible or impracticable to continue the Fund or (ii) if any law shall be passed which renders it illegal or in the reasonable opinion of the Manager impracticable or inadvisable to continue the Fund or (iii) if in the reasonable opinion of that Manager it is impracticable or inadvisable to continue the Fund.

## **18.10 Meetings Of Unit Holders**

A Unit Holder has the right to call for a Unit Holders' meetings under the following circumstances:

- (i) to consider the most recent financial statements of the Fund;
- (ii) to require the retirement or removal of the Manager or Trustee;
- (iii) to give to the Trustee such directions as the meeting thinks proper; or
- (iv) to consider any other matter in relation to the Deed,

subject always that the direction to call for such meeting is made by not less than fifty (50) Unit Holders or one-tenth (1/10), whichever is less of all Unit Holders and the direction is given to the Manager or Trustee in writing at its registered office.

## **19. POLICY ON REBATES AND SOFT COMMISSION**

The Manager will not retain any rebate from, or otherwise share in any commission with, any broker/ dealer in consideration for directing dealings in the investments of the Fund. Any rebate on brokerage fees or shared commissions is to be credited into the accounts of the Fund (where such brokerage fees or shared commissions are paid out or to be paid out of that Fund). Goods and services (“Soft Commission”) received from brokers are retained by the Manager or its delegate only if the goods and services are of demonstrable benefit to the Unit Holders such as research materials and computer software incidental to the investment management of the Fund.

## **20. POLICY ON CROSS TRADES**

The Manager shall only undertake sale and purchase transactions between the Fund with another fund/client of the Manager (cross-trades) where the:

- 1) Sale and purchase decisions are in the best interest of both clients/ Fund;
- 2) Transactions are executed through a broker/ dealer on an arm’s length and fair value basis;
- 3) Reason for such transactions is documented prior to execution of trades;
- 4) Activity is identified to both clients/ Fund in their respective periodic transaction reports or statements; and
- 5) Written authorisation to conduct such activity has been obtained in advance from clients.

Cross trades between staff personal account and the Fund’s account(s), and cross trades between proprietary account(s) and the Fund’s account(s) are prohibited.

## **21. GOODS AND SERVICES TAX ACT**

With the enforcement of the Goods and Services Tax Act and/ or other relevant statutory law in relation to goods and services and/ or consumption tax (“GST”), any sum set out in this Information Memorandum and the Deed or otherwise payable by any party to the other party, shall be deemed exclusive of GST and such GST shall be paid by such party upon demand to the other in addition to the payments payable by the paying party pursuant to this Information Memorandum and the Deed.