

## **PROSPECTUS**

This Prospectus is dated 17 October 2024.

### **NOMURA JAPAN SHARIAH ACTIVE CORE FUND**

(constituted on 19 June 2024 and launched on 17 October 2024)

**MANAGER:**

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

**TRUSTEE:**

SCBMB Trustee Berhad  
(Registration No.: 201201021301 (1005793-T))

**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 12.**

## **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 Japan Shariah Active Core Fund and a copy of this Prospectus has been registered with the SC.

The authorisation of the Nomura Japan Shariah Active Core Fund, and registration of this Prospectus, should not be taken to indicate that the SC recommends the Nomura Japan Shariah Active Core 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 Japan Shariah Active Core 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 Japan Shariah Active Core Fund.

Nomura Japan Shariah Active Core 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 Japan Shariah Active Core Fund to which this Prospectus relates, may be made in any Foreign Jurisdiction or under any circumstances where such action is unauthorised.

## Contents

1.	CORPORATE DIRECTORY	1
2.	GLOSSARY	2
3.	ABOUT NOMURA JAPAN SHARIAH ACTIVE CORE FUND	6
4.	UNDERSTANDING THE RISKS OF THE FUND	12
5.	WHAT ARE THE FEES AND CHARGES INVOLVED?	17
5.1	Sales Charge	17
5.2	Redemption Charge	17
5.3	Transfer Fee	17
5.4	Switching Fee	17
5.5	Annual Management Fee	17
5.6	Annual Trustee Fee	18
5.7	Fund Expenses	18
5.8	Policy on Rebates and Soft Commissions	19
5.9	Tax	19
6.	DEALING INFORMATION	20
6.1	How Can I Invest?	20
6.2	How Can I Redeem?	21
6.3	Transfer of Units	23
6.4	Switching of Units	23
6.5	Cooling-off Right	24
6.6	Mode of Distribution	24
6.7	Unclaimed Money	25
6.8	Temporary Suspension	25
7.	PRICING OF UNITS	26
7.1	Computation of NAV and NAV per Unit	26
7.2	Selling Price and Redemption Price	27
7.3	Incorrect Pricing	28
8.	THE MANAGER	29
8.1	Background Information	29
8.2	Board of Directors	29
8.3	Our Role as the Manager	29
8.4	Investment Team	29
8.5	Investment Adviser	30
8.6	Material Litigation	30
9.	THE SHARIAH ADVISER	31
9.1	Profile of the Shariah Adviser	31
9.2	Roles and Responsibilities of ZICO Shariah as the Shariah Adviser	31
9.3	Profile of the Designated Person Responsible for Shariah Matters Relating to the Fund	31
9.4	SHARIAH INVESTMENT GUIDELINES ADOPTED BY THE SHARIAH ADVISER	32
10.	THE TRUSTEE	34

10.1	About SCBMB Trustee Berhad	34
10.2	Experience in Trustee Business	34
10.3	Duties and Responsibilities of the Trustee	34
10.4	Trustee's Disclosure of Material Litigation	34
10.5	Trustee's Delegate	34
11.	SALIENT TERMS OF THE DEED	36
11.1	Unit Holders' Rights and Liabilities	36
11.2	Maximum Fees and Charges Permitted by the Deed	36
11.3	Procedures to Increase the Direct and Indirect Fees and Charges	37
11.4	Expenses Permitted by the Deed	38
11.5	Retirement, Removal and Replacement of the Manager	39
11.6	Retirement, Removal and Replacement of the Trustee	39
11.7	Termination of the Fund	40
11.8	Unit Holders' Meeting	41
12.	CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS	42
13.	ADDITIONAL INFORMATION	44
14.	DOCUMENTS AVAILABLE FOR INSPECTION	45
15.	TAXATION ADVISER'S LETTER	46
16.	DIRECTORY	54

# 1. CORPORATE DIRECTORY

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

**REGISTERED OFFICE /  
BUSINESS OFFICE** Suite No. 12.2, Level 12, Menara IMC  
No. 8, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia

**TELEPHONE NUMBER** Tel: 03-2027 6688  
Fax: 03-2027 6624

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

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

**TRUSTEE** SCBMB Trustee Berhad  
(Registration No.: 201201021301 (1005793-T))

**REGISTERED OFFICE** Level 25, Equatorial Plaza Jalan Sultan Ismail, 50250 Kuala Lumpur

**BUSINESS OFFICE** Level 25, Equatorial Plaza Jalan Sultan Ismail, 50250 Kuala Lumpur

**TELEPHONE NUMBER** Tel: 603 – 7682 9710 / 603 – 7682 9704

**WEBSITE** [www.sc.com/my/trustee](http://www.sc.com/my/trustee)

**E-MAIL** [my.trustee@sc.com](mailto:my.trustee@sc.com)

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

**REGISTERED OFFICE /  
BUSINESS OFFICE** Level 13A, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Malaysia

**TELEPHONE NUMBER** Tel: 603-9212 0976  
Fax: 603-9212 0974

**WEBSITE** [www.zicoholdings.com](http://www.zicoholdings.com)

**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:

American Depository Receipts	Depository receipts issued by a bank in the United States of America or trust company that evidence ownership of underlying equity securities issued by a foreign corporation.
Base Currency	USD, 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.  We may declare certain Business Day as a non-Business Day if one or more of the foreign markets in which the Fund is invested therein is closed for trading.
Classes	Any class of Units in the Fund representing similar interest in the assets of the Fund and a “Class” means any one class of Units.
CMSA	Capital Markets and Services Act 2007 as may be amended from time to time.
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.
DJIM	Dow Jones Islamic Market.
Eligible Market	An exchange, government securities market or an OTC market– (a) that is regulated by a regulatory authority of that jurisdiction; (b) that is open to the public or to a substantial number of market participants; and (c) on which financial instruments are regularly traded.
financial institution	If the institution is in Malaysia– (i) licensed bank; (ii) licensed investment bank; or (iii) licensed Islamic bank.  If the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services.
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 Japan Shariah Active Core Fund.
Guidelines	Guidelines on Unit Trust Funds issued by the SC.

Global Depository Receipts	Depository receipts issued by foreign banks or trust companies and evidence ownership of underlying equity securities issued by either a foreign or a United States corporation.
Investment Adviser	Nomura Asset Management Co., Ltd.
long-term	A period of 3 years or more.
LPD	30 June 2024, being the latest practicable date of all information in this Prospectus.
Manager / NAMM	Nomura Asset Management Malaysia Sdn Bhd (Registration No.: 200601028939 (748695-A)).
MYR Class	A Class denominated in MYR.
Net Asset Value / NAV	The value of the Fund's assets less its liabilities at the valuation point; where the Fund has more than one Class, there shall be a NAV of the Fund attributable to each Class.
NAV per Unit	The NAV of a Class at the valuation point divided by the total number of Units in circulation of that Class at the same valuation point.
OTC	Over-the-counter.
Prospectus	The prospectus for this Fund.
Redemption Price	The price payable by the Manager to a Unit Holder pursuant to a redemption request by the Unit Holder and will be the NAV per Unit. The Redemption Price shall be exclusive of the redemption charge (if any).
RM / MYR	Ringgit Malaysia.
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.
Shariah Supervisory Board	An independent body of specialised jurists in <i>Fiqh al-mua'malat</i> (Islamic commercial jurisprudence).
Trustee / STB	SCBMB Trustee Berhad (Registration No.: 201201021301 (1005793-T)).
Unit	A measurement of the right or interest of a Unit Holder in the Fund and means a unit of the Fund or a Class, as the case may be.

Unit Holder	A person registered as the holder of a Unit, including persons jointly registered, for the Fund.
USD Class	A Class denominated in USD.
USD	United States Dollar.



### **General Words and Expressions**

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

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

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

### 3. ABOUT NOMURA JAPAN SHARIAH ACTIVE CORE FUND

<b>Fund Category</b>	Equity (Shariah-compliant)					
<b>Fund Type</b>	Growth					
<b>Base Currency</b>	USD					
<b>Initial Offer Price</b>	<table border="1"> <thead> <tr> <th><b>MYR Class</b></th> <th><b>USD Class</b></th> </tr> </thead> <tbody> <tr> <td>RM1.0000</td> <td>USD1.0000</td> </tr> </tbody> </table> <p><i>Note: We may offer new classes of Units without having to seek Unit Holders' prior approval. You will be notified of the issuance of the new classes of Units by way of a notice and prospective investors will be notified of the same by way of a supplementary/replacement prospectus.</i></p>		<b>MYR Class</b>	<b>USD Class</b>	RM1.0000	USD1.0000
<b>MYR Class</b>	<b>USD Class</b>					
RM1.0000	USD1.0000					
<b>Initial Offer Period</b>	<p>21 days commencing on the date of this Prospectus.</p> <p><i>Note: We may shorten the initial offer period if we determine that it is in your best interest. If the last day of the initial offer period falls on a non-Business Day, the initial offer period will end on the preceding Business Day.</i></p>					
<b>Investment Objective</b>	<p>The Fund aims to achieve long-term capital growth.</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 seeks to achieve its investment objective by investing a minimum of 70% of its NAV in Shariah-compliant equities and Shariah-compliant equity-related securities such as Shariah-compliant American Depositary Receipts, Shariah-compliant Global Depositary Receipts, Shariah-compliant rights issues and Shariah-compliant warrants of companies which are domiciled in Japan or companies which derive their earnings from Japan. Up to 30% of the Fund's NAV will be invested in Islamic liquid assets such as Islamic money market instruments, Islamic deposits and/or held in cash.</p> <p>The Fund may also invest a maximum of 20% of the Fund's NAV in Islamic collective investment schemes to access investment opportunities which are not available through direct investment in Shariah-compliant equities and Shariah-compliant equity-related securities.</p> <p>The Fund will invest in equities and equity-related securities which have been classified as Shariah-compliant by the Shariah Supervisory Board of DJIM Indices. If the equities and equity-related securities are not classified as Shariah-compliant by the Shariah Supervisory Board of DJIM Indices, the Shariah Adviser will review and determine the Shariah status of the equities and equity-related securities.</p> <p><b><u>Investment Philosophy</u></b></p> <p>We have appointed Nomura Asset Management Co., Ltd. as the investment adviser of the Fund. The Investment Adviser will provide investment research and stock recommendation in accordance with the investment objective and within the investment restrictions and limits of the Fund.</p> <p>The Fund's investment philosophy is to combine both bottom-up and top-down strategies, with a bias towards individual stock selection. The investment style of the Fund is expected to be seen as an actively managed core approach that is</p>					

	<p>not restricted by a strict style bias with the investment process designed to add value in all market conditions over a medium- to long-term time horizon. The investment process identifies differentiating companies with characteristics including but not limited to competitive strengths, strong profitability and consistent cash flow returns. With proprietary model, valuation framework is formed by incorporating the fundamental changes and historical valuations. The investment decision is executed with the considerations of risks and rewards.</p> <p>We may take temporary defensive positions that may be inconsistent with the Fund’s principal strategy by reducing its investment into the Shariah-compliant equities, Shariah-compliant equity-related securities and Islamic collective investment schemes to raise liquidity levels of the Fund during adverse market condition and protect Unit Holders’ interest. Similarly, we may raise liquidity levels if the liquidity profile of the investments changes significantly. In raising the Fund’s liquidity levels, we may invest into Islamic deposits, Islamic money market instruments and/or hold cash.</p> <p><b><u>Islamic derivatives</u></b></p> <p>We may use Islamic derivatives such as Islamic foreign exchange forward contracts for hedging purposes. Islamic foreign exchange forward contracts may be used to hedge the principal and/or the returns of the foreign currency exposure of any Class(es) (except USD Class) against the Base Currency. The employment of Islamic derivatives under these circumstances is expected to reduce the impact of foreign currency movements on the Fund’s NAV, irrespective of the currency classes. While the hedging strategy will assist with mitigating the potential foreign exchange losses by the Fund, any potential gains from the hedging will be capped as well.</p> <p>The Fund’s global exposure from Islamic derivatives position will not exceed the Fund’s NAV at all times. The global exposure of the Fund is calculated based on commitment approach as illustrated under the “Investment Restrictions and Limits” below.</p>
<b>Asset Allocation</b>	<ul style="list-style-type: none"> <li>- A minimum of 70% of the Fund’s NAV to be invested in Shariah-compliant equities and Shariah-compliant equity-related securities;</li> <li>- A maximum of 30% of the Fund’s NAV to be invested in Islamic money market instruments, Islamic deposits and/or held in cash; and</li> <li>- A maximum of 20% of the Fund’s NAV to be invested in Islamic collective investment schemes.</li> </ul>
<b>Distribution Policy</b>	Distribution of income, if any, is incidental.
<b>Performance Benchmark</b>	<p>90% DJIM Japan Index + 10% BNM Islamic Interbank Overnight Rate</p> <p><i>Source:</i>  DJIM Japan Index (<a href="http://www.djindexes.com">www.djindexes.com</a>)  BNM Islamic Interbank Overnight Rate (BNM)</p> <p><i>Note: The risk profile of the Fund is different from the risk profile of the performance benchmark. There is no guarantee that the Fund will outperform the benchmark. This composite benchmark is an appropriate performance benchmark for the Fund as the Fund is an Islamic equity fund which generally has an equity weight of 90% of its NAV over the long term. Unit Holders may also obtain information on the performance benchmark from us. Please refer to the Corporate Directory section on page 1 for our contact details.</i></p>
<b>Permitted Investments</b>	<p>The Fund will invest in the following investments:</p> <ul style="list-style-type: none"> <li>• Shariah-compliant equities and Shariah-compliant equity-related securities;</li> </ul>

	<ul style="list-style-type: none"> <li>• Islamic money market instruments;</li> <li>• Islamic deposits with financial institutions;</li> <li>• Islamic derivatives for hedging purposes; and</li> <li>• units or shares in Islamic collective investment schemes.</li> </ul>
<b>Investment Restrictions and Limits</b>	<p>The Fund is subject to the following investment restrictions and limits:</p> <p>(a) The aggregate value of the Fund's investments in Shariah-compliant equities or Shariah-compliant equity-related securities that are not traded or dealt in or under the rules of an Eligible Market must not exceed 15% of the Fund's NAV, subject to a maximum limit of 10% of the Fund's NAV in a single issuer;</p> <p>(b) The value of the Fund's investments in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;</p> <p>(c) The value of the Fund's investments in Shariah-compliant equities or Shariah-compliant equity-related securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV ("single issuer limit"). In determining the single issuer limit, the value of the Fund's investments in instruments in paragraph (a) issued by the same issuer must be included in the calculation;</p> <p>(d) 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>(e) The counterparty of an OTC Islamic derivative must be a financial institution with a minimum long-term credit rating of investment grade (including gradation and subcategories) and subject to the aggregate limit in this section, the maximum exposure of the Fund to a counterparty, calculated based on the following method, must not exceed 10% of the Fund's NAV:</p> <ul style="list-style-type: none"> <li>➤ The exposure to a counterparty of an OTC Islamic derivative must be measured based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults and not on the basis of the notional value of the OTC Islamic derivative; and</li> <li>➤ The total exposure to a single counterparty is calculated by summing the exposure arising from all OTC Islamic derivative transactions entered into with the same counterparty;</li> </ul> <p>(f) 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>➤ Shariah-compliant equities or Shariah-compliant equity-related securities;</li> <li>➤ Islamic money market instruments;</li> <li>➤ Islamic deposits;</li> <li>➤ Underlying assets of Islamic derivatives; and</li> <li>➤ Counterparty exposure arising from the use of OTC Islamic derivatives.</li> </ul> <p>In determining the single issuer aggregate limit, the value of the Fund's investments in instruments in paragraph (a) issued by the same issuer must be included in the calculation;</p> <p>(g) The value of the Fund's investments in units or shares of an Islamic collective investment scheme must not exceed 20% of the Fund's NAV, provided that the Islamic collective investment scheme complies with the relevant requirements as stipulated in the Guidelines;</p> <p>(h) The value of the Fund's investments in units or shares of an Islamic collective investment scheme that invests in real estate must not exceed 15% of the Fund's NAV;</p>

- (i) The value of the Fund's investment in Shariah-compliant equities or Shariah-compliant equity-related securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV ("group limit"). In determining the group limit, the value of the Fund's investments in instruments in paragraph (a) issued by the issuers within the same group of companies must be included in the calculation;
- (j) The single issuer limit in paragraph (c) may be raised to 35% of the Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency.
- (k) Where the single issuer limit in paragraph (c) is increased to 35% of the Fund's NAV, the single issuer aggregate limit in paragraph (f) may be raised, subject to the group limit in paragraph (i) not exceeding 35% of the Fund's NAV;
- (l) The Fund's investments in Shariah-compliant equities or Shariah-compliant equity-related securities must not exceed 10% of the Shariah-compliant equities or Shariah-compliant equity-related securities, as the case may be, issued by a single issuer;
- (m) The Fund's investments in Islamic money market instruments must not exceed 10% 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; and
- (n) The Fund's investments in Islamic collective investment scheme must not exceed 25% of the units or shares in the Islamic collective investment scheme.

Please note that the above investment restrictions and limits does not apply to Shariah-compliant securities or Shariah-compliant instruments issued or guaranteed by the Malaysian government or BNM.

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.

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:

- (a) appreciation or depreciation in value of the Fund's investments;
- (b) redemption of Units or payment made out of the Fund;
- (c) change in capital of a corporation in which the Fund has invested in; or
- (d) downgrade in or cessation of a credit rating,

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.

#### **Commitment Approach**

The global exposure of the Fund to Islamic derivatives is calculated as the sum of the:

- absolute value of the exposure of each individual Islamic derivative not involved in netting or hedging arrangements;
- absolute value of the net exposure of each individual Islamic derivative after netting or hedging arrangement; and
- the values of cash collateral received pursuant to the reduction of exposure to counterparties of OTC Islamic derivatives.

#### **Netting arrangements**

Netting arrangements may be taken into account to reduce the Fund's exposure to Islamic derivatives.

The Fund may net positions between:

	<p>(a) Islamic derivatives on the same underlying constituents, even if the maturity dates are different; or</p> <p>(b) Islamic derivatives and the same corresponding underlying constituents, if those underlying constituents are Shariah-compliant equities or Shariah-compliant equity-related securities, Islamic money market instruments, or units or shares in Islamic collective investment schemes.</p> <p><u>Hedging arrangements</u></p> <p>Hedging arrangements may be taken into account to reduce the Fund's exposure to Islamic derivatives.</p> <p>The marked-to-market value of Shariah-compliant equities or Shariah-compliant equity-related securities, Islamic money market instruments, or units or shares in Islamic collective investment schemes involved in hedging arrangements may be taken into account to reduce the exposure of the Fund to Islamic derivatives.</p> <p>The hedging arrangement must:</p> <p>(a) not be aimed at generating a return;</p> <p>(b) result in an overall verifiable reduction of the risk of the Fund;</p> <p>(c) offset the general and specific risks linked to the underlying constituent being hedged;</p> <p>(d) relate to the same asset class being hedged; and</p> <p>(e) be able to meet its hedging objective in all market conditions.</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 but not later than the end of the next Business Day.</p> <p>As such, the daily price of the Fund for a particular Business Day will not be published on the next Business Day but will instead be published 2 Business Days later (i.e., the price will be 2 days old).</p>
<b>Bases for Valuation of the Assets of the Fund</b>	<p><b>Listed Shariah-compliant securities (including listed Islamic collective investment schemes)</b></p> <p>Listed Shariah-compliant securities will be valued daily based on the primary exchange last closing market price or such other basis as may be prescribed by the relevant laws from time to time including approved accounting standards.</p> <p>However, if a valuation based on market price does not represent the fair value of the listed Shariah-compliant securities, for example during abnormal market conditions or no market price is available, including in the event of a suspension in the quotation of listed Shariah-compliant securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the listed Shariah-compliant securities should be valued at fair value, as determined in good faith by us based on the methods or bases approved by the Trustee after appropriate technical consultation.</p> <p><b>Unlisted Shariah-compliant securities</b></p> <p>Investments in unlisted Shariah-compliant securities will be valued at fair value as determined in good faith by us based on the methods or bases approved by the Trustee.</p> <p><b>Unlisted Islamic Collective Investment Schemes</b></p> <p>Investments in unlisted Islamic collective investment schemes will be valued daily based on the last published price per unit.</p> <p><b>Islamic Deposits and/or Cash</b></p> <p>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</p>

	<p>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 Islamic money market 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>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><b>Islamic Derivatives</b> For Islamic foreign exchange forward contracts (“FX Forwards”), valuation shall be based on foreign exchange (“FX”) spot bid foreign exchange rate and forward ticks bid rate quoted by Refinitiv at 4:00 p.m. (United Kingdom time). If the rates are not available, the FX Forwards will be valued by reference to the average indicative rate quoted by at least 3 independent dealers, or in accordance to fair value as determined in good faith by us on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.</p>
<b>Financial Year End</b>	30 <sup>th</sup> June
<b>Investor’s Profile</b>	The Fund is for investors who are seeking for long-term capital growth and opportunities in Japanese companies. The Fund invests in companies either domiciled in Japan or deriving their earnings from Japan, which comply with Shariah.
<b>Financing and 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>Although the Fund is permitted to participate in Shariah-compliant securities lending and repurchase transactions within the meaning of the Guidelines, we do not intend to do so. However, if we decide to allow the Fund to participate in Shariah-compliant securities lending and repurchase transactions, prior notification will be given to the Unit Holders and a supplemental prospectus will be issued to reflect such change.</p>

## 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 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**

### **Shariah-compliant Equity Risk**

Adverse price movements of any Shariah-compliant securities invested by the Fund may adversely affect the Fund's NAV. We strive to mitigate the impact of such Shariah-compliant securities risk through portfolio diversification.

Meanwhile, when investing in Shariah-compliant equity-related securities such as Shariah-compliant American Depositary Receipts, Shariah-compliant Global Depositary Receipts, Shariah-compliant rights issues and Shariah-compliant warrants, where their price movement is dependent on the price movement of the underlying of the Shariah-compliant equity-related securities, the risk is generally higher than their Shariah-compliant equities as these Shariah-compliant equity-related securities are a leveraged form of investment. The price of Shariah-compliant equity-related securities generally fluctuates more than the Shariah-compliant equities and consequently may affect the volatility of the Fund's NAV.

Shariah-compliant warrants are financial instruments that give the buyer the right but not the obligation to purchase or sell Shariah-compliant equities at a predetermined price before the expiry date. Such investment may experience time decay, and the erosion of value accelerates as the instrument advances to its expiry date.

### **Shariah non-compliant risk**

This risk refers to the risk that the investments of the Fund do not conform to Shariah requirements. Should the situation arise, we will take the necessary steps to dispose of such investments in accordance with the rules of divestment of Shariah non-compliant investments. If this occurs, the Fund could suffer losses from the disposal and thus, adversely affecting the value of the Fund.

### **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.

### **Single Country Risk**

The Fund invests primarily in Shariah-compliant equities, Shariah-compliant equity-related securities of companies which are incorporated, listed in or have their area of primary activity in Japan. Therefore, any changes in Japan's economic fundamentals, social and political stability, currency movements and foreign investment policies may have an impact on the process of the securities that the Fund invests in, which in turn may affect the NAV of the Fund. Exposure to a single country, may also increase potential volatility of the Fund due to the increased geographical concentration risk as they are less diversified geographically compared to funds investing in the regional or global markets.

### **Currency Risk**

As the base currency of the Fund is denominated in USD and the investments of the Fund and the currency denomination of the Classes may be denominated in other than USD, the investments of the Fund and the Classes not denominated in USD are exposed to currency risk.

Any fluctuation in the exchange rates between USD and the currencies in which the investments of the Fund are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments are denominated depreciate against the Base Currency, this will have an adverse effect on the NAV of the Fund in the Base Currency and vice versa. Any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment. The impact of the exchange rate movement between the Base Currency and the currency of

the underlying investments may result in a depreciation of the value of the investments as expressed in the Base Currency.

Any fluctuation in the exchange rates between USD and the currency denomination of the Class (other than Classes denominated in USD) will affect the Unit Holder's investments in those Classes (other than Classes denominated in USD). The impact of the exchange rate movement between the Base Currency and the currency denomination of the Class (other than Classes denominated in USD) may result in a depreciation of the Unit Holder's holdings as expressed in the Base Currency.

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

#### **Default Risk**

Default risk relates to the risk that an issuer of an 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 30% of the NAV of the Fund will be invested in Islamic deposits, Islamic money market instruments and/or held in cash.

#### **OTC Counterparty Risk**

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

#### **Related Party Transaction Risk**

The Fund may invest in Islamic collective investment schemes of other asset management companies which are related to us and may also have dealings with parties related to these companies. Such related party transactions may potentially result in conflict of interests between the Unit Holders and us. In managing such conflict of interests, all transactions with related parties will be executed on terms which are best available to the Fund and based on best execution and at arms-length transaction between independent parties.

#### **Reclassification of Shariah-compliant Status**

Shariah-compliant securities and instruments held by the Fund are subject to periodic review by the SAC of the SC, SAC of BNM, the Shariah boards of the relevant Islamic indices or the Shariah Adviser, where applicable. These securities and instruments may be reclassified as non-compliant during such reviews and the Fund may need to take the necessary steps to dispose of such securities or instruments, upon the advice of the Shariah Adviser. Consequently, the Fund may realise some losses in the disposal of the same or there may be opportunity loss for the Fund as the Fund may not be permitted to retain excess capital gains derived from such disposal. Please refer to section 9.4 Shariah Investment Guidelines adopted by the Shariah Adviser on the rules on disposal of Shariah non-compliant securities and instruments.

#### **Investments in Islamic Collective Investment Schemes**

Investing in Islamic collective investment schemes may be more costly to the Fund than if the Fund had invested in the underlying investments directly as the Fund will indirectly be paying the fees and expenses of the Islamic collective investment schemes in addition to the Fund's direct fees and expenses. Investing

in other Islamic collective investment schemes may subject the Fund to the risk that (i) the valuations of the Fund may not reflect the true value of the underlying Islamic collective investment schemes at a specific time and/or (ii) the valuation of the underlying Islamic collective investment schemes may not be available as at the relevant valuation point for the Fund which could result in significant losses or inaccurate pricing for the Fund. The Fund's investments in Islamic collective investment schemes may also subject the Fund to additional risks (such as risk associated with the investment manager of the Islamic collective investment scheme) than if the Fund would have invested directly in the underlying investment of the Islamic collective investment schemes. The risk associated with the investment manager of the Islamic collective investment schemes includes but is not limited to the risk of non-adherence to the investment objective, strategy and policies of the Islamic collective investment schemes, the risk of direct or indirect losses resulting from inadequate or failed operational and administrative processes and systems of the investment manager of the Islamic collective investment schemes, and the risk that the Islamic collective investment schemes may underperform due to poor investment decisions by the investment manager of the Islamic collective investment schemes.

Any adverse price movement of such Islamic collective investment schemes will adversely affect the Fund's NAV.

### **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.

### **RISK MANAGEMENT STRATEGIES**

The Fund has the ability to perform temporary defensive measures which may involve the Fund reducing its investments in Shariah-compliant equities, Shariah-compliant equity-related securities and Islamic collective investment schemes (where necessary) and shift to increase the Fund's allocation in Islamic deposits, Islamic money market instruments and/or held in cash.

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

### **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 may hold a maximum of 30% of its NAV in Islamic deposits, Islamic money market instruments and/or cash. 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.
- Daily monitoring of the Fund's net flows against redemption requests during normal and adverse market conditions are performed as pre-emptive measures in tracking the Fund's liquidity status. This will ensure that we are prepared and able to take the necessary action proactively to address any liquidity concerns, which would mitigate potential risks in relation to meeting Unit Holders' redemption requests.

To avoid suspension of the Fund, the Fund will hold adequate Islamic liquid assets (up to 30% of the Fund's NAV) and if the Islamic liquid assets are insufficient to meet redemption requests, we will either liquidate the investments of the Fund or seek temporary financing, considering which 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 due to exceptional circumstances stated under Section 6.8 of this Prospectus. 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. 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**

MYR Class	USD Class
Up to 5.00% of the NAV per Unit.	

*Notes:*

- (1) Investors may negotiate for a lower sales charge.*
- (2) We reserve the right to waive or reduce the sales charge.*
- (3) All sales charge will be rounded up to 2 decimal places and will be retained by us.*

#### **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**

MYR Class	USD Class
Up to 1.80% per annum of the NAV of each Class.	

The management fee is calculated and accrued daily, and is paid monthly to us. We may in our discretion, from time to time, charge an annual management fee that is lower than that stated above. Please refer to <https://www.nomura-asset.com.my/news-announcements/> for information on the current annual management fee charged to each Class.

We reserve the right to enter into separate fee sharing and/or fee reimbursement arrangements with the Unit Holders. Such fee as may be agreed between the Manager and the relevant Unit Holder will be calculated and paid/reimbursed by the Manager from its management fee.

Note:

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

## 5.6 Annual Trustee Fee

The Trustee is entitled to a trustee fee of up to 0.03% per annum of the NAV of the Fund (including local custodian fees and expenses but excluding foreign custodian fees and charges), subject to a minimum fee of RM12,000 per annum.

The trustee fee is accrued daily and paid monthly to the Trustee. The trustee fee is calculated using the Base Currency. Please refer to <https://www.nomura-asset.com.my/news-announcements/> for information on the current annual trustee fee charged to the Fund.

*Note:*

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

## 5.7 Fund Expenses

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

- (i) commissions or fees paid to brokers or dealers in effecting dealings in the 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 a Class or the removal or retirement of the Trustee or the Manager and the appointment of a new trustee or management company;
- (xii) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed by the Fund);
- (xiii) remuneration and out of pocket expenses of the 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;
- (xviii) fees in relation to fund accounting; and
- (xix) 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 (xviii) 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.

If you intend to invest in a Class not denominated in MYR, you are required to have a foreign currency account with any financial institution as all transactions relating to foreign currency will ONLY be made via telegraphic transfers.

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 for investment in RM (for MYR Class only) 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 4:00 p.m. Any application form which is received by us after the cut-off time will be deemed to have been received on the next Business Day and will be processed on the next Business Day. 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

	MYR Class	USD Class
<b>Minimum Initial Investment<sup>^</sup></b>	RM 1,000	USD 1,000
<b>Minimum Additional Investment<sup>^</sup></b>	RM 500	USD 500
<b>Minimum Redemption of Units<sup>^</sup></b>	1,000 Units	1,000 Units
<b>Minimum Switching of Units<sup>^</sup></b>	1,000 Units	1,000 Units
<b>Minimum Holding of Units<sup>^</sup></b>	1,000 Units	1,000 Units
	If the balance of your investment (i.e. total number of Units) in the Class is less than the minimum holding of Units, you will be required to make an additional investment in order to meet the required minimum balance of investment. Otherwise, we may withdraw all your Units in the Fund and pay the proceeds to you.	

<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 4:00 p.m. Any application form which is received by us after the cut-off time will be deemed to have been received on the following Business Day and will be processed on the next Business Day. 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 1,000 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.

Under normal circumstances, as the investments of the Fund is in foreign markets and the Fund is a multi-class fund that offers classes of Units denominated in currencies that are different from the Base Currency which is subject to currency conversion, you will receive the redemption proceeds within 8 Business Days via telegraphic transfer transferred to your bank account after we have received your redemption application provided that all documentations are complete and verifiable.

The redemption timeline may be extended to 10 Business Days in the event of any potential delay due to: (i) inaccurate details provided by the Unit Holder, including but not limited to identity card number and bank account number (ii) debit / credit of foreign currencies after the respective financial institutions' cut-off time; or (iii) the financial institution's system breakdown or experiencing problems. You will receive the redemption proceeds within 10 Business Days via telegraphic transfer transferred to your bank account after we have received your redemption application provided that all documentations are complete and verifiable as:

- (i) the Fund will only be receiving the proceeds from the sale of the Fund's assets on the 3rd Business Day; and
- (ii) the proceeds from the sale will be converted to the currencies of the respective Classes and would only be available in the Fund's account on the 5th Business Day,

from our receipt of your redemption application. Where Units are held jointly, payment will be made to the person whose name appears first in the register of Unit Holders. Payment can only be made in the same currency as per the Class which you have invested in. 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 redeem or cancel the Units results in the sale of assets of the Fund, or sale of assets which cannot be liquidated at an appropriate price or on adequate terms and is as such not in the interest of existing Unit Holders, the Trustee may refuse the said request in accordance to the Deed.

#### *Limits on Redemptions*

On any Business Day, the Manager may at its absolute discretion limit the maximum number of Units to be redeemed to 10% of the total number of Units in circulation of the Fund on that Business Day. Such limitation will be applied pro rata to all Unit Holders who have validly made a redemption request on such Business Day and up to 10% of their total holding of Units. The number of Units to be redeemed that has exceeded the limit will be processed automatically on the next Business Day (at the Redemption Price for that Business Day) with priority over the redemption requests received on the next Business Day. However, if on such next Business Day, the total number of Units to be redeemed including those carried forward from any earlier Business Day exceeds such limit, the Manager may further carry forward the requests for redemption until such time the total number of Units to be redeemed on a Business Day falls within such limit.

The Manager will notify those Unit Holders whose redemption requests are not processed in full due to a breach of the above limit within 2 Business Days following the day when the redemption requests are received.

Below is an illustration on how the Manager deals with redemption requests:

Business Day	Unit Holder	Total holding of Units	Number of Units requested to be redeemed	Number of Units requested to be subscribed	Total number of Units in circulation of the Fund	Maximum number of Units that can be redeemed for each Business Day	Number of Units processed for each Business Day	10% limit of Unit Holder's total holding
Day 1 10.6.2024	A	3,500,000.00	1,000,000.00		15,000,000.00	1,500,000.00	(350,000.00)	10.00%
	B	3,000,000.00	3,000,000.00				(300,000.00)	10.00%
	C	500,000.00		500,000.00			500,000.00	-
Day 2 11.6.2024	A	3,150,000.00	650,000.00		14,850,000.00	1,485,000.00	(315,000.00)	10.00%
	B	2,700,000.00	2,700,000.00				(270,000.00)	10.00%
	D	500,000.00	100,000.00				(50,000.00)	10.00%
Day 3 12.6.2024	A	2,835,000.00	335,000.00		14,215,000.00	1,421,500.00	(283,500.00)	10.00%
	B	2,430,000.00	2,430,000.00				(243,000.00)	10.00%
	D	450,000.00	50,000.00				(45,000.00)	10.00%
	E	300,000.00	30,000.00				(30,000.00)	10.00%
Day 4 13.6.2024	A	2,551,500.00	51,500.00		13,613,500.00	1,361,350.00	(51,500.00)	2.02%
	B	2,187,000.00	2,187,000.00				(218,700.00)	10.00%
	D	405,000.00	5,000.00				(5,000.00)	1.23%
	E	270,000.00	-				-	0.00%

Please note that if the conditions for redemptions stated above are imposed, the Unit Holders' redemption proceeds will be calculated on a staggered basis and based on several valuation points at which the redemption requests are deemed to have been received. Accordingly, under such circumstances, the Unit Holders redemption proceeds will be paid within 10 Business Days from the date at which the Unit Holders' redemption requests are deemed received.

### 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 4:00 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 4:00 p.m. Any switching form which is received by us after the cut-off time will be deemed to have been received on the following Business Day and will be processed on the next Business Day. 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 or Class 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	At the next valuation point, subject to clearance of payment and money received by the intended fund
Non-money market fund	Money market fund	T Day	

## 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 4:00 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 3 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 3 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 (or its equivalent amount in the currency denomination of the respective Class) will be automatically reinvested on your behalf.

The money shall be transferred to you 3 Business Days after the income distribution date.

Please note that we have the right to make provisions for reserves in respect of distribution. 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 Class or Fund, subject to the requirements in the Guidelines and/or the Deed, and where there is good and sufficient reason to do so.

If we have exhausted all possible avenues to avoid a suspension of the Fund, we may, in consultation with the Trustee and having considered the interests of the Unit Holders, suspend the sale (if applicable) and redemption of Units where it is impractical for us to calculate the NAV of the Fund due to the following:

- (i) the closure of a securities exchange or trading restrictions on a securities exchange where the Fund has substantial investment in such securities exchange; or
- (ii) the declaration of a moratorium in a country where the Fund has assets; or
- (iii) for the purpose of conversion of any currency, a closure or restrictions on trading in the relevant foreign exchange market; or
- (iv) an emergency or other state of affairs.

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 there may be delay in processing those transactions and you will be notified accordingly. You will also be notified once 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

Due to multiple Classes in this Fund, the indirect fees and/or charges for the Fund are apportioned based on the size of the Class relative to the whole Fund. This means that the multi-class ratio ("MCR") is calculated by taking the "value of a Class" for a particular day and dividing it with the "value of the Fund" for that same day. This apportionment is expressed as a ratio and is calculated as a percentage. As an illustration, assuming there is an indirect fee chargeable to the Fund of USD100 and the size of MYR Class and USD Class over the size of the Fund is 75% and 25% respectively, the ratio of the apportionment based on the percentage will be 75:25, 75% being borne by MYR Class and 25% being borne by USD Class.

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

Please note that the example below is for illustration only:

	<b>Fund (USD)</b>	<b>MYR Class (USD)</b>	<b>USD Class (USD)</b>
Value of the Fund/Class	101,500,000.00	76,125,000.00	25,375,000.00
<b>Multi-class ratio<sup>^</sup></b>	<b>100%</b>	<b>75%</b>	<b>25%</b>
Add: Other assets (including cash) & income	200,000.00	150,000.00	50,000.00
Less: Liabilities	100,000.00	75,000.00	25,000.00
NAV before deducting management fee and trustee fee for the day	101,600,000.00	76,200,000.00	25,400,000.00
Less: Management fee for the day		(76,200,000 x 1.80% / 365 days)	(25,400,000 x 1.80% / 365 days)
	5,010.41	3,757.81	1,252.60
Less: Trustee fee for the day		(76,200,000 x 0.03% / 365 days)	(25,400,000 x 0.03% / 365 days)
	83.51	62.63	20.88
<b>Total NAV (USD)</b>	<b>101,594,906.08</b>	<b>76,196,179.56</b>	<b>25,398,726.52</b>

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

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

Assuming there are 325,000,000 Units in circulation at the point of valuation, the NAV per Unit of a Class shall therefore be calculated as follows:

	<b>Fund (USD)</b>	<b>MYR Class (USD)</b>	<b>USD Class (USD)</b>
NAV	101,594,906.08	76,196,179.56	25,398,726.52
Divide: Units in circulation	325,000,000	300,000,000	25,000,000
NAV per Unit of the Class		USD0.2540	USD1.0159
Conversion to RM (at USD1:RM4.00 exchange rate)		RM1.0160	

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

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

### Calculation of Selling Price

#### **Illustration – Sale of Units**

##### **Example:**

If you wish to invest RM10,000.00 in MYR Class before 4:00 p.m. on a Business Day, and if the sales charge is 5.00% of the NAV per Unit, the total amount to be paid by you and the number of Units issued to you will be as follows:

Sales charge incurred	=	$\frac{\text{Investment amount}}{1 + \text{sales charge (\%)}}$	x	sales charge (%)
	=	$\frac{\text{RM10,000}}{1 + 5.00\%}$	x	5.00%
	=	RM476.19		
Net investment amount	=	Investment amount – sales charge		
	=	RM10,000 – RM476.19		
	=	RM9,523.81		
Units credited to investor	=	Net investment amount / NAV per Unit		
	=	RM9,523.81 / RM1.000		
	=	9.523.81 Units		

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

### Redemption Price of Units

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

### Calculation of Redemption Price

#### **Illustration – Redemption of Units**

##### ***Example:***

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

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

Redemption charge payable by you =  $0\% \times [10,000.00 \text{ Units} \times \text{RM}1,0000] = \underline{\text{RM}0.00}$

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

=  $[10,000.00 \text{ Units} \times \text{RM}1.0000 \text{ (the NAV per Unit)}] - \text{redemption charge}$

=  $\text{RM}10,000.00 - \text{RM}0.00$

= **RM10,000.00**

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;
- (ii) from the Fund to us; or
- (iii) by us to you and/or the former Unit Holders.

However, reimbursement of money shall only apply if the error is at or above the significant threshold of 0.5% of the NAV per Unit and the amount to be reimbursed is RM10.00 (or the same amount of 10 in the respective Class currency) or more.

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



## 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

The Manager's investment team is headed by the head of investments and is supported by a team of experienced fund managers who are responsible to manage the Fund.

#### **Mr Leslie Yap Kim Loong – Managing Director and Head of Investments, Malaysia**

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

Leslie brings with him over 26 years of industry experience in the area of funds management and research coverage. He was managing Malaysian equity funds for a local insurance company prior to relocating to a research house in Shanghai where he expanded his research coverage to include Hong Kong and Chinese companies. Leslie holds a Bachelor of Engineering in Manufacturing and Operations Management from the University of Nottingham in United Kingdom. Leslie also holds a Capital Markets Services Representative's Licence for fund management.

## **8.5 Investment Adviser**

The Manager has appointed Nomura Asset Management Co., Ltd. as the investment adviser of the Fund. The history of Nomura's investment management business can be traced as far back as 1959 with the establishment of Nomura Securities Investment Trust Management Co., Ltd. ("NITM"). The Investment Adviser was incorporated in Japan in 1997 as a result of the merger between NITM and Nomura Investment Management Co., Ltd. in 1981.

The Investment Adviser had in excess of USD 569 billion of assets under management as of LPD. The Investment Adviser has a long established reputation for the management of Japanese equities. The Investment Adviser is authorised and regulated by the Securities and Exchange Surveillance Commission in Japan.

The Investment Adviser will provide investment research and stock recommendation in accordance with the investment objective and within the investment restrictions and limits of the Fund.

## **8.6 Material Litigation**

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

*Note: For more information and/or updated information about the Shariah Adviser, the Trustee, the Manager, the Investment Adviser, 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) Providing 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) Preparing 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;
- (iii) Applying ijtehad (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, instrument, system, procedure and/or process;
- (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 the Chief Executive Officer and a director of 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.

#### **Foreign Shariah-compliant equities**

The Fund shall refer to the list of approved Islamic indices to determine if a foreign listed equity is Shariah-compliant.

For the Funds' investments in unlisted Shariah-compliant equities in the foreign markets which are not within the list of the approved Islamic indices, the Shariah Adviser applies the two-tier approach which applies the sector-based and accounting-based screens, in determining the Shariah status of the equities.

For sector-based screens, core business activities related to Shariah non-compliant advertising and media, alcohol, conventional banking and insurance, defense, firearms, Shariah non-compliant entertainment, pornography, gambling, Shariah non-compliant mortgage, lease and real estate investment trust, non-slaughtered animals according to Shariah, pork, cloning, stem cells, tobacco and trading of gold and silver as cash on deferred basis will not be appropriate for Islamic investment purpose.

For accounting-based screen, the Shariah Adviser will determine if the conventional debt and cash ratios, account receivable ratio and non-permissible income ratio of the company's financial position comply with the financial thresholds as approved by the Islamic indices subscribed by the Fund and any other approved Islamic indices.

These benchmarks may vary in accordance with the development of Islamic capital markets and the jurisdiction of the Islamic indices providers that are being referred to. Should any of the calculation fail to satisfy the financial benchmark, the Shariah Adviser will not accord Shariah-compliant status for the equities. To ensure strict compliance with Shariah requirements, foreign Shariah-compliant equities which are approved by the Shariah Adviser will be reviewed twice yearly.

#### **Islamic collective investment schemes**

For domestic listed Islamic collective investment schemes, reference is made to the Additional List: Other Shariah-compliant Capital Market Instruments in the list of Shariah-compliant securities issued by the SAC of the SC on a half-yearly basis. For foreign listed Islamic collective investment schemes, reference is made to the list of approved Islamic indices on a monthly basis. For domestic and foreign unlisted Islamic collective investment schemes, to ensure strict compliance with Shariah requirements, the Shariah Adviser will review the prospectus of the Islamic collective investment schemes and endorse that it is in compliance with the acceptable Shariah requirements. Should any of the screening fail to satisfy the Shariah requirements, the Shariah Adviser will not accord Shariah-compliant status for the collective investment schemes.

#### **Shariah-compliant equity-related securities**

For foreign listed Shariah-compliant equity-related securities, reference is made to the list of the approved Islamic indices on a monthly basis. The Fund's investments in unlisted Shariah-compliant equity-related securities in the foreign markets will be selected in accordance with the equities classified as Shariah-compliant by the Shariah Adviser.

## Islamic derivatives

We may use Islamic derivatives approved by the Shariah Adviser, such as Islamic foreign exchange forward contracts, for hedging purposes. If Islamic derivatives are not available or are not commercially viable, we may use conventional derivatives subject to prior approval from the Shariah Adviser being obtained.

### 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 interest), the gain is to be channelled to *baitulmal* and/or any other charitable bodies as advised by the Shariah Adviser. The fund has a right to retain only the investment cost. If the disposal of the investment resulted in losses to the Fund, the losses are to be borne by the Manager.

#### Reclassification of Shariah-compliant status

Shariah-compliant securities which are reclassified to be Shariah non-compliant upon review of the securities by the relevant Shariah adviser of Islamic indices and the Shariah Adviser or are removed from the approved Islamic indices will result in the Shariah non-compliant securities being disposed of. If on the effective date of the reclassification, the respective market price of Shariah non-compliant securities exceeds or is equal to the investment cost, such securities must be disposed of. Any dividends received from the Shariah non-compliant securities up to the effective date and capital gain arising from their disposal on the effective date, may be kept. However, any dividends received and capital gains derived from the disposal of the Shariah non-compliant securities after the effective date should be deposited into a separate account which is segregated from the Fund's account, for the purpose of purification.

The Fund is to channel any dividends received and excess capital gain to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser.

On the other hand, the Fund is allowed to hold the investment in the Shariah non-compliant securities if the market price of the said securities is below the investment cost. The Fund is also permissible to keep the dividends received during the holding period until such time when the total amount of dividends received and the market value of the Shariah non-compliant securities held equal the investment cost. At this stage, the holding must be disposed of.

In addition, during the holding period, the fund is allowed to subscribe to:

- (a) any issue of new securities by a company whose Shariah non-compliant securities are held by the investors, for example rights issues, bonus issues, special issues and warrants (excluding securities whose nature is Shariah non-compliant e.g. loan stocks); and
- (b) Shariah-compliant securities of other companies offered by the company whose Shariah non-compliant securities are held by the fund

on the condition that the fund expedites the disposal of the Shariah non-compliant securities.

#### 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 SCBMB Trustee Berhad

SCBMB Trustee Berhad (“STB”), a company incorporated in Malaysia under the Companies Act 1965 (now known as Companies Act 2016) on 13 June 2012 and registered as a trust company under the Trust Companies Act 1949.

### 10.2 Experience in Trustee Business

STB has been registered and approved by the SC on 18 February 2013 to act as trustee for collective investment schemes approved or authorised under the CMSA. STB has suitably qualified and experienced staff in the administration of unit trust funds who have sound knowledge of all relevant laws.

STB’s trustee services are supported by Standard Chartered Bank Malaysia Berhad (“**SCBMB**”), a subsidiary of Standard Chartered PLC, financially and for other various functions including but not limited to compliance, legal, operational risks and internal audit.

### 10.3 Duties and Responsibilities of the Trustee

STB’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 ultimately appoints SCBMB as the custodian of the local and foreign quoted and unquoted assets of the Fund. SCBMB was incorporated on 29 February 1984 in Malaysia under the Companies Act 1965 (*now known as Companies Act 2016*) as a public limited company and is a subsidiary of Standard Chartered PLC (the holding company of a global banking group). SCBMB was granted a license on 1 July 1994 under the Banking and Financial Institutions Act, 1989 (*now known as the Financial Services Act 2013*). The custodian provides custody services to domestic, foreign, retail and institutional investors.

The assets are registered in the name of the Trustee for the Fund, or where the custodian function is delegated, in the name of the custodian to the order of the Trustee for the Fund.

The roles and duties of SCBMB as the Trustee’s delegate inter alia are as follows:

1. to act as custodian for the local and selected cross-border investment of the Fund and to hold in safekeeping the assets of the Fund;
2. to provide corporate action information or entitlements arising from the underlying assets and to provide regular reporting on the activities of the invested portfolios;
3. to maintain proper records on the assets held to reflect the ownership of the assets belonging to the respective client; and

4. to collect and receive for the account of the clients all payments and distribution in respect of the assets held.

The custodian acts 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

Fund	Maximum Sales Charge	Maximum Redemption Charge	Maximum Annual Management Fee	Maximum Annual Trustee Fee
MYR Class	5.00% of the NAV per Unit.	5.00% of the NAV per Unit.	3.00% per annum of the NAV of the relevant Class.	0.10% per annum of the NAV of the Fund (including local custodian fees and expenses but excluding foreign custodian fees and charges), subject to a minimum fee of RM12,000 per annum.
USD Class				

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



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

#### **Sales Charge**

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

- (a) the Manager has notified the Trustee in writing of and the effective date for the higher charge;
- (b) a supplemental prospectus or replacement prospectus in respect of the Fund setting out the higher charge is registered, lodged and issued; and
- (c) such time as may be prescribed by any relevant law has elapsed since the effective date of the supplemental prospectus or replacement prospectus.

#### **Redemption Charge**

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

- (a) the Manager has notified the Trustee in writing of and the effective date for the higher charge;
- (b) a supplemental prospectus or replacement prospectus in respect of the Fund setting out the higher charge is registered, lodged and issued; and
- (c) such time as may be prescribed by any relevant law has elapsed since the effective date of the supplemental prospectus or replacement prospectus.

#### **Management Fee**

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

- (a) the Manager has come to an agreement with the Trustee on the higher rate;
- (b) the Manager has notified the Unit Holders of the higher rate and the date on which such higher rate is to become effective; such time as may be prescribed by any relevant law shall have elapsed since the notice is sent;
- (c) a supplemental prospectus or replacement prospectus stating the higher rate is registered, lodged and issued; 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; and
- (d) such time as may be prescribed by any relevant law shall have elapsed since the date of the supplemental prospectus or replacement prospectus.

#### 11.4 Expenses Permitted by the Deed

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

- (i) commissions or fees paid to brokers or dealers in effecting dealings in the 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 a Class or the removal or retirement of the Trustee or the Manager and the appointment of a new trustee or management company;
- (xii) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed by the Fund);
- (xiii) remuneration and out of pocket expenses of the 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;
- (xviii) fees in relation to fund accounting; and
- (xix) 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 (xviii) 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) 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

### 1. 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.

### 2. Termination of a Class

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

The Fund and/or any of the Class may be terminated or wound-up, without the need to seek Unit Holders' prior approval, 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/or the Class and the termination of the Fund and/or the Class is in the best interest of the Unit Holders.

### Procedures and processes on termination of the Fund or a Class

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; and
- (c) in relation to any monies held by the Trustee that remains unclaimed after 12 months, transfer such monies to the Registrar of Unclaimed Moneys, in accordance with the requirements of the Unclaimed Moneys Act 1961.

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 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.

If at a meeting of Unit Holders of a particular Class to terminate such Class, a Special Resolution to terminate the Class is passed by the Unit Holders:

- (a) the Trustee shall cease to create Units of that Class;
- (b) the Manager shall cease to deal in Units of that Class;
- (c) the Trustee and the Manager shall notify the relevant authorities in writing of the passing of the Special Resolution; and
- (d) the Trustee or the Manager shall as soon as practicable inform all Unit Holders of the Fund of the termination of that Class.

## **11.8 Unit Holders' Meeting**

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

Every question arising at any meeting shall be decided in the first instance by a show of hands unless a poll is demanded or, if it be a question which under the Deed requires a special resolution, a poll shall be taken. On a show of hands every Unit Holder who is present in person or by proxy shall have 1 vote.

### Quorum

- (a) The quorum required for a meeting of the Unit Holders of the Fund or a Class, as the case may be, shall be 5 Unit Holders, whether present in person or by proxy; however, if the Fund or a Class, as the case may be, has 5 or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund or a Class, as the case may be, shall be 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 or a Class, as the case may be, at the time of the meeting.
- (c) If the Fund or a Class, as the case may be, 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 or a Class, as the case may be.

## 12. CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

### Related Party Transactions

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

Name of Party	Name of Related Party and Nature of Relationship	Existing / Potential Related Party Transaction
Manager	Nomura Asset Management Singapore Limited	Nomura Asset Management Singapore Limited provides system maintenance and information technology administrative support to the Manager.
	Nomura Asset Management Singapore Limited and the Manager are both wholly owned by Nomura Asset Management Co. Ltd.	
	Nomura Asset Management Co. Ltd.	Nomura Asset Management Co. Ltd. is the investment adviser of the Fund.

### SCBMB Trustee 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 Standard Chartered Bank Malaysia Berhad and any of its group companies (e.g. money market placement, etc.);
- 2) where the Fund has obtained financing from Standard Chartered Bank Malaysia Berhad and any of its group companies, as permitted under the SC's guidelines and other applicable laws;
- 3) where the Manager appoints STB to perform its back office functions (e.g. fund accounting and valuation); and
- 4) where STB has delegated its custodian function for the Fund to Standard Chartered Bank Malaysia Berhad.

STB 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 STB 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 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, Investment 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>.

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

**(c) Financial Reports**

You will be informed of the Fund's performance through the audited annual reports and 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>	Deed dated 19 June 2024.
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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, Shariah Adviser and Investment 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 First Prospectus)

**PricewaterhouseCoopers Taxation Services Sdn Bhd**  
Level 10, Menara TH 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

12 June 2024

#### TAXATION OF NOMURA JAPAN SHARIAH ACTIVE CORE FUND AND UNIT HOLDERS

Dear Sirs,

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

In addition, with effect from 1 January 2024, gains from disposal of capital assets will be subject to Capital Gains Tax ("CGT") Please refer to the CGT section below for further details.

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*PricewaterhouseCoopers Taxation Services Sdn Bhd (464731-M),  
Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia  
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 Malaysian companies adopt the single-tier system. Hence dividends received would be exempted from tax and the deductibility of expenses incurred against such dividend income would be disregarded. Dividends received from companies under the single-tier system would be exempted. There will not be any tax refunds available for single-tier dividends received.

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

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

- (a) Securities or bonds issued or guaranteed by the government of Malaysia (Government);
- (b) Debentures<sup>1</sup> or sukuk, other than convertible loan stocks, approved or authorised by, or lodged with, the Securities Commission Malaysia; and
- (c) Bon Simpanan Malaysia issued by Bank Negara Malaysia.

Interest derived from the following investments is exempt from tax:

- (a) Interest paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013;
- (b) Interest 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 paid or credited by Malaysia Building Society Berhad<sup>2</sup>.

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

### Exception: -

#### i. Wholesale money market fund

The exemption above shall not apply to interest paid or credited to a unit trust that is a wholesale money market fund.

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

Interest income of a RMMF will remain tax exempted under Paragraph 35A, Schedule 6 of the Act. However, resident and non-resident Unit Holders (other than individual Unit Holders), who receive income distributed from interest 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%.

The WHT has to be withheld and remitted by the RMMF to the tax authorities within 30 days upon distribution of the income to the Unit Holders.

## (2) Foreign Investments

<sup>1</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>2</sup> Exemption granted through letters from Ministry of Finance Malaysia dated 11 June 2015 and 16 June 2015 and with effect YA 2015.



Gross foreign sourced income remitted to Malaysia by Malaysian unit trusts will be subject to Malaysian income tax at the prevailing rate, currently at 24%.

Such income from foreign investments may be subject to taxes or withholding taxes in the specific foreign country. Subject to meeting the relevant prescribed requirements, the Fund in Malaysia is entitled for double taxation relief on any foreign tax suffered on the income in respect of overseas investment.

In addition, effective from 1 January 2024, the scope of taxable foreign source income has been expanded to include capital gains from disposal of capital assets outside Malaysia, remitted to Malaysia. Please refer to the CGT section below for further details.

We wish to highlight that the MOF has announced that unit trusts in Malaysia will be exempted from capital gains from disposal of capital assets outside Malaysia when remitted to Malaysia. The MOF has provided that exemption will be given when economic substance requirements are met. However, to-date no legislation has been gazetted on the exemption.

### (3) Real Property Gains Tax (“RPGT”)

Currently, any gains on disposal of real properties or shares in real property companies<sup>3</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 4 <sup>th</sup> year	20%
In the 5 <sup>th</sup> year	15%
In the 6 <sup>th</sup> year and subsequent years	10%

Effective from 1 March 2024, CGT will be applicable on the gains from sale of Malaysian unlisted shares. Therefore, gains from disposal of all Malaysian unlisted shares will be subjected to CGT from 1 March 2024 instead. Please refer to section on CGT below for further details.

### (4) Introduction of Capital Gains Tax (“CGT”)

CGT has been introduced in Malaysia and will be imposed on gains from the disposal of capital assets as set out below:

#### (i) Foreign sourced capital gains

Effective from 1 January 2024, the scope of taxable foreign-sourced income received in Malaysia will include gains from disposal of capital assets from outside Malaysia. The foreign gains remitted to Malaysia will be subject to the prevailing income tax rates, currently at 24%.

The gains are eligible for tax exemption subject to meeting economic substance requirements (i.e. “adequate number” of employees with the necessary qualifications to carry out the specific

<sup>3</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.



economic activities in Malaysia are employed and incurred an “adequate” amount of operating expenditure to carry out the specific economic activities in Malaysia).

The Income Tax (Exemption) (No. 3) Order 2024, which was gazetted on 4 March 2024, provides the exemption from CGT on gains from disposal of foreign capital assets received by companies, limited liability partnerships (LLPs), trust bodies and co-operative societies resident in Malaysia which meet economic substance requirements from 1 January 2024 to 31 December 2026. However, as Funds generally do not have employees, the Fund would not be able to qualify for the exemption provided.

Such capital gains from foreign investments may be subject to taxes or withholding taxes in the specific foreign country. Subject to meeting the relevant prescribed requirements, 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 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.

*(ii) Malaysian capital gains*

Effective from 1 March 2024, CGT will be applicable on gain on sale of shares in unlisted Malaysian companies and shares in foreign companies which ultimately have investments in Malaysian real property at the following rates:-

Share Acquisition Date	CGT rate
Before 1 March 2024	Rate can be: i. 10% on net gain; or ii. 2% on gross sales value
From 1 March 2024	10% on net gain

*“Shares” has been defined to be all or any of the following:*

- a. stock and shares in a company;*
- b. loan stock and debentures issued by a company or any other corporate body incorporated in Malaysia;*
- c. a member's interest in a company not limited by shares whether or not it has a share capital;*
- d. any option or other right in, over or relating to shares as defined in paragraphs (a) to (c) above.*

We wish to highlight that Income Tax (Amendment) Bill 2024 has been tabled in Parliament on 25 March 2024 which proposed the definition of shares above under Section 65C of the Act to be deleted. This is because the definition of shares under Section 2 of the Act is applicable for the purposes of computing the CGT. Section 2 defined share as in relation to a company, includes stock other than debenture stock.

As announced on 16 January 2024 by the Finance Minister II, Datuk Seri Amir Hamzah Azizan, unit trusts will be exempted from CGT and income tax on foreign-sourced income. The exemption on CGT is effective from 1 January 2024 until 31 December 2028, while the exemption from income tax on foreign-sourced income takes effect from 1 January 2024 until 31 December 2026. The relevant tax exemption orders or guidelines have not been issued to-date.



## (5) 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.

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

Sales tax will be chargeable on taxable goods manufactured in or imported into Malaysia, unless specifically exempted by the Minister. Whereas, only specific taxable services provided by specific taxable persons will be subject to service tax. Sales tax and service tax are single stage taxes. As such, SST incurred would generally form an irrecoverable cost to the business. The rates for sales tax are nil, 5%, 10% or a specific rate whereas the rate for service tax is at 6% or 8%<sup>4</sup>

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

Certain brokerage, professional, consultancy or management services obtained by the Fund may be subject to service tax at 8%. However, fund management services and trust services are excluded from service tax.

Service tax will apply to any taxable service that is acquired by any business in Malaysia from a non-Malaysian service provider. In this connection, if the Fund acquires imported taxable services (if any) will need to declare its imported taxable services through the submission of prescribed declaration, (i.e. Form SST-02A) to the Royal Malaysian Customs Department ("RMCD").

Service tax on digital services is implemented at the rate of 8%. 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.

Furthermore, the provision of digital services has also been prescribed as a taxable service when provided by a local service provider. Hence, where the Fund obtains any of the prescribed digital services, those services may be subject to service tax at 8%.

<sup>4</sup> With effect from 1 March 2024, taxable services is subjected to service tax rate of 8% except for the following services which are subjected to service tax rate of 6%:

- (a) Food and beverages services
- (b) Telecommunication services
- (c) Parking services

Additionally, the following services will be included as taxable services effective from 1 March 2024 and the service tax rates are as follows:

- Karaoke centre services (8%)
- Maintenance and/or repair services (8%)
- Brokerage and underwriting services other than relating financial services (8%)
- Logistics services (6%)



## **TAXATION OF UNIT HOLDERS**

Unit Holders will be taxed on an amount equivalent to their share of the total taxable income of the Fund to the extent of the distributions received from the Fund. The income distribution from the Fund will carry a tax credit in respect of the tax paid by the Fund. Unit Holders will be entitled to utilise the tax credit against the tax payable on the income distribution received by them.

Generally, no additional withholding tax will be imposed on the income distribution from the Fund, unless the Fund is a RMMF. Interest income of a RMMF which are exempted under Paragraph 35A of Schedule 6 and distributed to non-individual unitholders will be subject to withholding tax at 24%.

The distribution of exempt income and gains arising from the disposal of investments (except for gains which are subject to CGT) by the Fund will be exempted from tax in the hands of the Unit Holders.

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

### **1. Income distributions in the form of new units from the Fund**

The holders receiving their income distribution by way of investment in the form of new units from the Fund will be regarded as having purchased the new units out of their income distribution after tax. As such, the Holders will similarly be seen as receiving either foreign sourced income which may be exempted from Malaysian income tax, or could either be taxable income at the prevailing rate in the hands of Malaysia tax resident or exempted, subject to the updated FSIE Guidelines.

### **2. Individuals and Non-Corporates**

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% to 30%. 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 will be utilised against the tax liabilities of these Unit Holders.



### 3. Resident Corporates

Resident<sup>5</sup> corporate unit holders will generally be liable to income tax at 24% on distribution of income received from the Fund. Tax credits attributable to the distribution of income can be utilised against the tax liabilities of these Unit Holders.

For resident corporate Unit Holders, the WHT on the income from a RMMF is not a final tax. The resident corporate Unit Holders will need to subject the income distributed from the unit trust in its income tax returns and the attached tax credit (i.e. the 24% WHT suffered) will be available for set-off against the tax chargeable on the resident corporate Unit Holders.

### 4. Non-Resident Unit Holders

Non-resident Unit Holders may also be subject to tax in their respective 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.

For non-resident corporate Unit Holders, the 24% WHT on income distributed from interest income of a RMMF, is a final tax.

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<sup>5</sup> Resident companies with paid up capital in respect of ordinary shares of RM2.5 million and below and having an annual sales of not more than RM50 million will pay tax at 15% for the first RM150,000 of chargeable income, 17% for RM150,001 to RM600,000 with the balance taxed at 24% with effect from YA 2023.

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.

Additional shareholding condition of not more than 20% of the paid up capital or capital contribution, at the beginning of a YA is directly own or indirectly by one or more:

- Companies incorporated outside of Malaysia, or
- Individuals who are not Malaysian citizens,

which is required to be observed from YA 2024.





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**

A handwritten signature in black ink, appearing to read 'Jennifer Chang', written over a large, faint circular watermark or background mark.

Jennifer Chang  
Partner

PricewaterhouseCoopers Taxation Services Sdn Bhd have given their written consent to the inclusion of their report as taxation adviser in the form and context in which 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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