# PROSPECTUS

This Prospectus is dated 18 June 2021.

# NOMURA GLOBAL SUSTAINABLE EQUITY FUND

(constituted on 26 March 2021 and launched on 18 June 2021)

**MANAGER:**
Nomura Asset Management Malaysia Sdn Bhd
(Registration No.: 200601028939 (748695-A))

**TRUSTEE:**
Deutsche Trustees Malaysia Berhad
(Registration No.: 200701005591 (763590-H))

**NOMURA GLOBAL SUSTAINABLE EQUITY FUND IS A QUALIFIED SUSTAINABLE AND RESPONSIBLE INVESTMENT (SRI) FUND UNDER THE GUIDELINES ON SUSTAINABLE AND RESPONSIBLE INVESTMENT FUNDS.**

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

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 20.**

## RESPONSIBILITY STATEMENT

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

## STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia ("SC") has authorised the Nomura Global Sustainable Equity Fund and a copy of this Prospectus has been registered with the SC.

The authorisation of the Nomura Global Sustainable Equity Fund, and registration of this Prospectus, should not be taken to indicate that the SC recommends the Nomura Global Sustainable Equity Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus.

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

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

## ADDITIONAL STATEMENTS

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

This Prospectus is not intended to and will not be issued and distributed in any country or jurisdiction other than in Malaysia ("Foreign Jurisdiction"). Consequently, no representation has been and will be made as to its compliance with the laws of any Foreign Jurisdiction. Accordingly, no offer or invitation to subscribe or purchase Units in the Nomura Global Sustainable Equity Fund to which this Prospectus relates, may be made in any Foreign Jurisdiction or under any circumstances where such action is unauthorised.

## Contents

# 1. CORPORATE DIRECTORY

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| **MANAGER** | Nomura Asset Management Malaysia Sdn Bhd<br>(Registration No.: 200601028939 (748695-A)) |
| **REGISTERED OFFICE / BUSINESS OFFICE** | Suite No. 12.2, Level 12, Menara IMC<br>No. 8, Jalan Sultan Ismail<br>50250 Kuala Lumpur<br>Malaysia |
| **TELEPHONE NUMBER** | Tel: 03-2027 6688<br>Fax: 03-2027 6624 |
| **WEBSITE** | https://www.nomura-asset.com.my |
| **E-MAIL** | marketing@nomura-asset.com.my |
| **TRUSTEE** | Deutsche Trustees Malaysia Berhad<br>(Registration No.: 200701005591 (763590-H)) |
| **REGISTERED OFFICE/ BUSINESS OFFICE** | Level 20, Menara IMC<br>No. 8, Jalan Sultan Ismail<br>50250 Kuala Lumpur<br>Malaysia |
| **TELEPHONE NUMBER** | Tel: 603-2053 7522<br>Fax: 603-2053 7526 |

# 2. GLOSSARY

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

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| Base Currency | USD, the currency in which the Fund is denominated. |
| Bursa Malaysia | the stock exchange managed or operated by Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W)). |
| Business Day | A day on which Bursa Malaysia is open for trading.<br><br>We may declare certain Business Day as a non-Business Day if that day is not a dealing day of the Target Fund.<br><br>*Note: A dealing day means a business day (i.e., every day which is a bank business day in Dublin, London and New York excluding Saturdays and Sundays) or such other day or days as may be determined by the directors of the Company and notified in advance to shareholders of the Target Fund (including the Fund) provided that there shall be at least one dealing day in every two week period.* |
| Class | Any class of Units in the Fund representing similar interest in the assets of the Fund and a “Class” means any one class of Units. |
| CMSA | Capital Markets and Services Act 2007 as may be amended from time to time. |
| Company | Nomura Funds Ireland plc. |
| Debt and Debt Related Securities | Includes but is not limited to (i) convertible bonds, (ii) preferred securities, (iii) zero coupon, pay-in-kind or deferred payment securities, (iv) variable and floating rate instruments, (v) Eurodollar bonds and Yankee bonds and (vi) corporate bonds. |
| Deed | The deed in respect of the Fund and any other supplemental deed that may be entered into between the Manager and the Trustee and registered with the SC. |
| EEA | The countries for the time being comprising the European Economic Area. |
| Equity and Equity-Related Securities | Includes but is not limited to equities, depository receipts, convertible, securities (such as convertible preference shares) and preferred shares. |
| EU | European Union. |
| Fitch | Fitch Ratings. |
| FIMM | Federation of Investment Managers Malaysia. |
| Fund | Nomura Global Sustainable Equity Fund. |
| Guidelines | Guidelines on Unit Trust Funds issued by the SC. |
| Index | MSCI All Country World Index. |
| Index Country | means a country which forms part of the Index. |

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| Investment Manager | Nomura Asset Management U.K. Limited, the investment manager of the Target Fund. |
| long-term | A period of 3 years or more. |
| LPD | 1 March 2021, being the latest practicable date of all information in this Prospectus. |
| Manager / NAMM | Nomura Asset Management Malaysia Sdn Bhd (Registration No.: 200601028939 (748695-A)). |
| Member State | A member state of the EU. |
| Moody's | Moody's Investors Service. |
| MYR Class A | A Class denominated in MYR which is offered to institutional investors. |
| MYR Class B | A Class denominated in MYR which is offered to retail investors. |
| Net Asset Value / NAV | The value of the Fund's assets less its liabilities at the valuation point; where the Fund has more than one Class, there shall be a NAV of the Fund attributable to each Class. |
| NAV per Unit | The NAV of a Class at the valuation point divided by the total number of Units in circulation of that Class at the same valuation point. |
| Recognised Exchange | The stock exchanges or markets set out in Appendix II of the prospectus of the Target Fund. |
| OECD | The Organisation for Economic Co-operation and Development. |
| OTC | Over-the-counter. |
| Prospectus | The prospectus for this Fund. |
| Redemption Price | The price payable by the Manager to a Unit Holder pursuant to a redemption request by the Unit Holder and will be the NAV per Unit. The Redemption Price shall be exclusive of the redemption charge (if any). |
| RM / MYR | Ringgit Malaysia. |
| SC | Securities Commission Malaysia. |
| Selling Price | The price payable by an investor or a Unit Holder pursuant to a purchase application and will be the NAV per Unit. The Selling Price shall be exclusive of the sales charge. |
| SRI Fund | Sustainable and responsible investment fund. |
| Standard & Poor's | Standard & Poor's Rating Services |
| Target Fund | Nomura Funds Ireland – Global Sustainable Equity Fund USD-F, a sub fund of Nomura Funds Ireland plc. |
| Trustee | Deutsche Trustees Malaysia Berhad (Registration No.: 200701005591 (763590-H)). |
| UCITS | Undertaking for Collective Investment in Transferable Securities established pursuant to Council Directive 2009/65/EC of 13 July 2009 as amended, consolidated or substituted from time to time. |

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| UCITS Regulations | European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) as amended by the European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations, 2016, (and as may be further amended, supplemented or replaced from time to time) and any regulations or notices issued by the Central Bank of Ireland pursuant thereto for the time being in force including the UCITS Regulations. |
| Unit | A measurement of the right or interest of a Unit Holder in the Fund and means a unit of the Fund or a Class, as the case may be. |
| Unit Holder | A person registered as the holder of a Unit, including persons jointly registered, for the Fund. |
| US | United States of America. |
| USD Class | A Class denominated in USD. |
| USD | United States Dollar. |

**General Words and Expressions**

In this Prospectus, unless the context otherwise requires, words importing the singular shall include the plural and vice-versa.

References to any law, rules, guidelines or orders shall include such laws, rules, guidelines or orders as may be amended from time to time.

Reference to first person pronouns such as “we”, “us” or “our” in this Prospectus means the Manager / NAMM.

# 3. ABOUT NOMURA GLOBAL SUSTAINABLE EQUITY FUND

<table>
<tr><td>Fund Category</td><td>Feeder Fund (Global equity)</td></tr>
<tr><td>Fund Type</td><td>Growth</td></tr>
<tr><td>Base Currency</td><td>USD</td></tr>
<tr><td>Initial Offer Price</td><td><table><tr><td>MYR Class A</td><td>MYR Class B</td><td>USD Class</td></tr><tr><td>RM1.00</td><td>RM1.00</td><td>USD1.00</td></tr></table></td></tr>
<tr><td>Initial Offer Period</td><td>21 days commencing on the date of this Prospectus.<br><br>Note: We may shorten the initial offer period if we determine that it is in your best interest. If the last day of the initial offer period falls on a non-Business Day, the initial offer period will end on the preceding Business Day.</td></tr>
<tr><td>Investment Objective</td><td>The Fund aims to achieve long-term capital growth by investing in the Target Fund.<br><br>Any material change to the Fund's objective would require Unit Holders' approval.</td></tr>
<tr><td>Investment Strategy</td><td>The Fund will be investing a minimum of 80% of the Fund's NAV into the Target Fund and a maximum of 20% of the Fund's NAV into deposits with financial institutions, money market instruments and/or held in cash.<br><br>As the Fund is a qualified SRI Fund, the Fund invests in the Target Fund which invests in businesses that provide a positive impact on the sustainable development of society in accordance to the United Nation Sustainable Development Goals ("UN SDGs"). This includes the screening, selection, monitoring and realisation of the Target Fund's investments by the Investment Manager.<br><br>The Investment Manager will adopt the following strategy to ensure that the companies which the Target Fund invests in are in line with the sustainable principles adopted and the overall impact of such investments of the Target Fund is not inconsistent with any other sustainable principles:<br>a) companies that create high total value which is shared among all stakeholders in both monetary and non-monetary terms;<br>b) companies that demonstrate ethical business practices (i.e. they follow proper business policies and practices regarding issues such as corporate governance, bribery, discrimination, corporate social responsibility and fiduciary responsibilities) in respect of all employees, supply chain and customers alike; and<br>c) companies that actively demonstrate socially responsible corporate governance and engage with the wider community, which is assessed by a combination of external research and data, and an internal assessment of any</td></tr>
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| | strengths and weaknesses of engagements conducted by the Investment Manager's analyst team.<br><br>If the holdings of the Target Fund show persistent deterioration in its capacity or desire to meet the UN SDG principles, the Target Fund will perform one or more of the following:<br>1) engage with the investee company to understand the circumstances of the deterioration and encourage improvement;<br>2) use proxy votes (possibly including submitting a shareholder resolutions) to try to force an improvement; or<br>3) dispose or reduce its holdings in the investee company within an appropriate timeframe depending on, amongst others, the materiality and the extent of the deterioration upon the Investment Manager's reassessment of the total impact scores and testing against the relevant thresholds for uninvestability on the investee company.<br><br>Although the Fund is managed passively, we may take temporary defensive positions that may be inconsistent with the Fund's principal strategy by reducing its investment into the Target Fund and raise liquidity levels of the Fund during adverse market condition to protect Unit Holders' interest. Similarly, we may raise liquidity levels if the liquidity profile of the underlying investments of the Target Fund changes significantly. In raising the Fund's liquidity levels, we may invest into deposits, money market instruments and/or hold cash.<br><br>We may use derivatives, such as foreign exchange forward contracts for hedging purposes. Foreign exchange forward contracts may be used to hedge the principal and/or the returns of the foreign currency exposure of any of the Class(es) against the Base Currency. The employment of derivatives under these circumstances is expected to reduce the impact of foreign currency movements on the Fund's NAV, irrespective of the currency classes. While the hedging strategy will assist with mitigating the potential foreign exchange losses by the Fund, any potential gains from the hedging will be capped as well.<br><br>In addition, we may, in consultation with the Trustee and subject to Unit Holders' approval, replace the Target Fund with another fund of a similar objective if, in our opinion, the Target Fund no longer meets the Fund's investment objective. In the event there is a change of the Target Fund, the Manager will ensure that the replacement of the Target Fund complies with the Guidelines on Sustainable and Responsible Investment Funds. |
| **Asset Allocation** | - A minimum of 80% of the Fund's NAV to be invested in the Target Fund; and<br>- A maximum of 20% of the Fund's NAV to be invested in deposits, money market instruments and/or held in cash. |
| **Distribution Policy** | Incidental. Distribution of income shall be in line with the dividend policy of the Target Fund[(1)].<br><br>*Notes:*<br>*(1) As the Target Fund is an accumulating fund, it does not intend to distribute dividends to its shareholders (including the Fund). The income and earnings and gains of the Target Fund will be accumulated and reinvested on behalf of the shareholders (including the Fund).*<br>*(2) Please refer to Section 7.6 for details on the mode of distribution for the Fund.* |
| **Performance Benchmark** | MSCI All Country World Index |

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| | Source: www.msci.com<br><br>*Note: The performance benchmark chosen for the Fund is the same as and is corresponding with the Target Fund to allow for a similar comparison with the performance of the Target Fund. However, you should take note that the risk profile of the Fund is different from the risk profile of the performance benchmark.* |
| **Permitted Investments** | The Fund will invest in the following investments:<br>• the Target Fund;<br>• money market instruments;<br>• deposits;<br>• derivatives for hedging purposes; and<br>• any other form of investments as may be determined by us and is permitted by the SC from time to time that is in line with the Fund's objective. |
| **Investment Restrictions** | • The Fund shall not invest in the following:<br>  • a fund-of-funds;<br>  • a feeder fund; and<br>  • any sub-fund of an umbrella scheme which is a fund-of-funds or a feeder fund.<br><br>• The value of the Fund's investments in money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV.<br><br>• The value of the Fund's placement in deposits with any single financial institution must not exceed 20% of the Fund's NAV.<br><br>• For investments in derivatives:<br>  • the exposure to the underlying assets must not exceed the investment spread limits stipulated in the Guidelines; and<br>  • the value of the Fund's OTC derivative transaction with any single counterparty must not exceed 10% of the Fund's NAV.<br><br>• The aggregate value of the Fund's investments in money markets instruments, deposits, OTC derivatives issued by or placed with, as the case may be, any single issuer/financial institution must not exceed 25% of the Fund's NAV.<br><br>• The value of the Fund's investments in money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV.<br><br>• The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size. |
| **Valuation Point** | The Fund is valued once every Business Day after the close of the market in which the portfolio of the Fund is invested for the relevant day but not later than the end of the next Business Day.<br><br>As such, the daily price of the Fund for a particular Business Day will not be published on the next Business Day but will instead be published 2 Business Days later (i.e., the price will be 2 days old). |

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| **Bases for Valuation of the Assets of the Fund** | **Unlisted Collective Investment Schemes**<br>Investments in unlisted collective investment schemes will be valued daily based on the last published price per unit.<br><br>**Deposits and/or Cash**<br>Placements of deposits with financial institutions will be valued daily by reference to the principal value of the deposits and the interests accrued thereon for the relevant period. Cash held on hand will be valued based on its carrying value.<br><br>**Money Market Instruments**<br>Investments in money market instruments will be valued daily based on the price quoted by a bond pricing agency registered by the SC.<br><br>For investments in money market instruments that are not quoted by the bond pricing agency, such instruments will be valued daily based on the accretion of discount or amortisation of premium on a yield to maturity basis.<br><br>**Derivatives**<br>For foreign exchange forward contracts ("FX Forwards"), valuation shall be based on FX spot bid foreign exchange rate and forward tics bid rate quoted by Refinitiv at 4:00 p.m. (United Kingdom) time. If the rates are not available, the FX Forwards will be valued by reference to the average indicative rate quoted by at least 3 independent dealers; or in accordance to fair value as determined in good faith by us on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.<br><br>**Any Other Investment**<br>Fair value as determined in good faith by us, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee. |
| **Financial Year End** | 31st July |
| **Investor's Profile** | The Fund is suitable for investors seeking long-term capital growth and who are prepared to accept a moderate level of volatility. |
| **Financing and Securities Lending** | The Fund may not obtain cash financing or borrow other assets in connection with its activities. However, the Fund may obtain cash financing on a temporary basis for the purpose of meeting redemption requests for Units and for short term bridging requirements subject to the following:<br><br>• the Fund's cash borrowing / cash financing is only on a temporary basis and that borrowings are not persistent;<br><br>• the borrowing/financing period shall not exceed one (1) month;<br><br>• the aggregate borrowing/financing of the Fund shall not exceed 10% of the Fund's NAV at the time the borrowing/financing is incurred; and<br><br>• the Fund may only obtain borrowing/financing from financial institutions.<br><br>The Fund will not participate in the lending of securities within the meaning of the Securities Borrowing and Lending Guidelines issued by the SC. |

# 4. ABOUT THE TARGET FUND

Nomura Funds Ireland Plc ("the Company") is an open-ended investment company with variable capital, incorporated in Ireland on 13 April 2006 under the Ireland Companies Act, 2014 (and every amendment or re-enactment of the same) with registration number 418598. The Company has been authorised by the Central Bank of Ireland as a UCITS pursuant to the UCITS Regulations. The Company is structured as an umbrella fund consisting of different sub-funds each comprising one or more classes. The Company has segregated liability between each of its sub-funds.

The Target Fund is a sub-fund of the Company.

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| **Name of the Target Fund** | Nomura Funds Ireland – Global Sustainable Equity Fund USD-F |
| **Type of Class** | Class F – USD |
| **Base Currency of the Target Fund** | USD |
| **Base Currency of the Class** | USD |
| **Date of Establishment of the Target Fund** | 15 April 2019 |
| **Date of Establishment of the Class** | 1 April 2021 |
| **Country of Origin of the Target Fund** | Ireland |
| **Regulatory Authority which regulates the Target Fund** | Central Bank of Ireland |
| **Legislation Applicable to the Target Fund** | European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003 (as amended) |
| **Investment Manager of the Target Fund** | Nomura Asset Management U.K. Limited<br><br>The Company has appointed Nomura Asset Management U.K. Limited to act as investment manager of the Target Fund. The Investment Manager was incorporated in England in 1984 and is a wholly owned subsidiary of Nomura Asset Management Co., Ltd., Tokyo.<br><br>The Investment Manager had in excess of GBP 28 billion of assets under management as of 31 December 2020. |

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| | The Investment Manager has a long established reputation for the management of Far Eastern equities including the emerging markets in the region. The Investment Manager is authorised and regulated by the Financial Conduct Authority in United Kingdom.<br><br>The Investment Manager has the responsibility for the investment management, on a discretionary basis, of the assets of the Target Fund. Under the terms of the Investment Management Agreement between the Company and the Investment Manager, the Investment Manager is responsible, subject to the overall supervision and control of the directors of the Company, for managing the assets and investments of the Target Fund in accordance with the investment objective and policies of the Target Fund. The Company shall not be liable for any actions, costs, charges, losses, damages or expenses arising as a result of the acts or omissions of the Investment Manager or for its own acts or omissions in following the advice or recommendations of the Investment Manager. |
| **Investment Objective** | The investment objective of the Target Fund is to achieve long-term capital growth through investment in a relatively concentrated, actively managed portfolio of global equity securities issued by companies with a high overall positive impact on society. |
| **Investment Strategy and Policy** | The Target Fund shall invest, under normal market conditions, primarily in Equity and Equity-Related Securities listed or traded on a Recognised Exchange in an Index Country.<br><br>The Target Fund may also invest from time to time in Equity and Equity-Related Securities listed or traded on any Recognised Exchange in non-Index Countries, if suitable investments are identified which meet the investment strategy of the Investment Manager.<br><br>The Target Fund may also hold exposure to Index Countries and non-Index Countries through investment in instruments such as American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), Non-Voting Depositary Receipts (NVDRs) or Participatory Notes (PNotes) and which will be listed on a Recognised Exchange.<br><br>The Target Fund may invest in Equity and Equity-Related Securities (such as convertible securities) with embedded derivative instruments. While these securities may embed a derivative element, (such as an option, which would give the holder the option to buy the underlying asset at a predetermined price), they will not embed any leverage.<br><br>Investors should note that due to the relatively concentrated nature of the Target Fund, the Target Fund is likely to have a higher annualised volatility than a more diversified portfolio.<br><br>The Target Fund is considered to be actively managed in reference to the Index by virtue of the fact that it uses the Index for performance comparison purposes. Certain of the Target Fund's securities may be components of and may have similar weightings to the Index. However, the Target Fund may deviate materially from the Index and the Investment Manager may use its discretion to invest in companies or sectors not included in the Index.<br><br>The Target Fund may hold up to 10% of its net assets in Debt and Debt-Related Securities, which are listed or traded on Recognised Exchanges, that it receives or purchases in connection with its ownership of certain |

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| | Equity and Equity-Related Securities and accordingly, holding such Debt and Debt-Related Securities will be as a result of investment in Equity and Equity-Related Securities. This occurs in circumstances where the Target Fund has purchased Equity and Equity Related Securities which have subsequently been subject to a corporate action which results in the issuance of Debt and Debt-Related Securities. These Debt and Debt-Related Securities are held by the Target Fund until they can be sold at a price which the Investment Manager believes reflects the underlying value of the security. Such Debt and Debt-Related Securities will be issued by corporations, limited liability companies or limited partnerships, other forms of enterprise (such as state owned enterprises) and sovereign and quasi-sovereign entities and may be rated either investment grade or non-investment grade by at least one rating agency (such as Moody's, Standard and Poor's, Fitch or Rating and Investment Information Inc.).<br><br>The Target Fund may invest up to 30% of its net assets in emerging market countries at any given time.<br><br>The Target Fund may invest up to 10% of its net assets in Russian markets provided that the Target Fund will only invest in securities that are listed / traded on the Moscow Exchange.<br><br>*Investment Strategy*<br><br>The strategy focuses on investing in businesses that provide a positive impact on the sustainable development of society. The Investment Manager defines such companies as follows:<br>a) companies that create high total value which is shared among all stakeholders in both monetary and non-monetary terms;<br>b) companies that demonstrate ethical business practices (i.e. they follow proper business policies and practices regarding issues such as corporate governance, bribery, discrimination, corporate social responsibility and fiduciary responsibilities) in respect of all employees, supply chain and customers alike;<br>c) companies that actively demonstrate socially responsible corporate governance and engage with the wider community, which is assessed by a combination of external research and data, and an internal assessment of any strengths and weaknesses of engagements conducted by the Investment Manager's analyst team.<br><br>The Investment Manager follows an investment philosophy of quality at a discounted valuation and has a disciplined process for selecting securities. It is based on a detailed analysis of company fundamentals such as revenue, operating profit and capital expenditure and an estimation of intrinsic value using discounted cash flow (a technique for calculating the present value of cash flows expected in the future).<br><br>However, to focus the efforts of the investment analysis the Investment Manager utilises screening tools such as internal proprietary tools, that take external Environmental Social and Governance (ESG) research and financial data and combine them with internally derived weightings and minimum thresholds to determine the universe of companies. The primary function of the screening tools is to focus analytical efforts on companies that the Investment Manager believes could be attractive investments. These screens use a combination of investment quality and value, and positive sustainability impact scores to provide an initial population of 800 companies. Such scores are generated by assessing the company's impact on the UN SDGs such as social and economic development issues including poverty, hunger, health, education, global warming, gender |

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| | equality, water, sanitation, energy, urbanization, environment and social justice. The Investment Manager will then carry out bottom-up analysis of company fundamentals using discounted cash flow to identify fundamentally strong businesses that meet their investment criteria. This will serve to reduce the number of potential stocks to around 100. Objective impact analysis will then be conducted to quantify the total impact of the companies on all stakeholders, which will shorten the list to around 50. The objective impact analysis is a standardised framework and scoring system which is used to quantify the impact that a corporation has on all stakeholders (the environment, society, employees, customers and suppliers) using quantitative data where possible (for example emissions data, water consumption data, and internal diversity metrics). Every company is given an overall score and the Investment Manager will ensure standardisation and that the scoring of individual companies is normalised. The Investment Manager will then select approximately 30-40 stocks and weight each stock based on an assessment of positive sustainability impact on society and quality.<br><br>The Investment Manager will seek to leverage both direct and collective engagement to encourage more robust corporate practices and overall stakeholder benefit. Even when the Investment Manager believes that a company has achieved a high level of value to society, they will continue to focus on specific areas of the company's business to suggest further improvements.<br><br>*General*<br><br>Any changes to the investment objective of the Target Fund and any material changes to the investment policy may not be made without the prior written approval of all shareholders of the Target Fund or approval on the basis of a majority of votes cast at a general meeting of shareholders of the Target Fund. Any such changes may not be made without the approval of the Central Bank of Ireland. In the event of a change in investment objective and/or a change to the investment policy, a reasonable notification period will be provided by the Target Fund to enable shareholders of the Target Fund to redeem their shares prior to implementation of such change.<br><br>The Target Fund will, on request, provide to shareholders of the Target Fund supplementary information relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.<br><br>A list of the stock exchanges and markets in which the Target Fund is permitted to invest, in accordance with the requirements of the Central Bank of Ireland, is contained in Appendix II of the prospectus of the Target Fund and should be read in conjunction with, and subject to, the Target Fund's investment objective and investment policy, as detailed above. The Central Bank of Ireland does not issue a list of approved markets. Other than permitted investments in unlisted securities and over the counter derivative instruments, any other investment will be restricted to those stock exchanges and markets listed in Appendix II of the prospectus of the Target Fund.<br><br>There can be no assurance that the Target Fund may achieve its investment objective or avoid substantial losses. |

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| | *Use of Derivatives*<br><br>The Target Fund may employ (subject to the conditions and within the limits laid down by the Central Bank of Ireland) financial derivative instruments and techniques for efficient portfolio management and/or hedging. Efficient portfolio management transactions may be entered into by the Investment Manager with one of the following aims: (a) a reduction of risk, (b) a reduction of cost with no increase or a minimal increase in risk, or (c) generation of additional capital or income with no, or an acceptably low level of risk (relative to the expected return).<br><br>The financial derivative instruments and techniques which may be used by the Target Fund for efficient portfolio management and/or for hedging are futures and forward currency contracts.<br><br>*Futures*<br><br>Futures are contracts to buy or sell a standard quantity of a specific underlying at a predetermined future date and at a price agreed through a transaction undertaken on an exchange. Futures may also be cash settled. Futures contracts allow investors to hedge against risk or gain exposure to the underlying asset (details of which are set out below). Since these contracts are marked-to-market daily, investors can, by closing out their position, exit from their obligation to buy or sell the underlying prior to the contract's expiry date. Futures may be used where its market access is easier, more liquid or more cost-efficient than direct exposure to the underlying itself. Futures can be used to express both positive and negative views on the underlying, hence they can create a synthetic short position.<br><br>The Target Fund may use the following futures:<br>- Foreign exchange futures which may be used to take a long or short position in or hedge a currency exposure. For example in order to express the view that the USD will depreciate against the EUR the Investment Manager may choose to enter into a long EUR short USD future.<br>- Index futures which may be used to take long or short exposure to a particular index such as an equity index. For example in order to express a positive view on U.S. stocks the Investment Manager may choose to go long an S&P 500 future.<br>- Equity futures may be used to purchase or sell a stock on a specified date at a predetermined price, for example instead of buying a certain stock outright in physical format the Investment Manager may choose to go long a future on such stock.<br>- Dividend futures allow the Investment Manager to take positions on future dividend payments on a single company, a basket of companies or on an equity index. Dividend futures may be used to take a long or short position in dividends, for example in order to express a positive view on dividends the Investment Manager may choose to go long a dividend future, or, in order to take a negative view on dividends, the Investment Manager may choose to short a dividend future.<br><br>*Forwards*<br><br>The Target Fund may also enter into forward contracts. In a forward the contract holders are obliged to buy or sell a particular underlying at a specified price in a specified quantity and on a specified future date. Forwards may also be cash settled. In contrast to futures, forwards are not traded on an exchange, but in the OTC market. Forward contracts |

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| | may be used to hedge or generate exposure. They can be used to express both positive and negative views on the underlying assets, hence they can create a synthetic short position.<br><br>The Target Fund may use foreign exchange forwards. Foreign exchange forwards may be used to hedge or take a long or short position in a currency exposure, for example in order to express the view that the USD will depreciate against the EUR the Investment Manager may choose to enter into a long EUR short USD forward.<br><br>The use of financial derivative instruments by the Target Fund may create leverage. To the extent that leverage is employed, leverage will be measured using the commitment approach of measuring risk, whereby such leverage cannot exceed 100% of the net asset value of the Target Fund. In practice, it is anticipated that the use of financial derivative instruments by the Target Fund will be minimal and, therefore, the actual level of leverage will be in the region of 10% of the net asset value of the Target Fund. It is possible that the Target Fund may be leveraged up to 100% of its net asset value at any point in time.<br><br>It is expected that the use of financial derivative techniques and instruments may increase the Target Fund's risk level.<br><br>Short positions shall only be achieved through the use of financial derivative instruments as set out above. The gross long and short exposures will not exceed 200% and 100% of the net asset value of the Target Fund, respectively.<br><br>*Securities Financing Transactions*<br><br>The Target Fund may enter into repurchase agreements, reverse repurchase agreements and/or securities lending agreements for efficient portfolio management purposes only where the objective of using such instruments is to hedge against risk and/or to reduce costs borne by the Target Fund or to generate additional capital or income which is consistent with the risk profile of the Target Fund and the risk diversification rules set down in the UCITS Regulations.<br><br>All types of assets which may be held by the Target Fund in accordance with its investment objectives and policies may be subject to a securities financing transaction.<br><br>The maximum proportion of the Target Fund's assets which can be subject to securities financing transactions is 100% of the net asset value of the Target Fund. However, the expected proportion of the Target Fund's assets which will be subject to securities financing transactions is between 0% and 20% of the net asset value of the Target Fund. The proportion of the Target Fund's assets which are subject to securities financing transactions at any given time will depend on prevailing market conditions and the value of the relevant investments. The amount of assets engaged in each type of securities financing transactions, expressed as an absolute amount and as a proportion of the Target Fund's assets, as well as other relevant information relating to the use of securities financing transactions shall be disclosed in the annual report and semi-annual report of the Fund. |
| **Fees and Charges of the Target Fund** | The fees and charges incurred by the Fund when investing in the Target Fund are as follows: |

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| | Sales charge: Up to 5% of the net asset value per share subscribed for by shareholders. **However, no sales charge will be charged to the Fund for its investment in the Target Fund.**<br><br>Redemption fee: Currently 0%; maximum 3% of the net asset value of the shares being redeemed.<br><br>Conversion fee: Currently 0%; maximum 5% of the net asset value of the Target Fund.<br><br>Investment Manager's fee: Currently 1.2% per annum of the net asset value of the Target Fund. **The Investment Manager's fee is included in the annual management fee of the Fund and there shall be no double charging of management fee.**<br><br>Depositary's fee: a trustee fee of 0.0125% per annum of the net asset value of the Target Fund and a custodian fee not exceeding 0.4% per annum, calculated by reference to the market value of the investments that the Target Fund may make in each relevant market, subject to a minimum annual fee of USD12,000 per annum.<br><br>Administrator's fee: an annual fee at a rate between 0.015% and 0.045% per annum of the aggregate value of the Target Fund subject to an aggregate annual minimum fee of USD48,000 and a register fee of USD10,000 per annum.<br><br>Operating Expenses and Fees: include but are not limited to brokerage and banking commissions and charges, investment research costs, legal and other professional advisory fees, company secretarial fees, Companies Registration Office filings and statutory fees, regulatory fees, auditing fees, translation and accounting expenses, interest on borrowings, taxes and governmental expenses applicable to the Target Fund, costs of preparation, translation, printing and distribution of reports and notices, all marketing material and advertisements and periodic update of the prospectus of the Target Fund, all expenses in connection with registration, listing and distribution of the Target Fund and shares issued or to be issued, expenses of shareholders meetings, directors' insurance premia, expenses of the publication and distribution of the net asset value, clerical costs of issue or redemption of shares, postage, telephone, facsimile and telex expenses and any other expenses in each case together with any applicable value added tax.<br><br>**Impact on Fees and Charges of the Target Fund on the Costs of Investing in the Fund**<br>There are fees and general expenses which will be charged to the Target Fund as mentioned above; therefore, Unit Holders are indirectly bearing the fees and expenses charged at the Target Fund level as well as the fees and expenses of the Fund.<br><br>***Unit Holders may be subject to higher fees arising from the layered investment structure of a feeder fund.*** |

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

**1 Permitted Investments**

Investments of the Target Fund are confined to:

1.1 Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.

1.2 Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.

1.3 Money market instruments, as defined in the UCITS Regulations 2015, other than those dealt on a regulated market.

1.4 Units of UCITS.

1.5 Units of alternative investment funds.

1.6 Deposits with credit institutions as prescribed in the UCITS Regulations 2015.

1.7 Financial derivative instruments as prescribed in the UCITS Regulations 2015.

**2 Investment Restrictions**

2.1 The Target Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1 above.

2.2 The Target Fund may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1 above) within a year. This restriction will not apply in relation to investment by the Target Fund in certain US securities known as Rule 144A securities provided that:

- the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and
- the securities are not illiquid securities i.e. they may be realised by the UCITS within 7 days at the price, or approximately at the price, at which they are valued by the UCITS.

2.3 The Target Fund may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.

2.4 Subject to the approval of the Central Bank of Ireland, the limit of 10% (in 2.3 above) is raised to 15% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If the Target Fund invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the Target Fund.

2.5 The limit of 10% (in 2.3 above) is raised to 15% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.

2.6 The transferable securities and money market instruments referred to in 2.4. and 2.5 above shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3 above.

2.7 Cash held as deposits and/or booked in accounts and held as ancillary liquidity with any one credit institution shall not, in aggregate, exceed 20% of the net assets of the UCITS.

2.8 The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5% of net assets.

This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 or a credit institution in a third country deemed equivalent pursuant to Article 107(4) of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

2.9 Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:

- investments in transferable securities or money market instruments;
- deposits, and/or
- risk exposures arising from OTC derivatives transactions.

2.10 The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 25% of net assets.

2.11 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.

2.12 The Target Fund may invest up to 15% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members, drawn from the following list:

OECD Governments (provided the relevant issues are investment grade), Government of Singapore, Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority.

**3 Investment in Collective Investment Schemes ("CIS")**

3.1 The Target Fund may not invest more than 10% of net assets in aggregate in underlying CIS.

3.2 The CIS are prohibited from investing more than 10% of net assets in other CIS.

3.3 When the Target Fund invests in the units of other CIS that are managed, directly or by delegation, by any company with which the Target Fund is linked by common management or control, or by a substantial direct or indirect holding, that other company may not charge subscription, conversion or redemption fees on account of the Target Fund 's investment in the units of such other CIS.

3.4 Where a commission (including a rebated commission) is received by the Target Fund /Investment Manager/investment adviser (if any) by virtue of an investment in the units of another CIS, this commission must be paid into the property of the Target Fund.

3.5 The Target Fund may not invest in another sub-fund of the Company, which itself holds shares in other sub-funds of the Company.

3.6 In the event that the Target Fund (the “Investing Fund”) invests in the shares of other sub-funds of the Company (each a “Receiving Fund”), the rate of the annual management fee which investors in the Investing Fund are charged in respect of that portion of the Investing Fund’s assets invested in Receiving Funds (whether such fee is paid directly at the Investing Fund level, indirectly at the level of the Receiving Funds or a combination of both) shall not exceed the rate of the maximum annual management fee which investors in the Investing Fund may be charged in respect of the balance of the Investing Fund’s assets, such that there shall be no double charging of the annual management fee to the Investing Fund as a result of its investments in the Receiving Fund. This provision is also applicable to the annual fee charged by the Investment Manager where this fee is paid directly out of the assets of the Target Fund.

**4 General Provisions**

4.1 The Target Fund may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

4.2 The Target Fund may acquire no more than:
(i) 10% of the non-voting shares of any single issuing body;
(ii) 10% of the debt securities of any single issuing body;
(iii) 25% of the units of any single CIS;
(iv) 10% of the money market instruments of any single issuing body.

NOTE: The limits laid down in (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the money market instruments cannot be calculated.

4.3 The Target Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.

4.4 The Central Bank of Ireland may allow a recently authorised Target Fund to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2 for 6 months following the date of their authorisation, provided they observe the principle of risk spreading.

4.5 If the limits laid down herein are exceeded for reasons beyond the control of Target Fund, or as a result of the exercise of subscription rights, the Target Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders within a period of not more than 3 months. The 3-month period may be extended if the internal compliance of the Investment Manager is of the view that it is in the best interests of its shareholders.

4.6 The Target Fund may not carry out uncovered sales of:
- transferable securities;
- money market instruments;
- units of CIS; or
- financial derivative instruments.

4.7 The Target Fund may hold ancillary liquid assets.

**5 Financial Derivative Instruments ('FDIs')**

5.1 The Target Fund 's global exposure (as prescribed in the UCITS Regulations 2015) relating to FDI must not exceed its total net asset value.

5.2 Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities, money market instruments or collective investment undertakings, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in Regulations 70 and 73 of the UCITS Regulations. When calculating issuer-concentration risk, the Investment Manager will look through the FDI (including embedded FDI) to determine the resultant position exposure. This position exposure will be taken into account in the issuer concentration calculations. It will be calculated using the commitment approach. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in Regulation 71(1) of the UCITS Regulations.)

5.3 The Target Fund may utilise FDIs dealt in OTC provided that the counterparties to OTC transactions are institutions subject to prudential supervision and belonging to categories approved by the Central Bank of Ireland.

5.4 Investment in FDIs are subject to the conditions and limits laid down by the Central Bank of Ireland.

**6 Restrictions on Borrowing and Lending**

(a) The Target Fund may borrow up to 10% of its net asset value at the time the borrowing is incurred provided such borrowing is for the purpose of meeting redemption requests for shares and for short-term bridging requirements only and on a temporary basis not exceeding 1 month. The Target Fund shall not charge its assets as security or post its assets as collateral for such borrowings.

(b) The Target Fund may acquire foreign currency by means of a "back-to-back" loan agreement. The Company shall ensure that the Target Fund with foreign currency borrowings which exceed the value of a back-to-back deposit treats that excess as borrowings for the purpose of Regulation 103 of the UCITS Regulations 2015.

**7 Additional Investment Restrictions**

7.1 Investments in a foreign market are limited to markets where the regulatory authority is an ordinary or associate member of the International Organisation of Securities Commissions.

7.2 The credit rating for the counterparty of OTC derivatives will be at least investment grade.

7.3 The Target Fund's investments in other CIS will generally comply with the investment limits provided in this section.

7.4 Where the Target Fund invests in another CIS that is operated by the Investment Manager or its related corporation, the Investment Manager will ensure that:
   (a) there is no cross-holding between the Target Fund and the other CIS;
   (b) all initial charges on the other CIS is waived; and
   (c) the management fee must only be charged once, either at the Target Fund or the other CIS.

7.5 The Target Fund will only undertake securities lending (including sale and repurchase and reverse repurchase) activities for the purpose of efficient portfolio management.

7.6 The Target Fund will only invest in derivatives where the global exposure of such derivatives is calculated using the commitment approach methodology.

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

**If you are interested in the Fund, have any queries or require further information, please contact our client servicing personnel at our office or at any of our authorised Distributors' offices during office hour. Alternatively, you may e-mail your enquiries to marketing@nomura-asset.com.my .**

# 5. UNDERSTANDING THE RISKS OF THE FUND AND THE TARGET FUND

Below are the risks associated with the investments of the Fund and the Target Fund. Before investing, you should first consider these factors. You are recommended to read the whole Prospectus to assess the risk of the Fund and the Target Fund. If necessary, you should consult your professional adviser(s) for a better understanding of the risks.

It is important to note that events affecting the investments cannot always be foreseen. Therefore, it is not always possible to protect investments against all risks. The various asset classes generally exhibit different levels of risk.

## GENERAL RISKS OF INVESTING IN THE FUND

### Market Risk

The value of an investment will decrease or increase due to changes in market factors i.e. economic, political or other events that impact large portions of the market. Market risk cannot be eliminated, hence the Fund's investment portfolio may be prone to changing market conditions that may result in uncertainties and fluctuations in the value of the underlying of the Fund's investment portfolio, causing the NAV or prices of Units to fluctuate.

### Inflation Risk

This is the risk that your investments in the Fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce your purchasing power even though the nominal value of the investment in monetary terms has increased.

### Manager's Risk

This risk refers to our day-to-day management of the Fund which will impact the performance of the Fund. For example, investment decisions undertaken by us, as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the Deed, relevant law or guidelines due to factors such as human error or weaknesses in operational process and systems, may adversely affect the performance of the Fund. In order to mitigate this risk, the implementation of internal controls and a structured investment process and operational procedures has been put in place by us.

### Non-Compliance Risk

This is the risk that we may not follow the provisions set out in this Prospectus or the Deed or the law, rules or guidelines that governs the Fund or our own internal procedures whether by oversight or by omission. This risk may also occur indirectly due to legal risk, which is a risk of circumstances from the imposition and/or amendment on the relevant regulatory frameworks, laws, rules, and other legal practices affecting the Fund. An act of non-compliance/ mismanagement of the Fund may lead to operational disruptions that could potentially be detrimental to the Fund. We aim to mitigate this risk by placing stringent internal policies and procedures and compliance monitoring processes to ensure that the Fund is in compliance with the relevant fund regulations or guidelines.

### Loan Financing Risk

This risk occurs when investors take a loan/financing to finance their investment. The inherent risk of investing with borrowed money includes investors being unable to service the loan repayments. In the event Units are used as collateral, Unit Holder may be required to top-up his existing instalment if the prices of Units fall below a certain level due to market conditions. Failing which, the Units may be sold at a lower NAV per Unit as compared to the NAV per Unit at the point of purchase towards settling the loan.

## SPECIFIC RISKS OF THE FUND

### Concentration Risk

As the Fund invests at least 80% of its NAV in the Target Fund, it is subject to concentration risk as the performance of the Fund would be dependent on the performance of the Target Fund.

**Country Risk**
The investment of the Fund may be affected by risk specific to the country in which it invests in. Such risks include changes in the country's economic, social and political environment. The value of the assets of the Fund may also be affected by uncertainties such as currency repatriation restrictions or other developments in the law or regulations of the country in which the Fund invest in, i.e. Ireland, the domicile country of the Target Fund.

**Investment Manager of the Target Fund Risk**
The Fund will invest in the Target Fund managed by a foreign asset management company. This risk refers to the risk associated with the Investment Manager, which include:
i) the risk of non-adherence to the investment objective, strategy and policies of the Target Fund;
ii) the risk of direct or indirect losses resulting from inadequate or failed operational and administrative processes and systems by the Investment Manager; and
iii) the risk that the Target Fund may underperform its benchmark due to poor investment decisions by the Investment Manager.

**Liquidity Risk**
The liquidity risk of the Fund is our ability as manager to honour redemption requests or to pay Unit Holders' redemption proceeds in a timely manner. This is subject to the Fund's holding of adequate liquid assets, its ability to borrow on a temporary basis as permitted by the relevant laws and/or its ability to redeem the shares of the Target Fund at fair value. Should there be inadequate liquid assets held, the Fund may not be able to honour requests for redemption or to pay Unit Holders' redemption proceeds in a timely manner and may be forced to dispose the shares of the Target Fund at unfavourable prices to meet redemption requirements.

**Default Risk**
Default risk relates to the risk that an issuer of a money market instrument either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the money market instruments. This could affect the value of the Fund as up to 20% of the NAV of the Fund will be invested in liquid assets which include but are not limited to deposits and money market instruments.

**OTC Counterparty Risk**
OTC counterparty risk is the risk associated with the other party to an OTC derivative transaction not meeting its obligations. If the counterparty to the OTC derivative transaction is unable to meet or otherwise defaults on its obligations (for example, due to bankruptcy or other financial difficulties), the Fund may be exposed to significant losses greater than the cost of the derivatives. The risk of default of a counterparty is directly linked to the creditworthiness of that counterparty. Should there be a downgrade in the credit rating of the OTC derivatives' counterparty, we will evaluate the situation and reassess the creditworthiness of the counterparty. We will take the necessary steps in the best interest of the Fund.

**Currency Risk**
As the Base Currency is denominated in USD and the currency denomination of the Classes may be denominated in other than USD, the Classes not denominated in USD are also exposed to currency risk. Any fluctuation in the exchange rates between USD and the currency denomination of the Class (other than USD Class) will affect the Unit Holder's investments in those Classes (other than USD Class). The impact of the exchange rate movement between the Base Currency and the currency denomination of the Class (other than USD Class) may result in a depreciation of the Unit Holder's holdings as expressed in the Base Currency.

In order to manage currency risk, we may employ currency hedging strategies to fully or partially hedge the foreign currency exposure of the Fund's investments and/or the Classes not denominated in USD. Currency hedging may reduce the effect of the exchange rate movement for the Class being hedged but it does not entirely eliminate currency risk between the Class and the Base Currency. The unhedged portion of the Class will still be affected by the exchange rate movements and it may cause fluctuation of NAV of the Class. You should note that if the exchange rate moves favourably, the Class will not benefit from any upside in currency movement due to the hedging strategy. In addition, hedging is subject to a minimum size of entering into a hedging contract and the cost of hedging will be borne by the hedged class and may affect returns of the hedged class.

**Deferral of Redemption Risk**
If the number of shares of the Target Fund in respect of which redemption requests have been received on a dealing day of the Target Fund exceeds one tenth or more of the total number of shares in issue of the Target Fund or exceed one tenth of the net asset value of the Target Fund, the directors of the Company may at their discretion refuse to redeem any shares of the Target Fund in excess of the aforesaid amount, and if they so refuse, the redemption requests on that dealing day of the Target Fund will be reduced pro rata and those shares not yet redeemed will be redeemed on the subsequent dealing day of the Target Fund until all the shares in respect of the redemption requests have been redeemed. In such situation, the Fund may be affected if the Fund does not have sufficient liquidity to meet redemption requests from Unit Holder. As the Fund may hold up to 20% of its NAV in liquid assets such as deposits, money market instruments and/or cash, this risk is mitigated due to the level of liquidity that the Fund has.

**SPECIFIC RISKS OF THE TARGET FUND**

**Investment in Emerging Markets**
Investing in emerging markets involves risks and special considerations not typically associated with investing in other more established economies or securities markets. Investors should carefully consider their ability to assume the risks listed below before making an investment in the Target Fund. Investing in emerging markets is considered speculative and involves the risk of total loss. Because the Target Fund's investments will be subject to the market fluctuations and risks inherent in all investments, there can be no assurance that the Target Fund's stated objective will be realized. The Investment Manager will seek to minimize these risks through professional management and investment diversification. As with any long-term investment, the value of shares when sold may be higher or lower than when purchased.

Risks of investing in emerging markets include:
1. The risk that the Target Fund's assets may be exposed to nationalization, expropriation, or confiscatory taxation;
2. The fact that emerging market securities markets are substantially smaller, less liquid and more volatile than the securities markets of more developed nations. The relatively small market capitalization and trading volume of emerging market securities may cause the Target Fund’s investments to be comparatively less liquid and subject to greater price volatility than investments in the securities markets of developed nations. Many emerging markets are in their infancy and have yet to be exposed to a major correction. In the event of such an occurrence, the absence of various market mechanisms, which are inherent in the markets of more developed nations, may lead to turmoil in the marketplace, as well as the inability of the Target Fund to liquidate its investments;
3. Greater social, economic and political uncertainty (including the risk of war);
4. Greater price volatility, substantially less liquidity and significantly smaller market capitalization of securities markets;
5. Currency exchange rate fluctuations and the lack of available currency hedging instruments;
6. Higher rates of inflation;
7. Controls on foreign investment and limitations on repatriation of invested capital and on the Target Fund's ability to exchange local currencies for USD;
8. Greater governmental involvement in and control over the economy;
9. The fact that emerging market companies may be smaller, less seasoned and newly organized;
10. The difference in, or lack of, auditing and financial reporting standards that may result in unavailability of material information about issuers;
11. The fact that the securities of many companies may trade at prices substantially above book value, at high price/earnings ratios, or at prices that do not reflect traditional measures of value;
12. The fact that statistical information regarding the economy of many emerging market countries may be inaccurate or not comparable to statistical information regarding the US or other economies;
13. Less extensive regulation of the securities markets;
14. The maintenance of Target Fund portfolio securities and cash with foreign sub-custodians and securities depositories;
15. The risk that it may be more difficult, or impossible, to obtain and/or enforce a judgment than in other countries;
16. The risk that the Target Fund may be subject to income, capital gains or withholding taxes imposed by emerging market countries or other foreign governments;
17. The risk that enterprises in which the Target Fund invests may be or become subject to unduly burdensome and restrictive regulation affecting the commercial freedom of the invested company and

thereby diminishing the value of the Target Fund's investment in that company. Restrictive or over regulation may therefore be a form of indirect nationalization;

18. The risk that businesses in emerging markets have only a very recent history of operating within a market-oriented economy. In general, relative to companies operating in developed economies, companies in emerging markets are characterized by a lack of (i) experienced management, (ii) technology, and (iii) sufficient capital base with which to develop and expand their operations. It is unclear what will be the effect on companies in emerging markets, if any, of attempts to move towards a more market-oriented economy; and
19. Disposition of illiquid securities often takes more time than for more liquid securities, may result in higher selling expenses and may not be able to be made at desirable prices or at the prices at which such securities have been valued by the Target Fund.

**Investments in ADRs, GDRs, NVDRs and PNotes**

American Depository Receipts (ADRs) are depository receipts typically issued by a US bank or trust company that evidence ownership of underlying equity securities issued by a foreign corporation. Global Depository Receipts (GDRs) are typically issued by foreign banks or trust companies, although they also may be issued by US banks or trust companies, and evidence ownership of underlying equity securities issued by either a foreign or a US corporation. Generally, depository receipts in registered form are designed for use in the US securities market, and depository receipts in bearer form are designed for use in securities markets outside the US. For purposes of the Target Fund’s investment policies, the Target Fund's investments in depository receipts will be deemed investments in the underlying securities.

Non-Voting Depository Receipts (NVDRs) are trading instruments issued in Thailand by the Thai NVDR Co., Ltd. The main purpose of NVDRs is to stimulate trading activity in the Thai stock market. Foreign investors who are interested in investing in these companies may be prevented from doing so because of foreign ownership restrictions under Thai law. NVDRs provide an alternative option for foreign investors. By investing in NVDRs, investors receive the same financial benefits (i.e., dividends, right issues or warrants), as those who invest directly in a company's ordinary shares. The only difference between investing in NVDR and company shares is in regard to voting.

Participatory Notes (PNotes) are instruments issued by registered foreign institutional investors (FII) to overseas investors, who wish to invest in the Indian stock markets without registering themselves with the market regulator, the Securities and Exchange Board of India - SEBI.

**Investment in Russia**

Investments in companies organized in or who principally do business in the independent states that were once part of the Soviet Union, including the Russian Federation pose special risks, including economic and political unrest and may lack a transparent and reliable legal system for enforcing the rights of creditors and shareholders of the Target Fund. Furthermore, the standard of corporate governance and investor protection in Russia may not be equivalent to that provided in other jurisdictions. While the Russian Federation has returned to growth, is generating fiscal and current account surpluses, and is current on its obligations to bondholders, uncertainty remains with regard to structural reforms (e.g. banking sector, land reform, and property rights), the economy’s heavy reliance on oil, unfavorable political developments and/or government policies, and other economic issues. Evidence of legal title to shares in a Russian company is maintained in book entry form. In order to register an interest of the Target Fund’s shares an individual must travel to the company’s registrar and open an account with the registrar. The individual will be provided with an extract of the share register detailing his interests but the only document recognised as conclusive evidence of title is the register itself. Registrars are not subject to effective government supervision. There is a possibility that the Target Fund could lose its registration through fraud, negligence, oversight or catastrophe such as a fire. Registrars are not required to maintain insurance against these occurrences and are unlikely to have sufficient assets to compensate the Target Fund in the event of loss. In other circumstances such as the insolvency of a sub-custodian or registrar, or retroactive application of legislation, the Target Fund may not be able to establish title to investments made and may suffer loss as a result. In such circumstances, the Target Fund may find it impossible to enforce its right against third parties. Neither the Target Fund, the Investment Manager, the custodian nor any of their agents make any representation or warranty in respect of, or in guarantee of, the operations or performance of any registrar.

**Market Capitalisation Risk**

The securities of small-to-medium-sized (by market capitalisation) companies, or financial instruments related to such securities, may have a more limited market than the securities of larger companies.

Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavourable economic reports.

**Market Risk**
Some of the Recognised Exchanges in which the Target Fund may invest may be less well-regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which the Target Fund may liquidate positions to meet redemption requests or other funding requirements.

**Exchange Control and Repatriation Risk**
It may not be possible for the Target Fund to repatriate capital, dividends, interest and other income from certain countries, or it may require government consents to do so. The Target Fund could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions.

**Political, Regulatory, Settlement and Sub-Custodial Risk**
The value of the Target Fund’s assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets.

**Legal Infrastructure**
Company laws in some of the targeted countries may be at an early stage of development. As these countries develop, certain new laws might have a negative impact on the value of an investment which cannot be foreseen at the time the investment is made. As the efficacy of such laws are as yet uncertain, there can be no assurance as to the extent to which rights of foreign shareholders of the Target Fund can be protected. In addition, there may also be a shortage of qualified judicial and legal professionals to interpret or advise upon recently enacted and future laws in some jurisdictions.

**Liquidity Risk**
Not all securities or instruments invested in by the Target Fund will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Target Fund may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

**Redemption Risk**
Large redemptions of shares in the Target Fund might result in the Target Fund being forced to sell assets at a time and price at which it would normally prefer not to dispose of those assets.

**Credit Risk**
There can be no assurance that issuers of the securities or other instruments in which the Target Fund invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments. The Target Fund will also be exposed to a credit risk in relation to the counterparties with whom it transacts or places margin or collateral in respect of transactions in financial derivative instruments and may bear the risk of counterparty default.

**Currency Risk**
Assets of the Target Fund may be denominated in a currency other than the base currency of the Target Fund and changes in the exchange rate between the base currency of the Target Fund and the currency of the asset may lead to a depreciation of the value of the Target Fund's assets as expressed in the base currency of the Target Fund. It may not be possible or practical to hedge against such exchange rate risk. The Investment Manager may, but is not obliged to, mitigate this risk by using financial derivative instruments.

The Target Fund may from time to time enter into currency exchange transactions either on a spot basis or by buying currency exchange forward contracts. The Target Fund will not enter into forward contracts for speculative purposes. Neither spot transactions nor forward currency exchange contracts eliminate fluctuations in the prices of the Target Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. Performance of the Target Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Target Fund may not correspond with the securities positions held.

The Target Fund may enter into currency exchange transactions and/or use techniques and instruments to seek to protect against fluctuation in the relative value of its portfolio positions as a result of changes in currency exchange rates or interest rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions. Although these transactions are intended to minimise the risk of loss due to a decline in the value of hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. The successful execution of a hedging strategy which matches exactly the profile of the investments of the Target Fund cannot be assured. It may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the assets from the anticipated decline in value of the portfolio positions as a result of such fluctuations.

**Valuation Risk**
The Target Fund may invest some of its assets in illiquid and/or unquoted securities or instruments. Such Investments or instruments will be valued by the directors of the Company or their delegate in good faith in consultation with the Investment Manager as to their probable realisation value. Such investments are inherently difficult to value and are the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales or "close-out" prices of such securities.

**Accounting, Auditing and Financial Reporting Standards**
The accounting, auditing and financial reporting standards of many of the countries in which the Target Fund may invest may be less extensive than those applicable to the US, United Kingdom and EU companies.

**Derivatives and Techniques and Instruments Risks**
*General*
The prices of derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The use of techniques and instruments also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (3) the fact that skills needed to use these instruments are different from those needed to select the Target Fund’s securities and (4) the possible absence of a liquid market for any particular instrument at any particular time, and (5) possible impediments to effective portfolio management or the ability to meet redemption.

The Target Fund may be invested in certain derivative instruments, which may involve the assumption of obligations as well as rights and assets. Assets deposited as margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy.

*Liquidity of Futures Contracts*
Futures positions may be illiquid because certain exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits”. Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Target Fund from liquidating unfavourable positions.

*Futures Risk*
The Investment Manager may engage in various portfolio strategies on behalf of the Target Fund through the use of futures. Due to the nature of futures, cash to meet margin monies will be held by a broker with whom the Target Fund has an open position. In the event of the insolvency or bankruptcy of the broker, there can be no guarantee that such monies will be returned to the Target Fund.

*Foreign Exchange Transactions*
Where the Target Fund utilises derivatives which alter the currency exposure characteristics of transferable securities held by the Target Fund the performance of the Target Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Target Fund may not correspond with the securities positions held.

*Forward Trading*
Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to the Target Fund.

*Over-the-Counter Markets Risk*
Where the Target Fund acquires securities on OTC markets, there is no guarantee that the Target Fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility.

*Correlation*
Derivatives prices may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements. The prices of exchange traded derivatives may also be subject to changes in price due to supply and demand factors.

*Loss of Favourable Performance*
The use of derivatives to hedge or protect against market risk or to generate additional revenue by writing covered call options may reduce the opportunity to benefit from favourable market movements.

*Counterparty exposure and legal risk*
The use of OTC derivatives, such as forward contracts, will expose the Target Fund to credit risk with respect to the counterparty involved and the risk that the legal documentation of the contract may not accurately reflect the intention of the parties.

*Margin*
The Investment Manager will be obliged to pay margin deposits to brokers in relation to futures entered into for the Target Fund. While exchange traded contracts are generally guaranteed by the relevant exchange, the Target Fund may still be exposed to the fraud or insolvency of the broker through which the transaction is undertaken. The Investment Manager will seek to minimise this risk by trading only through brokers, which are in the opinion of the Investment Manager, high quality or reputable names.

*Volatility*
The net asset value of the Target Fund may have a high volatility due to the use of derivatives and the management techniques used. The possible effect on the risk profile of the Target Fund from the use of these instruments and techniques could be to increase volatility when taking additional market or securities

exposure although the intention is that volatility should not be markedly different from the Target Fund directly holding the underlying investments.

**Money Market Instruments Risk**
The Target Fund may invest in deposits or money market instruments. Potential investors and shareholders of the Target Fund should note that an investment in the Target Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Shares of the Target Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in shares of the Target Fund may fluctuate up and/or down. An investment in the Target Fund involves certain investment risks, including the possible loss of principal.

**Risks Associated with Securities Financing Transactions**
*General*
Entering into repurchase agreements, reverse repurchase agreements and stocklending agreements create several risks for the Target Fund and its investors. The Target Fund is exposed to the risk that a counterparty to a securities financing transaction may default on its obligation to return assets equivalent to the ones provided to it by the Target Fund. It is also subject to liquidity risk if it is unable to liquidate collateral provided to it to cover a counterparty default. Such transactions may also carry legal risk in that the use of standard contracts to effect securities financing transactions may expose a Sub-Fund to legal risks such as the contract may not accurately reflect the intention of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation. Such transactions may also involve operational risks in that the use of securities financing transactions and management of collateral are subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Risks may also arise with respect to any counterparty's right of re-use of any collateral as outlined below under "*Risks Associated with Collateral Management*".

*Securities Lending*
The Target Fund may engage in securities lending activities. As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. The value of the collateral will be maintained to a certain level to ensure that the exposure to a given counterparty does not breach any risk-spreading rules imposed under the UCITS Regulations. However, there is a risk that the value of the collateral may fall below the value of the securities transferred. In addition, as the Target Fund may invest cash collateral received under a securities lending arrangement in accordance with the requirements set down in the UCITS Regulations 2015, the Target Fund will be exposed to the risk associated with such investments, such as failure or default of the issuer or the relevant security.

*Repurchase Agreements*
Under a repurchase agreement, the Target Fund retains the economic risks and rewards of the securities which it has sold to the counterparty and therefore is exposed to market risk in the event that it must repurchase such securities from the counterparty at the pre-determined price which is higher than the value of the securities. If it chooses to reinvest the cash collateral received under the repurchase agreement, it is also subject to market risk arising in respect of such investment.

*Reverse Repurchase Agreements*
The Target Fund may enter into reverse repurchase agreement. If the seller of securities to the Target Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Target Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the Target Fund's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Target Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Target Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller.

*Risks Associated with Collateral Management*
Where the Target Fund enters into an OTC derivative contract or a securities financing transaction, it may be required to pass collateral to the relevant counterparty or broker. Collateral that the Target Fund posts

to a counterparty or a broker that is not segregated with a third-party custodian may not have the benefit of customer-protected "segregation" of such assets. Therefore, in the event of the insolvency of a counterparty or a broker, the Target Fund may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return if the collateral becomes available to the creditors of the relevant counterparty or broker. In addition, notwithstanding that the Target Fund may only accept non-cash collateral which is highly liquid, the Target Fund is subject to the risk that it will be unable to liquidate collateral provided to it to cover a counterparty default. The Target Fund is also subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Where cash collateral received by the Target Fund is re-invested in accordance with the conditions imposed by the Central Bank of Ireland, the Target Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested. Where collateral is posted to a counterparty or broker by way of a title transfer collateral arrangement or where the Company on behalf of the Target Fund grants a right of re-use under a security collateral arrangement which is subsequently exercised by the counterparty, the Company on behalf of the Target Fund will only have an unsecured contractual claim for the return of equivalent assets. In the event of the insolvency of a counterparty, the Target Fund shall rank as an unsecured creditor and may not receive equivalent assets or recover the full value of the assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Target Fund, which could be material. In addition, assets subject to a right of re-use by a counterparty may form part of a complex chain of transactions over which the Company or its delegates will not have any visibility or control. Because the passing of collateral is effected through the use of standard contracts, the Target Fund may be exposed to legal risks such as the contact may not accurately reflect the intentions of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation.

**Investment Manager Valuation Risk**
The administrator of the Company may consult the Investment Manager with respect to the valuation of certain investments. Since the fees of the Investment Manager are based on the value of the Target Fund's investments (which fees will increase as the value of the Target Fund's investments increases), there is an inherent conflict of interest between the involvement of the Investment Manager in determining the valuation price of the Target Fund's investments and the Investment Manager's other duties and responsibilities in relation to the Target Fund. The Investment Manager has in place pricing procedures designed to ensure fair pricing of all unlisted investments, which follows industry standards for valuing such investments.

**Tax Risk**
Any change in the Target Fund's tax status or in taxation legislation could affect the value of the investments held by the Target Fund and affect the Target Fund's ability to provide investor returns. Potential investors and shareholders of the Target Fund should note that the statements on taxation which are set out herein are based on advice which has been received by the directors of the Company regarding the law and practice in force in the relevant jurisdiction as at the date of the prospectus of the Target Fund. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Target Fund will endure indefinitely.

**Foreign Account Tax Compliance Act**
The foreign account tax compliance provisions of the US Hiring Incentives to Restore Employment Act of 2010, as amended ("FATCA") which apply to certain payments are essentially designed to require reporting of Specified US Person's direct and indirect ownership of non-US accounts and non-US entities to the US Internal Revenue Service, with any failure to provide the required information resulting in a 30% US withholding tax on direct US investments (and possibly indirect US investments). In order to avoid being subject to US withholding tax, both US investors and non-US investors are likely to be required to provide information regarding themselves and their investors. In this regard the Irish and US Governments signed an intergovernmental agreement ("Irish IGA") with respect to the implementation of FATCA on 21 December 2012.

Under the Irish IGA (and the relevant Irish regulations and legislation implementing the same), foreign financial institutions (such as the Target Fund) should generally not be required to apply 30% withholding tax. To the extent the Target Fund however incurs US withholding tax on its investments as a result of FATCA, or is not in a position to comply with any requirement of FATCA, the administrator acting on behalf of the Target Fund may take any action in relation to a shareholder's investment in the Target Fund to redress such non-compliance and/or to ensure that such withholding is economically borne by the relevant shareholder of the Target Fund whose failure to provide the necessary information or to become a participating foreign financial institution or other action or inaction gave rise to the withholding or non-compliance, including compulsory redemption of some or all of such shareholder's holding of shares in the Target Fund.

Shareholders and prospective investors of the Target Fund should consult their own tax advisor with regard to US federal, state, local and non-US tax reporting and certification requirements associated with an investment in the Target Fund.

**Common Reporting Standard**

Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed the Common Reporting Standard ("**CRS**") to address the issue of offshore tax evasion on a global basis. Additionally, on 9 December 2014, the EU adopted EU Council Directive 2014/107/EU, amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation ("DAC2").

The CRS and DAC2 provide a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS and DAC2, participating jurisdictions and Member States will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges began in 2017. Ireland has legislated to implement the CRS and DAC2. As a result the Target Fund will be required to comply with the CRS and DAC2 due diligence and reporting requirements, as adopted by Ireland. Shareholders of the Target Fund may be required to provide additional information to the Target Fund to enable the Target Fund to satisfy its obligations under the CRS and DAC2. Failure to provide requested information may subject an investor of the Target Fund to liability for any resulting penalties or other charges and/or compulsory redemption of their shares in the Target Fund.

Shareholders and prospective investors of the Target Fund should consult their own tax advisor with respect to their own certification requirements associated with an investment in the Target Fund.

**Charging Expenses to Capital Risk**

Where recurring fees and expenses, or a portion thereof, are charged to capital, shareholders of the Target Fund should note that capital may be eroded and income shall be achieved by foregoing the potential for future capital growth. Thus, on redemptions of holdings shareholders of the Target Fund may not receive back the full amount invested. The policy of charging recurring expenses, or a portion thereof, to capital seeks to maximise distributions but it will also have the effect of lowering the capital value of a shareholder of the Target Fund's investment and constraining the potential for future capital growth.

**Cyber Security Risk**

The Target Fund's service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make services unavailable to intended users). Cyber security incidents affecting the Target Fund, Investment Manager, administrator or depositary or other service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with the administrator of the Target Fund's ability to calculate the Target Fund's net asset value; impediments to trading for the Target Fund; the inability of shareholders of the Target Fund to transact business relating to the Target Fund; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which the Target Fund invests, counterparties with which the Company on behalf of the Target Fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

**Brexit**

The Target Fund faces potential risks associated with the result of the referendum on the United Kingdom's continued membership of the EU, as constituted at the date of the prospectus of the Target Fund, which took place on 23 June 2016 and which resulted in a vote for the United Kingdom to leave the EU. The decision to leave could continue to materially and adversely affect the regulatory regime to which some of the Target Fund's service providers and counterparties are currently subject in the United Kingdom, particularly in respect of financial services regulation and taxation. Investors should note that the Target Fund may be required to introduce changes to the way it is structured and introduce, replace or appoint additional service providers or agents and/or amend the terms of appointment of persons or entities engaged currently to provide services to the Target Fund including but not limited to the Investment Manager. Although the Target Fund shall seek to minimise the costs and other implications of any such changes, investors should be aware that some or all of the costs of such changes may be borne by the Target Fund.

Furthermore, the vote to leave the EU may continue to result in substantial volatility in foreign exchange markets which may have a material adverse effect on the Target Fund and/or its service providers. The vote for the United Kingdom to leave the EU may continue to result in a sustained period of uncertainty, as the United Kingdom seeks to negotiate the terms of its exit. It may also destabilise some or all of the other 27 members of the EU and/or the eurozone which may also have a material adverse effect on the Target Fund, its service providers and counterparties.

## RISK MANAGEMENT STRATEGIES

Risk management is integrated in the Target Fund's investment management process. The Target Fund holdings are regularly stress-tested on multiple aspects including, but not limited to, macro-economic, liquidity and market related risk. The Target Fund would ensure that the holdings within the Target Fund are liquid within a short period of time in order to ensure redemption requests by the Fund to the Target Fund can be fulfilled.

As the Target Fund is predominantly invested in the EU, United Kingdom and the US, as well as, developed Asian economies, country-specific risks such as political, foreign exchange and repatriation, settlement and legal infrastructure risk could be limited as such risks are predominantly seen in developing and emerging countries. Nevertheless, the Target Fund's active stock selection process that scrutinise various facets of the environment which investee companies operate in, would serve as risk mitigation to risks unique to a particular industry, country and region.

In addition to the above, the Fund has the ability to perform temporary defensive measures which may involve the Fund reducing its investments in the Target Fund (where necessary) and shift to increase the Fund's allocation in asset classes which are more defensive in nature. In addition to the above, both the Fund and Target Fund would be closely monitored in terms the Fund and Target Fund's adherence to the investment exposure limits as set forth in this Prospectus.

In terms of the daily operational risks, the Target Fund would employ systems to ensure that certain limits and controls are not breached while investing in the various asset classes.

**THE ABOVE SHOULD NOT BE CONSIDERED TO BE AN EXHAUSTIVE LIST OF THE RISKS WHICH INVESTORS SHOULD CONSIDER BEFORE INVESTING IN THE FUND. INVESTORS SHOULD BE AWARE THAT AN INVESTMENT IN THE FUND MAY BE EXPOSED TO OTHER RISKS FROM TIME TO TIME. INVESTORS SHOULD CONSULT A PROFESSIONAL ADVISER FOR A BETTER UNDERSTANDING OF THE RISKS.**

# 6. WHAT ARE THE FEES AND CHARGES INVOLVED?

***Charges***

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

## 6.1 Sales Charge

| MYR Class A | MYR Class B | USD Class |
|---|---|---|
| Up to 3.00% of the NAV per Unit. | | |

*Notes:*
*(1) Investors may negotiate for a lower sales charge.*
*(2) We reserve the right to waive or reduce the sales charge.*
*(3) All sales charge will be rounded up to 2 decimal places and will be retained by us.*
*(4) The Fund's investment in the Target Fund will not be subject to any sales charge. The sales charge will be charged at the Fund level only.*

## 6.2 Redemption Charge

Nil.

## 6.3 Transfer Fee

Nil.

## 6.4 Switching Fee

Nil.

***Fees and Expenses***

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

## 6.5 Annual Management Fee

| MYR Class A | MYR Class B | USD Class |
|---|---|---|
| Up to 0.60% per annum of the NAV of the Class. | Up to 1.60% per annum of the NAV of each Class. | |

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

*Notes:*
*(1) The investment management fee charged to the Target Fund will be paid from the annual management fee of the Fund. There will be no double charging of management fee.*
*(2) In the event of a leap year, the computation will be based on 366 days. The management fee is apportioned to each Class based on the multi-class ratio.*

## 6.6 Annual Trustee Fee

The Trustee is entitled to a trustee fee of 0.03% per annum of the NAV of the Fund (excluding foreign custodian fees and charges) subject to a minimum fee of RM12,000 per annum.
The trustee fee is accrued daily and paid monthly to the Trustee. The trustee fee is calculated using the Base Currency.

*Note: In the event of a leap year, the computation will be based on 366 days. The trustee fee is apportioned to each Class based on the multi-class ratio.*

## 6.7 Other Costs of Investing in a Feeder Fund

As the Fund invests in the shares of the Target Fund, there are other fees and expenses incurred at the Target Fund level which is set out in detail under "Fees and Charges of the Target Fund" at page 14.

## 6.8 Fund Expenses

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

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

(ii) taxes and other duties charged on the Fund by the government and/or other authorities;

(iii) fees and expenses properly incurred by the auditors and tax agent appointed for the Fund;

(iv) fees incurred for the valuation of any investment of the Fund by independent valuers for the benefit of the Fund;

(v) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;

(vi) costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;

(vii) costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the Fund;

(viii) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;

(ix) costs, fees and expenses incurred in engaging any adviser for the benefit of the Fund;

(x) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;

(xi) costs, fees and expenses incurred in the termination of the Fund or a Class or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;

(xii) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed by the Fund);

(xiii) remuneration and out of pocket expenses of the independent members of the investment committee of the Fund, unless the Manager decides otherwise;

(xiv) costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority;

(xv) (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign assets of the Fund;

(xvi) expenses and charges incurred in connection with the printing and postage for the annual or interim report, tax certificates, reinvestment statements and other services associated with the administration of the Fund;

(xvii) all costs and expenses associated with the distributions declared pursuant to the Deed and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer; and

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

## 6.9 Policy on Rebates and Soft Commissions

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

However, soft commissions may be retained by us if:

(i) the soft commission is of demonstrable benefit to Unit Holders and in the form of research and advisory services that assist in the decision-making process relating to the investments of the Fund such as research material, data and quotation services and investment management tools; and

(ii) any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund.

## 6.10 Tax

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

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

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

# 7. DEALING INFORMATION

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

If you are intending to invest in a Class other than MYR Class A or MYR Class B, you are required to have a foreign currency account with any financial institution as all transactions relating to foreign currency will ONLY be made via telegraphic transfers.

## 7.1 How Can I Invest?

You can obtain a copy of the Prospectus, account opening form and investment application form from our office or from any of our authorised distributors as set out in Section 16 of this Prospectus.

The Fund's completed application form can be handed directly to us or sent by mail, together with proof of payment of the telegraphic transfer or crossed cheque. Bank charges (if applicable) will be borne by you. Please note that other than telegraphic transfer and crossed cheque, no other form of payment is allowed.

Units can be bought on any Business Day at our office between 9:00 a.m. to 5:30 p.m. However, the cut-off time is 4:00 p.m. Any application form which is received by us after the cut-off time will be deemed to have been received on the next Business Day and will be processed on the next Business Day.

We reserve the right to vary the terms and conditions of investment and payment modes from time to time, which shall be communicated to you in writing. We may also at our sole discretion reject any application that is not complete and/or not accompanied by the required documents.

**Transaction Details**

| | **MYR Class A** | **MYR Class B** | **USD Class** |
|---|---|---|---|
| **Minimum Initial Investment^** | RM 5,000,000 | RM 1,000 | USD 1,000 |
| **Minimum Additional Investment^** | RM 500,000 | RM 500 | USD 500 |
| **Minimum Units Held^** | 5,000,000 Units | 1,000 Units | 1,000 Units |
| | If the balance of your investment (i.e. total number of Units) in the Class is less than the minimum holding of Units, you will be required to make an additional investment in order to meet the required minimum balance of investment. Otherwise, we may withdraw all your Units in the Fund and pay the proceeds to you. | | |

*^subject to our discretion, you may negotiate for a lower amount or value.*

## 7.2 How Can I Redeem?

You may redeem your Units by completing a redemption application form and returning it to us on any Business Day between 9:00 a.m. to 5:30 p.m. However, the cut-off time is 4:00 p.m. Any application form which is received by us after the cut-off time will be deemed to have been received on the following Business Day and will be processed on the next Business Day.

Redemption of Units must be made in terms of Units and not in MYR or USD value. There is no limit on the minimum Units for redemption and no restriction on the frequency of redemption. However, you will need to comply with the minimum Units held (which may be changed at our discretion).

You will receive the redemption proceeds within 10 days via telegraphic transfer transferred to your bank account after we have received your redemption application provided that all documentations are complete and verifiable. Any bank charges or fees incurred due to a withdrawal by way of telegraphic transfer will be borne by you.

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.

## 7.3 Transfer of Units

Transfer of Units between Unit Holders is only allowed at our discretion.

If allowed, the transfer of Units may be effected by completing a transfer form which is available at our office and returning it to us on any Business Day between 9:00 a.m. to 5:30 p.m. However, the cut-off time is 4:00 p.m. The minimum Units to be held in the Fund shall apply to both the transferor and transferee.

## 7.4 Switching of Units

Switching of Units is a process to assist you in moving your investment between funds which are managed by us in response to a change in your investment goals and/or market conditions. A switch is effected by repurchasing Units from the fund in which the Units are held and in turn investing the net proceeds into another fund, subject to the minimum Units held and the terms and conditions applicable to that other fund.

You may switch your Units on any Business Day by completing a switching form and returning it to us on any Business Day between 9:00 a.m. to 5:30 p.m. However, the cut-off time is 4:00 p.m. Any switching form which is received by us after the cut-off time will be deemed to have been received on the following Business Day and will be processed on the next Business Day. There is no limit on the frequency of switching. However, the switching facility is only available to you if the currency denomination of the other fund that you intend to switch into is the same as the Fund.

We reserve the right to reject any switching request: (a) if we are of the view that such switch would be disruptive to efficient portfolio management; (b) if we deem it to be contrary to the best interests of either fund; or (c) if the Unit Holder would hold less than the minimum Units held after the switch.

## 7.5 Cooling-off Right

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

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

The cooling-off period shall be for a total of 6 Business Days commencing from the date the application for Units is received by us.

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

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

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

## 7.6 Mode of Distribution

You may elect to receive the income distribution by way of reinvestment as additional Units into the Fund or cash payment.

Reinvestment Process
If you elect to receive income distribution by way of reinvestment, we shall create Units for you based on the NAV per Unit on the income payment date which is 2 Business Days after the income distribution date.

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

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

Any income distribution payable which is less than or equal to RM1,000.00 (or its equivalent amount in the currency denomination of the respective Class) will be automatically reinvested on your behalf.

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

## 7.7 Unclaimed Money

Any moneys payable to you which remain unclaimed after 12 months as prescribed by Unclaimed Moneys Act 1965 ("UMA"), as may be amended from time to time, will be surrendered to the Registrar of Unclaimed Moneys by us in accordance with the requirements of the UMA. Thereafter, all claims need to be made by you with the Registrar of Unclaimed Moneys.

However, any income distribution payout by bank transfer shall be transmitted to your valid and active bank account. If the bank transfer is unsuccessful for any reason whatsoever, it will be reinvested into the Class at such date as may be determined by us provided that you still hold Units of the Class. No fee is payable for the reinvestment. In the event that you no longer hold any Unit in the Class, the distribution money would be subject to the treatment mentioned in the above paragraph as prescribed by the UMA.

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

# 8. PRICING OF UNITS

## 8.1 Computation of NAV and NAV per Unit

Due to multiple Classes in this Fund, the indirect fees and/or charges for the Fund are apportioned based on the size of the Class relative to the whole Fund. This means that the multi-class ratio ("MCR") is calculated by taking the "value of a Class" for a particular day and dividing it with the "value of the Fund" for that same day. This apportionment is expressed as a ratio and is calculated as a percentage. As an illustration, assuming there is an indirect fee chargeable to the Fund of RM100 and the size of MYR Class A, MYR Class B and USD Class over the size of the Fund is 50%, 25% and 25% respectively, the ratio of the apportionment based on the percentage will be 50:25:25, 50% being borne by MYR Class A, 25% being borne by MYR Class B and 25% being borne by USD Class.

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

Please note that the example below is for illustration only:

| | | Fund (USD) | MYR Class A (USD) | MYR Class B (USD) | USD Class (USD) |
|---|---|---|---|---|---|
| | Value of the Fund/Class | 101,500,000.00 | 50,750,000.00 | 25,375,000.00 | 25,375,000.00 |
| | **Multi-class ratio^** | **100%** | **50%** | **25%** | **25%** |
| Add: | Other assets (including cash) & income | 200,000.00 | 100,000.00 | 50,000.00 | 50,000.00 |
| Less: | Liabilities | 100,000.00 | 50,000.00 | 25,000.00 | 25,000.00 |
| | NAV before deducting management fee and trustee fee for the day | 101,600,000.00 | 50,800,000.00 | 25,400,000.00 | 25,400,000.00 |
| Less: | Management fee for the day | | (50,800,000 x 0.60% / 365 days) | (25,400,000 x 1.60% / 365 days) | (25,400,000 x 1.60% / 365 days) |
| | | 3,061.91 | 835.07 | 1,113.42 | 1,113.42 |
| Less: | Trustee fee for the day | | (50,800,000 x 0.03% / 365 days) | (25,400,000 x 0.03% / 365 days) | (25,400,000 x 0.03% / 365 days) |
| | | 83.51 | 41.75 | 20.88 | 20.88 |
| **Total NAV (USD)** | | 101,596,854.58 | 50,799,123.18 | 25,398,865.70 | 25,398,865.70 |

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

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

Assuming there are 43,000,000 Units of the Fund in circulation at the point of valuation, the NAV per Unit of a Class shall therefore be calculated as follows:

| | | **Fund (USD)** | **MYR Class A (USD)** | **MYR Class B (USD)** | **USD Class (USD)** |
|---|---|---|---|---|---|
| | NAV | 101,596,854.58 | 50,799,123.18 | 25,398,865.70 | 25,398,865.70 |
| Divide: | Units in circulation | 43,000,000 | 12,000,000 | 6,000,000 | 25,000,000 |
| | NAV per Unit of the Class (USD) | | USD4.2333 | USD4.2331 | USD1.0160 |
| | Conversion to RM (at USD1:RM4.00 exchange rate) | | RM1.0583 | RM1.0583 | |

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

## *8.2* Selling Price and Redemption Price

Single Pricing Regime

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

Selling Price of Units

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

Calculation of Selling Price

**Illustration – Sale of Units**

***Example:***

If you wish to invest RM10,000.00 in MYR Class A before 4:00 p.m. on a Business Day, and if the sales charge is 3.00% of the NAV per Unit, the total amount to be paid by you and the number of Units issued to you will be as follows:

Sales charge incurred $= \dfrac{\text{Investment Amount}}{1 + \text{sales charge (\%)}} \times \text{sales charge (\%)}$

$= \dfrac{\text{RM10,000}}{1 + 3.00\%} \times 3.00\%$

= RM291.26

Net investment amount = Investment Amount – sales charge
= RM10,000 – RM291.26
= RM9,708.74

Units credited to investor = Net investment amount / NAV per Unit
= RM9,708.74 / RM1.000
= 9.708.74 Units

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

**individual agent.**

Redemption Price of Units

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

Calculation of Redemption Price

**Illustration – Redemption of Units**

***Example:***

If you wish to redeem 10,000 Units from MYR Class A before 4:00 p.m. on a Business Day, and if no redemption charge is imposed, the total amount to be paid to you and the number of Units redeemed by you will be as follows:

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

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

The total amount to be paid to you will be the number of Units to be redeemed multiplied with the NAV per Unit.
= [10,000.00 Units x RM1.0000 (the NAV per Unit)] – redemption charge
= RM10,000.00 – RM0.00
= **RM10,000.00**

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

## 8.3 Incorrect Pricing

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

(i) by us to the Fund; or

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

However, reimbursement of money shall only apply if the error is at or above the significant threshold of 0.5% of the NAV per Unit and the amount to be reimbursed is RM10.00 (or the same value in the respective Class currency) or more.

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

# 9. THE MANAGER

## 9.1 Background Information

NAMM was incorporated on 27 September 2006 and is licensed under the CMSA for the regulated activity of fund management. NAMM is a wholly-owned subsidiary of Nomura Asset Management Co. Ltd. (NAM Tokyo). As at LPD, Nomura Asset Management group operates in 14 offices globally. NAMM is a full-fledged asset management company with on the ground resources to support the investment management, middle and back-office functions.

## 9.2 Board of Directors

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

Board of Directors
Ms. Nor Rejina Abdul Rahim (Managing Director & Country Head)
Mr. Atsushi Ichii (Executive Director)
En. Johari Abdul Muid (Independent Director)
Pn. Julia Hashim (Independent Director)

## 9.3 Our Role as the Manager

We are 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 the relevant authorities.

## 9.4 Role of Our Investment Committee

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

(i) ensure that the Fund is managed in accordance with the investment objective, the Deed, the Prospectus and internal restrictions and policies;

(ii) select appropriate strategies to achieve the proper performance of the Fund in accordance with the fund management policies;

(iii) ensure that the strategies selected are properly and efficiently implemented at the management level; and

(iv) actively monitor, measure and evaluate the investment management performance of the company and all funds under the management of the company.

The investment committee’s meetings are held 4 times a year and more frequently should the circumstances require.

## 9.5 Designated Fund Manager

The designated fund manager for the Fund is:

**Mr Leslie Yap Kim Loong – Head of Investments, Malaysia**
Leslie is the Head of Investments in NAMM. He oversees the developed markets equities team based in Kuala Lumpur and is responsible for the investment management of developed markets equities (including ethical and Shariah-compliant listed equities). Leslie's team works closely with Nomura Asset Management's London office where dedicated global sector specialists sit. Leslie is also a contributing member of a number of investment committees within the Nomura Asset Management group.

Leslie brings with him over 19 years of industry experience in the area of funds management and research coverage. He was managing Malaysian equities fund for a local insurance company prior to relocating to a research house in Shanghai where he expanded his research coverage to include Hong Kong and Chinese companies. Leslie holds a Bachelor of Engineering in Manufacturing and Operations Management from the University of Nottingham in United Kingdom. Leslie also holds a Capital Markets Services Representative Licence.

## 9.6 Material Litigation

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

*Note: For more information and/or updated information about the Manager, its board of directors, its investment committee members and its fund manager, please refer to our website at http://www.nomura-asset.com.my.*

# 10. THE TRUSTEE

## 10.1 Background Information

Deutsche Trustees Malaysia Berhad (Registration No.: 200701005591 (763590-H)) ("DTMB") was incorporated in Malaysia on 22 February 2007 and commenced business in May 2007. DTMB 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"). Deutsche Bank provides commercial and investment banking, retail banking, transaction banking, and asset and wealth management products and services to corporations, governments, institutional investors, small and medium-sized businesses, and private individuals.

## 10.2 Experience in Trustee Business

DTMB is part of Deutsche Bank's Securities Services, which provides trust, custody and related services on a range of securities and financial structures. As at LPD, DTMB is the trustee for 188 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, a subsidiary of Deutsche Bank, financially and for various functions, including but not limited to financial control and internal audit.

## 10.3 Duties and Responsibilities of the Trustee

DTMB's main functions are to act as trustee and custodian of the assets of the Funds and to safeguard the interests of Members of the Funds. 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.

## 10.4 Litigation and Arbitration

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

# 11. SALIENT TERMS OF THE DEED

## 11.1 Unit Holders' Rights and Liabilities

**Unit Holders' Rights**

A Unit Holder has the right, amongst others:

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

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

**Unit Holders' Liabilities**

1. No Unit Holder is liable for any amount in excess of the purchase price paid for the Units as determined in accordance with the Deed at the time the Units were purchased and any charges payable in relation thereto.

2. A Unit Holder shall not be under any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the Fund's assets, and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund.

## 11.2 Maximum Fees and Charges Permitted by the Deed

| Fund | Maximum Sales Charge | Maximum Redemption Charge | Maximum Annual Management Fee | Maximum Annual Trustee Fee |
|---|---|---|---|---|
| MYR Class A | 5.00% of the NAV per Unit. | 5.00% of the NAV per Unit. | 3.00% per annum of the NAV of each Class. | 0.10% per annum of the NAV of the Fund (excluding foreign custodian fees and charges), subject to a minimum fee of RM12,000 per annum. |
| MYR Class B | | | | |
| USD Class | | | | |

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

## 11.3 Procedures to Increase the Direct and Indirect Fees and Charges

**Sales Charge**

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

(a) the Manager has notified the Trustee in writing of and the effective date for the higher charge;

(b) a supplemental prospectus or replacement prospectus in respect of the Fund setting out the higher charge is registered, lodged and issued; and

(c) such time as may be prescribed by any relevant law has elapsed since the effective date of the supplemental prospectus or replacement prospectus.

**Redemption Charge**

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

(a) the Manager has notified the Trustee in writing of and the effective date for the higher charge;

(b) a supplemental prospectus or replacement prospectus in respect of the Fund setting out the higher charge is registered, lodged and issued; and

(c) such time as may be prescribed by any relevant law has elapsed since the effective date of the supplemental prospectus or replacement prospectus.

**Management Fee**

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

(a) the Manager has come to an agreement with the Trustee on the higher rate;

(b) the Manager has notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective; such time as may be prescribed by any relevant law shall have elapsed since the notice is sent;

(c) a supplemental prospectus or replacement prospectus stating the higher rate is registered, lodged and issued thereafter; and

(d) such time as may be prescribed by any relevant law shall have elapsed since the date of the supplemental prospectus or replacement prospectus.

**Trustee Fee**

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

(a) the Manager has come to an agreement with the Trustee on the higher rate;

(b) the Manager has notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective; such time as may be prescribed by any relevant law shall have elapsed since the notice is sent;

(c) a supplemental prospectus or replacement prospectus stating the higher rate is registered, lodged and issued thereafter; and

(d) such time as may be prescribed by any relevant law shall have elapsed since the date of the supplemental prospectus or replacement prospectus.

## 11.4 Expenses Permitted by the Deed

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

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

(ii) taxes and other duties charged on the Fund by the government and/or other authorities;

(iii) fees and expenses properly incurred by the auditors and tax agent appointed for the Fund;

(iv) fees incurred for the valuation of any investment of the Fund by independent valuers for the benefit of the Fund;

(v) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;

(vi) costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;

(vii) costs, commissions, fees and expenses of the sale, purchase, insurance and any other dealing of any asset of the Fund;

(viii) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;

(ix) costs, fees and expenses incurred in engaging any adviser for the benefit of the Fund;

(x) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;

(xi) costs, fees and expenses incurred in the termination of the Fund or a Class or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;

(xii) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed by the Fund);

(xiii) remuneration and out of pocket expenses of the independent members of the investment committee of the Fund, unless the Manager decides otherwise;

(xiv) costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority;

(xv) (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign assets of the Fund;

(xvi) expenses and charges incurred in connection with the printing and postage for the annual or interim report, tax certificates, reinvestment statements and other services associated with the administration of the Fund;

(xvii) all costs and expenses associated with the distributions declared pursuant to the Deed and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer; and

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

## 11.5 Retirement, Removal and Replacement of the Manager

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

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

(a) if the Manager has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interest of the Unit Holders for the Trustee to do so after the Trustee has given notice to the Manager of that opinion and the reasons for that opinion, and has considered any representations made by the Manager in respect of that opinion and after consultation with the relevant authorities and with the approval of the Unit Holders by way of a special resolution;

(b) unless expressly directed otherwise by the relevant authorities, if the Manager is in breach of any of its obligations or duties under the Deed or the relevant laws, or has ceased to be eligible to be a management company under the relevant laws; or

(c) the Manager has gone into liquidation except for the purpose of amalgamation or reconstruction or some similar purpose, or has had a receiver appointed or has ceased to carry on business.

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

## 11.6 Retirement, Removal and Replacement of the Trustee

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

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

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

(a) the Trustee has ceased to exist;

(b) the Trustee has not been validly appointed;

(c) the Trustee is not eligible to be appointed or to act as trustee under any relevant law;

(d) the Trustee has failed or refused to act as trustee in accordance with the provisions or covenants of the Deed or any relevant law;

(e) a receiver has been appointed over the whole or a substantial part of the assets or undertaking of the Trustee and has not ceased to act under the appointment, or a petition is presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or

(f) the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 or any relevant law.

## 11.7 Termination of the Fund

Termination of the Fund

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

(a) the authorisation of the Fund has been revoked by the SC; or

(b) a special resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund.

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

Termination of a Class

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

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

## 11.8 Unit Holders' Meeting

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

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

Quorum

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

   (i) if the Fund or a Class, as the case may be, has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund or a Class, as the case may be, shall be two (2) Unit Holders, whether present in person or by proxy; or

(ii) if the Fund or a Class, as the case may be, has only two (2) Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund or a Class, as the case may be, shall be one (1) Unit Holder, whether present in person or by proxy.

(b) If the meeting has been convened for the purpose of voting on a special resolution, the Unit Holders present in person or by proxy must hold in aggregate at least twenty five per centum (25%) of the Units in circulation of the Fund or a Class, as the case may be, at the time of the meeting.

# 12. CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

**Related Party Transactions**

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

| Name of Party | Name of Related Party and Nature of Relationship | Existing / Potential Related Party Transaction |
|---|---|---|
| Manager | Nomura Asset Management Singapore Limited<br><br>Nomura Asset Management Singapore Limited and the Manager are both wholly owned by Nomura Asset Management Co. Ltd. | Nomura Asset Management Singapore Limited provides system maintenance and information technology administrative support to the Manager. |
| Manager | Nomura Asset Management U.K. Ltd<br><br>Nomura Asset Management U.K. Ltd and the Manager are both wholly owned by Nomura Asset Management Co. Ltd. | Investment Manager of the Target Fund:<br><br>Nomura Asset Management U.K. Ltd is the investment manager of the Target Fund. |

**Deutsche Trustees Malaysia Berhad**

As the trustee for the Fund and the Manager's delegate for the fund accounting and valuation services, 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 SC's guidelines and other applicable laws;

3) where the Manager appoints the Trustee to perform its back office functions (e.g. fund accounting and valuation); and

4) where the Trustee has delegated its custodian function for the Fund to Deutsche Bank (Malaysia) Berhad.

The Trustee 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 the Trustee 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. The Trustee'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.

### Policies On Dealing With Conflict Of Interest Situations

We (including our directors) will at all time act in your best interests and will not conduct ourselves in any manner that will result in a conflict of interest or potential conflict of interest. In the unlikely event that any conflict of interest arises, such conflict shall be resolved so that the Fund is not disadvantaged. In the unlikely event that we face conflicts in respect of our duties as the manager to the Fund and to other funds that we manage, we are obliged to act in the best interests of all our investors and will seek to resolve any conflicts fairly and in accordance with the Deed.

We shall not act as principal in the sale and purchase of any securities or investments to and from the Fund. We shall not make any investment for the Fund in any securities, properties or assets in which we or our officer have financial interest in or from which we or our officer derives a benefit. Our staff are required to obtain management approval prior to making any sale and/or purchase of any security. Management approval will not be given if the proposed transaction results in a conflict of interest or a potential conflict of interest.

We (including our directors) who hold substantial shareholdings or directorships in public companies shall refrain from any decision making relating to that particular investment of the Fund.

We generally discourage cross trades and prohibit any transactions between client(s) accounts and fund accounts. Any cross trade activity require prior approval with the relevant supporting justification(s) to ensure the trades are executed in the best interest of both funds and such transactions were executed at arm’s length. Cross trades will be reported to the investment committee of the Fund to ensure compliance to the relevant regulatory requirements.

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

### Details of any direct or indirect interest held by the director and substantial shareholder of the Manager in another corporation carrying on a similar business

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

As at LPD, Nomura Asset Management Co. Ltd., which is our sole shareholder, has direct interests in the following corporation in Malaysia which is carrying on similar business as us:

(i) Nomura Islamic Asset Management Sdn Bhd.

Nomura Asset Management Co. Ltd. also has direct interest in non-Malaysian corporations within the Nomura Asset Management group of companies which are carrying on similar business as us.

### Other Declarations

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

# 13. ADDITIONAL INFORMATION

**(a) Enquiries**

Unit Holders can seek assistance on any issue relating to the Fund, from our client servicing personnel at our office or at any of our authorised distributors' offices during office hour. Alternatively, you may e-mail your enquiries to marketing@nomura-asset.com.my.

**(b) Keeping Track of the Daily Prices of Units**

We will publish the Fund's NAV per Unit on our website at https://www.nomura-asset.com.my.

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

**(c) Financial Reports**

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

**(d) Unclaimed Monies**

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

**(e) Deed**

| | |
|---|---|
| **Deed of the Fund** | Deed dated 26 March 2021 |

The Deed can be inspected at our office during office hours on any Business Day.

**(f) Approvals and Conditions**

On 6 May 2021, the Fund has been approved by the SC to qualify as a SRI Fund under the Guidelines on Sustainable and Responsible Investment Funds.

**(g) Consents**

(i) The consent of the Trustee and the Investment Manager for the inclusion of their names in this Prospectus in the manner and form in which such names appear have been given before the date of issue of this Prospectus and none of them have subsequently withdrawn their written consents.

(ii) The tax adviser has given its consent to the inclusion of its name and the Tax Adviser's Letter on taxation of the Fund and Unit Holders in the form and context in which it appears in this Prospectus and have not withdrawn such consent prior to the date of this Prospectus.

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

# 14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office or such other place as the SC may determine, during normal business hours:

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

# 15. TAXATION ADVISER'S LETTER

## TAXATION ADVISER'S LETTER
## ON TAXATION OF THE FUND AND UNIT HOLDERS
## (Prepared for inclusion in this First Prospectus)

**PricewaterhouseCoopers Taxation Services Sdn Bhd**
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
P.O.Box 10192
50706 Kuala Lumpur

**The Board of Directors**
Nomura Asset Management Malaysia Sdn Bhd
Suit No 12.2, Level 12
Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

12 March 2021

**TAXATION OF THE FUND AND UNIT HOLDERS**

Dear Sirs,

This letter has been prepared for inclusion in the First Prospectus in connection with the offer of units in Nomura Global Sustainable Equity Fund ("the Fund").

The taxation of income for both the Fund and the Unit Holders are subject to the provisions of the Malaysian Income Tax Act 1967 ("the Act"). The applicable provisions are contained in Section 61 of the Act, which deals specifically with the taxation of trust bodies in Malaysia.

**TAXATION OF THE FUND**

The Fund will be regarded as resident for Malaysian tax purposes since the Trustee of the Fund is resident in Malaysia.

**(1) Domestic Investments**

**(i) General Taxation**

Subject to certain exemptions, the income of the Fund consisting of dividends or interest income (other than interest income which is exempt from tax) and other investment income derived from or accruing in Malaysia, after deducting tax allowable expenses, is liable to Malaysian income tax at the rate of 24 per cent.

Gains on disposal of investments in Malaysia by the Fund will not be subject to Malaysian income tax.

**(ii) Dividends and Other Exempt Income**

All companies have adopted the single-tier system in Malaysia. Hence, dividends received would be exempted from tax and the deductibility of expenses incurred against such dividend income would be disregarded. There will no longer be any tax refund available for single-tier dividends received. Dividends received from companies under the single-tier system would be exempted.

The Fund may receive Malaysian dividends which are tax exempt. The exempt dividends may be received from investments in companies which had previously enjoyed or are currently enjoying the various tax incentives provided under the law. The Fund will not be taxable on such exempt income.

Interest or profit[1] or discount income derived from the following investments is exempt from tax:

(a) Securities or bonds issued or guaranteed by the government of Malaysia;
(b) Debenture[2] other than convertible loan stocks, approved or authorized by, or lodged with, the Securities Commission Malaysia; and
(c) Bon Simpanan Malaysia issued by Bank Negara Malaysia.

Interest or profit income derived from the following investments is exempt from tax:

(a) Interest/profit income paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013;
(b) Interest/profit income paid or credited by any development financial institution regulated under the Development Financial Institutions Act 2002;
(c) Bonds, other than convertible loan stocks, paid or credited by any company listed in Bursa Malaysia Securities Berhad ACE Market; and
(d) Interest/profit income paid or credited by Malaysia Building Society Berhad[3].

The interest income or discount income exempted from tax at the Fund's level will also be exempted from tax upon distribution to the Unit Holders.

Exception:-

With effect from 1 January 2019, the exemption shall not apply to interest income paid or credited to a unit trust that is a wholesale money market fund.

[1] Section 2(7) of the Income Tax Act 1967, any reference to interest shall apply, mutatis mutandis, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah.

The effect of this is that any gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah, will be accorded the same tax treatment as if they were interest.

[2] Structured products approved by the Securities Commission Malaysia are deemed to be "debenture" under the Capital Markets and Services Act, 2007 and fall within the scope of exemption.

[3] Exemption granted through letters from Ministry of Finance Malaysia dated 11 June 2015 and 16 June 2015 and it is with effect year of assessment ("YA") 2015.

The Ministry of Finance has communicated that the tax exemptions available to retail money market funds on interest/profit earned from deposits will no longer apply to corporate investors with effect from 1 July 2021 onwards. This will mean that interest/profit income which would normally be tax exempted at Fund level will no longer be tax exempted if received by corporate investors.

### (1) Foreign Investments

Income of the Fund in respect of income received from overseas investment is exempt from Malaysian tax by virtue of Paragraph 28 of Schedule 6 of the Act and distributions from such income will be tax exempt in the hands of the Unit Holders. Such income from foreign investments may be subject to foreign taxes or withholding taxes. Any foreign tax suffered on the income in respect of overseas investment is not tax refundable to the Fund.

The foreign income exempted from Malaysian tax at the Fund's level will also be exempted from tax upon distribution to the Unit Holders.

### (2) Hedging Instruments

The tax treatment of hedging instruments would depend on the particular hedging instruments entered into. Generally, any gain / loss relating to the principal portion will be treated as capital gain / loss. Gains / losses relating to the income portion would normally be treated as revenue gains / losses. The gain / loss on revaluation will only be taxed or claimed upon realisation. Any gain / loss on foreign exchange is treated as capital gain / loss if it arises from the revaluation of the principal portion of the investment.

### (3) Tax Deductible Expenses

Expenses wholly and exclusively incurred in the production of gross income are allowable as deductions under Section 33(1) of the Act. In addition, Section 63B of the Act provides for tax deduction in respect of managers' remuneration, expenses on maintenance of the register of Unit Holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postages based on a formula subject to a minimum of 10 per cent and a maximum of 25 per cent of the expenses.

### (4) Real Property Gains Tax ("RPGT")

With effect from 1 January 2019, any gains on disposal of real properties or shares in real property companies[4] ("chargeable asset") would be subject to RPGT as follows:-

| **Disposal time frame** | **RPGT rates (Companies incorporated in Malaysia and Trustee of a trust)** |
|---|---|
| Within 3 years | 30% |
| In the 4th year | 20% |
| In the 5th year | 15% |
| In the 6th year and subsequent years | 10% |

[4] A real property company is a controlled company which owns or acquires real property or shares in real property companies with a market value of not less than 75% of its total tangible assets. A controlled company is a company which does not have more than 50 members and is controlled by not more than 5 persons.

### (5) Sales and Service Tax ("SST")

SST has been reintroduced to replace the Goods and Services Tax ("GST"). The rates for sales tax are nil, 5 per cent, 10 per cent or a specific rate whereas the rate for service tax is at 6 per cent.

Sales tax will be chargeable on taxable goods manufactured in or imported into Malaysia, unless specifically exempted by the Minister. Whereas, only specific taxable services provided by specific taxable persons will be subject to service tax. Sales tax and service tax are single stage taxes. As such, SST incurred would generally form an irrecoverable cost to the business.

In general, the Fund, being collective investment vehicle, will not be caught under the service tax regime.

Certain brokerage, professional, consultancy or management services obtained by the Fund may be subject to service tax at 6 percent. However, fund management services and trust services are excluded from service tax.

With effect from 1 January 2019, service tax will apply to any taxable service that is acquired by any business in Malaysia from a non-Malaysian service provider. In this connection, should the Fund acquire imported taxable services from foreign service providers, there is a need to self-impose the 6% service tax and remit the tax to the Royal Malaysian Customs Department in the prescribed form.

### (6) Digital Service Tax

Effective 1 January 2020, service tax at 6% will be imposed on digital services provided by both local and foreign service providers. Digital services are defined as services which are delivered or subscribed over the internet or other electronic network and cannot be delivered without the use of IT and the delivery of the service is substantially automated. This could potentially result in certain service providers charging digital service tax to the Fund, resulting in an increase in cost attributable to the distribution of income can be utilised against the tax liabilities of these Unit Holders.

Individuals and other non-corporate Unit Holders who are tax resident in Malaysia will be subject to income tax at graduated rates ranging from 1 per cent to 30 per cent. Individuals and other non-corporate Unit Holders who are not resident in Malaysia will be subject to income tax at 30 per cent. The tax credits attributable to the distribution of income will be utilised against the tax liabilities of these Unit Holders.

Non-resident Unit Holders may also be subject to tax in their respective jurisdictions and depending on the provisions of the relevant tax legislation and any double tax treaty with Malaysia, the Malaysian tax suffered may be creditable in the foreign tax jurisdictions.

The distribution of exempt income and gains arising from the disposal of investments by the Fund will be exempted from tax in the hands of the Unit Holders.

Any gains realised by Unit Holders (other than those in the business of dealing in securities, insurance companies or financial institutions) on the sale or redemption of the Units are treated as capital gains and will not be subject to income tax. This tax treatment will include in the form of cash or residual distribution in the event of the winding up of the Fund.

**TAXATION OF UNIT HOLDERS**

Unit Holders will be taxed on an amount equivalent to their share of the total taxable income of the Fund to the extent of the distributions received from the Fund. The income distribution from the Fund will carry a tax credit in respect of the tax paid by the Fund. Unit Holders will be entitled to utilise the tax credit against the tax payable on the income distribution received by them. No additional withholding tax will be imposed on the income distribution from the Fund.

Corporate Unit Holders, resident[5] and non-resident, will generally be liable to income tax at 24 per cent on distribution of income received from the Fund. The tax credits

Unit Holders electing to receive their income distribution by way of investment in the form of new units will be regarded as having purchased the new Units out of their income distribution after tax.

Unit splits issued by the Fund are not taxable in the hands of Unit Holders.

We hereby confirm that the statements made in this report correctly reflect our understanding of the tax position under current Malaysian tax legislation. Our comments above are general in nature and cover taxation in the context of Malaysian tax legislation only and do not cover foreign tax legislation. The comments do not represent specific tax advice to any investors and we recommend that investors obtain independent advice on the tax issues associated with their investments in the Fund.

Yours faithfully,
for and on behalf of
PRICEWATERHOUSECOOPERS TAXATION SERVICES SDN BHD

Jennifer Chang
Partner

PricewaterhouseCoopers Taxation Services Sdn Bhd have given their written consent to the inclusion of their report as taxation adviser in the form and context in which it appears in this First Prospectus and have not, before the date of issue of this First Prospectus, withdrawn such consent.

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[5] Pursuant to the Finance Act which was gazette on 31 December 2019, resident companies with paid up capital in respect of ordinary shares of RM2.5 million and below and having an annual sales of not more than RM50 million will pay tax at 17% for the first RM600,000 of chargeable income with the balance taxed at 24% with effect from YA 2020.

With effect from YA 2009, the above shall not apply if more than –

(a) 50% of the paid-up capital in respect of ordinary shares of the company is directly or indirectly owned by a related company;
(b) 50 % of the paid-up capital in respect of ordinary shares of the related company is directly or indirectly owned by the first mentioned company;
(c) 50% of the paid-up capital in respect of ordinary shares of the first mentioned company and the related company is directly or indirectly owned by another company.

# 16. DIRECTORY

**Nomura Asset Management Malaysia Sdn Bhd**
**(200601028939 (748695-A))**

**Registered Office/ Business Address**
Suite No. 12.2, Level 12, Menara IMC
No. 8, Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Tel: 03-2027 6688
Fax: 03-2027 6624
Email: marketing@nomura-asset.com.my

**LIST OF DISTRIBUTORS**

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