

## **PROSPECTUS**

This Prospectus is dated 1 October 2022.

### **NOMURA i-CASH FUND**

(constituted on 11 June 2012 and launched on 7 November 2012)

**MANAGER:**

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

**TRUSTEE:**

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

**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 8.**

**THIS PROSPECTUS REPLACES AND SUPERCEDES THE PROSPECTUS FOR NOMURA i-CASH FUND DATED 1 MAY 2019.**

## **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 i-Cash Fund and a copy of this Prospectus has been registered with the SC.

The authorisation of the Nomura i-Cash Fund, and registration of this Prospectus, should not be taken to indicate that the SC recommends the Nomura i-Cash 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 i-Cash 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 i-Cash Fund.

Nomura i-Cash Fund has been certified as being Shariah-compliant by the Shariah adviser appointed for this 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 i-Cash Fund to which this Prospectus relates, may be made in any Foreign Jurisdiction or under any circumstances where such action is unauthorised.

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# 1. CORPORATE DIRECTORY

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

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BUSINESS OFFICE** Suite No. 12.2, Level 12, Menara IMC  
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Malaysia

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**WEBSITE** <https://www.nomura-asset.com.my>

**E-MAIL** [marketing@nomura-asset.com.my](mailto:marketing@nomura-asset.com.my)

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

**REGISTERED OFFICE/  
BUSINESS OFFICE** Level 20, Menara IMC  
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**E-MAIL** [dtmb.rtm@db.com](mailto:dtmb.rtm@db.com)

**SHARIAH ADVISER** ZICO Shariah Advisory Services Sdn Bhd  
(Registration No.: 200701011429 (769433-D))

**REGISTERED OFFICE /  
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**TELEPHONE NUMBER** Tel: 603-9212 0976  
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**WEBSITE** [www.zico.group](http://www.zico.group)

**E-MAIL** [zh-shariah@zishariah.com](mailto:zh-shariah@zishariah.com)

## 2. GLOSSARY

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

Base Currency	MYR, the currency in which the Fund is denominated.
BNM	Bank Negara Malaysia.
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.
CMSA	Capital Markets and Services Act 2007 as may be amended from time to time.
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.
financial institution	<p>If the institution is in Malaysia–</p> <ul style="list-style-type: none"><li>(i) licensed bank;</li><li>(ii) licensed investment bank; or</li><li>(iii) licensed Islamic bank.</li></ul> <p>If the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services.</p>
Forward Pricing	The price of a Unit which is the NAV per Unit calculated at the next valuation point after an application for purchase or redemption request is received by the Manager.
Fund	Nomura i-Cash Fund.
Guidelines	Guidelines on Unit Trust Funds issued by the SC.
LPD	31 May 2022, being the latest practicable date of all information in this Prospectus.
Manager / NAMM	Nomura Asset Management Malaysia Sdn Bhd (Registration No.: 200601028939 (748695-A)).
Net Asset Value / NAV	The value of the Fund's assets less its liabilities at the valuation point.
NAV per Unit	The NAV of the Fund at the valuation point divided by the total number of Units in circulation at the same valuation point.
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.
SAC	Shariah Advisory Council.

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.
Shariah	Islamic law comprising the whole body of rulings pertaining to human conducts derived from sources of Shariah.
Shariah Adviser	ZICO Shariah Advisory Services Sdn Bhd.
Shariah requirements	Is a phrase or expression which generally means making sure that any human conduct must not involve any elements which are prohibited by the Shariah and that in performing that conduct all the essential elements that make up the conduct must be present and each essential element must meet all the necessary conditions required by the Shariah for that element.
short-term	A period of less than 1 year.
sukuk	Documents or certificates of equal value documenting undivided ownership or investment in the assets using Shariah principles and concepts endorsed by the SAC of the SC.
Trustee / DTMB	Deutsche Trustees Malaysia Berhad (Registration No.: 200701005591 (763590-H)).
Unit	A measurement of the right or interest of a Unit Holder in the Fund and means a unit of the Fund.
Unit Holder	A person registered as the holder of a Unit, including persons jointly registered, for the Fund.

### **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 i-CASH FUND

<b>Fund Category</b>	Money Market (Islamic)
<b>Fund Type</b>	Income
<b>Base Currency</b>	MYR
<b>Launch Date</b>	7 November 2012
<b>Investment Objective</b>	<p>The Fund seeks to provide investors with regular income distributions through investments in Islamic deposits, Islamic placement of money at call, general investment accounts and Islamic negotiable instruments.</p> <p><i>Any material change to the Fund's objective would require Unit Holders' approval.</i></p>
<b>Investment Strategy</b>	<p>The Fund will be managed in accordance with Shariah requirements and thus the investments to be made by the Fund will also follow Shariah requirements. In that respect, the Fund will invest in Islamic deposits such as Islamic placement of money at call and/or Islamic money market instruments such as general investment accounts and Islamic negotiable instruments. The combination of these instruments may allow the Manager to obtain higher returns over a one year investment horizon compared to merely placing monies in Islamic deposits. The Manager will actively manage the permitted investments and maturity structure of the investments in the Fund to optimise return for investors in accordance to the interest rates outlook and analysis.</p> <p>The Fund performance relies on the professional judgment of the Manager to make decisions concerning the Fund's portfolio investments. The basic investment philosophy of the Manager is to seek to provide regular income distributions while preserving* capital and maintaining liquidity. The Manager believes that an important way to accomplish this is by analysing various factors, including the current and anticipated changes in interest rates; and economic statistics that could affect the investments undertaken by the Fund.</p> <p>The current and expected future economic environment is amongst the key factors that affect the monetary policy decision setting of any central bank. Amongst the tools that a central bank can employ to reflect its monetary policy stance include the setting of the interest rate level. During periods of lacklustre growth, the central bank may keep interest rates low to promote higher economic activity and conversely, raise rates if inflation is rising rapidly in a strong growth environment. By monitoring historical and forecasted economic statistics, the Manager can develop a view on potential changes in monetary policy moving forward and thus manage the duration of the permitted investments to account for those potential changes.</p> <p>The Fund generally adopts a hold-to-maturity policy as the Fund's investments are within one year investment horizon that only provides profits upon their maturity.</p> <p>The Fund will invest in Islamic deposits and/or Islamic money market instruments with financial institutions. The financial institutions are subject to a minimum credit rating of at least "A3" or "P2" by RAM Rating Services Berhad or an equivalent rating by Malaysian Rating Corporation Berhad at the point of placement or purchase. In the unlikely event of a credit rating downgrade, the Manager reserves the right to withdraw the Islamic deposits or Islamic money market instruments in</p>



	<p>the best interest of the investors within a reasonable time frame taking into consideration prevailing market conditions and factors.</p> <p><i>Note:</i>  * <i>The Fund is not a capital guaranteed or capital protected fund and the returns are not guaranteed.</i></p>
<b>Asset Allocation</b>	- A maximum of 100% of the Fund's NAV to be invested in Islamic deposits and/or Islamic money market instruments with a remaining maturity period of not more than 397 days.
<b>Distribution Policy</b>	Subject to the availability of realised income received from the investment, the Fund will distribute income at least once a month.
<b>Performance Benchmark</b>	<p>BNM Islamic Interbank Overnight Rate  Source: www.bnm.gov.my</p> <p><i>Note: The risk profile of the Fund is different from the risk profile of the performance benchmark.</i></p>
<b>Permitted Investments</b>	<p>The Fund will invest in the following investments:</p> <ul style="list-style-type: none"> <li>• Islamic deposits and Islamic placement of money at call with financial institutions;</li> <li>• General investment accounts and Islamic negotiable instruments; and</li> <li>• Any other form of Shariah-compliant instruments as may be permitted by the SC from time to time that is in line with the Fund's objective.</li> </ul>
<b>Investment Restrictions and Limits</b>	<p>The Fund is subject to the following investment restrictions and limits:</p> <p>(a) The value of the Fund's investments in permitted investments which have a remaining maturity period of not more than 397 days must not be less than 90% of the Fund's NAV;</p> <p>(b) The Fund shall not invest in permitted investments which have a remaining maturity period of more than 397 days;</p> <p>(c) The value of the Fund's placement in Islamic deposits with any single financial institution must not exceed 20% of the Fund's NAV ("single financial institution limit"). The single financial institution limit does not apply to placements of Islamic deposits arising from:</p> <ul style="list-style-type: none"> <li>➤ subscription monies received prior to the commencement of investment by the Fund;</li> <li>➤ liquidation of investments prior to the termination of the Fund, where the placement of Islamic deposits with various financial institutions would not be in the best interest of Unit Holders; or</li> <li>➤ monies held for the settlement of redemption or other payment obligations, where the placement of Islamic deposits with various financial institutions would not be in the best interest of Unit Holders;</li> </ul> <p>(d) The value of the Fund's investments in Islamic money market instruments issued by a single issuer must not exceed 20% of the Fund's NAV ("single issuer limit");</p> <p>(e) The aggregate value of the Fund's investments in, or exposure to, a single issuer through the following must not exceed 25% of the Fund's NAV ("single issuer aggregate limit"):</p> <ul style="list-style-type: none"> <li>➤ Islamic money market instruments; and</li> <li>➤ Islamic deposits;</li> </ul> <p>(f) The value of the Fund's investment Islamic money market instruments issued by any group of companies must not exceed 30% of the Fund's NAV ("group limit");</p> <p>(g) The Fund's investments in Islamic money market instruments must not exceed 20% of the instruments issued by any single issuer. This limit does not apply to Islamic money market instruments that do not have a predetermined issue size;</p>

	<p>(h) The Fund shall not invest in sukuk or Islamic collective investment schemes; and</p> <p>(i) Portions of the Fund's NAV that is not utilised for permitted investments shall be held in cash.</p> <p>Please note that the above investment restrictions and limits does not apply to securities or instruments issued or guaranteed by the Malaysian government or BNM.</p> <p>The aforesaid investment restrictions and limits will be complied with at all times based on the most up-to-date value of the Fund's investments.</p> <p>We shall notify the SC, within 7 Business Days, of any breach of investment restrictions and limits stated above with the steps taken to rectify and prevent such breach from recurring. However, any breach as a result of:</p> <p>(a) appreciation or depreciation in value of the Fund's investments;</p> <p>(b) repurchase of Units or payment made out of the Fund;</p> <p>(c) change in capital of a corporation in which the Fund has invested in; or</p> <p>(d) downgrade in or cessation of a credit rating,</p> <p>need not be reported to the SC but must be rectified as soon as practicable within 3 months from the date of the breach unless otherwise specified in the Guidelines. The 3-month period may be extended if it is in the best interest of Unit Holders and Trustee's consent is obtained. Such extension must be subject to at least a monthly review by the Trustee.</p>
<b>Valuation Point</b>	<p>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.</p> <p>As such, the daily price of the Fund for a particular Business Day will be published on the next Business Day.</p>
<b>Bases for Valuation of the Assets of the Fund</b>	<p><b>Islamic Deposits and/or Cash</b>  Placements of Islamic deposits with financial institutions will be valued daily by reference to the principal value of the Islamic deposits and the profits accrued thereon for the relevant period. Cash held on hand will be valued based on its carrying value.</p> <p><b>Islamic Money Market Instruments</b>  Investments in general investment accounts and/or Islamic negotiable instruments with financial institutions will be valued daily by reference to the principal value of the general investment accounts and/or Islamic negotiable instruments, and the profits accrued thereon for the relevant period.</p> <p>Investments in Islamic money market instruments with remaining term to maturity of not more than 90 days at the time of acquisition will be valued daily based on the accretion of discount or amortisation of premium on a yield to maturity basis.</p> <p>Investments in Islamic money market instruments other than the above instruments will be valued by reference to the average indicative price quoted by at least 3 independent and reputable institutions 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.</p> <p><b>Any Other Shariah-compliant Investment</b>  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.</p>
<b>Financial Year End</b>	30 <sup>th</sup> April

<b>Investor's Profile</b>	The Fund is for investors who are seeking for a portfolio of investments that adhere to Shariah principles, require a high level of liquidity, have a short-term investment horizon of 1-year and below, and have a low risk tolerance.
<b>Financing and Shariah-compliant Securities Lending</b>	<p>The Fund may not obtain cash financing or borrow other assets in connection with its activities. However, the Fund may obtain cash financing on a temporary basis for the purpose of meeting redemption requests for Units and for short term bridging requirements subject to the following:</p> <ul style="list-style-type: none"> <li>• the Fund's cash financing is only on a temporary basis and that financing is not persistent;</li> <li>• the financing period must not exceed 1 month;</li> <li>• the aggregate financing of the Fund must not exceed 10% of the Fund's NAV at the time the financing is incurred; and</li> <li>• the Fund may only obtain financing from Islamic financial institutions.</li> </ul> <p>The Fund will not participate in Shariah-compliant securities lending and repurchase transactions within the meaning of the Guidelines as we do not intend to do so.</p>

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

## 4. UNDERSTANDING THE RISKS OF THE FUND

Below are the risks associated with the investments of the Fund. Before investing, you should first consider these factors. You are recommended to read the whole Prospectus to assess the risk of the 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 or financed money includes investors being unable to service the loan repayments/make financing payments. 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/financing.

### SPECIFIC RISKS OF THE FUND

#### Credit and Default Risk

Credit risk relates to the creditworthiness of the issuers of the Islamic money market instruments and their expected ability to make timely payment of profit and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the Islamic money market instruments. Default risk relates to the risk that an issuer of a Islamic money market instrument either defaulting on payments or failing to make

payments in a timely manner which will in turn adversely affect the value of the Islamic money market instruments. If the financial institution which the Fund places Islamic deposits with defaults in payment or become insolvent, the Fund may also suffer capital losses with regards to the capital invested and profits foregone, causing the performance of the Fund to be adversely affected. This could affect the value of the Fund as up to 100% of the NAV of the Fund may be invested in Islamic deposits, Islamic money market instruments and/or held in cash.

#### **Interest Rate Risk**

Islamic deposits placed with financial institutions are subjected to the movement in the country's interest rate; in general, this corresponds to the central bank's overnight policy rate. The profit rates offered by the financial institutions are expected to be lower in a low interest rate environment.

#### **Liquidity Risk**

Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. If the Fund holds assets that are illiquid, or are difficult to dispose of, the value of the Fund will be negatively affected when it has to sell such assets at unfavourable prices.

The liquidity risk of the Fund also refers to 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 Fund's investments 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 Fund's investments at unfavourable prices to meet redemption requirements.

#### **Reinvestment Risk**

This is a risk that future proceeds (profit and/or capital) are reinvested at a lower potential profit rate for Islamic deposits which are placed with financial institutions. Reinvestment risk is especially evident during periods of falling profit rates where the profit payments are reinvested at a lower profit rate compared to the initial profit rate.

#### **Shariah Non-compliance Risk**

This risk refers to the risk that the Manager may invest in a Shariah non-compliant investment in the Fund. The said Shariah non-compliant investment will be withdrawn within one month of knowing the status of the investment. In the event the investment resulted in gain (through gain and/ or profit), the gain is to be channelled to baitulmal and/or any other charitable bodies as advised by the Shariah Adviser.

#### **Risks Associated With the Use of Accretion or Amortised Cost Accounting**

We are using accretion or amortised cost accounting to value Islamic money market instruments with remaining term to maturity of not more than 90 days at the time of acquisition. Accretion or amortised cost accounting is an accounting process used to adjust the value between the purchase date and maturity date of an Islamic money market instruments that has been bought at a discounted rate or premium. Accretion is the accumulation of paper value on a discounted Islamic money market instruments until it reaches maturity. Where amortisation is used to calculate the yield at any given time of an Islamic money market instruments bought at a premium, it is the writing off of the investment's premium over its projected life until maturity.

We have delegated the fund accounting and valuation services of the Fund to the Trustee. There may be a possibility of incorrect valuation performed by the Trustee due to human error or system failure. To mitigate this risk, we have our own set of accretion or amortised cost accounting to reconcile the accretion or amortised cost performed by the Trustee on a daily basis. Should the difference in valuation exceeds the threshold of 0.05%, we will perform an investigation on the Trustee's valuation.

#### **Suspension of Redemption Request Risk**

Having considered the best interests of Unit Holders, the redemption requests by the Unit Holders may be subject to suspension due to exceptional circumstances, where the market value or fair value of a material portion of the Fund's assets cannot be determined. In such case, Unit Holders will not be able to redeem their Units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. Hence, their investments will continue to be subject to the risks inherent to the Fund.

## **RISK MANAGEMENT STRATEGIES**

Proper risk management is ensured throughout the entire investment management process. Various measures include:

- Adhering to the Fund's investment objective, policy and strategy;
- Undertaking stringent evaluation of movements in market prices and regularly monitoring, reviewing and reporting to the members of the committee undertaking the oversight function of the Fund to ensure that the Fund's investment objective is met; and
- Practising prudent liquidity management in a timely and cost effective manner.

### **Liquidity Risk Management**

We have established liquidity risk management policies to enable us to identify, monitor and manage the liquidity risk of the Fund in order to meet the redemption requests from the Unit Holders with minimal impact to the Fund as well as safeguarding the interests of the remaining Unit Holders. Such policies have taken into account, amongst others, the asset class of the Fund and the redemption policy of the Fund. To manage the liquidity risk, we have put in place the following procedures:

- The Fund will only invest in permitted investments which have a remaining maturity period of not more than 397 days. This will allow the Fund to have sufficient buffer to meet the Unit Holders' redemption request.
- Regular review by the designated fund manager on the Fund's investment portfolio including its liquidity profile.

To avoid suspension of the Fund, the Fund will only invest in permitted investments which have a remaining maturity period of not more than 397 days to meet the Unit Holders' redemption request. If the Fund has insufficient buffer to meet redemption requests, we will seek temporary financing if it is in the best interests of Unit Holders. If we have exhausted all possible avenues to avoid a suspension of the Fund, we may as a last resort, in consultation with the Trustee and having considered the interests of the Unit Holders, suspend the sale (if applicable) and repurchase of Units where it is impractical for us to calculate the NAV of the Fund. During the suspension period, the redemption requests from the Unit Holders will not be accepted and such redemption requests will be dealt on the next Business Day once the suspension is lifted. In such case, Unit Holders will not be able to redeem their Units and will be compelled to remain invested in the Fund for a longer period of time than original timeline. That said, the action to suspend redemption requests from the Unit Holders shall be exercised only as a last resort by the Manager.

**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.**

## 5. WHAT ARE THE FEES AND CHARGES INVOLVED?

### ***Charges***

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

#### **5.1 Sales Charge**

Nil.

#### **5.2 Redemption Charge**

Nil.

#### **5.3 Transfer Fee**

Nil.

#### **5.4 Switching Fee**

Nil.

### ***Fees and Expenses***

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

#### **5.5 Annual Management Fee**

Up to 0.25% per annum of the NAV of the Fund.

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

*Note:*

*In the event of a leap year, the computation will be based on 366 days.*

#### **5.6 Annual Trustee Fee**

The Trustee is entitled to a trustee fee of up to 0.025% per annum of the NAV of the Fund, subject to a minimum fee of RM12,000 per annum.

The trustee fee is calculated and accrued daily, and is paid monthly to the Trustee.

*Note:*

*In the event of a leap year, the computation will be based on 366 days.*

## 5.7 Fund Expenses

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

- (i) commissions or fees paid to dealers in effecting dealings in the Shariah-compliant 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 for the valuation of any Shariah-compliant investment of the Fund;
- (v) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- (vi) costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- (vii) costs, commissions, fees and expenses of the sale, purchase, takaful and any other dealing of any asset of the Fund;
- (viii) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed Shariah-compliant investment of the Fund;
- (ix) costs, fees and expenses incurred in engaging any adviser for the benefit of the Fund;
- (x) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- (xi) costs, fees and expenses incurred in the termination of the Fund or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;
- (xii) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the Fund);
- (xiii) remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function 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 semi-annual 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.

## **5.8 Policy on Rebates and Soft Commissions**

We, our delegate, the Trustee or Trustee's delegate must 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 commissions bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;
- (ii) any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund; and
- (iii) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and we or our delegate must not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

## **5.9 Tax**

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

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

## 6. DEALING INFORMATION

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

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

### 6.1 How Can I Invest?

In order to invest in the Fund, you have to be:

- i) an individual who is at least 18 years of age. In the case of joint applicant, the jointholder whose name appears first in the register of Unit Holders must be at least 18 years of age; or
- ii) a corporation such as registered businesses, co-operative, foundations and trusts.

The Fund's completed application form which consists of account opening form and investment application form can be handed directly to us or sent by mail, together with proof of payment of the telegraphic transfer, crossed cheque, bank draft or money order. Bank charges (if applicable) will be borne by you. Please note that other than telegraphic transfer, crossed cheque, bank draft or money order, no other form of payment is allowed. Please also note that third-party payment (i.e. payment made via an account that is not under your name) will not be accepted.

- **Telegraphic Transfer**  
You may transfer the purchase payment into our bank account via telegraphic transfer or online transfer, and include your name in the transaction description for our reference. You may obtain our bank account details from our office.
- **Crossed Cheque, Bank Draft or Money Order**  
Issuance of cheque, bank draft or money order should be made payable to "**Nomura Asset Management Malaysia Sdn Bhd – CTA (Collection)**", crossed and drawn on a local bank. You are required to write your name, Malaysian National Registration Identity Card ("NRIC") number or passport number (for foreigner) or business registration number at the back of the crossed cheque, bank draft or money order.

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 12:00 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. Our authorised distributors may have an earlier cut-off time. Please check with the respective authorised distributors for their respective cut-off time.

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

<b>Minimum Initial Investment<sup>^</sup></b>	RM 10,000
<b>Minimum Additional Investment<sup>^</sup></b>	RM 5,000
<b>Minimum Redemption of Units<sup>^</sup></b>	5,000 Units
<b>Minimum Switching of Units<sup>^</sup></b>	5,000 Units
<b>Minimum Holding of Units<sup>^</sup></b>	5,000 Units  If the balance of your investment (i.e. total number of Units) in the Fund 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.

<sup>^</sup>subject to our discretion, you may negotiate for a lower amount or value.

## 6.2 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 12:00 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. Our authorised distributors may have an earlier cut-off time. Please check with the respective authorised distributors for their respective cut-off time.

Redemption of Units must be made in terms of Units and the minimum Units for redemption is 5,000 Units. There is 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), otherwise all the remaining Units you hold in the Fund will be redeemed automatically.

You will receive the redemption proceeds within 1 Business Day via telegraphic transfer transferred to your bank account after we have received your redemption application provided that all documentations are complete and verifiable. However, you may experience a delay of 1 – 2 Business Days in receiving the redemption proceeds if you are redeeming your investments via our authorised distributors. In the event of any unforeseeable circumstances which results in us being unable to pay the redemption proceeds within the stipulated period above, we will pay the redemption proceeds within 7 Business Days. Where Units are held jointly, payment will be made to the person whose name appears first in the register of Unit Holders. 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 is, in the Trustee's opinion, not in the best interests of Unit Holders or it would result in a breach of the Guidelines, the Deed or the relevant laws, the Trustee may refuse the said request in accordance to the Deed.

### 6.3 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 12:00 p.m. Any transfer 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. Our authorised distributors may have an earlier cut-off time. Please check with the respective authorised distributors for their respective cut-off time. The minimum Units to be held in the Fund shall apply to both the transferor and transferee.

However, if the transferee does not have any account with us prior to this transfer application, he must also submit his completed account opening form in addition to the transfer form.

### 6.4 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 12:00 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. Our authorised distributors may have an earlier cut-off time. Please check with the respective authorised distributors for their respective cut-off time.

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. During the initial offer period of the Fund, the units of other funds which are managed by us are not allowed to switch to Units of the Fund except at our discretion.

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.

You should note that the pricing day of the Fund may not be on the same day as when we receive your switching application. Please see below the pricing policy of switching for all our funds:

Switching Out Fund	Switching In Fund	Pricing Day	
		Switching Out Fund	Switching In Fund
Money market fund	Non-money market fund	T Day	T Day
Non-money market fund	Non-money market fund		
Money market fund	Money market fund	T Day	T + 1 Business Day
Non-money market fund	Money market fund	T Day	At the next valuation point, subject to clearance of payment and money received by the intended fund

Switching from an Islamic fund to a conventional fund is discouraged especially for Muslim Unit Holders.

## 6.5 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. Cooling-off application should be made before the cut-off time of 12:00 p.m. on any Business Day. Any application 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.

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

- (a) if the NAV per Unit on the day the Units were first purchased is higher than the NAV per Unit at the point of exercise of the cooling-off right, the NAV per Unit at the point of exercise of the cooling-off right; or
- (b) if the NAV per Unit at the point of exercise of the cooling-off right is higher than the NAV per Unit on the day the Units were first purchased, the NAV per Unit on the day the Units were first purchased; and

the sales charge per Unit originally imposed on the day the Units were purchased.

You will be refunded within 7 Business Days from our receipt of your cooling-off application.

## 6.6 Mode of Distribution

You may elect to receive the income distribution by way of reinvestment as additional Units into the Fund or cash payment. However, if you do not elect the mode of distribution, we will reinvest the income distribution as additional Units into the Fund for you based on the NAV per Unit on the income payment date in accordance to the Forward Pricing policy, which is 2 Business Days after the income distribution date at no cost.

### Reinvestment Process

If you elect to receive income distribution by way of reinvestment as additional Units into the Fund, we shall create Units for you based on the NAV per Unit on the income payment date in accordance to the Forward Pricing policy, which is 2 Business Days after the income distribution date at no cost.

### 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 will be automatically reinvested on your behalf.

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

If the income available is too small or insignificant, any distribution may not be of benefit to you as the total cost to be incurred in any such distribution may be higher than the amount for distribution. We have the discretion to decide on the amount to be distributed to you.

## **6.7 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 via 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 Fund at such date as may be determined by us provided that you still hold Units of the Fund. No fee is payable for the reinvestment. In the event that you no longer hold any Unit in the Fund, the income distribution would be subject to the treatment mentioned in the above paragraph as prescribed by the UMA.

## **6.8 Temporary Suspension**

We and the Trustee may temporarily suspend the dealing in Units of the Fund, subject to the requirements in the Guidelines and/or the Deed, and where there is good and sufficient reason to do so.

To avoid suspension of the Fund, the Fund will only invest in permitted investments which have a remaining maturity period of not more than 397 days to meet the Unit Holders’ redemption request. If the Fund has insufficient buffer to meet redemption requests, we will seek temporary financing if it is in the best interests of Unit Holders. If we have exhausted all possible avenues to avoid a suspension of the Fund, we may as a last resort, in consultation with the Trustee and having considered the interests of the Unit Holders, suspend the sale (if applicable) and repurchase of Units where it is impractical for us to calculate the NAV of the Fund.

Please note that during the suspension period, there will be no NAV per Unit available and hence, we will not accept any transactions for the applications, redemptions, switching and/or transfers of Units. If we have earlier accepted your request for redemptions and switching of Units, please note that the requests will only be processed on the next Business Day after the cessation of suspension of the Fund. You will be notified of the suspension and when the suspension is lifted.

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

## 7. PRICING OF UNITS

### 7.1 Computation of NAV and NAV per Unit

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

Please note that the example below is for illustration only:

	<b>RM</b>
Value of the Fund	100,000,000.00
Add: Other assets (including cash) & income	1,400,000.00
Less: Liabilities	200,000.00
NAV before deducting management fee and trustee fee for the day	101,200,000.00
Less: Management fee for the day (101,200,000 x 0.25% / 365 days)	693.15
Less: Trustee fee for the day (101,200,000 x 0.025% / 365 days)	69.32
<b>Total NAV</b>	<b>101,199,237.53</b>

Assuming there are 100,000,000 Units of the Fund in circulation at the point of valuation, the NAV per Unit shall therefore be calculated as follows:

	<b>RM</b>
NAV of the Fund	101,199,237.53
Divide: Units in circulation	100,000,000
NAV per Unit of the Fund	1.0120

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

### 7.2 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 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 Fund 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 before 12:00 p.m. on a Business Day, and if the sales charge is 0% 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:

$$\begin{aligned}\text{Sales charge incurred} &= \frac{\text{Investment amount}}{1 + \text{sales charge (\%)}} \times \text{sales charge (\%)} \\ &= \frac{\text{RM10,000}}{1 + 0\%} \times 0\% \\ &= \text{RM0}\end{aligned}$$

$$\begin{aligned}\text{Net investment amount} &= \text{Investment amount} - \text{sales charge} \\ &= \text{RM10,000} - \text{RM0} \\ &= \text{RM10,000}\end{aligned}$$

$$\begin{aligned}\text{Units credited to investor} &= \text{Net investment amount} / \text{NAV per Unit} \\ &= \text{RM10,000} / \text{RM1.000} \\ &= 10,000 \text{ Units}\end{aligned}$$

**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 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 before 12:00 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 at the end of the Business Day = RM1.0000

$$\text{Redemption charge payable by you} = 0\% \times [10,000.00 \text{ Units} \times \text{RM1.0000}] = \underline{\underline{\text{RM0.00}}}$$

The total amount to be paid to you will be the number of Units to be redeemed multiplied with the NAV per Unit.

$$\begin{aligned}&= [10,000.00 \text{ Units} \times \text{RM1.0000} \text{ (the NAV per Unit)}] - \text{redemption charge} \\ &= \text{RM10,000.00} - \text{RM0.00} \\ &= \underline{\underline{\text{RM10,000.00}}}\end{aligned}$$

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



### **7.3 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 more.

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

## **8. THE MANAGER**

### **8.1 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.

### **8.2 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 4 times every year, or more should the need arise.

The list of board of directors are available on our website, <https://www.nomura-asset.com.my/nomura-asset-management-malaysia/>.

### **8.3 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.

### **8.4 Investment Team**

#### **Mr Joel Lim Soo Min – Designated Fund Manager**

Joel joined NAMM's Fixed Income team in August 2013. He has been involved in credit analysis, macroeconomic research and portfolio management. Prior to joining NAMM, he was an equity analyst with a local asset management firm for 2 years.

He earned a Bachelor of Actuarial Studies from the Australian National University, Australia. He holds a Capital Markets Services Representative's Licence for fund management under the CMSA.

### **8.5 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 Shariah Adviser, the Trustee, the Manager, the board of directors and the fund manager, please refer to our website at <http://www.nomura-asset.com.my>.*

## **9. THE SHARIAH ADVISER**

### **9.1 Profile of the Shariah Adviser**

ZICO Shariah Advisory Services Sdn. Bhd. ("ZICO Shariah") is a member of ZICO Holdings and is registered with the SC to advise on sukuk issuances, Islamic unit trust funds as well as other Islamic capital market products and instruments. It is also approved by the BNM to provide Shariah advice, Shariah review and Shariah audit services to Islamic financial institutions. ZICO Shariah has more than 12 years of Shariah advisory experience.

### **9.2 Roles and Responsibilities of ZICO Shariah as the Shariah Adviser**

- (i) Provide Shariah expertise and advice on Shariah matters in relation to the Fund including matters relating to documentation (which included the Deed and this Prospectus), structure, feature, investment instruments and ensure that all aspects of the Fund are in accordance with the Shariah requirements as set out in the relevant securities laws and guidelines issued by the SC;
- (ii) Prepare a report to be included in the fund reports of the Fund stating its opinion whether the Fund has been managed in compliance with Shariah, including Shariah rulings, principles and concepts endorsed by the SAC of the SC;
- (iii) Apply ijthad (intellectual reasoning) to ensure all aspects relating to the Fund are in compliance with Shariah, in the absence of any rulings, principles and concepts endorsed by the SAC of the SC;
- (iv) Consulting the SC where there is any ambiguity or uncertainty as to an investment and/or instrument;
- (v) Scrutinising the Fund's compliance reports as provided by the Manager's compliance officer, transaction reports provided by or duly approved by the Trustee and any other report deemed necessary for the purpose of ensuring that the Fund's investments are in line with Shariah principles;
- (vi) Preparing reports to be included in the Fund's semi-annual and annual reports certifying whether the Fund has been managed and administered in accordance with the Shariah principles and concepts endorsed by the SAC of the SC;
- (vii) Vetting and advising on the promotional materials of the Fund; and
- (viii) Assisting and attending to any ad-hoc meeting called by the SC and/or any other relevant authority. The Shariah Adviser reviews the Fund's investments on a monthly basis to ensure compliance with Shariah requirements at all times and meets with the Manager on a quarterly basis to review and advise on the Fund's compliance with Shariah requirements.

### **9.3 Profile of the Designated Person Responsible for Shariah Matters Relating to the Fund**

Dr. Aida Othman is the designated person responsible for Shariah matters relating to the Fund.

Dr. Aida Othman is a Partner at Zaid Ibrahim & Co. She is also a director with ZICO Shariah. Dr. Aida advises on Islamic banking and finance transactions and documentation; in particular, she has advised on Shariah compliance issues, structured Islamic products, Islamic financing documentation, sukuk issuance, takaful, regulatory framework for Islamic financial services, Islamic wealth management, Islamic private equity and Islamic unit trust funds.

Dr. Aida holds a Doctor of Philosophy in Comparative Law & Middle Eastern Studies from Harvard University, United States of America. She also obtained her Masters of Law from Cambridge University, United Kingdom and Bachelor of Laws (First Class Honours) and Bachelor of Islamic Law (Syariah) (First Class Honours) from International Islamic University, Malaysia.

Dr. Aida serves on the Shariah committee of some Islamic financial institutions.

## **9.4 SHARIAH INVESTMENT GUIDELINES ADOPTED BY THE SHARIAH ADVISER**

### **9.4.1 SHARIAH INVESTMENT GUIDELINES**

ZICO Shariah shall adopt the following, in determining the Shariah status of investments of the Fund.

#### **Islamic deposits and Islamic money market instruments**

The Fund can invest in Islamic deposits and Islamic money market instruments issued by financial institutions or those that have been approved by the SAC of BNM.

### **9.4.2 CLEANSING/PURIFICATION PROCESS FOR THE FUND**

#### **Shariah Non-compliant Investment**

This refers to Shariah non-compliant investment made by the Manager. The said Shariah non-compliant investment will be disposed/withdrawn within 1 month of knowing the status of the investment. In the event the investment resulted in gain (through capital gain and/or profit) before or after the withdrawal of the investment, the gain is to be channelled to *baitulmal* and/or any other charitable bodies as advised by the Shariah Adviser. If the withdrawal of the investment resulted in losses to the Fund, the losses are to be borne by the Manager.

#### **Zakat for the Fund**

The Fund does not pay Zakat on behalf of Muslim individuals and Islamic legal entities who are Unit Holders of the Fund. Thus, Unit Holders are advised to pay zakat by themselves.

**The investment portfolio of the Fund will comprise of instruments that have been classified as Shariah-compliant by the SAC of the SC or the SAC of BNM. For instruments which are not classified as Shariah-compliant by the SAC of the SC or the SAC of BNM, the Shariah Adviser will review the said instruments.**

## **10. THE TRUSTEE**

### **10.1 About Deutsche Trustees Malaysia Berhad**

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 211 collective investment schemes including unit trust funds, wholesale funds, exchange-traded funds and private retirement schemes.

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

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

DTMB’s main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit Holders. 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 Trustee’s Disclosure of Material Litigation**

As at LPD, the Trustee is not (a) engaged in any material litigation and arbitration, including those pending or threatened, nor (b) aware of any facts likely to give rise to any proceedings which might materially affect the business or financial position of the Trustee.

### **10.5 Trustee’s Delegate**

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

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

Maximum Sales Charge	Maximum Redemption Charge	Maximum Annual Management Fee	Maximum Annual Trustee Fee
5.50% of the NAV per Unit.	1.00% of the NAV per Unit.	3.00% per annum of the NAV of the Fund.	0.10% per annum of the NAV of the Fund, subject to a minimum fee of RM12,000 per annum.

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 may be charged to the Fund respectively. These would include (but are not limited to) the following:

- (i) commissions or fees paid to dealers in effecting dealings in the Shariah-compliant 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 for the valuation of any Shariah-compliant investment of the Fund;
- (v) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- (vi) costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- (vii) costs, commissions, fees and expenses of the sale, purchase, takaful and any other dealing of any asset of the Fund;
- (viii) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed Shariah-compliant investment of the Fund;
- (ix) costs, fees and expenses incurred in engaging any adviser for the benefit of the Fund;
- (x) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- (xi) costs, fees and expenses incurred in the termination of the Fund or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;
- (xii) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are not ordered by the court to be reimbursed by the Fund);
- (xiii) remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function 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 semi-annual 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 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) if 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 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

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 Fund may be terminated or wound-up, without having to obtain the prior approval of the Unit Holders, upon the occurrence of any of the following events:

- (i) if any law shall be passed which renders it illegal; or
- (ii) if, in the reasonable opinion of the Manager, it is impracticable or inadvisable to continue the Fund; and

the termination of the Fund is in the best interest of the Unit Holders.

### Procedures and processes on termination of the Fund

Upon termination of the Fund, the Trustee shall:

- (a) sell all the Fund's assets then remaining in its hands and pay out of the Fund any liabilities of the Fund; such sale and payment shall be carried out and completed in such manner and within such period as the Trustee considers to be in the best interests of the Unit Holders;
- (b) from time to time distribute to the Unit Holders, in proportion to the number of Units held by them respectively:
  - (1) the net cash proceeds available for the purpose of such distribution and derived from the sale of the Fund's assets less any payments for liabilities of the Fund; and
  - (2) any available cash produce.

The Manager or the Trustee shall also arrange for a final review and audit of the final accounts of the Fund by the auditor of the Fund in accordance with the Deed.

In the event of the Fund being terminated:

- (a) the Trustee shall be at liberty to call upon the Manager to grant the Trustee, and the Manager shall so grant, a full and complete release from the Deed;
- (b) the Manager shall indemnify the Trustee against any claims arising out of the Trustee's execution of the Deed provided always that such claims have not been caused by any failure on the part of the Trustee to exercise the degree of care and diligence required of a trustee as contemplated by the Deed and all relevant laws;
- (c) the Manager and the Trustee shall notify the relevant authorities in such manner as may be prescribed by any relevant law; and
- (c) the Manager or the Trustee shall notify the Unit Holders in such manner as may be prescribed by any relevant law.

## 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 1 vote.

### Quorum

- (a) The quorum required for a meeting of the Unit Holders of the Fund shall be 5 Unit Holders, whether present in person or by proxy; however, if the Fund has 5 or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund shall be 2 Unit Holders, 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 25% of the Units in circulation of the Fund at the time of the meeting.
- (c) If the Fund has only 1 remaining Unit Holder, such Unit Holder, whether present in person or by proxy, shall constitute the quorum required for the meeting of the Unit Holders of the Fund.

## 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	<p>Nomura Asset Management Singapore Limited</p> <p>Nomura Asset Management Singapore Limited and the Manager are both wholly owned by Nomura Asset Management Co., Ltd.</p>	<p>Nomura Asset Management Singapore Limited provides system maintenance and information technology administrative support to the Manager.</p>

### Deutsche Trustees Malaysia Berhad

As the trustee for the Fund and the Manager's delegate for the fund accounting and valuation services (where applicable), 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 DTMB to perform its back office functions (e.g. fund accounting and valuation); and
- 4) where DTMB has delegated its custodian function for the Fund to Deutsche Bank (Malaysia) Berhad.

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

While DTMB has internal policies intended to prevent or manage conflicts of interests, no assurance is given that their application will necessarily prevent or mitigate conflicts of interests. 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 members of the committee undertaking the oversight function 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.

### **Other Declarations**

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

## 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](mailto: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>.

The NAV per Unit for a particular Business Day will be published 1 Business Day later.

### (c) Financial Reports

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

### (d) Deed

<b>Deed of the Fund</b>	Master Deed dated 11 June 2012 First Supplemental Master Deed dated 23 August 2013 Second Supplemental Master Deed dated 23 October 2015 Third Supplemental Master Deed dated 17 January 2017 Deed dated 28 February 2019 First Supplemental Deed dated 22 June 2022
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The Deed can be inspected at our office during office hours on any Business Day.

### (e) Approvals and Conditions

There is no exemption and/or variation to the Guidelines applied for this Fund.

### (f) Consents

- (i) The consent of the Trustee and Shariah Adviser for the inclusion of its name in this Prospectus in the manner and form in which such name appear has been given before the date of issue of this Prospectus and has not subsequently withdrawn its written consent.
- (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 has not subsequently withdrawn its consent prior to the date of this Prospectus.

**The Fund's annual and semi-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 semi-annual 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 3 financial years or if less than 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 Replacement 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  
Suite No. 12.2, Level 12, Menara IMC  
No. 8, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia

#### TAXATION OF THE FUND OFFERED UNDER NOMURA I-CASH FUND AND UNIT HOLDERS

Dear Sirs,

This letter has been prepared for inclusion in the Replacement Prospectus in connection with the offer of units in Nomura i-Cash 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, interest income and other investment income derived from or accruing in Malaysia (other than income which is exempt from tax), after deducting tax allowable expenses, is liable to Malaysian income tax at the rate of 24%.

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

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*PricewaterhouseCoopers Taxation Services Sdn Bhd (464731-M),  
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T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, [www.pwc.com/my](http://www.pwc.com/my)*





## (ii) Dividends and Other Exempt Income

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

The Fund may also 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<sup>1</sup> 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<sup>2</sup> 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<sup>1</sup> derived from the following investments is exempt from tax:

- (a) Interest or profit<sup>1</sup> paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013;
- (b) Interest or profit<sup>1</sup> 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 or profit<sup>1</sup> paid or credited by Malaysia Building Society Berhad<sup>3</sup>.

The interest or profit<sup>1</sup> or discount income exempted from tax at the Fund's level will also be exempted from tax upon distribution to the Unit holders.

### Exception to the tax exemptions above: -

#### i. Wholesale money market fund

Interest or profit<sup>1</sup> paid by any bank or financial institution licensed under the Financial Services Act 2013 or Islamic Financial Services Act 2013 or any development financial institution regulated under the Development Financial Institutions Act, 2002 to a unit trust that is a wholesale money market fund is no longer exempted.

#### ii. Retail money market fund ("RMMF")

Based on the Finance Act 2021, the interest income or profit<sup>1</sup> of a RMMF will remain tax exempted under Paragraph 35A, Schedule 6 of the Act.

<sup>1</sup> Under 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 Syariah. 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 Syariah, will be accorded the same tax treatment as if they were interest.

<sup>2</sup> 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.

<sup>3</sup> Exemption granted through letters from Ministry of Finance Malaysia dated 11 June 2015 and 16 June 2015 and it is with effect YA 2015.



However, resident and non-resident unit holders (other than individual unit holders), who receive income distributed from interest or profit<sup>1</sup> income of the RMMF which are exempted under Paragraph 35A of Schedule 6, will be subject to withholding tax ("WHT") at the rate of 24%. This new WHT will be effective from 1 January 2022 onwards.

The WHT is to be withheld and remitted by the RMMF to the tax authorities upon distribution of the income to the unit holders.

## (2) Foreign Investments

With effect from 1 January 2022, Malaysian residents will no longer be tax exempted on foreign sourced income received in Malaysia. Foreign-sourced income received in Malaysia by a person who is non-resident will continue to be tax exempted.

Subsequently, on 30 December 2021, the Ministry of Finance announced that the following foreign-sourced income received by Malaysian residents from 1 January 2022 to 31 December 2026 (5 years) will continue to be exempted from Malaysian income tax:

- Dividend income received by resident companies and limited liability partnerships.
- All classes of income received by resident individuals (except for resident individuals which carry on business through a partnership).

The above concession will be subject to conditions and guidelines to be issued by the Inland Revenue Board ("IRB"). Pending further guidelines from the IRB, it would appear that foreign-sourced income (e.g. dividends, interest, etc.) of a Malaysian resident Fund will be subject to Malaysian income tax when such foreign-sourced income is brought back to Malaysia.

There will be a transitional period from 1 January 2022 to 30 June 2022 where foreign-sourced income remitted to Malaysia will be taxed at the rate of 3% on gross income. From 1 July 2022 onwards, any foreign-sourced income remitted to Malaysia by a resident Fund will be subject to Malaysian income tax at the rate of 24%.

Such income from foreign investments may be subject to taxes or WHT in the specific foreign country. The Fund in Malaysia is entitled for double taxation relief on any foreign tax suffered on the income in respect of overseas investment.

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

The foreign income subjected to Malaysian tax at the Fund level will also be taxable upon distribution to the Unit holders. However, the income distribution from the Fund will carry a tax credit in respect of the Malaysian 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.

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



### (3) 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.

### (4) 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% and a maximum of 25% of the expenses.

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

With effect from 1 January 2019, any gains on disposal of real properties or shares in real property companies<sup>4</sup> ("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%

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

Taxable services provided by specific taxable persons will be subject to service tax. Service tax rate is at 6%

Sales tax will be chargeable on taxable goods manufactured in or imported into Malaysia, unless specifically exempted by the Minister. Sales tax rates are nil, 5%, 10% or a specific rate.

Generally, the Fund, being a collective investment vehicle, should not be caught under the service tax regime. Fund management services and trust services are excluded from service tax.

<sup>4</sup> 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.



Where the Fund acquires imported taxable services from foreign service providers, the Fund will be required to self-impose 6% service tax and remit the tax to the Royal Malaysian Customs Department in the prescribed form.

Service tax on digital services is implemented at the rate of 6%. Under the service tax on digital services, foreign service providers selling digital services to Malaysian consumers are required to register for and charge service tax. Digital services are defined as services which are delivered or subscribed over the internet or other electronic network, cannot be delivered without the use of IT and the delivery of the service is substantially automated.

## 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 Malaysian 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.

Corporate Unit holders, resident<sup>5</sup> and non-resident, will generally be liable to income tax at 24%<sup>6</sup> on distribution of income received from the Fund. The tax credits 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%<sup>7</sup> to 30%<sup>8</sup>. Individuals and other non-corporate Unit holders who are not resident in Malaysia will be subject to income tax at 30%. The tax credits attributable to the distribution of income can be utilised against the tax liabilities of these Unit holders.

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 dealers 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 gains in the form of cash or residual distribution in the event of the winding up of the Fund.

<sup>5</sup> Resident companies with paid up capital in respect of ordinary shares of RM2.5 million and below and gross income from source or sources consisting of a business not exceeding RM50 million for the basis period for that YA, will pay tax at 17% for the first RM600,000 of chargeable income with the balance taxed at 24%, effective 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.

“Related company” means a company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of the basis period for a YA.

<sup>6</sup> Pursuant to Finance Act 2021, the income tax rate for a company (other than Micro, Small and Medium Enterprises) will be increased to 33% if a company has chargeable income exceeding RM100,000,000 in YA 2022.

<sup>7</sup> Effective from YA 2021, the resident individuals tax rate was reduced by 1% (from 14% to 13%) for the chargeable income band RM50,001 to RM170,000.

<sup>8</sup> Effective from YA 2020, the resident individuals tax rate was increased to 30% for the chargeable income exceeding RM2,000,000.



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.

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

**Retail Money Market Fund ("RMMF")**

Generally, no additional withholding tax will be imposed on the income distribution from the Fund. Where the Fund is a RMMF, effective from 1 January 2022, there is a withholding tax on distribution from interest income of a RMMF exempted under Paragraph 35A of Schedule 6 and distributed to non-individual unitholders.

For resident corporate Unit holders, the withholding tax is not a final tax. The resident corporate Unit holders will need to subject the income distributed from interest or profit' income of a RMMF which are exempted under Paragraph 35A of Schedule 6 to tax in their income tax returns and the attached tax credit (i.e. the 24% withholding tax) will be available for set-off against the tax chargeable on the resident corporate Unit holders.

For non-resident Corporate Unit holders, the 24% withholding tax is a final tax.

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**

DocuSigned by:

Jemmer Chong  
7317E50B1DF24A0...  
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 they appear in this Prospectus and have not, before the date of issue of the Prospectus, withdrawn such consent.

## **16. DIRECTORY**

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