PROSPECTUS

This Prospectus in relation to the following Fund is dated 22 August 2022.

# MAMG Global Environment Fund

(constituted on 1 December 2021 and launched on 22 August 2022)

Manager: Maybank Asset Management Sdn Bhd (Registration No.: 199701006283 (421779-M))

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

THE FUND IS NOT A CAPITAL GUARANTEED FUND OR A CAPITAL PROTECTED FUND.

MAMG GLOBAL ENVIRONMENT FUND IS A QUALIFIED SUSTAINABLE AND RESPONSIBLE INVESTMENT (SRI) FUND UNDER THE GUIDELINES ON SUSTAINABLE AND RESPONSIBLE INVESTMENT FUNDS.

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

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 7.

Humanising Financial Services.

Maybank

Asset Management

# SECOND SUPPLEMENTARY PROSPECTUS

**This Second Supplementary Prospectus dated 27 December 2023 must be read together with the Prospectus dated 22 August 2022 and the First Supplementary Prospectus dated 8 May 2023 for:-**

| **Fund** | **Date of Constitution** |
|---|---|
| MAMG Global Environment Fund | 1 December 2021 |

| | | |
|---|---|---|
| **Manager** | : | Maybank Asset Management Sdn Bhd<br>(Registration No.: 199701006283 (421779-M)) |
| **Trustee** | : | SCBMB Trustee Berhad<br>(Registration No.: 201201021301 (1005793-T)) |

A copy of this Second Supplementary Prospectus dated 27 December 2023 together with the Prospectus dated 22 August 2022 and the First Supplementary Prospectus dated 8 May 2023 for MAMG Global Environment Fund ("the Fund") have been registered with the Securities Commission Malaysia, who takes no responsibility for their contents. Registration of this Second Supplementary Prospectus dated 27 December 2023 does not indicate that the Securities Commission Malaysia recommends the Units or assumes responsibility for the correctness of any statement made, opinions expressed or reports contained in the Prospectus dated 22 August 2022, the First Supplementary Prospectus dated 8 May 2023 and this Second Supplementary Prospectus dated 27 December 2023.

**THE FUND IS NOT A CAPITAL GUARANTEED FUND OR A CAPITAL PROTECTED FUND.**

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

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SECOND SUPPLEMENTARY PROSPECTUS DATED 27 DECEMBER 2023 WHICH IS TO BE READ TOGETHER WITH THE PROSPECTUS DATED 22 AUGUST 2022 AND THE FIRST SUPPLEMENTARY PROSPECTUS DATED 8 MAY 2023. 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 7 OF THE PROSPECTUS DATED 22 AUGUST 2022. PROSPECTIVE INVESTORS SHOULD ALSO NOTE THAT THE DISCLOSURE ON RISK FACTORS FOR THE FUND IN THE PROSPECTUS DATED 22 AUGUST 2022 HAS BEEN REVISED AND IS REFLECTED ON PAGE 1 OF THE FIRST SUPPLEMENTARY PROSPECTUS DATED 8 MAY 2023 AND PAGE 1 OF THIS SECOND SUPPLEMENTARY PROSPECTUS.**

**Responsibility Statement**

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

**Statements of Disclaimer**

The Securities Commission Malaysia ("SC") has authorised the MAMG Global Environment Fund and a copy of this Second Supplementary Prospectus has been registered with the SC.

The authorisation of the MAMG Global Environment Fund, and registration of this Second Supplementary Prospectus, should not be taken to indicate that the SC recommends the MAMG Global Environment Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in the Prospectus dated 22 August 2022, the First Supplementary Prospectus dated 8 May 2023 and this Second Supplementary Prospectus.

The SC is not liable for any non-disclosure on the part of the Manager responsible for the MAMG Global Environment Fund and takes no responsibility for the contents in this Second Supplementary Prospectus. The SC makes no representation on the accuracy or completeness of this Second Supplementary 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 Second Supplementary Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Second Supplementary Prospectus or the conduct of any other person in relation to the Fund.

The MAMG Global Environment Fund will not be offered for sale in the United States of America, its territories or possessions and all areas subject to its jurisdiction, or to any U.S. Person(s). Accordingly, investors may be required to certify that they are not U.S. Person(s) before making an investment in the MAMG Global Environment Fund.

**The Fund is not a capital protected or capital guaranteed fund.**

**This Second Supplementary Prospectus is dated 27 December 2023 and must be read together with the Prospectus dated 22 August 2022 and the First Supplementary Prospectus dated 8 May 2023.**

1. **Insertion of definition of "Stock Connect" in "Chapter 1 – Definitions" on page 3 of the Prospectus**

   The following definition of "Stock Connect" is hereby inserted immediately after the definition of "SRI":

| | |
|---|---|
| Stock Connect | The "Stock Connect" is a program which aims to achieve mutual stock market access between Mainland China and Hong Kong. Stock Connect is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), Shanghai Stock Exchange ("SSE"), Shenzhen Stock Exchange ("SZSE") and China Securities Depository and Clearing Corporation Limited ("ChinaClear"). Hong Kong and overseas investors (including the Qualified Foreign Institutional Investors sub-funds), through their Hong Kong brokers and subsidiaries established by The Stock Exchange of Hong Kong Limited ("SEHK"), may be able to trade certain predefined eligible shares listed on SSE/SZSE by routing orders to SSE/SZSE. It is expected that the list of eligible shares and stock exchanges in Mainland China in respect of Stock Connect will be subject to review from time to time. Trading under the Stock Connect will be subject to a daily quota ("Daily Quota"). The trading quota rules may be subject to review. |

2. **Amendment to Section 3.1 – The Fund Information in "Chapter 3 – Fund Information" on page 6 of the Prospectus**

   The following paragraph is hereby inserted immediately after the 5th paragraph of the investment strategy:

   We may, in consultation with the Trustee and subject to Unit Holders' approval, replace the Target Fund with another fund of a similar objective, if, in our opinion, the Target Fund no longer meets the Fund's investment objective. In the event that there is a change of the Target Fund, we will ensure that the replacement of the Target Fund complies with the Guidelines on Sustainable and Responsible Investment Funds.

3. **Amendment to Section 3.1 – The Fund Information in "Chapter 3 – Fund Information" on page 7 of the Prospectus**

   The information in relation to temporary defensive position is hereby deleted in its entirety and replaced with the following:

   We may adopt temporary defensive positions to protect the Fund's investments to respond to adverse market, political or economic conditions by holding more than 10% of the Fund's NAV in liquid assets that may be inconsistent with the Fund's principal investment strategy and asset allocation. However, we will ensure that at least 80% of the Fund's NAV remains in shares of the Target Fund.

   As the temporary defensive positions are adopted at the Fund's level, our view on market outlook may differ from the view of the Investment Manager. As a result, there is a risk that the Fund will not achieve its investment objective by adopting such defensive strategies. However, for all intents and purposes, we will resume the investment strategy to invest at least 90% of the Fund's NAV in the Target Fund as soon as practicable within an appropriate timeframe not exceeding 3 months.

**This Second Supplementary Prospectus is dated 27 December 2023 and must be read together with the Prospectus dated 22 August 2022 and the First Supplementary Prospectus dated 8 May 2023.**

4. **Amendment to Section 3.1 – The Fund Information in "Chapter 3 – Fund Information" on page 9 of the Prospectus**

The "Derivatives Risk" is hereby inserted immediately after "Temporary of Suspension of the Target Fund Risk" under specific risks of the Fund as follows:

Derivatives Risk
Derivatives, if any, will only be used for the purpose of hedging the Fund's portfolio from certain anticipated losses such as those resulting from unfavourable exchange rate movements. However, every hedge comes with a cost. In a move to mitigate the risk of uncertainty, the Fund is now exposed to the risk of opportunity loss. Once hedged, the Fund cannot take full advantage of favourable exchange rate movements. If the exposure which the Fund is hedging against makes money, the act of hedging would have typically reduced the potential returns of the Fund. On the other hand, if the exposure which the Fund is hedging against losses money, the act of hedging would have reduced the loss, if successfully hedged.

5. **Amendment to Section 3.1 – The Fund Information in "Chapter 3 – Fund Information" on page 11 of the Prospectus**

The information on the investment restrictions is hereby deleted in its entirety and replaced with the following:

| | |
|---|---|
| **Investment Restrictions** | • The Fund shall not invest in the following:<br>(a) a fund-of-funds;<br>(b) a feeder fund; and<br>(c) any sub-fund of an umbrella scheme which is a fund-of-funds or a feeder fund.<br><br>• The Fund may invest up to 15% of its NAV in the following permitted investments:<br>(a) placement in short-term deposits;<br>(b) derivatives for the sole purpose of hedging arrangement; and<br>(c) money market instruments that are dealt in or under the rules of an eligible market and whose residual maturity does not exceed 12 months;<br><br>• The Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size.<br><br>• During temporary defensive positions, the following investment restrictions and limits will apply:<br>- The value of the Fund's investments in money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV.<br>- The value of the Fund's placement in deposits with any single financial institution must not exceed 20% of the Fund's NAV. The single financial institution limit does not apply to placements of deposits arising from: |

(a) subscription monies received prior to the commencement of investment by the Fund;
(b) liquidation of investment prior to the termination of the Fund, where the placement of deposits with various financial institutions would not be in the best interests of the Unit Holders; or
(c) moneys held for the settlement of redemption or other payment obligations, where the placement of deposits with various financial institutions would not be in the best interests of the Unit Holders.

- The aggregate value of the Fund's investments in, or exposure to, a single issuer through money market instruments, deposits, underlying assets of derivatives and counterparty arising from the use of OTC derivatives must not exceed 25% of the Fund's NAV.
- The value of the Fund's investments in money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV.
- The Fund's investments in debt securities must not exceed 20% of the debt securities issued by a single issuer. This limit may be disregarded at the time of acquisition if at that time of acquisition, the gross amount of debt securities in issue cannot be determined.

The limits and restrictions on the investments of the Fund do not apply to securities or instruments issued or guaranteed by the Malaysian government or Bank Negara Malaysia.

The above stated limits and restrictions shall be complied with at all times based on the most up-to-date value of the Fund's investments and instruments. We will notify the SC, within seven (7) Business Days, of any breach of investment limits and restrictions with the steps taken to rectify and prevent such breach from recurring. However, where the restriction or limit is breached as a result of any appreciation or depreciation in the value of the Fund's assets, redemption of Units or payments made from the Fund, change in capital of a corporation in which the Fund has invested in or downgrade in or cessation of a credit rating, we will, within a reasonable period of not more than 3 months from the date of the breach take all necessary steps and actions to rectify the breach.

## 6. Amendment to Section 3.1 – The Fund Information in "Chapter 3 – Fund Information" on page 11 of the Prospectus

(i) The following paragraph is hereby inserted immediately before the "Calculation of Global Exposure to Derivatives and Embedded Derivatives" in "Use of Derivatives":

The Fund's global exposure to derivatives must not exceed the Fund's NAV at all times.

(ii) The following paragraph is hereby inserted immediately after the last paragraph in "Use of Derivatives":

Subject to the aggregate limit under the "Investment Restrictions" section, the maximum exposure of the Fund to the counterparty, calculated based on the above method, must not exceed 10% of the Fund's NAV.

**7. Amendment to Section 3.2 - Information of the Target Fund in "Chapter 3 – Fund Information" on page 13 of the Prospectus**

The 2nd and 3rd paragraphs of the investment policy of the Target Fund are hereby deleted in its entirety and replaced with the following:

The remaining portion, namely a maximum of 25% of the Target Fund's assets, may be invested in any other transferable securities (including P-Notes), money market instruments, and also, within a limit of 15% of the assets, in debt securities of any kind and, within a limit of 10% of the assets, in UCITS or UCIs.

In respect of the above investments limits, the Target Fund's investments into "China A-Shares" via the Stock Connect may reach up to 25% of its assets.

The Target Fund may hold ancillary liquid assets within the limits and conditions described in Section 14.1 of this Prospectus.

**8. Amendment to Section 3.2 - Information of the Target Fund in "Chapter 3 – Fund Information" on page 14 of the Prospectus**

The 2nd paragraph of "ESG integration" under "Sustainable Investment Policy" is hereby deleted in its entirety and replaced with the following:

ESG scores, as defined by an internal proprietary framework, can be made available to assist in the ESG evaluation of securities' issuers. ESG integration is systematically applied to all investment strategies. The process to integrate and embed ESG factors in the investment decision-making processes is guided by formal BNP Paribas Asset Management's ESG integration guidelines. However, the way and the extent to which ESG integration, including ESG scores, is embedded in each investment process of the Target Fund is determined by the Investment Manager, who is fully responsible in this respect.

ESG Integration Guidelines

- The Investment Manager will typically avoid investing in a public entity without ESG analysis, with a process for qualitative ESG analysis available to investors. The Investment Manager maintains minimum coverage threshold for funds (90% for developed markets and 75% for emerging markets, mid-small caps and high yield), performing qualitative ESG analysis in the absence of a quantitative ESG rating when thresholds are in breach.
- The Investment Manager will avoid investing in a private entity without performing ESG due diligence (which could include qualitative analysis, or receiving a completed ESG questionnaire).
- Integrating ESG factors into the Investment Manager's investment processes should have a measurable positive impact on the ESG characteristics of portfolios. As a result, the Investment Manager aims to hold portfolios with a more positive ESG scores and a lower carbon footprint than the Target Fund's benchmarks.

*Note: The above apply only to corporate and sovereign issuers, derivatives and cash are excluded at this stage.*

**This Second Supplementary Prospectus is dated 27 December 2023 and must be read together with the Prospectus dated 22 August 2022 and the First Supplementary Prospectus dated 8 May 2023.**

- The Investment Manager will not invest in companies in violation of the United Nations Global Compact Principles, the United Nations Guiding Principles on Business and Human Rights or the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines).
- Companies struggling to meet the standard laid down in the United Nations Global Compact Principles, the United Nations Guiding Principles on Business and Human Rights or OECD MNE Guidelines may be put on a watch list (or not invested in).
- The Investment Manager will implement BNP Paribas Asset Management's sector policies, in collaboration with the BNP Paribas Group for group-level policies.

**9. Amendment to Section 3.2 - Information of the Target Fund in "Chapter 3 – Fund Information" on page 14 of the Prospectus**

The 3rd paragraph under "Sustainable Investment Policy" is hereby deleted in its entirety and replaced with the following:

The Target Fund is categorized as Article 9 under Sustainable Finance Disclosure Regulation (SFDR); the Target Fund's minimum proportion of investment in sustainable investments as required under the SFDR is 85% of its net asset value at all times.

**10. Amendment to Section 3.2 - Information of the Target Fund in "Chapter 3 – Fund Information" on pages 14 - 15 of the Prospectus**

The 5th paragraph under "Sustainable Investment Policy" is hereby deleted in its entirety and replaced with the following:

The ESG analysis applies to at least 90% of the issuers in the portfolio (excluding ancillary liquid assets) and along with its thematic focus leads to a reduction of at least 20% of the investment universe, being companies conducting significant part of their business in environmental markets. This approach is supported by an active program of engagement with companies on a range of ESG factors, as well as proxy voting. Impact measurement and reporting is also undertaken to provide post-investment evidence of the intention to help accelerate the transition to a more sustainable economy.

**11. Amendment to Related Party Transactions in "Chapter 9 – Conflict of Interest and Related Party Transactions" on page 41 of the Prospectus**

The information on related party transactions is hereby deleted in its entirety and replaced with the following:

**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 30 April 2023:

| Name of Party | Name of Related Party and Nature of Relationship | Existing / Potential Related Party Transaction |
|---|---|---|
| The Manager | Maybank<br><br>The Manager is wholly-owned by Maybank Asset | Distributor:<br><br>Maybank has been appointed as one of the Manager's |

| | | |
|---|---|---|
| | Management Group Berhad ("MAMG"). Maybank is a substantial shareholder of MAMG. | institutional unit trust scheme advisers.<br><br>Delegate:<br>The Manager has delegated its back office functions (i.e. the fund accounting and valuation function and maintenance of the register of Unit Holders) to Maybank Securities Solutions which is a unit within Maybank. |
| | MAMG<br><br>The Manager is wholly-owned by MAMG. | Delegate:<br><br>The Manager has delegated its back office functions (i.e., finance, performance attribution, administration, legal, compliance, corporate secretarial services, strategy and project management office and risk management) to MAMG. |
| | Maybank Shared Services Sdn Bhd<br><br>Maybank Shared Services Sdn Bhd is wholly-owned by Maybank. | Delegate:<br><br>The Manager has delegated its back office function (i.e., information technology) to Maybank Shared Services Sdn Bhd. |

**12. <u>Amendment to Section 14.2 – Specific Risk of the Target Fund in "Chapter 14 - Appendix" on pages 63 – 64 of the Prospectus</u>**

The information of extra-financial criteria investment risk is hereby deleted in its entirety and replaced with the following:

**Extra-financial criteria Investment Risk**
An extra-financial approach may be implemented in a different way by management companies when setting investment management objectives for financial products, in particular in view of the absence of common or harmonized labels at EU level. This also means that it may be difficult to compare strategies integrating extra-financial criteria to the extent that the selection and weightings applied to select investments may be based on metrics that may share the same name but have different underlying meanings. In evaluating a security based on the extra-financial criteria, the Investment Manager of the Target Fund may also use data sources provided by external extra-financial research providers. Given the evolving nature of the extra-financial field, these data sources may for the time being be incomplete, inaccurate or unavailable or updated. Applying responsible business conduct standards as well as extra-financial criteria in the investment process may lead to the exclusion of securities of certain issuers. Consequently, the Target Fund's financial performance may at times be better or worse than the performance of relatable funds that do not apply such standards. In addition, the proprietary methodologies used to take into account ESG non-financial criteria may

be subject to reviews in the event of regulatory developments or updates that may lead, in accordance with the applicable regulations, to the increase or decrease of the classification of products, of the indicators used or of the minimum investment commitment levels set.

## 13. Amendment to Section 14.2 – Specific Risk of the Target Fund in "Chapter 14 - Appendix" on page 69 of the Prospectus

The information of "Sustainability Risks" is hereby inserted immediately after the "Risk related to Stock Connect" as follows:

**Sustainability Risks**
Unmanaged or unmitigated sustainability risks can impact the returns of financial products. For instance, should an environmental, social or governance event or condition occur, it could cause an actual or a potential material negative impact on the value of an investment. The occurrence of such event or condition may lead as well to the reshuffle of the Target Fund's investment strategy, including the exclusion of securities of certain issuers. Specifically, the likely impact from sustainability risks can affect issuers via a range of mechanisms including: 1) lower revenue; 2) higher costs; 3) damage to, or impairment of, asset value; 4) higher cost of capital; and 5) fines or regulatory risks. Due to the nature of sustainability risks and specific topics such as climate change, the chance of sustainability risks impacting the returns of financial products is likely to increase over longer term time horizons.

To ensure the sustainable investments that the Target Fund intends to make do not cause significant harm to any environmental or social sustainable objective, the Target Fund assesses each investment against a set of indicators of adverse impacts by conducting proprietary fundamental ESG analysis for all portfolio holdings. The ESG analysis aims to identify the quality of governance structures, the most material environmental and social harms for a company or issuer and assesses how well these harms are addressed and managed. The Investment Manager seeks robust policies, processes, management systems and incentives as well as adequate disclosure, as applicable.

Additionally, the Investment Manager assesses any past controversies identified. A proprietary aggregate ESG score is then assigned for each company or issuer taking into account the predetermined indicators based on a qualitative judgement. Where sufficient ESG quality is not achieved, a company or issuer is excluded from the Target Fund's investable universe. The Investment Manager considers it important to engage with companies and issuers and to analyse the company's and issuer's disclosures and reports. The ESG process is proprietary to the Investment Manager, although the Investment Manager uses external ESG-research as an input. Please refer to the "Investment Policy and Strategy of the Target Fund - Sustainability Investment Policy" under section 3.2 of the Prospectus for further details on the sustainable investment approach adopted by the Target Fund.

The Management Company of the Target Fund has fully integrated ESG in its investment process at all times to manage and mitigate the sustainability risk, its ESG analysis applies to at least 90% of the issuers in the portfolio of the Target Fund and along with its thematic focus would lead to a reduction of at least 20% of the investment universe, being companies conducting significant part of their business in environmental markets.

# FIRST SUPPLEMENTARY PROSPECTUS

**This First Supplementary Prospectus dated 8 May 2023 must be read together with the Prospectus dated 22 August 2022 for:-**

| **Fund** | **Date of Constitution** |
|---|---|
| MAMG Global Environment Fund | 1 December 2021 |

| | | |
|---|---|---|
| **Manager** | : | Maybank Asset Management Sdn Bhd<br>(Registration No.: 199701006283 (421779-M)) |
| **Trustee** | : | SCBMB Trustee Berhad<br>(Registration No.: 201201021301 (1005793-T)) |

A copy of this First Supplementary Prospectus dated 8 May 2023 together with the Prospectus dated 22 August 2022 for MAMG Global Environment Fund ("the Fund") have been registered with the Securities Commission Malaysia, who takes no responsibility for their contents. Registration of this First Supplementary Prospectus dated 8 May 2023 does not indicate that the Securities Commission Malaysia recommends the Units or assumes responsibility for the correctness of any statement made, opinions expressed or reports contained in the Prospectus dated 22 August 2022 and this First Supplementary Prospectus dated 8 May 2023.

**THE FUND IS NOT A CAPITAL GUARANTEED FUND OR A CAPITAL PROTECTED FUND.**

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

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS FIRST SUPPLEMENTARY PROSPECTUS DATED 8 MAY 2023 WHICH IS TO BE READ TOGETHER WITH THE PROSPECTUS DATED 22 AUGUST 2022. 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 7 OF THE PROSPECTUS DATED 22 AUGUST 2022. PROSPECTIVE INVESTORS SHOULD ALSO NOTE THAT THE DISCLOSURE ON RISK FACTORS FOR THE FUND IN THE PROSPECTUS DATED 22 AUGUST 2022 HAS BEEN REVISED AND IS REFLECTED ON PAGE 1 OF THIS FIRST SUPPLEMENTARY PROSPECTUS.**

**Responsibility Statement**

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

**Statements of Disclaimer**

The Securities Commission Malaysia ("SC") has authorised the MAMG Global Environment Fund and a copy of this First Supplementary Prospectus has been registered with the SC.

The authorisation of the MAMG Global Environment Fund, and registration of this First Supplementary Prospectus, should not be taken to indicate that the SC recommends the MAMG Global Environment Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in the Prospectus dated 22 August 2022 and this First Supplementary Prospectus.

The SC is not liable for any non-disclosure on the part of the Manager responsible for the MAMG Global Environment Fund and takes no responsibility for the contents in this First Supplementary Prospectus. The SC makes no representation on the accuracy or completeness of this First Supplementary 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 First Supplementary Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this First Supplementary Prospectus or the conduct of any other person in relation to the Fund.

The MAMG Global Environment Fund will not be offered for sale in the United States of America, its territories or possessions and all areas subject to its jurisdiction, or to any U.S. Person(s). Accordingly, investors may be required to certify that they are not U.S. Person(s) before making an investment in the MAMG Global Environment Fund.

**The Fund is not a capital protected or capital guaranteed fund.**

**This First Supplementary Prospectus is dated 8 May 2023 and must be read together with the Prospectus dated 22 August 2022.**

1. **<u>Amendment to the Trustee's Corporate Directory in "Chapter 2 – Corporate Directory" on page 5 of the Prospectus</u>**

The website and email address of the Trustee are hereby inserted immediately after the business office of the Trustee as follows:

| | | |
|---|---|---|
| WEBSITE | : | www.sc.com/my/trustee |
| E-MAIL | : | my.trustee@sc.com |

2. **<u>Amendment to Section 3.1 – The Fund Information in "Chapter 3 – Fund Information" on page 7 of the Prospectus</u>**

The first paragraph on the temporary defensive position is hereby deleted in its entirety and replaced with the following:

We may adopt temporary defensive positions to protect the Fund's investments to respond to adverse market, political or economic conditions by holding more than 10% of the Fund's NAV in liquid assets that may be inconsistent with the Fund's principal investment strategy and asset allocation. However, we will maintain at least 2/3 of the Fund's NAV in the Target Fund during such temporary defensive positions.

3. **<u>Amendment to Section 3.1 – The Fund Information in "Chapter 3 – Fund Information" on pages 7 - 8 of the Prospectus</u>**

(i) The information on the liquidity risk is hereby deleted in its entirety and replaced with the following:

<u>Liquidity Risk</u>
Liquidity risk of the Fund is our ability as manager to honour redemption requests or to pay Unit Holders' redemption proceeds in a timely manner. We will actively manage the liquidity of the Fund and/or where available, take cash financing on a temporary basis as permitted by the relevant laws to manage the Unit Holders' redemption requests. Additionally, the Fund may be forced to dispose the shares of the Target Fund at unfavourable prices to meet redemption requirements.

(ii) The "Suspension of Redemption Risk" is hereby inserted immediately after the "Returns Are Not Guaranteed" as follows:

<u>Suspension of Redemption Risk</u>
The Fund may, in consultation with the Trustee and having considered the interests of the Unit Holders, suspend the redemption of Units under exceptional circumstances, where the fair value of a material portion of the Fund's assets cannot be reasonably determined. Upon suspension, the Fund will not be able to pay Unit Holders' redemption proceeds in a timely manner and Unit Holders will be compelled to remain invested in the Fund for a longer period of time than the stipulated redemption timeline. Hence, Unit Holder's investments will continue to be subjected to the risk factors inherent to the Fund. Please refer to Section 5.15 of this Prospectus for more information on suspension of dealing in Units.

4. **<u>Amendment to Section 3.1 – The Fund Information in "Chapter 3 – Fund Information" on page 10 of the Prospectus</u>**

The information on the risk management strategies is hereby deleted in its entirety and replaced with the following:

| | |
|---|---|
| **Risk Management Strategies** | The risk management strategy and technique employed by the Fund is to adopt the temporary defensive positions as disclosed in the above section under the heading "Temporary Defensive Position".<br><br><u>Liquidity Risk Management</u><br>In managing the Fund's liquidity, we will:<br><br>(a) actively manage the liquidity of the Fund to meet redemption requests from Unit Holders; and/or<br><br>(b) where available, borrow cash or 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 conditions set out in the section below under the heading "Financing and Borrowing".<br><br>However, if we have exhausted the above avenues and if: (a) the calculation of the net asset value and (b) the dealings of shares in the Target Fund is suspended in the circumstances set out in section 3.2 under the heading "Suspension of the Calculation of Net Asset Value of the Target Fund and the Issue, Conversion and Redemption of Shares" below, we will then, in consultation with the Trustee and having considered the interests of the Unit Holders, resort to suspend the redemption of Units to manage the liquidity of the Fund. In the event if we suspend the redemption request following the suspension of dealings of the Target Fund, any redemption request received by us during the suspension period will only be accepted and processed on the next Business Day after the cessation of suspension of the Fund. Please refer to Section 5.15 of this Prospectus for more information on suspension of dealing in Units. |

5. **<u>Amendment to Section 3.1 – The Fund Information in "Chapter 3 – Fund Information" on page 10 of the Prospectus</u>**

The information on reinvestment policy is hereby deleted in its entirety and replaced with the following:

| | |
|---|---|
| **Reinvestment Policy** | We will create the Units based on the NAV per Unit* at the income reinvestment date (which is within seven (7) Business Days from the Ex-distribution Date). |

**There will be no cost to Unit Holders for reinvestments in new additional Units.*

6. **Amendment to Section 3.1 – The Fund Information in "Chapter 3 – Fund Information" on page 11 of the Prospectus**

The information on the investment restrictions is hereby deleted in its entirety and replaced with the following:

| | |
|---|---|
| **Investment Restrictions** | • The Fund shall not invest in the following:<br>(a) a fund-of-funds;<br>(b) a feeder fund; and<br>(c) any sub-fund of an umbrella scheme which is a fund-of-funds or a feeder fund.<br>• The Fund may invest up to 15% of its NAV in the following permitted investments:<br>(a) placement in short-term deposits; and<br>(b) derivatives for the sole purpose of hedging arrangement. |

7. **Amendment to Section 3.1 – The Fund Information in "Chapter 3 – Fund Information" on page 11 of the Prospectus**

The following new information on "Use of Derivatives" is hereby inserted immediately after "Investment Restrictions":

| | |
|---|---|
| **Use of Derivatives** | **Calculation of Global Exposure to Derivatives and Embedded Derivatives**<br>The global exposure of the Fund is calculated based on commitment approach and is calculated as the sum of:<br>(a) the absolute value of the exposure of each individual derivative not involved in netting or hedging arrangements;<br>(b) the absolute value of the net exposure of each individual derivative after netting or hedging arrangements; and<br>(c) the values of cash collateral received pursuant to the reduction of exposure to counterparties of OTC derivatives.<br>Netting and hedging arrangements may be taken into account to reduce the Fund's exposure to derivatives.<br>Netting arrangements<br>The Fund may net positions between:<br>(a) derivatives on the same underlying constituents, even if the maturity dates are different; or |

(b) derivatives and the same corresponding underlying constituents, if those underlying constituents are transferable securities, money market instruments, or units or shares in collective investment schemes.

Hedging arrangements

The marked-to-market value of transferable securities, money market instruments, or units or shares in collective investment schemes involved in hedging arrangements may be taken into account to reduce the exposure of the Fund to derivatives.

The hedging arrangement must:

(a) not be aimed at generating a return;

(b) result in an overall verifiable reduction of the risk of the Fund;

(c) offset the general and specific risks linked to the underlying constituent being hedged;

(d) relate to the same asset class being hedged; and

(e) be able to meet its hedging objective in all market conditions.

**Calculation of Exposure to Counterparty of OTC derivatives**

The exposure to a counterparty of an OTC 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 derivative.

The total exposure to a single counterparty is calculated by summing the exposure arising from all OTC derivative transactions entered into with the same counterparty.

**8. Amendment to Section 3.1 – The Fund Information in "Chapter 3 – Fund Information" on page 11 of the Prospectus**

The following new information on "Securities Lending and Repurchase Transactions" is hereby inserted immediately after "Use of Derivative":

| | |
|---|---|
| **Securities Lending and Repurchase Transactions** | The Fund will not participate in securities lending or repurchase transaction. |

**9. Amendment to Section 3.1 – The Fund Information in "Chapter 3 – Fund Information" on page 11 of the Prospectus**

The information on the financing and securities lending is hereby deleted in its entirety and replaced with the following:

| | |
|---|---|
| **Financing and Borrowing** | The Fund is prohibited from borrowing other assets (including borrowing of securities within the meaning of the Securities Borrowing and Lending Guidelines issued by the SC). However, the Fund may borrow cash or obtain cash financing on a temporary basis for the purpose of meeting redemption requests for Units and for short term bridging requirements subject to the following:<br><br>(a) The Fund's cash borrowing or cash financing is only on a temporary basis and that borrowings or financings are not persistent;<br><br>(b) the borrowing or financing period shall not exceed 1 month;<br><br>(c) the aggregate borrowings or financings of the Fund shall not exceed 10% of the Fund's NAV at the time the borrowing or financing is incurred; and<br><br>(d) the Fund only obtains borrowing or financing from financial institutions. |

**10. Amendment to Section 3.1 – The Fund Information in "Chapter 3 – Fund Information" on page 11 of the Prospectus**

The following new information on "Cross Trade Policy" is hereby inserted immediately after "Financial Year End":

| | |
|---|---|
| **Cross Trade Policy** | The Fund will not participate in any cross trade transaction. |

**11. Amendment to Section 3.2 – Information of the Target Fund in "Chapter 3 – Fund Information" on pages 13 – 15 of the Prospectus**

The eighth paragraph of the investment policy of the Target Fund is hereby deleted in its entirety and replaced with the following:

The ESG analysis applies to at least 90% of the issuers in the portfolio and along with its thematic focus leads to a reduction of at least 20% of the investment universe, being companies conducting significant part of their business in environmental markets. This approach is supported by an active program of engagement with companies on a range of ESG factors, as well as proxy voting. Impact measurement and reporting is also undertaken to provide post-investment evidence of the intention to help accelerate the transition to a more sustainable economy.

**12. Amendment to Section 4.7 – Fund Expenses in "Chapter 4 – Fees, Charges and Expenses" on pages 20 - 21 of the Prospectus**

The information on the fund expenses is hereby deleted in its entirety and replaced with the following:

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

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

(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 appointed for the Fund;

(iv) fees for the valuation of any 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, insurance and any other dealing of any asset of the Fund;

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

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

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

(xi) costs, fees and expenses incurred in the termination of the Fund or a Class or the removal 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) costs, fees and expenses incurred for the subscription and maintenance of the benchmark index; 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.

Expenses related to the issuance of this Prospectus will be borne by the Manager.

**13. <u>Amendment to Section 4.8 – Policy on Stockbroking Rebates and Soft Commissions in "Chapter 4 – Fees, Charges and Expenses" on page 21 of the Prospectus</u>**

The information on the policy on stockbroking rebates and soft commissions is hereby deleted in its entirety and replaced with the following:

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

However, soft commissions provided by any broker or dealer 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 will not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

**14. <u>Amendment to Section 5.1 - Bases of Valuation of Investments in "Chapter 5 - Transaction Information on page 22 of the Prospectus</u>**

The information of money market instruments is hereby deleted in its entirety and replaced with the following:

<u>Money Market Instruments</u>
Investments in commercial papers and treasury bills are valued each day based on the price quoted by bond pricing agency ("BPA") registered with the SC. Where we are of

the view that the price quoted by BPA differs from the market price by more than 20 basis points, the we may use the market price provided that we:

(a) record our basis for using a non-BPA price;
(b) obtain the necessary internal approvals to use the non-BPA price; and
(c) keep an audit trail of all decisions and basis for adopting the market yield.

For investments in money market instruments with remaining term to maturity of not more than 90 days at the time of acquisition, such instruments are valued each day based on amortised cost. The risk of using amortised cost accounting is the mispricing of the money market instruments. We will monitor the valuation of such money market instruments using amortised cost method against the market value on a daily basis and will use the market value if the difference in valuation exceeds 3%.

**15. <u>Amendment to Section 5.5 – Incorrect Pricing in "Chapter 5 – Transaction Information" on page 25 of the Prospectus</u>**

The information in the second paragraph is hereby deleted in its entirety and replaced with the following:

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 (in the case of a foreign currency Class, 10.00 denominated in the currency denomination of the foreign currency Class) or more.

**16. <u>Amendment to Section 5.11 – Dealing Cut-Off Time for Investment and Redemption of Units in "Chapter 5 – Transaction Information" on page 28 of the Prospectus</u>**

The information on the dealing cut-off time for investment and redemption of Units is hereby deleted in its entirety and replaced with the following:

The dealing cut-off time is at **4.00 p.m.** on a Business Day.

Any investment application received via e-mail notification (or by fax, if e-mail is down) by us as well as cleared funds (unless any prior arrangement is made with us) received on or before the cut-off time on a Business Day will be processed on the same Business Day based on the Forward Pricing of the Fund.

Any application received after the cut-off time on a Business Day will be treated as having been received on the next Business Day and will be processed on the next Business Day based on the next Forward Pricing of the Fund.

The above is in accordance with the standards issued by FIMM on the dealing cut-off time.

*Note: Our distributors may set an earlier cut-off time for receiving applications in respect of any dealing in Units. Please check with the respective distributors for their respective cut-off time.*

**17. Amendment to Section 5.13 – Distribution of Income in "Chapter 5 – Transaction Information" on page 29 of the Prospectus**

The information on reinvestment policy is hereby deleted in its entirety and replaced with the following:

Reinvestment Policy

We will create the Units based on the NAV per Unit* at the income reinvestment date (which is within seven (7) Business Days from the Ex-distribution Date).

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

**18. Insertion of new Section 5.15 – Suspension of Dealing in Units in "Chapter 5 – Transaction Information" on page 30 of the Prospectus**

The following new section is hereby inserted immediately after section 5.14 - Anti-Money Laundering Policies and Procedures:

We may, in consultation with the Trustee and having considered the interests of the Unit Holders, suspend the dealing in Units due to exceptional circumstances, where there is good and sufficient reason to do so (e.g. where the market value or fair value of a material portion of the Fund's assets cannot be determined).

We will cease the suspension as soon as practicable after the aforesaid circumstances has ceased, and in any event within 21 days of commencements of suspension. The period of suspension may be extended if we satisfy the Trustee that it is in the best interest of Unit Holders for the dealing in Units to remain suspended. Such suspension will be subject to weekly review by the Trustee.

Any redemption request received by us during the suspension period will only be accepted and processed on the next Business Day after the cessation of suspension of the Fund. In such cases, Unit Holders will be compelled to remain invested in the Fund for a longer period of time than the stipulated redemption timeline. Hence, their investments will continue to be subjected to the risk factors inherent to the Fund.

Where such suspension is triggered, we will inform all Unit Holders in a timely and appropriate manner of our decision to suspend the dealing in Units.

**19. Amendment to Section 6.1 – Background Information in "Chapter 6 – The Management of the Fund" on page 31 of the Prospectus**

The information on the background information is hereby deleted in its entirety and replaced with the following:

Our corporate information, including our experience in operating unit trust funds is available on our website at https://www.maybank-am.com.my/corporate-profile.

## 20. Amendment to Section 6.2 – Functions, Duties and Responsibilities of the Manager in "Chapter 6 – The Management of the Fund" on page 31 of the Prospectus

The information on the first bullet point is hereby deleted in its entirety and replaced with the following:

- carrying out and conducting business in a proper and diligent manner and be responsible for daily sales and management of the Fund and the general administration of the Fund in accordance with the Deed, the CMSA and the relevant guidelines and other applicable laws at all times.

## 21. Amendment to Section 6.3 – Board of Directors of the Manager in "Chapter 6 – The Management of the Fund" on page 31 of the Prospectus

The information on the board of directors is hereby deleted in its entirety and replaced with the following:

We have an experienced board of directors with background in the financial industry. Our business and affairs shall be managed under the direction and oversight of the board of directors. Board meetings are held at least 4 times annually or more frequently should the circumstances require.

The list of our board of directors is available on our website at https://www.maybank-am.com.my/key-people.

## 22. Amendment to Section 6.4 – Role of the Investment Committee in "Chapter 6 – The Management of the Fund" on pages 31- 32 of the Prospectus

The information in this section is hereby deleted in its entirety.

## 23. Amendment to Section 6.5 - Fund Management Function in "Chapter 6 – The Management of the Fund" on page 32 of the Prospectus

The information on the fund management function is hereby deleted in its entirety and replaced with the following:

The designated person responsible for the fund management function of the Fund is **Syhiful Zamri bin Abdul Azid.**

Syhiful is the Chief Investment Officer of the Manager and his profile is available on our website at https://www.maybank-am.com.my/key-people.

## 24. Amendment to Section 8.1 – Unit holders' Rights and Liabilities in "Chapter 8 – Salient Terms of the Deed" on page 35 of the Prospectus

The information in item 4 of the Unit Holders' rights is hereby deleted in its entirety and replaced with the following:

4. to receive annual and semi-annual reports on the Fund; and

## 25. Amendment to Section 8.4 – Expenses Permitted by the Deed in "Chapter 8 – Salient Terms of the Deed" on pages 37 - 38 of the Prospectus

The information on the permitted expenses payable out of the Fund is hereby deleted in its entirety and replaced with the following:

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

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

(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 appointed for the Fund;

(iv) fees for the valuation of any 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, insurance and any other dealing of any asset of the Fund;

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

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

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

(xi) costs, fees and expenses incurred in the termination of the Fund or a Class or the removal 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) costs, fees and expenses incurred for the subscription and maintenance of the benchmark index; 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.

**26. Amendment to Section 8.7 – Termination of the Fund in "Chapter 8 – Salient Terms of the Deed" on page 39 of the Prospectus**

The information on the termination of the Fund is hereby deleted in its entirety and replaced with the following:

Termination of the Fund

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

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

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

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

Termination of a Class

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

The Manager may also, in its sole discretion and without having to obtain the prior consent of the Unit Holders, terminate the Class if the termination of the Class is in the best interests of the Unit Holders of the Class and the Manager deems it to be uneconomical for the Manager to continue managing the Class.

Procedures for Termination

Upon the 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; and

(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,

    provided always that the Trustee shall not be bound, except in the case of final distribution, to distribute any of the moneys for the time being in his hands the amount of which is insufficient for payment to the Unit Holders of RM0.50 or its equivalent currency denomination of the Class, if applicable, in respect of each Unit and provided also that the Trustee shall be entitled to retain out of any such moneys in his hands full provision for all costs, charges, taxes, expenses, claims and demands incurred, made or anticipated by the Trustee in connection with or arising out of the winding-up of the Fund and, out of the moneys so retained, to be indemnified against any such costs, charges, taxes, expenses, claims and demands; each of such distribution shall be made only against the production of such evidence as the Trustee may require of the title of the Unit Holder relating to the Units in respect of which the distribution is made.

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.

**27. <u>Amendment to Section 8.8 – Unit Holders' Meeting in "Chapter 8 – Salient Terms of the Deed" on page 40 of the Prospectus</u>**

The information on Unit Holders' meeting is hereby deleted in its entirety and replaced with the following:

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 Unit Holders' meeting shall be decided in the first instance by a show of hands unless a poll be demanded or, if it be a question which under the Deed requires a special resolution, a poll shall be taken. At a meeting of Unit Holders of any Class or of the Fund, every Unit Holder who is present in person or by proxy shall have 1 vote, notwithstanding that a Unit Holder may hold Units in different Class in the Fund, in a vote taken by a show of hands. Upon a voting by poll, the votes by every Unit Holder present in person or by proxy shall be proportionate to the value of Units held by him.

<u>Quorum</u>

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

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

(c) If the Fund or a Class, as the case may be, has only one (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.

**28. <u>Amendment to Related Party Transactions in "Chapter 9 – Conflict of Interest and Related Party Transactions" on pages 41 - 42 of the Prospectus</u>**

The information on related party transactions is hereby deleted in its entirety and replaced with the following:

**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 31 December 2022:

| Name of Party | Name of Related Party and Nature of Relationship | Existing / Potential Related Party Transaction |
|---|---|---|
| The Manager | Maybank.<br><br>The Manager is wholly-owned by Maybank Asset Management Group Berhad ("MAMG"). Maybank is a substantial shareholder of MAMG. | Distributor:<br><br>Maybank has been appointed as one of the Manager's institutional unit trust scheme advisers.<br><br>Delegate:<br><br>The Manager has delegated its back office functions (i.e. the fund accounting and valuation function, clearing and settlement and maintenance of the register of Unit Holders) to Maybank Securities Solutions which is a unit within Maybank. |
| | MAMG<br><br>The Manager is wholly-owned by MAMG. | Delegate:<br><br>The Manager has delegated its back office functions (i.e, finance, performance attribution, administration, legal, compliance, corporate secretarial services, strategy and project management office and risk management) to MAMG. |
| | Maybank Investment Bank Berhad.<br><br>Maybank Investment Bank Berhad is wholly-owned by Maybank. | Delegate:<br><br>The Manager has delegated its back office function (i.e. operations) to Maybank Investment Bank Berhad. |
| | Maybank Shared Services Sdn Bhd<br><br>Maybank Shared Services Sdn Bhd is wholly owned by Maybank. | Delegate:<br><br>The Manager has delegated its back office function (i.e., information technology) to Maybank Shared Services Sdn Bhd. |

**29. Amendment to Related Party Transactions in "Chapter 9 - Conflict of Interest and Related Party Transactions" on pages 41 - 42 of the Prospectus**

The second and third paragraphs of policies on dealing with conflict of interest situations are hereby deleted in its entirety and replaced with the following:

We and our directors including the person(s) or members of a committee undertaking the oversight function of the Fund will at all times act in the best interests of the Unit Holders of the Fund and will not conduct ourselves in any manner that will result in a conflict of interest or potential conflict of interest. In the unlikely event that any conflict of interest arises, such conflict shall be resolved such that the Fund is not disadvantaged. In the unlikely event that we face conflicts in respect of our duties to the Fund and our duties to the other funds that we manage, we are obliged to act in the best interests of all our investors and will seek to resolve any conflicts fairly and in accordance with the Deed and the relevant laws.

Where a conflict or potential conflict of interest situation arises, it will be evaluated by the compliance department and disclosed to our executive director for the next course of action. Conflict of interest situations involving the executive director will be disclosed to our board of directors for a decision on the next course of action. Directors or staffs who are in advisory positions such as portfolio managers or staffs who have access to information on transactions are not allowed to engage in dealings on their own account. The person(s) or members of a committee undertaking the oversight function of the Fund who hold substantial shareholdings or directorships in public companies shall refrain from any decision making if the Fund invests in the particular share or stocks of such companies.

**30. Amendment to "Chapter 9 – Conflict of Interest and Related Party Transactions" on page 43 of the Prospectus**

The information on details of the Manager's directors' and substantial shareholders' direct and indirect interest in other corporations carrying on a similar business is hereby deleted in its entirety.

**31. Amendment to "Chapter 10 – Additional Information" on page 44 of the Prospectus**

The information in item (d) is hereby deleted in its entirety and replaced with the following:

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

**32. Amendment to "Chapter 10 – Additional Information" on page 44 of the Prospectus**

The information in item (g) is hereby deleted in its entirety and replaced with the following:

| | |
|---|---|
| **Deed of the Fund** | • Deed dated 1 December 2021<br>• First Supplemental Deed dated 2 November 2022 |

The Deed can be inspected at our office during office hours (8.45 a.m. to 5.45 p.m.) from Monday to Thursday and (8.45 a.m. to 4.45 p.m.) on Friday on a Business Day.

**33. Amendment to "Chapter 11 – Documents Available for Inspection" on page 46 of the Prospectus**

The information in item (c) is hereby deleted in its entirety and replaced with the following:

(c) the latest annual and semi-annual reports of the Fund;

*[the remainder of this page is intentionally left blank]*

## 34. Amendment to "Chapter 12 – Taxation Adviser's Letter" on pages 47 - 54 of the Prospectus

The taxation adviser's letter is hereby deleted in its entirety and replaced with the following:

EY
Building a better working world

Ernst & Young Tax Consultants Sdn. Bhd.
179793-K
SST ID: W10-1808-31044478
Level 23A Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 7043
ey.com

Taxation adviser's letter in respect of the taxation
of the unit trust fund and the unit holders
(prepared for inclusion in this First Supplementary Prospectus)

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

4 January 2023

The Board of Directors
Maybank Asset Management Sdn Bhd
Level 12, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Dear Sirs

**Taxation of the unit trust fund and unit holders**

This letter has been prepared for inclusion in this First Supplementary Prospectus in connection with the offer of units in the unit trust known as MAMG Global Environment Fund (hereinafter referred to as "the Fund").

The purpose of this letter is to provide prospective unit holders with an overview of the impact of taxation on the Fund and the unit holders.

**Taxation of the Fund**

The taxation of the Fund is subject to the provisions of the Malaysian Income Tax Act 1967 (MITA), particularly Sections 61 and 63B.

Subject to certain exemptions, the income of the Fund comprising profits and other investment income derived from or accruing in Malaysia after deducting tax allowable expenses, is subject to Malaysian income tax at the rate of 24% with effect from the year of assessment 2016.

Tax allowable expenses would comprise expenses falling under Section 33(1) and Section 63B of the MITA. Section 33(1) permits a deduction for expenses that are wholly and exclusively incurred in the production of gross income. In addition, Section 63B allows unit trusts a deduction for a portion of other expenses (referred to as 'permitted expenses') not directly related to the production of income, as explained below.

"Permitted expenses" refer to the following expenses incurred by the Fund which are not deductible under Section 33(1) of the MITA:

- the manager's remuneration,
- maintenance of the register of unit holders,
- share registration expenses,
- secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage.

These expenses are given a partial deduction under Section 63B of the MITA, based on the following formula:

$$A \times \frac{B}{4C}$$

where A is the total of the permitted expenses incurred for that basis period;

B is gross income consisting of dividend[1], interest and rent chargeable to tax for that basis period; and

C is the aggregate of the gross income consisting of dividend[1] and interest (whether such dividend or interest is exempt or not) and rent, and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period,

provided that the amount of deduction to be made shall not be less than 10% of the total permitted expenses incurred for that basis period.

[1] Pursuant to Section 15 of the Finance Act 2011, with effect from the year of assessment 2011, dividend income is deemed to include income distributed by a unit trust which includes distributions from Real Estate Investment Trusts.

### Exempt income

The following income of the Fund is exempt from income tax:

- **Malaysian sourced dividends**

  All Malaysian-sourced dividends should be exempt from income tax.

- **Malaysian sourced interest**

  (i) interest from securities or bonds issued or guaranteed by the Government of Malaysia;

  (ii) interest from debentures or *sukuk*, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission;

  (iii) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia;

  (iv) interest derived from Malaysia and paid or credited by banks licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013[2];

  (v) interest derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002[2];

  (vi) interest from *sukuk* originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority (LFSA)[3]; and

  (vii) interest which is specifically exempted by way of statutory orders or any other specific exemption provided by the Minister.

- **Discount**

  Tax exemption is given on discount paid or credited to any unit trust in respect of investments as specified in items (i), (ii) and (iii) above.

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[2] Effective from 1 January 2019, the income tax exemption for a unit trust fund, pursuant to Paragraph 35A, Schedule 6 of the MITA shall not apply to a wholesale fund which is a money market fund.

[3] Effective from the year of assessment 2017, the exemption shall not apply to interest paid or credited to a company in the same group or interest paid or credited to a bank licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013; or a development financial institution prescribed under the Development Financial Institutions Act 2002.

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The Board of Directors
MAMG Global Environment Fund
4 January 2023



**Foreign-sourced income**

Pursuant to the Finance Act 2021, income derived by a resident person from sources outside Malaysia and received in Malaysia from 1 January 2022 will no longer be exempt from tax.

The Guidelines issued by the Malaysian Inland Revenue Board on 29 September 2022 define the term "received in Malaysia" to mean transferred or brought into Malaysia, either by way of cash[4] or electronic funds transfer[5] .

Foreign-sourced income (FSI) received in Malaysia during the transitional period from 1 January 2022 to 30 June 2022 will be taxed at 3% of gross. From 1 July 2022 onwards, FSI received in Malaysia will be taxed at the prevailing tax rate(s) of the taxpayer and based on applicable tax rules. Bilateral or unilateral tax credits may be allowed if the same income has suffered foreign tax, and where relevant conditions are met.

Income Tax (Exemption) (No. 6) Order 2022 has been issued to exempt a "qualifying person"[6] from the payment of income tax in respect of dividend income which is received in Malaysia from outside Malaysia, effective from 1 January 2022 to 31 December 2026. The exemption will however not apply to a person carrying on the business of banking, insurance or sea or air transport. As the definition of "qualifying person" does not include unit trust funds, it would mean that resident unit trust funds would technically not qualify for the exemption, unless there are further updates thereto.

**Gains from the realisation of investments**

Pursuant to Section 61(1) (b) of the MITA, gains from the realisation of investments will not be treated as income of the Fund and hence, are not subject to income tax. Such gains may be subject to real property gains tax (RPGT) under the Real Property Gains Tax Act 1976 (RPGT Act), if the gains are derived from the disposal of chargeable assets, as defined in the RPGT Act.

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[4] "Cash" in this context is defined as banknotes, coins and cheques.

[5] "Electronic funds transfer" means bank transfers (e.g., credit or debit transfers), payment cards (debit card, credit card and charge card), electronic money, privately-issued digital assets (e.g., crypto-assets, stablecoins) and central bank digital currency.

[6] "Qualifying person" in this context means a person resident in Malaysia who is:
(a) An individual who has dividend income received in Malaysia from outside Malaysia in relation to a partnership business in Malaysia;
(b) A limited liability partnership which is registered under the Limited Liability Partnerships Act 2012; or
(c) A company which is incorporated or registered under the Companies Act 2016.

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The Board of Directors
MAMG Global Environment Fund
4 January 2023



**Implementation of Sales and Service Tax ("SST")**

Sales and Service Tax ("SST") was re-introduced effective 1 September 2018. Sales Tax of 10% (most common rate) or 5% is charged by Malaysian manufacturers of taxable goods or upon importation into Malaysia of such taxable goods, unless specifically exempted under the Sales Tax (Goods Exempted From Tax) Order 2018. Service Tax at the rate of 6% is charged on certain prescribed taxable services performed by taxable persons as stipulated under Service Tax Regulations 2018. The input tax recovery mechanism under the previous GST regime does not apply to SST. Therefore, any SST incurred is not recoverable and will form a cost element for businesses.

Based on the Service Tax Regulations 2018, a unit trust fund is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Fund incurs expenses such as management fees, the management services provided by asset and fund managers who are licensed or registered with Securities Commission Malaysia for carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007, are specifically excluded from the scope of Service Tax. As for other fees, such as trustee fees and other administrative charges, these may be subject to 6% service tax provided they fall within the scope of service tax (i.e. are provided by a "taxable person", who exceeds the required annual threshold (in most cases RM 500,000 per annum) and the services qualify as "taxable services").

**Taxation of unit holders**

For Malaysian income tax purposes, unit holders will be taxed on their share of the distributions received from the Fund.

The income of unit holders from their investment in the Fund broadly falls under the following categories:

1. taxable distributions; and

2. non-taxable and exempt distributions.

In addition, unit holders may also realise a gain from the sale of units.

The tax implications of each of the above categories are explained below:

1. **Taxable distributions**

   Distributions received from the Fund will have to be grossed up to take into account the underlying tax paid by the Fund and the unit holder will be taxed on the grossed up amount.

Such distributions carry a tax credit, which will be available for set-off against any Malaysian income tax payable by the unit holder. Should the tax deducted at source exceed the tax liability of the unit holder, the excess is refundable to the unit holder.

Please refer to the paragraph below for the income tax rates applicable to the grossed up distributions.

2. **Non-taxable and exempt distributions**

Tax exempt distributions made out of gains from the realisation of investments and exempt income earned by the Fund will not be subject to Malaysian income tax in the hands of the unit holders.

A retail money market fund is exempted from tax on its interest income derived from Malaysia, pursuant to Paragraph 35A of Schedule 6 of the ITA. Pursuant to the Finance Act 2021, with effect from 1 January 2022, distributions by a retail money market fund from such tax exempt interest income, to a unit holder other than an individual, will no longer be exempt from tax. The distribution to unit holders other than individuals will be subject to withholding tax at 24%. This would be a final tax for non-residents. Malaysian residents are required to include the distributions in their tax returns and claim a credit in respect of the withholding tax suffered. Individuals will continue to be exempt from tax on such distributions.

**Rates of tax**

The Malaysian income tax chargeable on the unit holders would depend on their tax residence status and whether they are individuals, corporations or trust bodies. The relevant income tax rates are as follows:

| Unit holders | Malaysian income tax rates |
|---|---|
| Malaysian tax resident: | |
| • Individual and non-corporate unit holders (such as associations and societies) | • Progressive tax rates ranging from 0% to 30% |
| • Co-operatives[7] | • Progressive tax rates ranging from 0% to 24% |
| • Trust bodies | • 24% |
| • Corporate unit holders | |
| (i) A company with paid up capital in respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment) and gross income from a source or sources consisting of a business not exceeding RM50 million for the basis period for the year of assessment[8 9] | • First RM600,000 of chargeable income @ 17%<br>• Chargeable income in excess of RM600,000 @ 24% |
| (ii) Companies other than (i) above | • 24% |

[7] Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society–
(a) in respect of a period of five years commencing from the date of registration of such co-operative society; and
(b) thereafter where the members' funds [as defined in Paragraph 12(2)] of such co-operative society as at the first day of the basis period for the year of assessment is less than seven hundred and fifty thousand ringgit,
is exempt from tax.

[8] A company would not be eligible for the 17% tax rate on the first RM600,000 of chargeable income if:-
(a) more than 50% of the paid up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
(b) the company owns directly or indirectly more than 50% of the paid up capital in respect of the ordinary shares of a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
(c) more than 50% of the paid up capital in respect of the ordinary shares of the company and a related company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.

[9] The above excludes a business trust and a company which is established for the issuance of asset-backed securities in a securitization transaction approved by the Securities Commission.

| Unit holders | Malaysian income tax rates |
|---|---|
| Non-Malaysian tax resident (Note 1): | |
| • Individual and non-corporate unit holders | • 30% |
| • Corporate unit holders and trust bodies | • 24% |

Note 1:
Non-resident unit holders may be subject to tax in their respective countries depending on the provisions of the tax legislation in the respective countries and any existing double taxation arrangements with Malaysia.

### Gains from sale of units

Gains arising from the realisation of investments will generally not be subject to income tax in the hands of unit holders unless they are insurance companies, financial institutions or traders / dealers in securities.

### Unit splits and reinvestment of distributions

Unit holders may also receive new units as a result of unit splits or may choose to reinvest their distributions. The income tax implications of these are as follows:

- Unit splits – new units issued by the Fund pursuant to a unit split will not be subject to income tax in the hands of the unit holders.

- Reinvestment of distributions – unit holders may choose to reinvest their income distribution in new units by informing the Manager. In this event, the unit holder will be deemed to have received the distribution and reinvested it with the Fund.

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We hereby confirm that, as at the date of this letter, the statements made in this letter correctly reflect our understanding of the tax position under current Malaysian tax legislation and the related interpretation and practice thereof, all of which are subject to change, possibly on a retrospective basis. We have not been retained (unless specifically instructed hereafter), nor are we obligated to monitor or update the statements for future conditions that may affect these statements.

The statements made in this letter are not intended to be a complete analysis of the tax consequences relating to an investor in the Fund. As the particular circumstances of each investor may differ, we recommend that investors obtain independent advice on the tax issues associated with an investment in the Fund.

Yours faithfully
**Ernst & Young Tax Consultants Sdn Bhd**

Bernard Yap
Partner

Ernst & Young Tax Consultants Sdn Bhd has given its consent to the inclusion of the Taxation Adviser's Letter in the form and context in which it appears in this First Supplementary Prospectus and has not withdrawn such consent before the date of issue of this First Supplementary Prospectus.

**35. Amendment to Section 14.1 – Investment Restrictions of the Target Fund in "Chapter 14 – Appendix" on page 57 of the Prospectus**

The information in item 7 in relation to cash and cash equivalents under eligible assets is hereby deleted in its entirety and replaced with the following:

Ancillary Liquid Assets
The Target Fund may hold ancillary liquid assets limited to bank deposits at sight (other than those mentioned on above point 5), such as cash held in current accounts with a bank accessible at any time, in order to:

1) cover current or exceptional payments, or
2) for the time necessary to reinvest in eligible assets foreseen in its investment policy; or
3) for a period of time strictly necessary in case of unfavourable market conditions.

Such holding is limited to 20% of the net assets of the Target Fund.

This 20% limit shall only be temporarily breached for a period of time strictly necessary when, because of exceptionally unfavourable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors, for instance in highly serious circumstances.

**36. Amendment to Section 14.1 – Investment Restrictions of the Target Fund in "Chapter 14 – Appendix" on page 61 of the Prospectus**

Item 1 and item 4 of additional investment restrictions applicable to the Target Fund are hereby deleted in their entirety.

**37. Amendment to Section 14.2 – Specific Risk of the Target Fund in "Chapter 14 – Appendix" on page 63 of the Prospectus**

The information of derivatives risk is hereby deleted in its entirety and replaced with the following:

**Derivatives Risk**
The Company may use various derivative instruments to reduce risks or costs or to generate additional capital or income in order to meet the investment objective of the Target Fund. While the prudent use of derivatives can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks associated with more traditional investments. The use of derivatives may give rise to a form of leverage, which may cause the net asset value of the Target Fund to be more volatile and/or change by greater amounts than if they had not been leveraged, since leverage tends to exaggerate the effect of any increase or decrease in the value of the Target Fund' portfolio securities. Before investing in shares of the Target Fund, investors (including the Fund) must ensure to understand that their investments may be subject to the following risk factors relating to the use of derivative instruments:

- Market risk: Where the value of the underlying asset of a derivative instrument changes, the value of the instrument will become positive or negative, depending on the performance of the underlying asset. For non-option derivatives the absolute size of the fluctuation in value of a derivative will be very similar to the fluctuation in value of the underlying security or reference index. In the case of options, the absolute change in value of an option will not necessarily be similar to the change in value of the underlying because, as explained further below, changes in options values are dependent on a number of other variables.

- Liquidity risk: If a derivative transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous price.
- Counterparty risk: When OTC derivative contracts are entered into, the Target Fund may be exposed to risks arising from the solvency and liquidity of its counterparts and from their ability to respect the conditions of these contracts. The Target Fund may enter into forwards, options and swap contracts, or use other derivative techniques, each of which involves the risk that the counterpart will fail to respect its commitments under the terms of each contract. In order to mitigate the risk, the Company will ensure that the trading of bilateral OTC derivative instruments is conducted on the basis of strict selection and review criteria.
- Settlement risk: Settlement risk exists when a derivative instrument is not settled in a timely manner, thereby increasing counterparty risk prior to settlement and potentially incurring funding costs that would otherwise not be experienced. Should the settlement never occur the loss incurred by the Target Fund will correspond to the difference in value between the original and the replacement contracts. If the original transaction is not replaced, the loss incurred by the Target Fund will be equal to the value of the contract at the time it becomes void.
- Other risks: Other risks in using derivative instruments include the risk of mispricing or improper valuation. Some derivative instruments, in particular OTC derivative instruments, do not have prices observable on an exchange and so involve the use of formulae, with prices of underlying securities or reference indices obtained from other sources of market price data. OTC options involve the use of models, with assumptions, which increases the risk of pricing errors. Improper valuations could result in increased cash payment requirements to counterparties or a loss of value to the Target Fund. Derivative instruments do not always perfectly or even highly correlate or track the value of the assets, rates or indices they are designed to track. Consequently, the Target Fund's use of derivative instruments may not always be an effective means of, and sometimes could be counterproductive to, furthering the Target Fund's investment objective. In adverse situations, the Target Fund's use of derivative instruments may become ineffective and the Target Fund may suffer significant losses.

**38. <u>Amendment to Section 14.2 – Specific Risk of the Target Fund in "Chapter 14 – Appendix" on page 63 of the Prospectus</u>**

The information of efficient portfolio management techniques risk is hereby deleted in its entirety and replaced with the following:

**Securities Financing Transactions Risk**
Efficient portfolio management techniques, such as repurchase and reverse repurchase transactions and securities lending, involve certain risks. Investors must notably be aware that:

- In the event of the failure of the counterparty with which cash of the Target Fund has been placed, there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded.

- Locking cash in transactions of excessive size or duration, delays in recovering cash placed out, or difficulty in realising collateral may restrict the ability of the Target Fund to meet sale requests, security purchases or, more generally, reinvestment.
- Repurchase transactions will, as the case may be, further expose the Target Fund to risks similar to those associated with financial derivative instruments, which risks are described above.
- In a reverse repurchase transaction, the Target Fund could incur a loss if the value of the purchased securities has decreased in value relative to the value of the cash or margin held by the Target Fund.
- The use of securities lending exposes the Target Fund to counterparty risk and to liquidity risk. The default of a counterparty, together with any fall in value of the collateral (including the value of any reinvested cash collateral) below that of the value of the securities lent, may result in a loss to the Target Fund and may restrict the Target Fund's ability to meet delivery obligations under securities sales or redemption requests.

**39. <u>Amendment to Section 14.2 – Specific Risk of the Target Fund in "Chapter 14 – Appendix" on pages 63 - 64 of the Prospectus</u>**

The information of ESG investment risk is hereby deleted in its entirety and replaced with the following:

**Extra-financial criteria Investment Risk**
An extra-financial approach may be implemented in a different way by management companies when setting investment management objectives for financial products, in particular in view of the absence of common or harmonized labels at EU level. This also means that it may be difficult to compare strategies integrating extra-financial criteria to the extent that the selection and weightings applied to select investments may be based on metrics that may share the same name but have different underlying meanings. In evaluating a security based on the extra-financial criteria, the Investment Manager of the Target Fund may also use data sources provided by external extra-financial research providers. Given the evolving nature of the extra-financial field, these data sources may for the time being be incomplete, inaccurate or unavailable. Applying responsible business conduct standards as well as extra-financial criteria in the investment process may lead to the exclusion of securities of certain issuers. Consequently, the Target Fund's financial performance may at times be better or worse than the performance of relatable funds that do not apply such standards.

## RESPONSIBILITY STATEMENT

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

## STATEMENTS OF DISCLAIMER

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

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

The SC is not liable for any non-disclosure on the part of the Manager responsible for the MAMG Global Environment 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 MAMG Global Environment Fund.

The MAMG Global Environment Fund will not be offered for sale in the United States of America, its territories or possessions and all areas subject to its jurisdiction, or to any U.S. Person(s). Accordingly, investors may be required to certify that they are not U.S. Person(s) before making an investment in the MAMG Global Environment Fund.

**The MAMG Global Environment Fund is not a capital protected or capital guaranteed fund.**

## Table of Contents

# (1) DEFINITIONS

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

| | |
|---|---|
| AUD | means Australian Dollar. |
| AUD (Hedged) Class | represents a Class denominated in AUD which seeks to reduce the effect of currency fluctuations between the currency of the Class and the base currency of the Fund. |
| Base Currency | means USD, the currency in which the Fund is denominated. |
| Bursa Malaysia | means the stock exchange managed and operated by Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W)). |
| Business Day | means a day on which Bursa Malaysia is open for trading. We may declare a certain Business Day as a non-Business Day if (i) that day is not a valuation day of the Target Fund, (ii) that day is a holiday in any of the foreign markets which the Fund invests in or (iii) that day is a USD, AUD or SGD currency holiday. |
| CSSF | means Commission de Surveillance du Secteur Financier. |
| Class(es) | means any class of Units in the Fund representing similar interest in the assets of the Fund and a "Class" means any one class of Units. |
| Class UI13 RH USD Capitalisation | means a share class of the Target Fund offered to institutional investors and UCIs only. Return Hedged (RH) refers to a share class of the Target Fund which will hedge the base currency of the Target Fund and the currency denomination of the share class of the Target Fund. In this case, the Class UI13 RH USD Capitalisation is hedging EUR (base currency of the Target Fund) to USD (base currency of Class UI13 RH USD Capitalisation). |
| China A Shares | means shares listed in CNY in the Shanghai or Shenzhen stock exchanges and which are exclusively reserved to Chinese or eligible foreign investors. |
| CMSA | means the Capital Markets and Services Act 2007, including all amendments thereto and all regulations, rules and guidelines issued in connection therewith. |
| Company | means BNP Paribas Funds. |
| Deed | means the deed in respect of the Fund and any other supplemental deed that may be entered into between the Manager and the Trustee and registered with the SC. |
| Directive 78/660 | means the European Council Directive 78/660/EEC of 25 July 1978 concerning the annual accounts of certain forms of companies, as amended. |
| Directive 83/349 | means the European Council Directive 83/349/EEC of 13 June 1983 concerning consolidated accounts, as amended. |

| | |
|---|---|
| Directive 2009/65 | means the European Council Directive 2009/65/EC of 13 July 2009 regarding the coordination of legislative, regulatory and administrative provisions concerning undertakings for collective investment in transferable securities (UCITS IV) as amended by the European Parliament and of the Council Directive 2014/91/EU on the coordination of laws, regulations and administrative provisions relating to UCITS as regards depositary functions, remuneration policies and sanctions (UCITS V). |
| ESG | means environmental, social and governance. |
| EU | means the European Union. |
| EUR | means Euros. |
| Ex-distribution Date | means the next Business Day after the date on which income distribution of the Fund is declared. |
| FIMM | means the Federation of Investment Managers Malaysia. |
| FII | means the Qualified Foreign Institutional Investor pursuant to the PRC law, rules, regulations, circulars, orders, notices, directives or directions governing the establishment and operation of the qualified foreign institutional investors regime in the PRC. |
| Forward Pricing | means the NAV per Unit for the Fund calculated at the next valuation point after a purchase request or a redemption request, as the case may be, is received by us. |
| Fund | means the MAMG Global Environment Fund. |
| Guidelines | means the Guidelines on Unit Trust Funds issued by the SC and any other relevant guidelines issued by the SC. |
| Investment Manager | means the investment manager of the Target Fund, Impax Asset Management Limited. |
| long term | means a period of more than five (5) years. |
| LPD | means the latest practicable date as at 1 November 2021. |
| Management Company | means the management company of the Target Fund, BNP Paribas Asset Management Luxembourg. |
| Manager/ we / us / our | means Maybank Asset Management Sdn Bhd (Registration No.: 199701006283 (421779-M)). |
| Maybank | means Malayan Banking Berhad (Registration No.: 196001000142 (3813-K)). |
| medium term | means a period of three (3) years to five (5) years. |
| Member State | means the member state of the EU. The states that are contracting parties to the agreement creating the European Economic Area other than the Member States of the EU, within the limits set forth by the agreement and related acts are considered as equivalent to Member States of the EU. |
| MYR / RM | means Ringgit Malaysia. |

| | |
|---|---|
| MYR Class | represents a Class denominated in MYR. |
| MYR (Hedged) Class | represents a Class denominated in MYR which seeks to reduce the effect of currency fluctuations between the currency of the Class and the Base Currency. |
| Net Asset Value / NAV | means the total value of the Fund's assets minus its liabilities at the valuation point; where the Fund has more than one Class, there shall be a NAV of the Fund attributable to each Class. |
| NAV per Unit | means the NAV of a Class at the valuation point divided by the total number of Units in circulation of that Class at the same valuation point. |
| OECD | means the Organisation for Economic Co-operation and Development. |
| OTC | means over-the-counter. |
| P-Notes | means participatory notes: offshore OTC transferable securities issued by registered FII (associates of local based foreign brokerages and domestic institutional brokerages) to overseas investors, who wish to invest in some specific restricted local stock markets (India, China Shenzhen and Shanghai for China A-shares, some Middle East markets, North African markets and Korea) without registering themselves with the market regulator. |
| PRC | means the People's Republic of China. |
| Prospectus | means the prospectus for this Fund. |
| Redemption Price | means the price payable by the Manager to a Unit Holder pursuant to a redemption request by the Unit Holder and will be the NAV per Unit. The Redemption Price shall be exclusive of the redemption charge (if any). |
| Regulation 2017/1131 | means the Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds. |
| SC | means the Securities Commission Malaysia. |
| Selling Price | means the price payable by an investor or a Unit Holder for the purchase of a Unit of the Fund and will be the NAV per Unit. The Selling Price shall be exclusive of the sales charge. |
| SGD | means Singapore Dollar. |
| SGD (Hedged) Class | represents a Class denominated in SGD which seeks to reduce the effect of currency fluctuations between the currency of the Class and the base currency of the Fund. |
| SRI | means sustainable and responsible investment. |
| Target Fund | means BNP Paribas Funds Global Environment. |
| Third Country | means a country part of the OECD, Brazil, PRC, India, Russia, Singapore, South Africa and any other country member of the G20 organisation. |
| Trustee | means SCBMB Trustee Berhad (Registration No.: 201201021301 (1005793-T)). |
| UCI | means an undertaking for collective investment. |

| | |
|---|---|
| UCITS | means an undertaking for collective investment in transferable securities. |
| Unit | means a measurement of the right or interest of a Unit Holder in the Fund and means a unit of the Fund or a Class, as the case may be. |
| Unit Holders / you | means the person registered as the holder of a Unit or Units including persons jointly registered for a Class. In respect of the Fund, means all the unit holder of every Class in the Fund. |
| US | means the United States of America. |
| USD | means United States Dollar. |
| USD Class | represents a Class denominated in USD. |
| U.S. (United States) Person(s) | means:<br>(a) a U.S. citizen (including those who hold dual citizenship or a greencard holder);<br>(b) a U.S. resident alien for tax purposes;<br>(c) a U.S. partnership;<br>(d) a U.S. corporation;<br>(e) any estate other than a non-U.S. estate;<br>(f) any trust if:<br>(i) a court within the U.S. is able to exercise primary supervision over the administration of the trust; and<br>(ii) one or more U.S. Persons have the authority to control all substantial decisions of the trust;<br>(g) any other person that is not a non-U.S. person; or<br>(h) any definition as may be prescribed under the Foreign Account Tax Compliance Act 2010, as may be amended from time to time. |

# (2) CORPORATE DIRECTORY

| | |
|---|---|
| **MANAGER** | Maybank Asset Management Sdn Bhd<br>(Registration No.: 199701006283 (421779-M)) |
| **REGISTERED OFFICE** | 5th Floor, Tower A<br>Dataran Maybank<br>No. 1, Jalan Maarof<br>59000 Kuala Lumpur<br>Tel. No.: 03 - 2297 7870 |
| **BUSINESS OFFICE** | Level 12, Tower C,<br>Dataran Maybank<br>No. 1, Jalan Maarof,<br>59000 Kuala Lumpur<br>Tel. No.: 03 - 2297 7888<br>Fax No.: 03 – 2715 0071 |
| **WEBSITE** | http://www.maybank-am.com |
| **E-MAIL** | mamcs@maybank.com.my |
| **TRUSTEE** | SCBMB Trustee Berhad<br>(Registration No.: 201201021301 (1005793-T)) |
| **REGISTERED OFFICE** | Level 26, Equatorial Plaza<br>Jalan Sultan Ismail<br>50250 Kuala Lumpur<br>Tel. No.: 03 - 2117 7777 |
| **BUSINESS OFFICE** | Level 23, Equatorial Plaza<br>Jalan Sultan Ismail<br>50250 Kuala Lumpur<br>Tel. No.: 03 - 7682 9704 / 03 - 7682 9710 / 03 - 7682 9712 |

# (3) FUND INFORMATION

## 3.1 The Fund Information

<table>
<tr><th>FUND</th><th>MAMG Global Environment Fund</th></tr>
<tr><td>Fund Category</td><td>Feeder Fund</td></tr>
<tr><td>Fund Type</td><td>Growth</td></tr>
<tr><td>Base Currency</td><td>USD</td></tr>
<tr><td>Initial Offer Price</td><td><table>
<tr><th>MYR Class</th><th>MYR (Hedged) Class</th><th>USD Class</th><th>AUD (Hedged) Class</th><th>SGD (Hedged) Class</th></tr>
<tr><td>RM 0.50</td><td>RM 0.50</td><td>USD 0.50</td><td>AUD 0.50</td><td>SGD 0.50</td></tr>
</table></td></tr>
<tr><td>Initial Offer Period</td><td>Up to 21 days from the date of this Prospectus.<br><br>Note:<br>The initial offer period may be shortened if we determine that it is in your best interest to commence investment for the Fund.</td></tr>
<tr><td>Commencement Date</td><td>Within seven (7) Business Days after the end of the Initial Offer Period.</td></tr>
<tr><td>Investment Objective</td><td>The Fund aims to achieve capital growth by investing in the Target Fund.<br><br>Any material change to the investment objective of the Fund would require Unit Holders' approval.</td></tr>
<tr><td>Investment Strategy</td><td>The Fund seeks to achieve its investment objective by investing a minimum of 90% of its NAV into the Class UI13 RH USD Capitalisation of the Target Fund.<br><br>The Target Fund is a fund managed by Impax Asset Management Limited, which the Management Company has delegated to. The Target Fund was established on 8 April 2008 and is domiciled in Luxembourg. It is a sub-fund of BNP Paribas Funds.<br><br>As the Fund is a qualified SRI fund, the Fund invests in the Target Fund which incorporates sustainable investment policy at each step of the investment decision of the Target Fund. Please refer to "Investment Policy of the Target Fund" under section 3.2 below for further details.<br><br>The Fund may employ currency hedging strategies to fully or partially hedge the foreign currency exposure to manage the currency risk.<br><br>Although the Fund is passively managed by us, we will ensure proper and efficient management of the Fund so that the Fund is able to meet redemption requests by Unit Holders.</td></tr>
<tr><td>Asset Allocation</td><td>- A minimum of 90% of the Fund's NAV will be invested in the Target Fund.<br>- 2 - 10% of the Fund's NAV will be invested in liquid assets*.</td></tr>
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| | ** Liquid assets comprise of deposits with financial institutions and money market instruments.* |
| **Temporary Defensive Position** | We may adopt temporary defensive positions to protect the Fund's investments to respond to adverse market, political or economic conditions by holding more than 10% of the Fund's NAV in liquid assets that may be inconsistent with the Fund's principal investment strategy and asset allocation.<br><br>As the temporary defensive positions are adopted at the Fund's level, our view on market outlook may differ from the view of the Investment Manager. As a result, there is a risk that the Fund will not achieve its investment objective by adopting such defensive strategies. However, for all intents and purposes, we will resume the investment strategy to invest at least 90% of the Fund's NAV in the Target Fund as soon as practicable.<br><br>In addition, we may, in consultation with the Trustee and subject to Unit Holders' approval, replace the Target Fund with another fund of a similar objective if, in our opinion, the Target Fund no longer meets the Fund's investment objective. In the event that there is a change of the Target Fund, we will ensure that the replacement of the Target Fund complies with the Guidelines on Sustainable and Responsible Investment Funds. |

**RISK FACTORS**

| FUND | MAMG Global Environment Fund |
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| **General Risks of Investing in the Fund** | Market Risk<br>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 investment portfolio of the Fund, causing the NAV or prices of Units to fluctuate.<br><br>Inflation Risk<br>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.<br><br>Liquidity Risk<br>Liquidity risk of the Fund is our ability as manager to honour redemption requests or to pay Unit Holders' redemption proceeds in a timely manner. This is subject to the Fund's holding of adequate liquid assets, its ability to take cash financing on a temporary basis as permitted by the relevant laws and/or its ability to redeem the shares of the Target Fund at fair value. Should there be inadequate liquid assets held, the Fund may not be able to honour requests for redemption or to pay Unit Holders' redemption proceeds in a timely manner and may be forced to dispose the shares of the Target Fund at unfavourable prices to meet redemption requirements.<br><br>Loan Financing Risk<br>This risk occurs when investors take a loan or financing to finance their investment. The inherent risk of investing with borrowed money or financed money includes investors being unable to service the loan repayments or financing instalments. In the event Units are used as collateral, an investor may |

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| | be required to top-up the investors' existing instalment if the prices of Units fall below a certain level due to market conditions. Failing which, the Units may be sold at a lower NAV per Unit as compared to the NAV per Unit at the point of purchase towards settling the loan or financing.<br><br><u>Non-Compliance Risk</u><br>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.<br><br><u>Returns Are Not Guaranteed</u><br>Unit Holders should take note that by investing in the Fund, there is no guarantee of any income distribution or capital appreciation. Unlike fixed deposits which carry a specific rate of return, a unit trust fund does not provide a fixed rate of return. |
| **Specific Risks of the Fund** | <u>Concentration Risk</u><br>As the Fund invests at least 90% of its NAV in the Target Fund, it is subject to concentration risk as the performance of the Fund would be dependent on the performance of the Target Fund.<br><br><u>Default Risk</u><br>Default risk relates to the risk that an issuer of a money market instrument or a financial institution which the Fund places deposit with either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the money market instruments and the performance of the Fund. This could affect the value of the Fund as up to 10% of the NAV of the Fund will be invested in liquid assets which comprise of deposits and money market instruments.<br><br>Deposits that the Fund placed with financial institutions are also exposed to default risk. If the financial institutions become insolvent, the Fund may suffer capital losses with regards to the capital invested and interest foregone, causing the performance of the Fund to be adversely affected. Placement with financial institutions will also be made based on prudent selection.<br><br><u>Counterparty Risk</u><br>Counterparty risk is the risk associated with the other party to an OTC derivative transaction not meeting its obligations. If the counterparty to the OTC derivative transaction is unable to meet or otherwise defaults on its obligations (for example, due to bankruptcy or other financial difficulties), the Fund may be exposed to significant losses greater than the cost of the derivatives. The risk of default of a counterparty is directly linked to the creditworthiness of that counterparty. Should there be a downgrade in the credit rating of the OTC derivatives' counterparty, we will evaluate the situation and reassess the creditworthiness of the counterparty. We will take the necessary steps in the best interest of the Fund.<br><br><u>Country Risk</u><br>The investment of the Fund may be affected by risk specific to the country in which it invests in. Such risks include changes in a country's economic, social |

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| | and political environment. The value of the assets of the Fund may also be affected by uncertainties such as currency repatriation restrictions or other developments in the law or regulations of the country in which the Fund invest in, i.e. Luxembourg, the domicile country of the Target Fund.<br><br><u>Currency Risk</u><br>As the base currency of the Fund is denominated in USD and the currency denomination of the Classes may be denominated in other than USD, the Classes not denominated in USD are exposed to currency risk. Any fluctuation in the exchange rates between USD and the currency denomination of the Class (other than USD Class) will affect the Unit Holder's investments in those Classes (other than USD Class). The impact of the exchange rate movement between the Base Currency and the currency denomination of the Class (other than USD Class) may result in a depreciation of the Unit Holder's holdings as expressed in the Base Currency.<br><br>In order to manage currency risk, we may employ currency hedging strategies to fully or partially hedge the foreign currency exposure of the Class other than MYR Class and USD Class. However, every hedge comes with a cost and will be borne by the respective Class.<br><br>Currency hedging may reduce the effect of the exchange rate movement for the Class being hedged (other than MYR Class and USD Class) 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 (other than MYR Class and USD Class) will not benefit from any upside in currency movement due to the hedging strategy. In addition, hedging is subject to a minimum size of entering into a hedging contract and the cost of hedging may affect returns of the hedged class.<br><br>There is no guarantee that the hedging will be successful and mismatches may occur between the currency position of the Fund and the Class being hedged.<br><br><u>Investment Manager Risk</u><br>The Fund will invest in the Target Fund managed by a foreign asset management company. This risk refers to the risk associated with the Management Company and Investment Manager, which include:<br><br>i) the risk of non-adherence to the investment objective, strategy and policies of the Target Fund;<br>ii) the risk of direct or indirect losses resulting from inadequate or failed operational and administrative processes and systems by the Management Company and Investment Manager; and<br>iii) the risk that the Target Fund may underperform its benchmark due to poor investment decisions by the Management Company and Investment Manager.<br><br><u>Temporary Suspension of the Target Fund Risk</u><br>The Fund's right to redeem its shares of the Target Fund may be temporarily suspended in the circumstances set out in section 3.2 under the heading "Suspension of the Calculation of Net Asset Value of the Target Fund and the Issue, Conversion and Redemption of Shares" below. If the right of the Fund to redeem its shares of the Target Fund is temporarily suspended, the Fund may be affected if the Fund does not have sufficient liquidity and we have exhausted all possible avenues in managing the liquidity of the Fund to meet redemption request from the Unit Holder. In such circumstances, we will suspend the redemption of Units of the Fund. Any redemption request received by us during the suspension period will only be accepted and processed on the next Business Day after the cessation of suspension of the Fund. |

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| **Risk Management Strategies** | The risk management strategy and technique employed by the Fund is to adopt the temporary defensive positions as disclosed in the above section under the heading "Temporary Defensive Position".<br><br>Liquidity Risk Management<br>In managing the Fund's liquidity, we will:<br>(a) allocate 2-10% of the Fund's NAV in liquid assets to manage redemption requests from Unit Holders; and/or<br>(b) borrow cash or 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 conditions set out in the section below under the heading "Financing and Securities Lending".<br><br>However, if we have exhausted the above avenues and if: (a) the calculation of the net asset value, and (b) the dealings of shares in the Target Fund is suspended in the circumstances set out in section 3.2 under the heading "Suspension of the Calculation of Net Asset Value of the Target Fund and the Issue, Conversion and Redemption of Shares" below, we will then resort to suspend the redemption of Units to manage the liquidity of the Fund. In the event if we suspend the redemption of Units following the suspension of dealings of the Target Fund, any redemption request received by us during the suspension period will only be accepted and processed on the next Business Day after the cessation of suspension of the Fund. |

**Investors are reminded that the risks listed above may not be exhaustive and if necessary, they should consult their adviser(s), e.g. bankers, lawyers, stockbrokers or independent professional advisers for a better understanding of the risks.**

**OTHER INFORMATION**

| FUND | MAMG Global Environment Fund |
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| **Investor's Profile** | The Fund is suitable for investors who:<br><br>• intend to invest for the medium to long term; and<br>• are willing to tolerate the risks associated with investing in the Target Fund, including the risks of investing globally. |
| **Distribution Policy** | Distribution, if any, shall be incidental and at the discretion of the Manager. Distribution, will be made from realised income and/or realised gains of the Fund. |
| **Mode of Distribution** | All income distribution will be reinvested into additional Units in the Fund. |
| **Reinvestment Policy** | We will create the Units based on the NAV per Unit* at the income reinvestment date (which is within ten (10) days from the Ex-distribution Date).<br><br>**There will be no cost to Unit Holders for reinvestments in new additional Units.* |
| **Performance Benchmark** | MSCI World.<br><br>*(Source: MSCI)*<br><br>*Note: The performance benchmark is the benchmark of the Target Fund to allow for a similar comparison with the performance of the Target Fund. However, the* |

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| | *risk profile of the Fund is different from the risk profile of the performance benchmark.* |
| **Permitted Investments** | The Fund is permitted to invest in the following:<br><br>(a) one collective investment scheme, which is the Target Fund;<br><br>(b) liquid assets which comprise of deposits with financial institutions and money market instruments;<br><br>(c) derivatives (for hedging purposes); and<br><br>(d) any other investment as permitted by the SC which is in line with the objective and asset allocation of the Fund. |
| **Investment Restrictions** | The Fund shall not invest in the following:<br><br>(a) a fund-of-funds;<br><br>(b) a feeder fund; and<br><br>(c) any sub-fund of an umbrella scheme which is a fund-of-funds or a feeder fund. |
| **Financing and Securities Lending** | The Fund may not obtain cash financing or borrow other assets in connection with its activities. However, the Fund may borrow cash or obtain cash financing on a temporary basis for the purpose of meeting redemption requests for Units and for short term bridging requirements subject to the following:<br><br>(a) the Fund's cash borrowing or cash financing is only on a temporary basis and that borrowings or financings are not persistent;<br><br>(b) the borrowing or financing period shall not exceed one (1) month;<br><br>(c) the aggregate borrowing or financing of the Fund shall not exceed 10% of the Fund's NAV at the time the borrowing or financing is incurred; and<br><br>(d) the Fund may only borrow or obtain financing from financial institutions.<br><br>The Fund will not participate in the lending of securities within the meaning of the Securities Borrowing and Lending Guidelines issued by the SC. |
| **Approvals and Conditions** | <u>Qualified SRI Fund</u><br>On 1 June 2022, the Fund has been approved by the SC to qualify as an SRI fund under the Guidelines on Sustainable and Responsible Investment Funds. |
| **Financial Year End** | 30 April |

## 3.2 Information of the Target Fund

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| **Name of the Target Fund** | BNP Paribas Funds Global Environment |
| **Management Company of the Target Fund** | BNP Paribas Asset Management Luxembourg |

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| **Investment Manager of the Target Fund** | Impax Asset Management Limited |
| **Domicile** | Luxembourg |
| **Regulatory Authority** | CSSF |
| **Legislation Applicable to the Target Fund** | Law of 17 December 2010 governing undertakings for collective investment |
| **Share Class** | Class UI13 RH USD Capitalisation |
| **Date of Establishment of the Target Fund** | 8 April 2008 |
| **Base Currency of the Target Fund** | EUR |
| **Base Currency of the Class** | USD |
| **About the BNP Paribas Funds** | The Company is an open-ended investment company (société d'investissement à capital variable ("SICAV")) incorporated under Luxembourg law on 27 March 1990 for an indefinite period under the name PARVEST. The current name BNP Paribas Funds is effective as from 30 August 2019.<br><br>The Company is governed under part 1 of the Law of 17 December 2010 governing undertakings for collective investment as well as by Directive 2009/65 and the provisions of Regulation 2017/1131.<br><br>The Company is an umbrella fund, which comprises multiple sub-funds, including the Target Fund, each with distinct assets and liabilities of the Company. Each sub-funds have an investment policy and an accounting currency that is specific to it as determined by the board of directors of the Company. |
| **Information on the Management Company** | The Company has appointed BNP Paribas Asset Management Luxembourg as its management company. The Management Company is a limited liability company incorporated on 19 February 1988 under the laws of Luxembourg.<br><br>The Management Company performs administration, portfolio management and marketing tasks on behalf of the Company. |
| **Information on the Investment Manager** | The Company has appointed Impax Asset Management Limited as the investment manager of the fund. Founded in 1998, Impax Asset Management Limited is a specialist asset manager focused on investing in the transition to a more sustainable global economy.<br><br>Impax Asset Management Limited is a wholly owned subsidiary of Impax Asset Management Group PLC. The shares of Impax Asset Management Group plc are quoted on the Alternative Investment Market of the London Stock Exchange.<br><br>Impax Asset Management Limited is authorised and regulated by the UK Financial Conduct Authority ("FCA") to undertake fund management activity. |

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| | Impax Asset Management Limited is responsible for the investment in accordance with the investment policy and restrictions of the Target Fund. |
| **Investment Objective of the Target Fund** | The investment objective of the Target Fund is to increase the value of its assets over the medium term by investing primarily in environmental markets companies. |
| **Investment Policy of the Target Fund** | The Target Fund aims at helping or accelerating the transition into a sustainable world by focusing on challenges related to the environment. At all times, the Target Fund invests at least 75% of its assets in equities and/or equity equivalent securities issued by companies that conduct a significant part of their business in Environmental markets. "Environmental markets" include, but not limited to, renewable & alternative energy, energy efficiency, water infrastructure & technologies, pollution control, waste management & technologies, environmental support services and sustainable food.<br><br>The remaining portion, namely a maximum of 25% of the Target Fund's assets, may be invested in any other transferable securities (including P-Notes), money market instruments, and / or cash, and also, within a limit of 15% of the assets, in debt securities of any kind and, within a limit of 10% of the assets, in UCITS or UCIs.<br><br>In respect of the above investments limits, the Target Fund's investments into "China A-Shares" via the Stock Connect may reach up to 25% of its assets.<br><br><u>Sustainable Investment Policy</u><br>The sustainable investment approach is incorporated at each step of the investment process of the Target Fund to ensure that the Target Fund's investments are in line with the sustainable principles adopted and the overall impact of such investments of the Target Fund is not inconsistent with any other sustainable principles.<br><br>The Investment Manager applies BNP Paribas Asset Management's sustainable investment policy, which takes into account ESG criteria in the investment process of the Target Fund.<br><br>The Target Fund is categorized as Article 9 under Sustainable Finance Disclosure Regulation.<br><br>The sustainable investment approach adopted includes the following elements:<br><br>• **Responsible business conduct standards:** As defined in the BNP Paribas Asset Management's Responsible Business Conduct policy ("RBC"). They include respecting: 1) norms-based screens, such as the UN Nations Global Compact principles and OECD Guidelines for Multinational Enterprises, and 2) BNP Paribas Asset Management sector policies.<br><br>1) Norms based screens: The United Nations Global Compact (www.unglobalcompact.org) defines 10 principles for businesses to uphold in the areas of human rights, labour standards, environmental stewardship and anti-corruption. Similarly, the OECD Guidelines for Multinational Enterprises sets out principles for the responsible business conduct of businesses. These two shared frameworks are recognized |

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| | worldwide and applicable to all industry sectors. Companies that violate one or more of the principles are excluded from the Target Fund's investments, and those at risk of breaching them are closely monitored, and may also be excluded.<br><br>2) BNP Paribas Asset Management has also defined a series of guidelines relating to investments in sensitive sectors, listed in the RBC. Companies from these sensitive sectors that do not comply with the minimum principles specified in these guidelines are excluded from the Target Fund's investments. The sectors concerned include, but are not limited to, palm oil, wood pulp, mining activities, nuclear, coal-fired power generation, tobacco, controversial weapons, unconventional oil and gas and asbestos<br><br>• **ESG integration:** It involves the evaluation of the below three non-financial criteria at the level of the companies in which the Target Fund invests:<br><br>- Environmental: such as energy efficiency, reduction of emissions of greenhouse gases, treatment of waste;<br>- Social: such as respect of human rights and workers' rights, human resources management (workers' health and safety, diversity);<br>- Governance: such as board of directors of the investee company's independence, managers' remuneration, respect of minority shareholders rights.<br><br>ESG scores, as defined by an internal proprietary framework, can be made available to assist in the ESG evaluation of securities' issuers. ESG integration is systematically applied to all investment strategies. The process to integrate and embed ESG factors in the investment decision-making processes is guided by formal BNP Paribas Asset Management's ESG integration guidelines. However, the way and the extent to which ESG integration, including ESG scores, is embedded in each investment process of the Target Fund is determined by the Investment Manager, who is fully responsible in this respect.<br><br>• **Stewardship:** It is designed to enhance the long-term value of shareholdings and the management of long-term risk for clients, as part of BNP Paribas Asset Management's commitment to act as an efficient and diligent steward of assets. Stewardship activities include the following categories of engagement:<br><br>- Company engagement: the aim is to foster, through dialogue with companies, corporate governance best practices, social responsibility and environmental stewardship. A key component of company engagement is voting at annual general meetings.<br>- Public policy engagement: BNP Paribas Asset Management aims to embed sustainability considerations more fully into the markets in which it invests and in the rules that guide and govern company behaviour.<br><br>The ESG analysis applies to at least 90% of the issuers in the portfolio and along with its thematic focus leads to a reduction of at least 20% of the investment universe, being the large and mid-cap companies across the main markets of developed countries. This approach is |

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| | supported by an active program of engagement with companies on a range of ESG factors, as well as proxy voting. Impact measurement and reporting as also undertaken to provide post-investment evidence of the intention to help accelerate the transition to a more sustainable economy.<br><br>If the investments of the Target Fund become inconsistent with its investment strategies and policies, the Target Fund will divest the investment based on market conditions not later than three months after communication of the update.<br><br>More information and documents on BNP Paribas Asset Management's approach to sustainable investment may be found on the website at the following address: https://www.bnpparibas-am.com/en/our-approach-to-responsibility/as-a-responsible-investor/.<br><br><u>Derivatives and Securities Financing Transactions</u><br>The Target Fund may use a range of core financial derivative instruments such as:<br>• foreign exchange swaps;<br>• forwards such as foreign exchange contracts;<br>• interest rate swaps;<br>• financial futures (on equities, interest rates, indices, bonds, currencies, commodity indices or volatility indices);<br>• options (on equities, interest rates, indices, bonds, currencies or commodity indices).<br><br>The Target Fund may use derivatives for the following purposes:<br>• Hedging - hedging aims at reducing such as but not limited to the credit risks, currency risks, market risks, interest rate (duration) risks, inflation risks. Hedging occurs at a portfolio level or in respect of currency, at share class level.<br>• Efficient portfolio management ("EPM") - EPM aims at using derivatives instead of a direct investment when derivatives are a cost effective way, the quickest way or the only authorized way to get exposure to particular market, a particular security or an acceptable proxy to perform any ex-post exposure adjustment to a particular markets, sectors or currencies, managing duration, yield curve exposure or credit spread volatility in order to reach the investment objective of the Target Fund.<br><br>The Target Fund uses commitment approach methodology to calculate its global exposure. |
| **Investment Restrictions of the Target Fund** | See Appendix of Section 14 |
| **Specific Risks of the Target Fund** | See Appendix of Section 14 |
| **Fees and Charges of the Target Fund** | The fees and charges incurred by the Fund when investing in the Target Fund are as follows:<br><br>Entry fee: None.<br><br>Exit fee: None.<br><br>Management fee: Up to 0.85% of the Target Fund's net asset value. |

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| | Other fee: Up to 0.20% of the Target Fund's net asset value.<br><br>Taxe d'abonnement*: 0.01% of the Target Fund's net asset value.<br><br>* In addition, the Company may be subject to foreign UCI's tax, and/or other regulators levy, in the country where the Target Fund is registered for distribution.<br><br>**Impact on Fees and Charges of the Target Fund on the Costs of Investing in the Fund**<br><br>There are fees and general expenses which will be charged to the Target Fund as mentioned above; therefore, Unit Holders are indirectly bearing the fees and expenses charged at the Target Fund level as well as the fees and expenses of the Fund.<br><br>***Investors may be subjected to higher fees arising from the layered investment structure of a feeder fund.*** |
| **Redemption Policy of the Target Fund** | All shareholders of the Target Fund (including the Fund) are entitled, at any time, to have their shares redeemed by the Company. For an order to be executed at the net asset value on a given valuation day, it must be received by the Company before the time and date specified in the prospectus of the Target Fund. Orders received after the deadline will be processed at the net asset value on the next valuation day. The Company reserves the right to postpone redemption requests if the order is incomplete. The Company cannot be held responsible for the delayed processing of incomplete orders. Redemptions in kind are possible upon specific approval of the board of directors of the Company, provided that the remaining shareholders are not prejudiced and that a valuation report is produced by the Company's auditor.<br><br>In the event that the total net redemption applications received for the Target Fund on a valuation day equals or exceeds 10% of the net assets of the Target Fund, the board of directors of the Company may decide to split and/or defer the redemption applications on a pro-rata basis so as to reduce the number of shares redeemed to date to 10% of the net assets of the Target Fund. Any redemption applications deferred shall be given in priority in relation to redemption applications received on the next valuation day, again subject to the limit of 10% of net assets.<br><br>Under normal circumstances, if a redemption request is received by the Company on a valuation day of the Target Fund, the Company will require a maximum of 3 Business Days to pay the redemption proceeds to its shareholders.<br><br>However, if the redemption request is being split and/or deferred to meet the 10% limit of the net asset of the Target Fund as described above, the redemption proceeds in respect of the number of shares which have been split and/or deferred to the next valuation day of the Target Fund will be paid on the corresponding Business Day. |
| **Suspension of the Calculation of Net Asset Value of the Target Fund and the Issue, Conversion and Redemption of Shares** | Without prejudice to legal causes for suspension, the board of directors of the Company may at any time temporarily suspend the calculation of the net asset value of shares of the Target Fund, as well as the issue, conversion and redemption in the following cases: |

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| | (1) during any period when one or more currency markets, or a stock exchange, which are the main markets or exchanges where a substantial portion of the Target Fund's investments at a given time are listed, is/are closed, except for normal closing days, or during which trading is subject to major restrictions or is suspended;<br>(2) when the political, economic, military, currency, social situation, or any event of *force majeure* beyond the responsibility or power of the Company makes it impossible to dispose of one assets by reasonable and normal means, without seriously harming the shareholders' interests;<br>(3) during any failure in the means of communication normally used to determine the price of any of the Company's investments or the going prices on a particular market or exchange;<br>(4) when restrictions on foreign exchange or transfer of capital prevents transactions from being carried out on behalf of the Company or when purchases or sales of the Company's assets cannot be carried out at normal exchange rates;<br>(5) as soon as a decision has been taken to either liquidate the Company or the Target Fund, categories or classes;<br>(6) to determine an exchange parity under a merger, partial business transfer, splitting or any restructuring operation within, by or in the Target Fund, categories, or classes;<br>(7) any other cases when the board of directors of the Company estimates by a justified decision that such a suspension is necessary to safeguard the general interests of the shareholders of the Target Fund.<br><br>In the event the calculation of the net asset value is suspended, the Company shall immediately and in an appropriate manner inform the shareholders who requested the subscription, conversion or redemption of the shares of the Target Fund.<br><br>In exceptional circumstances which could have a negative impact on shareholders' interests, or in the event of subscription, redemption or conversion applications exceeding 10%* of the Target Fund's net assets, the board of directors of the Company reserves the right not to determine the value of a share until such time as the required purchases and sales of securities have been made on behalf of the Target Fund. In that event, subscription, redemption and conversion applications in the pipeline will be processed simultaneously on the basis of the net asset value so calculated.<br><br>Pending subscription, conversion and redemption applications may be withdrawn by written notification provided that such notification is received by the Company prior to lifting of the suspension. Pending applications will be taken into account on the first calculation date following lifting of the suspension. If all pending applications cannot be processed on the same calculation date, the earliest applications shall take precedence over more recent applications. |

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

**If you are interested in the Fund, have any queries or require further information, please contact our client servicing personnel at 03-2297 7888 at any time during office hours (8.45 a.m. to 5.45 p.m.) from Monday to Thursday and (8.45 a.m. to 4.45 p.m.) on Friday on a Business Day. Alternatively, you may e-mail your enquiries to mamcs@maybank.com.my.**

# (4) FEES, CHARGES AND EXPENSES

Due to multiple Classes in this Fund, the indirect fees and/or charges for the Fund are apportioned based on the size of the Class relative to the whole Fund. This means that the multi-class ratio ("MCR") is calculated by taking the "value of a Class" for a particular day and dividing it with the "value of the Fund" for that same day. This apportionment is expressed as a ratio and is calculated as a percentage. As an illustration, assuming there is an indirect fee chargeable to the Fund of USD100 and the size of MYR Class, MYR (Hedged) Class, USD Class, AUD (Hedged) Class and SGD (Hedged) Class over the size of the Fund is 40%, 20%, 20%, 10% and 10% respectively, the ratio of the apportionment based on the percentage will be 40:20:20:10:10, 40% being borne by MYR Class, 20% being borne by MYR (Hedged) Class, 20% being borne by USD Class, 10% being borne by AUD (Hedged) Class and 10% being borne by SGD (Hedged) Class.

Please refer to the illustration in Section 5.3 of this Prospectus below for better clarity.

***Charges***

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

## 4.1 Sales Charge

| MYR Class | MYR (Hedged) Class | USD Class | AUD (Hedged) Class | SGD (Hedged) 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 two (2) decimal places and will be retained by us.*
*(4) There is no entry fee for investing in the Target Fund. Hence, the sales charge will be charged at the Fund level only.*

## 4.2 Redemption Charge

Nil.

## 4.3 Transfer Fee

| MYR Class | MYR (Hedged) Class | USD Class | AUD (Hedged) Class | SGD (Hedged) Class |
|---|---|---|---|---|
| RM10.00 per transfer. | RM10.00 per transfer. | USD10.00 per transfer. | AUD10.00 per transfer. | SGD10.00 per transfer. |

*Notes:*
*(1) We reserve the right to waive the transfer fee.*
*(2) We reserve the right to decline any transfer request if such transfer will expose us to any liability and/or will contravene any law or regulatory requirements, whether or not having the force of law.*

## 4.4 Switching Fee

| MYR Class | MYR (Hedged) Class | USD Class | AUD (Hedged) Class | SGD (Hedged) Class |
|---|---|---|---|---|
| RM10.00 per switch. | RM10.00 per switch. | USD10.00 per switch. | AUD10.00 per switch. | SGD10.00 per switch. |

*Notes:*
1. *We reserve the right to waive the switching fee.*
2. *In addition to the switching fee, you will also have to pay the difference in sales charge when switching from a fund with lower sales charge to a fund with higher sales charge.*

***Fees and Expenses***

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

## 4.5 Annual Management Fee

| MYR Class | MYR (Hedged) Class | USD Class | AUD (Hedged) Class | SGD (Hedged) Class |
|---|---|---|---|---|
| Up to 1.80% per annum of the NAV of each Class. | | | | |

*Note:*

*The annual management fee is inclusive of the management fee charged by the Target Fund. There shall be no double charging of management fee.*

Illustration - *Computation of management fee*

*Example:*

Assuming that the NAV of the Fund is USD100 million for that day, the accrued management fee for the Fund for that day would be:

$$\frac{\text{USD}100{,}000{,}000 \times 1.80\%}{365 \text{ days}} = \text{USD}4{,}931.51 \text{ per day}$$

The management fee is calculated and accrued daily in the Base Currency, and is paid monthly to us.

## 4.6 Annual Trustee Fee

The Trustee is entitled to a trustee fee of 0.02% per annum of the NAV of the Fund (excluding foreign custodian fees and charges), subject to a minimum fee of RM6,000 per annum calculated and accrued daily and paid monthly to the Trustee. The trustee fee is calculated using the Base Currency.

Illustration - *Computation of trustee fee*

*Example:*

Assuming that the NAV of the Fund is USD100 million for that day, the accrued trustee fee for the Fund for that day would be:

$$\frac{\text{USD100,000,000 x 0.02\%}}{\text{365 days}} = \text{USD54.79 per day}$$

## 4.7 Fund Expenses

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

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

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

(iii) costs, fees and expenses properly incurred by the auditors appointed for the Fund;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xviii) costs, fees and expenses incurred for the subscription and maintenance of the benchmark index; 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.

Expenses related to the issuance of this Prospectus will be borne by the Manager.

## 4.8 Policy on Stockbroking Rebates and Soft Commissions

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

However, soft commissions may be retained by us if:

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

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

## 4.9 Tax

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

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

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

# (5) TRANSACTION INFORMATION

## 5.1 Bases of Valuation of Investments

Collective investment schemes

The value of any investment in the Target Fund, an unquoted collective investment scheme, is valued each day based on the last published repurchase price per unit for that collective investment scheme.

Money market instruments

Investments in commercial papers and treasury bills are valued each day based on the price quoted by bond pricing agency ("BPA") registered with the SC. Where we are of the view that the price quoted by BPA differs from the market price by more than 20 basis points, we may use the market price provided that we:

(i) record our basis for using a non-BPA price;
(ii) obtain the necessary internal approvals to use the non-BPA price; and
(iii) keep an audit trail of all decisions and basis for adopting the market yield.

For investments in money market instruments that are not quoted by BPA, such instruments are valued each day at cost, adjusted for amortisation of premium or accretion of discount over their par value at the time of acquisition, less provision for any diminution in value.

Deposits

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

Derivatives

Derivative positions will be valued daily at fair value, as determined in good faith by us based on methods or bases which have been verified by the auditor and approved by the Trustee.

Foreign exchange rate conversion

Where the value of an asset of the Fund is denominated in a foreign currency (if any), the assets are translated on a daily basis to USD using the bid foreign exchange rate quoted by either Reuters or Bloomberg, at United Kingdom time 4.00 p.m. which is equivalent to 11.00 p.m. or 12.00 midnight (Malaysia time) on the same day, or such other time as prescribed from time to time by FIMM or any relevant laws.

Any other investments

Fair value as determined in good faith by us, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

## 5.2 Valuation Point

The Fund is valued once every Business Day after the close of the market in which the portfolio of the Fund is invested for the relevant day but not later than the end of the next Business Day.

As such, the daily price of the Fund for a particular Business Day will not be published on the next Business Day but will instead be published two (2) Business Days later (i.e., the price will be two (2) days old).

## 5.3 Computation of NAV and NAV per Unit

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

Please note that the example below is for illustration only:

| | | Fund (USD) | MYR Class (USD) | MYR (Hedged) Class (USD) | USD Class (USD) | AUD (Hedged) Class (USD) | SGD (Hedged) Class (USD) |
|---|---|---|---|---|---|---|---|
| | Value of the Fund/Class | 101,500,000.00 | | | | | |
| Add: | Other assets (including cash) & income | 200,000.00 | | | | | |
| Less: | Liabilities | 100,000.00 | | | | | |
| | NAV of the Fund before deducting management fee and trustee fee for the day | 101,600,000.00 | | | | | |
| | **Multi-class ratio^** | **100%** | **40%** | **20%** | **20%** | **10%** | **10%** |
| | NAV of the Class before deducting management fee and trustee fee for the day | | 40,640,000.00 | 20,320,000.00 | 20,320,000.00 | 10,160,000.00 | 10,160,000.00 |
| Less: | Management fee for the day | | (40,640,000 x 1.80% / 365 days) | (20,320,000 x 1.80% / 365 days) | (20,320,000 x 1.80% / 365 days) | (10,160,000 x 1.80% / 365 days) | (10,160,000 x 1.80% / 365 days) |
| | | 5,010.41 | 2,004.16 | 1,002.08 | 1,002.08 | 501.04 | 501.04 |
| Less: | Trustee fee for the day | | (40,640,000 x 0.02% / 365 days) | (20,320,000 x 0.02% / 365 days) | (20,320,000 x 0.02% / 365 days) | (10,160,000 x 0.02% / 365 days) | (10,160,000 x 0.02% / 365 days) |
| | | 55.67 | 22.27 | 11.13 | 11.13 | 5.57 | 5.57 |
| **Total NAV (USD)** | | 101,594,933.92 | 40,637,973.57 | 20,318,986.79 | 20,318,986.79 | 10,159,493.39 | 10,159,493.39 |

*^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 290,000,000 Units of the Fund in circulation at the point of valuation, the NAV per Unit of a Class shall therefore be calculated as follows:

| | | Fund (USD) | MYR Class (USD) | MYR (Hedged) Class (USD) | USD Class (USD) | AUD (Hedged) Class (USD) | SGD (Hedged) Class (USD) |
|---|---|---|---|---|---|---|---|
| | NAV | 101,594,933.92 | 40,637,973.57 | 20,318,986.79 | 20,318,986.79 | 10,159,493.39 | 10,159,493.39 |
| Divide: | Units in circulation | | 160,000,000 | 80,000,000 | 20,000,000 | 15,000,000 | 15,000,000 |
| | NAV per Unit of the Class (USD) | | 0.2540 | 0.2540 | 1.0160 | 0.6773 | 0.6773 |
| | Conversion to RM (at USD1.00 : RM4.00 exchange rate) | | 1.0160 | 1.0160 | | | |
| | Conversion to AUD (at USD1.00 : AUD1.35 exchange rate) | | | | | 0.9144 | |
| | Conversion to SGD (at USD1.00 : SGD1.35 exchange rate) | | | | | | 0.9144 |

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

## 5.4 Pricing of Units

Single Pricing Regime

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

Selling Price of Units

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

Calculation of Selling Price

**Illustration - Sale of Units**

***Example:***

If you wish to invest RM10,000.00 in MYR Class before 4.00 p.m. on 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 | = | $\frac{\text{investment amount}}{1 + \text{sales charge (\%)}} \times \text{sales charge (\%)}$ |
| | = | $\frac{\text{RM10,000}}{1 + 5.00\%} \times 5.00\%$ |
| | = | 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 10,000.00 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 will be as follows:

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

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

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

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

## 5.5 Incorrect Pricing

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

(i) by us to the Fund; or

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

However, reimbursement of money shall only apply if the error is at or above the significant threshold of 0.5% of the NAV per Unit and the amount to be reimbursed is RM10.00 or more.

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

## 5.6 How and Where to Purchase and Redeem Units of the Fund

You can purchase and sell Units of the Fund at any of our appointed distributors as set out in Section 13 of this Prospectus.

## 5.7 Investment

The minimum initial investment and minimum additional investment for each Class of the Fund are set out in the table below:

| | MYR Class | MYR (Hedged) Class | USD Class | AUD (Hedged) Class | SGD (Hedged) Class |
|---|---|---|---|---|---|
| Minimum Initial Investment^ | RM1,000 | RM1,000 | USD1,000 | AUD1,000 | SGD1,000 |
| Minimum Additional Investment^ | RM100 | RM100 | USD100 | AUD100 | SGD100 |

^ or such other lower amount as determined by us from time to time

Investors are recognised as Unit Holders only after they have been registered in the Unit Holders' register. The registration takes effect from the date we receive and accept the application to purchase Units from you together with the payment thereof.

*Note: Our distributors may set a lower minimum initial and/or additional investments than the above for investments made via our distributors subject to their terms and conditions for investment.*

Unit holdings for each Class

You should note that there are differences when purchasing Units for each Class in certain circumstances.

There is no difference in terms of investment value of each Unit Holder, and all Unit Holders would have equal voting rights at Unit Holders' meetings of the Fund (if voting is done by poll as the Units held by him or her will be proportionate to the value of the Units).

However, this would not apply in situations where a show of hands is required to pass a resolution at a Unit Holders' meeting of the Fund.

## 5.8 Redemption of Units

You may redeem part or all of your Units by simply completing the redemption request form and returning it to us.

The minimum Unit holdings for each Class after the redemption must not be less than the Unit holdings set out below:

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

^or such other lower number of Units as determined by us from time to time.

If your Unit holdings are, after a redemption request, below the minimum Unit holdings for the Class, full redemption will be initiated. Transaction costs such as charges for electronic payments, if any, will be borne by you and will be set-off against the redemption proceeds.

There is no restriction in terms of the minimum number of Units for redemption or the frequency of redemption for the Fund.

As the Fund is a feeder fund which invests substantially in the Target Fund and offers Classes denominated in currencies that are different from the Base Currency, the redemption amount received by the Fund may be subject to currency conversion before the redemption proceed is paid to you. As such, you shall be paid within five (5) Business Days from the Fund's receipt of the redemption proceeds from the Target Fund, which would be within nine (9) Business Days from the date the redemption request is received by us.

However, if the redemption application submitted by the Fund to the Target Fund is deferred / split on a pro-rata basis due to the total net redemption applications received by the Target Fund on a valuation day of the Target Fund equals or exceeds 10% of the net assets of the Target Fund, the redemption amount will be received by the Fund as and when redemption is made by the management company of the Target Fund on a staggered basis. In such circumstance, we will mirror the redemption process of the Target Fund and disburse the redemption proceeds to the Unit Holders on a staggered basis as well, which would take up to eight (8) Business Days from the day the Target Fund redeems the shares pursuant to the Fund's redemption application.

*Illustration on the Fund's redemption payment process in the event of a staggered redemption payment by the Target Fund*

Assuming the redemption application received on a particular valuation day of the Target Fund equals 28% of the net assets of the Target Fund, the shares of the Target Fund will be redeemed in the following manner:

Business Day 1: 10% of the net asset of the Target Fund
Business Day 2: 10% of the net asset of the Target Fund
Business Day 3: 8% of the net asset of the Target Fund

The redemption proceeds will be paid to the Fund on the third ($3^{rd}$) Business Day from the day the respective shares are redeemed by the Target Fund and the Fund will pay to the Unit Holders within eight (8) Business Days from the day the Target Fund redeems the shares pursuant to the Fund's redemption application.

The management company of the Target Fund will notify us if the Fund's redemption application is being deferred / split on a particular valuation day of the Target Fund on the next Business Day and we will notify the Unit Holders who have submitted their redemption applications via a communique of the same upon our receipt of the notification from the management company of the Target Fund. Please refer to "Redemption Policy of the Target Fund" in Section 3.2 of this Prospectus for details on the redemption payment period of the Target Fund.

## 5.9 Transfer of Units

Transfer of ownership of Units is allowed for this Fund.

Transfer of ownership from the account of the deceased Unit Holder to his/her personal representative will only be undertaken through the process of estate administration and death claims procedures.

## 5.10 Switching

You are permitted to switch from and to other funds managed by us provided that both funds are denominated in the same currency. Switching is treated as a withdrawal from 1 fund and an investment into another fund. Switching will be made at the prevailing NAV per Unit of the Class to be switched from on a Business Day when the switching request is received and accepted by us, subject to the availability and any terms and conditions imposed by the intended fund to be switched to, if any.

There is no restriction on the minimum number of Units for a switch or the frequency of switching. However, you must meet the minimum Unit holdings (after the switch) of the Class that you intend to switch from unless you are redeeming all your investments from the Class.

If you switch from a fund with a lower sales charge to a fund with a higher sales charge, you need to pay the difference in sales charge between the sales charges of these two (2) funds in addition to the switching fee. If you switch from a fund with higher sales charge to a fund with a lower sales charge, you do not need to pay the difference in sales charge between these funds.

For example:-

Scenario 1
If you invest in a fund with no sales charge and now wish to switch to another fund which has a sales charge of 1.00% on the net asset value per unit, you will be charged the difference in sales charge of 1.00% on the net asset value per unit of the fund being switched into in addition to the switching fee of the fund you switched from.

Scenario 2
If you invest in a fund with a sales charge of 1.00% on the net asset value per unit and now wish to switch to another fund which has no sales charge, you will not be charged any sales charge.

Any switching request made **on or before the cut off time of 4.00 p.m.** will be made at the NAV per Unit of the Class to be switched from when the switching request is received and accepted by us on a Business Day, subject to availability and any terms and conditions imposed by the intended fund, if any.

Any switching request received or deemed to have been received after this cut-off time would be considered as being transacted on the following Business Day.

We reserve the right to vary the terms and conditions for switching from time to time, which shall be communicated to you in writing.

*Note: Our distributors may set an earlier cut-off time for receiving applications in respect of switching of Units. Please check with the respective distributors for their respective cut-off time.*

## 5.11 Dealing Cut-Off Time for Investment and Redemption of Units

The dealing cut-off time is at **4.00 p.m.** on a Business Day.

Any application received on or before the cut-off time on a Business Day will be processed on the same Business Day based on the Forward Pricing of the Fund.

Any application received after the cut-off time on a Business Day will be treated as having been received on the next Business Day and will be processed on the next Business Day based on the next Forward Pricing of the Fund.

The above is in accordance with the standards issued by FIMM on the dealing cut-off time.

*Note: Our distributors may set an earlier cut-off time for receiving applications in respect of any dealing in Units. Please check with the respective distributors for their respective cut-off time.*

## 5.12 Notice of Cooling-off Period

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

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

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

The refund for every Unit held by you pursuant to the exercise of your cooling-off right shall be 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 ("Market Price"), the Market Price at the point of cooling-off; or

(b) if the Market Price 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

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

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

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

## 5.13 Distribution of Income

Distribution, if any, shall be incidental and at the discretion of the Manager. Distribution, will be made from realised income and/or realised gains of the Fund.

Mode of Distribution

All income distribution will be reinvested into additional Units in the Fund.

Reinvestment Policy

We will create the Units based on the NAV per Unit* at the income reinvestment date (which is within ten (10) days from the Ex-distribution Date).

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

## 5.14 Anti-Money Laundering Policies and Procedures

We have established this set of policies and procedures to prevent money laundering activity and to report transactions if it appears to be suspicious, in compliance with the provision of Anti Money-Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act, 2001 ("AMLA"). In view of these, we have a duty to ensure the following are strictly adhered to:-

i) Compliance with laws: We shall ensure that laws and regulations are adhered to, the business is conducted in conformity with high ethical standards and that service is not provided where there is good reason to suppose that transactions are associated with money laundering activities;

ii) Co-operation with law enforcement agencies: We shall co-operate fully with law enforcement agencies. This includes taking appropriate measures such as disclosure of information by us to the Financial Intelligence and Enforcement Department in Bank Negara Malaysia;

iii) Policies, procedures and training: We shall adopt policies consistent with the principles set out under the AMLA and ensure that our staff is informed of these policies and provide adequate training to our staff on matters provided under the AMLA; and

iv) Know your customer: We shall obtain satisfactory evidence of the customer's identity and have effective procedure for verifying the bona fides of the customer.

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

# (6) THE MANAGEMENT OF THE FUND

## 6.1 Background Information

We are a member of Malayan Banking Berhad Group ("Maybank Group"). We were established on 5 March 1997 following the corporatization of the Investment Department of Maybank Investment Bank Berhad ("MIB"). MIB, which was incorporated on 28 September 1973, is the investment banking arm of the Maybank Group. We are a holder of a Capital Markets Services Licence under the CMSA.

As at LPD, we have over 30 years of experience including the period prior to our corporatization at MIB in managing investments ranging from equities, fixed income securities, money market instruments to unit trust funds and wholesale funds mainly on behalf of corporations, institutions, insurance and takaful companies and individuals.

## 6.2 Functions, Duties and Responsibilities of the Manager

Our general functions, duties and responsibilities include, but are not limited to, the following:

- carrying out and conducting business in a proper and diligent manner and be responsible for daily sales and management of the Fund and the general administration of the Fund in accordance with the Deed, the CMSA and the relevant guidelines and other applicable laws at all times and acceptable and efficacious business practices within the industry;
- observing high standards of integrity and fair dealing in managing the Fund to the best and exclusive interest of the Unit Holders; and
- acting with due care, skill and diligence in managing the Fund and effectively employing the resources and procedures necessary for the proper performance of the Fund.

## 6.3 Board of Directors of the Manager

We have an experienced board of directors with background in the financial industry. Our business and affairs shall be managed under the direction and oversight of the board of directors. Board meetings are held at least 4 times annually or more frequently should the circumstances require.

Board of Directors

Dato' Idris bin Kechot (chairman/ independent non-executive director)
Goh Ching Yin (independent non-executive director)
Loh Lee Soon (independent non-executive director)
Badrul Hisyam bin Abu Bakar (non-independent non-executive director)
Ahmad Najib bin Nazlan (non-independent non-executive director)
Ahmed Muzni bin Mohamed (non-independent executive director / chief executive)

***Note:*** *Please refer to our website at http://www.maybank-am.com for information on the profile of our Board of Directors. Please note that there may be changes to the composition and/or profile of the Board of Directors from time to time, please refer to our website for the updated information.*

## 6.4 Role of the Investment Committee

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

(i) to provide general guidance on matters pertaining to policies on investment management;

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

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

(iv) to ensure that the Fund is managed in accordance with the investment objective, the Deed, product specifications, relevant guidelines and securities laws, internal restrictions and policies, as well as acceptable and efficacious practices within the industry;

(v) to actively monitor, measure and evaluate the investment management performance, risk and compliance level of Investment Department and all funds under the management of the company; and

(vi) to not make nor influence investment decisions of the licensed persons or perform any other action that is in breach of any applicable laws, rules and regulations pertaining to portfolio manager's license.

The Fund's investment committee's meetings are held four (4) times a year and more frequently should the circumstances require.

***Note***: *Please refer to our website at http://www.maybank-am.com for further information in relation to our Investment Committee.*

## 6.5 Fund Management Function

The profile of the designated fund manager for the Fund is as follows:

**Syhiful Zamri Bin Abdul Azid**

Syhiful Zamri was appointed as Chief Investment Officer of the Manager on 1 April 2021. Prior to this, he was the Chief Investment Officer of Maybank Islamic Asset Management Sdn Bhd ("MIAM") for over 5 years and was responsible for overseeing investments across asset classes together with a team of fund managers at MIAM with their respective responsibilities to manage and monitor investments in particular managing pension and institutional funds. Syhiful also assists the Head of Regional Investment in the development of short-term and long-term investment strategies and policies for MAMG. Prior to that, he was the VP of Equities in the Manager since November 2014.

Syhiful has more than 18 years of experience in the fund management industry. He is well versed in debt restructuring, corporate turnarounds, and mergers and acquisitions. His strength lies in his insight to the power sector and toll roads where most debts for the sector were raised during his career as Senior Vice President of Research and Advisory in Kenanga Investors Bhd and Head of Fund Management Research in RHB Investment Management.

He graduated with an Honours Degree from De Monfort University (UK) with Bachelor in Accounting and Finance. He is a holder of CMSRL license for fund management.

## 6.6 Material Litigation

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

***Note***: *For more information and/or updated information about the Manager, please refer to our website at http://www.maybank-am.com.*

# (7) THE TRUSTEE

## 7.1 Background of the Trustee

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

## 7.2 Experience in Trustee Business

STB has been registered and approved by the SC on 18 February 2013 to act as trustee for unit trust 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. As at LPD, STB is the appointed trustee for 15 wholesale funds, 13 unit trust funds and appointed custodian for 8 private mandate funds.

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.

## 7.3 Duties and Responsibilities of the Trustee

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

The Trustee also assume an oversight function on the management company by ensuring that the management company performs its duties and obligations in accordance with the provisions of the Deed, the laws and all relevant guidelines.

## 7.4 Trustee's Disclosure of Material Litigation

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

## 7.5 Trustee's Delegate

The Trustee has appointed SCBMB as custodian of the quoted and unquoted assets of the Fund. The custodian provides custody services to domestic, foreign, retail and institutional investors. The custodian's comprehensive custody and clearing services cover traditional settlement processing and safekeeping as well as corporate related services including cash and security reporting, income collection and corporate event processing. The assets are registered in the name of the Trustee to the order of the Fund and held through the custodian's wholly owned subsidiary and nominee company Cartaban Nominees (Tempatan) Sdn. Bhd.

SCBMB was incorporated on 29 February 1984 in Malaysia under 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 licence on 1 July 1994 under the Banking and Financial Institutions Act 1989 (now known as the Financial Services Act 2013). SCBMB has been providing custody services for more than 20 years and has been providing sub-custody services to local investors in Malaysia since 1995.

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 asset held.

The custodian acts only in accordance with instructions from the Trustee.

# (8) SALIENT TERMS OF THE DEED

## 8.1 Unit Holders' Rights and Liabilities

**Unit Holders' Rights**

A Unit Holder has the right, amongst others:

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

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

**Unit Holders' Liabilities**

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

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

## 8.2 Maximum Fees and Charges Permitted by the Deed

| Fund | Maximum Sales Charge | Maximum Redemption Charge | Maximum Annual Management Fee | Maximum Annual Trustee Fee |
|---|---|---|---|---|
| MYR Class | 5.00% of the NAV per Unit | 5.00% of the NAV per Unit | 3.00% per annum of the NAV of the relevant Class | 0.20% per annum of the NAV of the Fund subject to a minimum fee of RM6,000 per annum (excluding foreign custodian fees and charges) |
| MYR (Hedged) Class | | | | |
| USD Class | | | | |
| AUD (Hedged) Class | | | | |
| | | | | |

| | | | | |
|---|---|---|---|---|
| SGD (Hedged) Class | | | | |

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

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

**Sales Charge**

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

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

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

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

**Redemption Charge**

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

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

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

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

**Management Fee**

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

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

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

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

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

**Trustee Fee**

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

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

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

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

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

## 8.4 Expenses Permitted by the Deed

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

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

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

(iii) costs, fees and expenses properly incurred by the auditors appointed for the Fund;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xviii) costs, fees and expenses incurred for the subscription and maintenance of the benchmark index; 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.

## 8.5 Retirement, Removal and Replacement of the Manager

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

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

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

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

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

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

## 8.6 Retirement, Removal and Replacement of the Trustee

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

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

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

(a) the Trustee has ceased to exist;

(b) the Trustee has not been validly appointed;

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

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

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

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

## 8.7 Termination of the Fund

<u>Termination of the Fund</u>

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

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

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

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

<u>Termination of a Class</u>

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

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

## 8.8 Unit Holders' Meeting

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

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

<u>Quorum</u>

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

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

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

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

# (9) CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

**Related Party Transactions**

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

| Name of Party | Name of Related Party and Nature of Relationship | Existing / Potential Related Party Transaction |
|---|---|---|
| The Manager | Maybank.<br><br>The Manager is wholly-owned by Maybank Asset Management Group Berhad ("MAMG"). Maybank is a substantial shareholder of MAMG. | Distributor:<br><br>Maybank has been appointed as one of the Manager's institutional unit trust scheme advisers.<br><br>Delegate:<br>The Manager has delegated its back office functions (i.e. the fund accounting and valuation function, clearing and settlement and maintenance of the register of Unit Holders) to Maybank Securities Solutions which is a unit within Maybank. |
| | MAMG<br><br>The Manager is wholly-owned by MAMG. | Delegate:<br><br>The Manager has delegated its back office function (i.e, finance, performance attribution, administration, legal, compliance, corporate secretarial services, project management office and risk) to MAMG. |
| | Maybank Investment Bank Berhad.<br><br>Maybank Investment Bank Berhad is wholly-owned by Maybank. | Delegate:<br><br>The Manager has delegated its back office functions (i.e. operations) to Maybank Investment Bank Berhad. |
| | Maybank Private Equity Sdn Bhd<br><br>Maybank Private Equity Sdn Bhd is wholly owned by MAMG. | Delegate:<br><br>The Manager has delegated its back office function (i.e., financial reporting and analysis) to Maybank Private Equity Sdn Bhd. |

**Policies On Dealing With Conflict Of Interest Situations**

We have in place policies and procedures to deal with any conflict of interest situations. In making an investment transaction for the Fund, we will not make improper use of our position in managing the Fund to gain, directly or indirectly, any advantage or to cause detriment to the interests of Unit Holders.

We and our directors including the investment committee members will at all times act in the best interests of the Unit Holders of the Fund and will not conduct ourselves in any manner that will result in a conflict of interest or potential conflict of interest. In the unlikely event that any conflict of interest arises, such conflict shall be resolved such that the Fund is not disadvantaged. In the unlikely event that we face conflicts in respect of our duties to the Fund and our duties to the other funds that we manage, we are obliged to act in the best interests of all our investors and will seek to resolve any conflicts fairly and in accordance with the Deed and the relevant laws.

Where a conflict or potential conflict of interest situation arises, it will be evaluated by the compliance department and disclosed to our executive director for the next course of action. Conflict of interest situations involving the executive director will be disclosed to our board of directors for a decision on the next course of action. Directors or staffs who are in advisory positions such as portfolio managers or staffs who have access to information on transactions are not allowed to engage in dealings on their own account. Investment committee members who hold substantial shareholdings or directorships in public companies shall refrain from any decision making if the Fund invests in the particular share or stocks of such companies.

We have formulated policies and adopted certain procedures to prevent conflicts of interest situations.

They include the following:

(a) the adoption of our policy on ownership of shares and stocks of limited companies by our employees. The policy includes a requirement for all employees to submit a written declaration of their interests in the securities of limited companies;

(b) prohibition of employees involved in share trading on the stock market, from trading in the open market in their private capacity, except with prior approval of the chief executive officer or compliance officer, or for the purpose of disposing shares in quoted limited companies acquired through sources permitted by us;

(c) limits set when using brokers and/or financial institutions for dealings of the investments of the unit trust funds;

(d) duties for making investment decisions, raising accounting entries and ensuring that payments are properly segregated and carried out by different departments which are headed by separate persons;

(e) investment procedures, authorised signatories and authorised limits are properly documented in our standard operating procedures;

(f) holding meetings with the Trustee on a case to case basis to discuss issues related to the management of the unit trust fund, including conflict of interest situations; and

(g) a proper segregation of duties to prevent conflict of interest situations.

In addition, a periodic declaration of securities trading is required from all employees and our executive director, to ensure that there is no potential conflict of interest between the employees' securities trading and the execution of the employees' duties to us and our customers. We have also appointed a senior compliance officer whose duties include monitoring and resolving conflict of interest situations in relation to unit trust funds managed and administered by us.

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

**Details Of The Manager's Directors' and Substantial Shareholders' Direct And Indirect Interest In Other Corporations Carrying On A Similar Business**

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

As at LPD, Maybank Asset Management Group Berhad, which is our sole shareholder, has direct or indirect interests in the following corporations which are carrying on a similar business as us:

(i) Maybank Islamic Asset Management Sdn Bhd;
(ii) Maybank Asset Management Singapore Pte Ltd; and
(iii) PT Maybank Asset Management.

**SCBMB Trustee Berhad**

The Trustee may have related party transactions involving or in connection with the Fund in the following events:

- 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.);
- where the Manager utilized the services offered by Standard Chartered Bank Malaysia Berhad (e.g. fixed income brokerage services, etc.); and
- where the Trustee has delegated its custodian functions for the Fund to Standard Chartered Bank Malaysia Berhad.

The Trustee will rely on the Manager to ensure that any related party transactions, dealings, investments and appointments are on terms which are the best that are reasonably available for or to the Fund and are on an arm's length basis as if between independent parties. While the Trustee has internal policies intended to prevent or manage conflicts of interests, no assurance is given that their application will necessarily prevent or mitigate conflicts of interests. The Trustee's commitment to act in the best interests of the Unit Holders of the Fund does not preclude the possibility of related party transactions or conflicts.

**Other Declarations**

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

# (10) ADDITIONAL INFORMATION

**(a) Official Receipt and Statement of Investment**

Each time you purchase Units or conduct any other transaction for the Fund, a confirmation advice is sent out to you by ordinary post. A computer generated statement will also be issued to provide you with a record of each and every transaction made in the account so that you may confirm the status and accuracy of your transactions, as well as to provide you with an updated record of your investment account(s) with us.

**(b) Customer Service of the Manager**

Unit Holders can seek assistance on any issue relating to the Fund, from our client servicing personnel at our office at 03 - 2297 7888 from 8.45 a.m. to 5.45 p.m. from Monday to Thursday and from 8.45 a.m. to 4.45 p.m. on Friday. Alternatively, you may e-mail your enquiries to mamcs@maybank.com.my.

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

We will publish the Fund's NAV per Unit on our website at http://www.maybank-am.com.my.

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

**(d) Financial Reports**

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

**(e) Changing account details**

You are required to inform us in writing on any changes to your account details. The account details will amongst other things include the following:

(i) your address; and
(ii) signing instructions.

**(f) Unclaimed Monies**

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

**(g) The Deed**

| | |
|---|---|
| **Deed of the Fund** | Deed dated 1 December 2021 |

The Deed can be inspected at our office during office hours (8.45 a.m. to 5.45 p.m.) from Monday to Thursday and (8.45 a.m. to 4.45 p.m.) on Friday on a Business Day.

**(h) Customer Information Service**

You can seek assistance on any issue relating to the Fund, from our client servicing personnel at our office at 03 - 2297 7888 from 8.45 a.m. to 5.45 p.m. from Monday to

Thursday and from 8.45 a.m. to 4.45 p.m. on Friday. Alternatively, you may e-mail your enquiries to mamcs@maybank.com.my.

Alternatively, you can contact:

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

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

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

- Tel No: 03 - 2282 2280
- Fax No: 03 - 2282 3855
- Email: info@sidrec.com.my
- Letter: Securities Industry Dispute Resolution Center
  Unit A-9-1, Level 9, Tower A
  Menara UOA Bangsar
  No. 5, Jalan Bangsar Utama 1
  59000 Kuala Lumpur.

**(iii) Consumer & Investor Office, Securities Commission Malaysia via:**

- Tel No: 03 - 6204 8999 (*Aduan hotline*)
- Fax No: 03 - 6204 8991
- Email: aduan@seccom.com.my
- Online complaint form : www.sc.com.my
- Letter: Consumer & Investor Office
  Securities Commission Malaysia
  3 Persiaran Bukit Kiara
  Bukit Kiara
  50490 Kuala Lumpur.

**(i) Consents**

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

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

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

# (11) DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office or such other place as the SC may determine, during normal business hours (8.45 a.m. to 5.45 p.m.) from Monday to Thursday and (8.45 a.m. to 4.45 p.m.) on Friday:

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

# (12) TAXATION ADVISER'S LETTER

Building a better working world

Ernst & Young Tax Consultants Sdn. Bhd.
198901002487 (179793-K)
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Taxation adviser's letter in respect of the taxation
of the unit trust fund and the unit holders
(prepared for inclusion in this Prospectus)

Ernst & Young Tax Consultants Sdn Bhd
Level 23A Menara Milenium
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50490 Kuala Lumpur

8 December 2021

The Board of Directors
Maybank Asset Management Sdn Bhd
Level 12, Tower C
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Dear Sirs

**Taxation of the unit trust fund and unit holders**

This letter has been prepared for inclusion in this Prospectus in connection with the offer of units in the unit trust known as **MAMG Global Environment Fund** (hereinafter referred to as "the Fund").

The purpose of this letter is to provide prospective unit holders with an overview of the impact of taxation on the Fund and the unit holders.

**Taxation of the Fund**

The taxation of the Fund is subject to the provisions of the Malaysian Income Tax Act 1967 (MITA), particularly Sections 61 and 63B.

Subject to certain exemptions, the income of the Fund comprising profits and other investment income derived from or accruing in Malaysia after deducting tax allowable expenses, is subject to Malaysian income tax at the rate of 24% with effect from the year of assessment 2016.

Tax allowable expenses would comprise expenses falling under Section 33(1) and Section 63B of the MITA. Section 33(1) permits a deduction for expenses that are wholly and exclusively incurred in the production of gross income. In addition, Section 63B allows unit trusts a deduction for a portion of other expenses (referred to as 'permitted expenses') not directly related to the production of income, as explained below.

"Permitted expenses" refer to the following expenses incurred by the Fund which are not deductible under Section 33(1) of the MITA:

- the manager's remuneration,
- maintenance of the register of unit holders,
- share registration expenses,
- secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage.

These expenses are given a partial deduction under Section 63B of the MITA, based on the following formula:

$$A \times \frac{B}{4C}$$

where A is the total of the permitted expenses incurred for that basis period;

B is gross income consisting of dividend[1], interest and rent chargeable to tax for that basis period; and

C is the aggregate of the gross income consisting of dividend[1] and interest (whether such dividend or interest is exempt or not) and rent, and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period,

provided that the amount of deduction to be made shall not be less than 10% of the total permitted expenses incurred for that basis period.

**Exempt income**

The following income of the Fund is exempt from income tax:

- **Malaysian sourced dividends**

  All Malaysian-sourced dividends should be exempt from income tax.

- **Malaysian sourced interest**

  (i) interest from securities or bonds issued or guaranteed by the Government of Malaysia;

[1] Pursuant to Section 15 of the Finance Act 2011, with effect from the year of assessment 2011, dividend income is deemed to include income distributed by a unit trust which includes distributions from Real Estate Investment Trusts.

(ii) interest from debentures or *sukuk*, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission;

(iii) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia;

(iv) interest derived from Malaysia and paid or credited by banks licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013[2];

(v) interest derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002[2];

(vi) interest from *sukuk* originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority (LFSA)[3]; and

(vii) interest which is specifically exempted by way of statutory orders or any other specific exemption provided by the Minister.

- **Discount**

  Tax exemption is given on discount paid or credited to any unit trust in respect of investments as specified in items (i), (ii) and (iii) above.

**Foreign sourced income**

Dividends, interest and other income derived from sources outside Malaysia and received in Malaysia by a resident unit trust is exempt from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

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[2] Effective from 1 January 2019, the income tax exemption for a unit trust fund, pursuant to Paragraph 35A, Schedule 6 of the Income Tax Act, 1967 shall not apply to a wholesale fund which is a money market fund. Further, we understand that the Ministry of Finance has decided to withdraw the income tax exemption for corporate investors in Retail Money Market Funds, effective from 1 January 2022. The relevant legislative amendments have not yet been effected and are expected to be included in the Finance Bill 2021.

[3] Effective from the year of assessment 2017, the exemption shall not apply to interest paid or credited to a company in the same group or interest paid or credited to a bank licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013; or a development financial institution prescribed under the Development Financial Institutions Act 2002.

**Gains from the realisation of investments**

Pursuant to Section 61(1) (b) of the MITA, gains from the realisation of investments will not be treated as income of the Fund and hence, are not subject to income tax. Such gains may be subject to real property gains tax (RPGT) under the Real Property Gains Tax Act 1976 (RPGT Act), if the gains are derived from the disposal of chargeable assets, as defined in the RPGT Act.

**Implementation of Sales and Service Tax ("SST")**

Sales and Service Tax ("SST") was re-introduced effective 1 September 2018. Sales Tax of 10% (most common rate) or 5% is charged by Malaysian manufacturers of taxable goods or upon importation into Malaysia of such taxable goods, unless specifically exempted under the Sales Tax (Goods Exempted From Tax) Order 2018. Service Tax at the rate of 6% is charged on certain prescribed taxable services performed by taxable persons as stipulated under Service Tax Regulations 2018. The input tax recovery mechanism under the previous GST regime does not apply to SST. Therefore, any SST incurred is not recoverable and will form a cost element for businesses.

Based on the Service Tax Regulations 2018, a unit trust fund is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Fund incurs expenses such as management fees, the management services provided by asset and fund managers are specifically excluded from the scope of Service Tax. As for other fees, such as trustee fees and other administrative charges, these may be subject to 6% service tax provided they fall within the scope of service tax (i.e. are provided by a "taxable person", who exceeds the required annual threshold (in most cases RM 500,000 per annum) and the services qualify as "taxable services").

**Taxation of unit holders**

For Malaysian income tax purposes, unit holders will be taxed on their share of the distributions received from the Fund.

The income of unit holders from their investment in the Fund broadly falls under the following categories:

1. taxable distributions; and

2. non-taxable and exempt distributions.

In addition, unit holders may also realise a gain from the sale of units.

The tax implications of each of the above categories are explained below:

1. **Taxable distributions**

Distributions received from the Fund will have to be grossed up to take into account the underlying tax paid by the Fund and the unit holder will be taxed on the grossed up amount.

Such distributions carry a tax credit, which will be available for set-off against any Malaysian income tax payable by the unit holder. Should the tax deducted at source exceed the tax liability of the unit holder, the excess is refundable to the unit holder.

Please refer to the paragraph below for the income tax rates applicable to the grossed up distributions.

2. **Non-taxable and exempt distributions**

Tax exempt distributions made out of gains from the realisation of investments and exempt income earned by the Fund will not be subject to Malaysian income tax in the hands of the unit holders.

**Rates of tax**

The Malaysian income tax chargeable on the unit holders would depend on their tax residence status and whether they are individuals, corporations or trust bodies. The relevant income tax rates are as follows:

| Unit holders | Malaysian income tax rates |
|---|---|
| Malaysian tax resident: | |
| • Individual and non-corporate unit holders (such as associations and societies) | • Progressive tax rates ranging from 0% to 30% |
| • Co-operatives[4] | • Progressive tax rates ranging from 0% to 24% |
| • Trust bodies | • 24% |

[4] Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society–
*(a)* in respect of a period of five years commencing from the date of registration of such co-operative society; and
*(b)* thereafter where the members' funds [as defined in Paragraph 12(2)] of such co-operative society as at the first day of the basis period for the year of assessment is less than seven hundred and fifty thousand ringgit,
is exempt from tax.

| Unit holders | Malaysian income tax rates |
|---|---|
| • Corporate unit holders<br>(i) A company with paid up capital in respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment) and gross income from a source or sources consisting of a business not exceeding RM50 million for the basis period for the year of assessment[5] [6] | • First RM600,000 of chargeable income @ 17%<br>• Chargeable income in excess of RM600,000 @ 24% |
| (ii) Companies other than (i) above | • 24% |
| Non-Malaysian tax resident (Note 1): | |
| • Individual and non-corporate unit holders | • 30% |
| • Corporate unit holders and trust bodies | • 24% |

Note 1:
Non-resident unit holders may be subject to tax in their respective countries depending on the provisions of the tax legislation in the respective countries and any existing double taxation arrangements with Malaysia.

[5] A company would not be eligible for the 17% tax rate on the first RM600,000 of chargeable income if:-
(a) more than 50% of the paid up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
(b) the company owns directly or indirectly more than 50% of the paid up capital in respect of the ordinary shares of a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
(c) more than 50% of the paid up capital in respect of the ordinary shares of the company and a related company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.

[6] The above excludes a business trust and a company which is established for the issuance of asset-backed securities in a securitization transaction approved by the Securities Commission.

**Gains from sale of units**

Gains arising from the realisation of investments will generally not be subject to income tax in the hands of unit holders unless they are insurance companies, financial institutions or traders / dealers in securities.

**Unit splits and reinvestment of distributions**

Unit holders may also receive new units as a result of unit splits or may choose to reinvest their distributions. The income tax implications of these are as follows:

- Unit splits - new units issued by the Fund pursuant to a unit split will not be subject to income tax in the hands of the unit holders.

- Reinvestment of distributions - unit holders may choose to reinvest their income distribution in new units by informing the Manager. In this event, the unit holder will be deemed to have received the distribution and reinvested it with the Fund.

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Building a better working world

The Board of Directors
Maybank Asset Management Sdn Bhd
8 December 2021



We hereby confirm that, as at the date of this letter, the statements made in this letter correctly reflect our understanding of the tax position under current Malaysian tax legislation and the related interpretation and practice thereof, all of which are subject to change, possibly on a retrospective basis. We have not been retained (unless specifically instructed hereafter), nor are we obligated to monitor or update the statements for future conditions that may affect these statements.

The statements made in this letter are not intended to be a complete analysis of the tax consequences relating to an investor in the Fund. As the particular circumstances of each investor may differ, we recommend that investors obtain independent advice on the tax issues associated with an investment in the Fund.

Yours faithfully
**Ernst & Young Tax Consultants Sdn Bhd**

Bernard Yap
Partner

Ernst & Young Tax Consultants Sdn Bhd has given its consent to the inclusion of the Taxation Adviser's Letter in the form and context in which it appears in this Prospectus and has not withdrawn such consent before the date of issue of this Prospectus.

# (13) DIRECTORY

**Maybank Asset Management Sdn Bhd**

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Dataran Maybank
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Malaysia

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Fax No.: 03 - 2715 0071
Website: http://www.maybank-am.com
Email: mamcs@maybank.com.my

**LIST OF DISTRIBUTORS**

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

# (14) APPENDIX

## 14.1 INVESTMENT RESTRICTIONS OF THE TARGET FUND

**ELIGIBLE ASSETS**

1. *Transferable securities*
   Transferable securities must be listed or traded on an official stock exchange or on a regulated market (a market that operated regularly, is recognised and is open to the public) in an eligible state (i.e. a Member State or a Third Country).

   Recently issued transferable securities must include in their terms of issue an undertaking that an application will be made for admission to official listing on a regulated market and such admission must be secured within a year of issue.

2. *Money market instruments*
   A money market instrument shall fall within one of the categories below:
   (a) it is listed or traded on an official stock exchange, or on a regulated market (a market that operated regularly, is recognised and is open to the public) in an eligible state (i.e. a Member State or a Third Country);

   (b) it does not meet the requirements of point (a) but it is subject (at the securities or issuer level) to regulation aimed at protecting investors and savings, provided that it is:
      i. issued or guaranteed by a central, regional or local authority or central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, a third country or a member of a federation; or

      ii. issued by an undertaking any securities of which are dealt in on regulated markets referred to in point (a); or

      iii. issued or guaranteed by an establishment subject to, and which complies with EU prudential supervision rules or others rules at least considered to be stringent; or

      iv. issued by other bodies belonging to the categories approved by the CSSF provided that the investments in such instruments are subject to investor protection equivalent to that laid down in points (i), (ii) or (iii) above, and provided that the issuer is a company whose capital and reserves amount to at least EUR 10,000,000 and which presents and publishes its annual accounts in accordance with the Directive 78/660, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

3. *Units or shares of UCITS or other UCIS*
   The Target Fund may invest in units or shares of UCITS and/or other UCIs, whether or not established in a Member State, provided that:
   (a) such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU legislation, and that cooperation between authorities is sufficiently ensured;

   (b) the level of protection to unitholders or shareholders in these other UCIs is equivalent to that provided for unitholders or shareholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65;

(c) the business of these other UCIs is reported in semi-annual interim and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period; and

(d) no more than 10% of the assets of the UCITS or of the other UCIs whose acquisition is contemplated can, according to their management regulations or articles of association, be invested in aggregate in units or shares of other UCITS or other UCIs.

4. *Shares of other sub-funds of the Company*
The Target Fund may acquire shares of one or more other sub-funds of the Company ("the target sub-fund"), provided that:

(a) the target sub-fund does not, in turn, invest in the Target Fund;

(b) the proportion of assets that each target sub-fund invests in other target sub-funds of the Company does not exceed 10%;

(c) any voting rights attached to the shares of the target sub-funds are suspended for as long as they are held by the Target Fund and without prejudice to the appropriate processing in the accounts and the periodic reports; and

(d) in any events, for as long as these target sub-fund shares are held by the Company, their value shall not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of net assets required by the law.

5. *Deposits with credit institutions*
A deposit with a credit institution is eligible for investment by the Target Fund provided that all of the following conditions are fulfilled:
(a) the deposit is repayable on demand or is able to be withdrawn at any time;

(b) the deposit matures in no more than 12 months;

(c) the credit institution has its registered office in a Member State or, where the credit institution has its registered office in a Third Country, it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU legislation.

6. *Financial derivatives instruments*
Financial derivative instruments, including equivalent cash-settled instruments, must be dealt in on a regulated market referred to in point 1 above or financial derivative instruments dealt in OTC derivatives, provided that:
(a) the underlying of the derivative consists of instruments covered by points 1, 2, 3 and 6 above, financial indices, interest rates, foreign exchange rates or currencies, in which the Target Fund may invest according to its investment objectives as stated in the Company's articles of association;

(b) the counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF; and

(c) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative.

7. *Cash and cash equivalents*
The Company may hold ancillary liquid assets.

8. *Movable and immovable properties*
The Company may acquire movable or immovable property which is essential for the direct pursuit of its business.

9. *Borrowing*
   The Target Fund may acquire currencies by means of "back-to-back" loans. The Target Fund may borrow provided that such borrowing:
   (a) is made on a temporary basis and represents no more than 10% of its assets;

   (b) allows the acquisition of immovable property essential for the direct pursuit of its business and represents no more than 10% of its assets.

   Such borrowing shall not exceed 15% of its assets in total.

**PROHIBITED ACTIVITIS**

The Target Fund shall not:

(a) acquire either precious metals or certificates representing them;

(b) grant loans or act as a guarantor on behalf of third parties; this shall not prevent the Target Fund from acquiring transferable securities, money market instruments or other financial instruments referred to as eligible assets which are not fully paid;

(c) carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to as eligible assets.

**DIVERSIFICATION RULES**

The Target Fund is not required to comply with the limits laid down in this section when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets.

If these limits are exceeded for reasons beyond the control of the Target Fund or as a result of the exercise of subscription rights, the Target Fund shall adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.

The Target Fund may, in compliance with the applicable limits laid down in this section and in the best interest of the shareholders, temporarily adopt a more defensive attitude by holding more liquid assets in the portfolio. This could be as a result of the prevailing market conditions or on account of liquidation or merger events. In such circumstances, the Target Fund may prove to be incapable in the interest the shareholders of pursuing its investment objective as a temporary measure, which may affect its performance.

1. The Target Fund shall not invest more than 10% of its assets in transferable securities, or money market instruments other than those referred to as eligible assets.

2.
   (a) The Target Fund shall invest no more than:
      i. 10% of its assets in transferable securities or money market instruments issued by the same body; or

      ii. 20% of its assets in deposits made with the same body.

      The risk exposure to a counterparty of the Target Fund in an OTC derivative transaction shall not exceed either:
      i. 10% of its assets when the counterparty is a credit institution referred to in point 5 of eligible assets; or

      ii. 5% of its assets, in other cases.

   (b) The total value of the transferable securities and the money market instruments held by the Target Fund in the issuing bodies in each of which it invests more than 5% of its assets shall not exceed 40% of the value of its assets. That limitation shall not apply to deposits or OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph (a), the Target Fund shall not combine, where this would lead to investment of more than 20% of its assets in a single body, any of the following:

i. investments in transferable securities or money market instruments issued by that body;

ii. deposits made with that body; or

iii. exposure arising from OTC derivative transactions undertaken with that body.

(c) The 10% limit laid down in paragraph (a) point (i) may be raised to a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State, by its local authorities, by a Third Country or by public international body to which one or more Member States belong.

(d) The 10% limit laid down in paragraph (a) point (i) may be raised to a maximum of 25% where bonds are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. In particular, sums deriving from the issue of those bonds shall be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

Where the Target Fund invests more than 5% of its assets in the bonds referred to in this paragraph (d) which are issued by a single issuer, the total value of these investments shall not exceed 80% of the value of the assets of the Target Fund.

(e) The transferable securities and money market instruments referred to in paragraphs (c) and (d) shall not be taken into account for the purpose of applying the limit of 40% referred to in paragraph (b).

The limits provided for in paragraph (a), (b), (c) and (d) shall not be combined, and thus investments in transferable securities or money market instruments issued by the same body or in deposits or derivative instruments made with this body carried out in accordance with paragraph (a), (b), (c) and (d) shall not exceed in total 35% of the assets of the Target Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in Directive 83/349 or in accordance with recognised international accounting rules, shall be regarded as a single body for the purpose of calculating the limits contained in this section.

The Target Fund may cumulatively invest in transferable securities and money market instruments within the same group up to 20% of its assets.

3. Without prejudice to the Limits to Prevent Concentration of Ownership below, the limits laid down in point 2. are raised to a maximum of 20% for investments in shares or debt securities issued by the same body, when the aim of the Target Fund's investment policy is to replicate the composition of a certain stock or debt securities index which is recognised by the CSSF, on the following basis:

i. its composition is sufficiently diversified;

ii. the index represents an adequate benchmark for the market to which it refers; and

iii. it is published in an appropriate manner.

This limit of 20% shall be raised to a maximum of 35% where that proves to be justified by exceptional market conditions (such as, but not limited to, disruptive market conditions or extremely volatile markets) in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to that limit shall be permitted only for a single issuer.

4. As an exception to point 2., in accordance with the principle of risk-spreading, the Target Fund shall invest up to 100% of its assets in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a Third Country part of the OECD, Brazil, PRC, India, Russia, Singapore and South Africa, or a public international body to which one or more Member States belong.

   The Target Fund shall hold securities from at least six different issues, but securities from any single issue shall not account for more than 30% of its total assets.

5.
   (a) The Target Fund may acquire the units or shares of UCITS or other UCIs referred to as eligible assets, provided that no more than 20% of its assets are invested in units or shares of a single UCITS or other UCI. For the purposes of the application of this investment limit, each sub-fund of the Company in a multi-sub-fund UCI, is considered as a separate issuer, provided that the principle of segregation of the commitments of the different sub-funds with regard to third parties is assured.

   (b) Investments made in units or shares of UCIs other than UCITS shall not exceed, in aggregate, 30% of the assets of the Target Fund. Where the Target Fund has acquired units or shares of another UCITS or UCIs, the assets of the respective UCITS or other UCIs are not combined for the purposes of the limits laid down in point 2.

   (c) Due to the fact that the Company may invest in UCI units, or shares, the investor is exposed to a risk of fees doubling (for example, the management fees of the UCI in which the Company is invested).

   The Target Fund may not invest in a UCITS, or other UCI (underlying), with a management fee exceeding 3% per annum.

   Where the Target Fund invests in the units or shares of other UCITS or UCIs that are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, the Target Fund will not incur any entry or exit costs for the units or shares of these underlying assets.

**LIMITS TO PREVENT CONCENTRATION OF OWNERSHIP**

1. The Company shall not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

2. The Target Fund may acquire no more than:
   i. 10% of the non-voting shares of a single issuing body;

   ii. 10% of debt securities of a single issuing body;

   iii. 25% of the units or shares of a UCITS or UCI (umbrella level); or

   iv. 10% of the money market instruments of a single issuing body.

The limits laid down in points ii., iii. and iv. may be disregarded at the time of acquisition if, at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue, cannot be calculated.

3. Points 1. and 2. above do not apply with regard to:
   i. transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;

   ii. transferable securities and money market instruments issued or guaranteed by a country which is not a Member State;

   iii. transferable securities and money market instruments issued by a public international body to which one or more Member States belong;

   iv. shares held by the Company in the capital of a company incorporated in a Third Country investing its assets mainly in the securities of issuing bodies having their registered offices in that country, where under the legislation of that country, such a holding represents the only way in which the Company can invest in the securities of issuing of that country. This derogation shall apply only if in its investment policy the company from the Third Country complies with the limits laid down in Diversification Rules (points 2 and 5) and Limits To Prevent Concentration of Ownership (points 1 and 2).

**ADDITIONAL INVESTMENT RESTRICTIONS APPLICABLE TO THE TARGET FUND**

1. All investments of the Target Fund are limited to markets where the regulatory authority is an ordinary or associate member of the International Organization of Securities Commissions.

2. The credit rating for the counter-party of OTC derivatives will be at least investment grade.

3. For the purpose of borrowing:
   - the Target Fund will borrow cash for the purpose of meeting repurchase requests for shares and for short-term bridging requirements only;
   - the aggregate borrowing of the Target Fund will not exceed 10% of the Target Fund's net asset value at the time the borrowing is incurred; and
   - the borrowing period of the Target Fund will not exceed one month.

   In the case where the Target Fund is an investment company, borrowing will not be more than 10% of its assets to enable the acquisition of immovable property essential for the direct pursuit of its business.

4. The value of the Target Fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Target Fund's net asset value.

5. The aggregate value of Target Fund's investments in transferable securities, money market instruments, deposits, OTC derivatives and structured products issued by or placed with, as the case may be, any single issuer/ financial institution must not exceed 25% of the Target Fund's net asset value.

6. Where the Target Fund invests in another collective investment schemes ("CIS") that is operated by the Management Company or its related corporation, the Management Company will ensure that:
   - there is no cross-holding between the Target Fund and other CIS;
   - all initial charges on the other CIS are waived; and
   - the management fee must only be charged once, either at the Target Fund level or the other CIS level.

7. The Target Fund's investments in transferable securities (other than debentures) must not exceed 10% of the transferable securities issued by any single issuer.

8. The Target Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer.

9. The Target Fund's investments in CIS must not exceed 25% of the units/ shares in any one CIS.

10. Other than money market instruments that do not have a pre-determined issue size, the Target Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer.

11. In the case where there is a breach of investment limit or restriction (including a breach as a result from subscription of rights issue), the Investment Manager must take all necessary steps and action to rectify the breach within a period of not more than 3 months from the date of the breach. The 3-month period may be extended if the internal compliance of the Management Company is of the view that it is in the best interests of investors.

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

13. The Target Fund will only invests in CIS which will generally comply with the investment limits provided herein.

## 14.2. SPECIFIC RISK OF THE TARGET FUND

**Concentration Risk**
The Target Fund may invest a large portion of the assets in a limited number of issuers, industries, sectors or a limited geographical area. Being less diversified, the Target Fund may be more volatile than broadly diversified sub-funds and carry a greater risk of loss.

**Counterparty Risk**
Counterparty risk is the risk to each party of a contract that the counterparty will fail to perform its contractual obligations and/or to respect its commitments under the term of such contract, whether due to insolvency, bankruptcy or other cause. When OTC or other bilateral contracts are entered into (among others OTC derivatives, repurchase agreements, security lending, etc.), the Company may find itself exposed to risks arising from the solvency of its counterparties and from their inability to respect the conditions of these contracts. If counterparty does not live up to its contractual obligations, it may affect investor's (including the Fund's) returns.

**Currency Exchange Risk**
This risk may be present in the Target Fund which has positions denominated in currencies that differ from its accounting currency i.e. EUR. If the currency in which a security is denominated appreciates in relation to the EUR, the exchange value of the security in the accounting currency will appreciate; conversely, a depreciation of the denomination currency will lead to a depreciation in the exchange value of the security. When the Investment Manager is willing to hedge the currency exchange risk of a transaction, there is no guarantee that such operation will be completely effective.

**Custody Risk**
Assets of the Company are safe kept by the custodian and investors (including the Target Fund) are exposed to the risk of the custodian not being able to fully meet its obligation to restitute in a short timeframe all of the assets of the Company in the case of bankruptcy of the custodian. The assets of the Company will be identified in the custodian's books as belonging to the Company. Securities and debt obligations held by the custodian will be segregated from other assets of the custodian which mitigates but does not exclude the risk of non-restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non-

restitution in case of bankruptcy. The custodian does not keep all the assets of the Company itself but uses a network of sub-custodians which are not part of the same group of companies as the custodian. Investors are also exposed to the risk of bankruptcy of the sub-custodians. The Target Fund may invest in markets where custodial and/or settlement systems are not fully developed.

**Derivatives Risk**

The performance of derivative instruments depends largely on the performance of an underlying currency, security, index or other reference asset, and such instruments often have risks similar to the underlying instrument, in addition to other risks. The Target Fund may use options, futures, options on futures, and forward contracts on currencies, securities, indices, interest rates or other reference assets for hedging and/or efficient portfolio management.

**Efficient Portfolio Management Techniques Risk**

Efficient portfolio management techniques, such as repurchase and reverse repurchase transactions, involve certain risks. Investors must notably be aware that:

- In the event of the failure of the counterparty with which cash of the Target Fund has been placed, there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded.

- Locking cash in transactions of excessive size or duration, delays in recovering cash placed out, or difficulty in realising collateral may restrict the ability of the Target Fund to meet sale requests, security purchases or, more generally, reinvestment.

- Repurchase transactions will, as the case may be, further expose the Target Fund to risks similar to those associated with financial derivative instruments, which risks are described above.

- In a reverse repurchase transaction, the Target Fund could incur a loss if the value of the purchased securities has decreased in value relative to the value of the cash or margin held by the Target Fund.

**Emerging Markets Risk**

The Target Fund may invest in less developed or emerging markets. These markets may be volatile and illiquid and the investments of the Target Fund in such markets may be considered speculative and subject to significant delays in settlement. Practices in relation to settlement of securities transactions in emerging markets involve higher risks than those in developed markets, in part because the Target Fund will need to use brokers and counterparties which are less well capitalised, and custody and registration of assets in some countries may be unreliable. Delays in settlement could result in investment opportunities being missed if the Target Fund is unable to acquire or dispose of a security. The risk of significant fluctuations in the net asset value and of the suspension of redemptions of the Target Fund may be higher than for funds investing in major world markets. In addition, there may be a higher than usual risk of political, economic, social and religious instability and adverse changes in government regulations and laws in emerging markets and assets could be compulsorily acquired without adequate compensation. The assets of the Target Fund investing in such markets, as well as the income derived from the Target Fund, may also be affected unfavourably by fluctuations in currency rates and exchange control and tax regulations and consequently the net asset value of shares of the Target Fund may be subject to significant volatility. Some of these markets may not be subject to accounting, auditing and financial reporting standards and practices comparable to those of more developed countries and the securities markets of such countries may be subject to unexpected closure.

**ESG Investment Risk**

The lack of common or harmonized definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by managers when setting ESG objectives. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may be based on metrics that may share the same name but have different underlying meanings. In evaluating a security based on the ESG and sustainability criteria, the Investment Manager of the Target Fund may also use data sources provided by external ESG research providers. Given the evolving nature of ESG, these data sources may for the time being be incomplete, inaccurate or unavailable. Applying responsible business conduct standards in the investment process may lead to the exclusion of securities of certain issuers. Consequently, the Target Fund's performance may at times be better or worse than the performance of relatable funds that do not apply such standards.

**Equity Risk**
The risks associated with investments in equity (and similar instruments) include significant fluctuation in prices, negative information about the issuer or market and the subordination of a company's shares to its bonds. Moreover, such fluctuations are often exacerbated in the short-term. The risk that one or more companies suffer a downturn or fail to grow can have a negative impact on the performance of the overall portfolio at a given time. There is no guarantee that investors (including the Fund) will see an appreciation in value. The value of investments and the income they generate may go down as well as up and it is possible that investors (including the Fund) will not recover their initial investment.

The Target Fund may invest in initial public offerings ("IPOs"). IPO risk is the risk that the market values of IPO shares may experience high volatility from factors such as the absence of a prior public market, unseasoned trading, the limited number of shares available for trading and limited information about the issuer. Additionally, the Target Fund may hold IPO shares for a very short period of time, which may increase the Target Fund's expenses. Some investments in IPOs may have an immediate and significant impact on the Target Fund's performance.

Growth stocks may be more volatile than the market in general and may react differently to economic, political and market developments and to specific information about the issuer. Growth stocks traditionally show higher volatility than other stocks, especially over short periods. These stocks may also be more expensive in relation to their profits than the market in general. Consequently, growth stocks may react with more volatility to variations in profit growth.

**Hedge share class contagion risk**
Where a hedged or return hedged share class is available in the Target Fund, the use of derivatives that are specific to this share-class may have an adverse impact on other share-classes of the Target Fund. In particular, the use of a derivative overlay in a currency risk hedged share class introduces potential counterparty and operational risks for all investors in the Target Fund. This could lead to a risk of contagion to other share classes, some of which might not have any derivative overlay in place.

**Market risk**
Market risk is a general risk that affects all investments. Price for financial instruments are mainly determined by the financial markets and by the economic development of the issuers, who are themselves affected by the overall situation of the global economy and by the economic and political conditions prevailing in each relevant country.

**Legal risk**
There is a risk that agreements and derivatives techniques are terminated due, for instance, to bankruptcy, illegality, change in tax or accounting laws. In such circumstances, the Target Fund may be required to cover any losses incurred. Furthermore, certain transactions are entered into on the basis of complex legal documents. Such documents may be difficult to enforce or may be the subject to a dispute as to interpretation in certain circumstances. Whilst the rights and obligations of the parties to a legal document may be governed by Luxembourg law, in certain circumstances (insolvency proceedings) other legal systems may take priority which may affect the enforceability of existing transactions. The use of derivatives may also expose the Target Fund to the risk of loss resulting from changing laws or from the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable.

**Liquidity risk**
Liquidity risk takes two forms: asset side liquidity risk and liability side liquidity risk. Asset side liquidity risk refers to the inability of the Target Fund to sell a security or position at its quoted price or market value due to such factors as a sudden change in the perceived value or credit worthiness of the position, or due to adverse market conditions generally. Liability side liquidity risk refers to the inability of the Target Fund to meet a redemption request, due to the inability of the Target Fund to sell securities or positions in order to raise sufficient cash to meet the redemption request. Markets where the Target Fund's securities are traded could also experience such adverse conditions as to cause exchanges to suspend trading activities. Reduced liquidity due to these factors may have an adverse impact on the net asset value of the Target Fund and on the ability of the Target Fund to meet redemption requests in a timely manner.

**Risks related to investments in some countries**
Investments in some countries (e.g. China, Greece, India, Indonesia, Japan, Saudi Arabia and Thailand) involve risks linked to restrictions imposed on foreign investors and counterparties, higher market volatility and lack of liquidity. Consequently, some shares may not be available to the Target Fund due to the number of foreign shareholders authorized or if the total investment permitted for foreign shareholders has been reached. In addition, the repatriation by foreign investors of their share, capital and/or dividends may be restricted or require the approval of the government. The Company will only invest if it considers that the restrictions are acceptable. However, no guarantee can be given that additional restrictions will not be imposed in future.

**Small cap, specialised or restricted sectors risk**
Investments in small caps or specialised or restricted sectors are likely to be subject to a higher than average volatility due to a high degree of concentration, greater uncertainty because less information is available, there is less liquidity, or due to greater sensitivity to changes in market conditions. Smaller companies may lack depth of management, be unable to generate funds necessary for growth or development, have limited product lines or be developing or marketing new products or services for which markets are not yet established and may never become established. Smaller companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans which are floating-rate.

**Swing pricing risk**
The actual cost of purchasing or selling the underlying investments of the Target Fund may be different from the carrying value of these investments in the Target Fund's valuation. The difference may arise due to dealing and other costs (such as taxes) and/or any spread between the buying and selling prices of the underlying investments. These dilution costs can have an adverse effect on the overall value of the Target Fund and thus the net asset value per share may be adjusted in order to avoid disadvantaging the value of investments for existing shareholders.

**Tracking error risk**
The performance of the Target Fund may deviate from the actual performance of the underlying index due to factors including but not limited to liquidity of the index constituents, possible stock suspensions, trade band limits decided by the stock exchanges, changes in taxation of capital gains and dividends, discrepancies between the tax rates applied to the Target Fund and to the index on capital gains and dividends, limitations or restrictions on foreign investors ownership of shares imposed by the governments, fees and expenses, changes to the underlying index and operational inefficiencies. In addition, the Target Fund may not be able to invest in certain securities included in the underlying index or invest in them in the exact proportions they represent of the index due to legal restrictions imposed by the governments, a lack of liquidity on stock exchanges or other reasons. There could be other factors which can impact the tracking error.

**Warrant risk**
Warrants are complex, volatile, high-risk instruments. One of the principal characteristics of warrants is the "leverage effect" whereby a change in the value of the underlying asset can have

a disproportionate effect on the value of the warrant. There is no guarantee that, in the event of an illiquid market, it will be possible to sell the warrant on a secondary market.

**PRC taxation risk**
Investment in the Target Fund may involve risks due to uncertainty in tax laws and practices in the PRC. According to PRC tax laws, regulations and policies ("PRC Tax Rules"), a non-PRC tax resident enterprise (such as FIIs and certain eligible foreign institutional investors) without a permanent establishment or place in the PRC (such as FIIs) will generally be subject to withholding income tax of 10% on its PRC sourced income, subject to below elaboration:

*Capital gain*

According to a tax circular issued by the Ministry of Finance of the PRC ("MoF"), the State Administration of Taxation of the PRC ("SAT") and the China Securities Regulatory Commission ("CSRC") dated 31 October 2014, capital gain derived from the transfer of PRC equity investment assets such as China A-Shares on or after 17 November 2014 is temporarily exempt from PRC income tax. However, capital gain realised by FIIs prior to 17 November 2014 is subject to PRC income tax in accordance with the provisions of the laws. The MoF, the SAT and the CSRC also issued joint circulars in 2014 and 2016 to clarify the taxation of the Stock Connect, in which capital gain realized from the transfer of China A-Shares via Stock Connect is temporarily exempt from PRC income tax.

Based on verbal comments from the PRC tax authorities, gains realized by foreign investors (including FIIs) from investment in PRC debt securities are non-PRC sourced income and thus should not be subject to PRC income tax. However, there are no written tax regulations issued by the PRC tax authorities to confirm that interpretation. As a matter of practice, the PRC tax authorities have not levied PRC income tax on capital gains realised by FIIs from the trading of debt securities, including those traded via the China interbank bond market.

*Dividend*

Under the current PRC Tax Rules, non-PRC tax resident enterprises are subject to PRC withholding income tax on cash dividends and bonus distributions from PRC enterprises. The general rate applicable is 10%, subject to reduction under an applicable double tax treaty and agreement by the PRC tax authorities.

*Interest*

Unless a specific exemption is applicable, non-PRC tax resident enterprises are subject to PRC withholding tax on the payment of interests on debt instruments issued by PRC tax resident enterprises, including bonds issued by enterprises established within the PRC. The general withholding tax rate applicable is 10%, subject to reduction under an applicable double tax treaty and agreement by the PRC tax authorities.

Interest derived from government bonds issued by the in-charge Finance Bureau of the State Council and/or local government bonds approved by the State Council is exempt from income tax under PRC Tax Rules.

According to a tax circular jointly issued by the MoF and SAT on 7 November 2018, foreign institutional investors are temporarily exempt from PRC income tax with respect to bond interest income derived in the PRC bond market for the period from 7 November 2018 to 6 November 2021. However, there is no guarantee that such temporary tax exemption will continue to apply, will not be repealed and imposed on a retrospective basis, or that no new tax regulations and practice in China specifically relating to the PRC bond market will not be promulgated in the future.

*Value added tax ("VAT")*

VAT at 6% shall be levied on the difference between the selling and buying prices of those marketable securities starting from 1 May 2016. According to the latest PRC Tax Rules, the gains derived from trading of marketable securities (including A-shares and other PRC listed securities) are exempted from VAT. In addition, deposit interest income and interest received from government bonds and local government bonds are also exempt from VAT.

According to a tax circular, foreign institutional investors are temporarily exempt from VAT with respect to bond interest income derived in the PRC bond market for the period from 7 November 2018 to 6 November 2021. However, there is no guarantee that such temporary tax exemption will continue to apply, will not be repealed and imposed on a retrospective basis, or that no new tax regulations and practice in China specifically relating to the PRC bond market will not be promulgated in the future.

Dividend income or profit distributions on equity investment derived from PRC are not included in the taxable scope of VAT.

There are no specific PRC Tax Rules which govern the taxation of gains on the disposal of other investments, and the current practice of exemption may not be consistently applied to all such investments and is based on verbal comments and practice of the tax administration. The PRC Tax Rules may not be interpreted and applied as consistent and transparent as those of more developed countries and may vary from city to city and in some cases certain taxes which could be considered payable are not actively enforced for collection, nor is any mechanism provided for payment. Moreover, the existing PRC Tax Rules and practices may be changed or amended in the future, e.g.: the PRC government may abolish temporary tax incentives that are currently offered to foreign investors, and they may be changed with retrospective effect and could be applied along with penalties and / or late payment interest. Such new PRC Tax Rules may operate to the advantage or disadvantage of the investors.

Tax provisions could be made for the Target Fund. In light of the uncertainty and in order to meet the potential tax liability, the Company reserves the right to adjust such provision as deemed necessary. Investors should be aware that the net asset value of the Target Fund on any valuation day of the Target Fund may not accurately reflect Chinese tax liabilities. Depending on the tax liabilities payable, it may bring positive or negative impact to the performance and net asset value of the Target Fund. In the event penalties or late payment interest could be applicable due to factors such as retrospective amendments, changes in practice or uncertain regulations, this could impact the net asset value at the time of settlement with the PRC tax authorities. In the case where the amount of tax provisions made is less than the tax liabilities payable, the amount of shortfall will be deducted from the Target Fund's assets and affecting the Target Fund's net asset value adversely. In the opposite case where the amount of tax provisions made is more than the tax liabilities payable, the release of extra tax provision will affect the Target Fund's net asset value positively. This will only benefit existing investors. Investors who have redeemed their shares before the tax liabilities amount is determined will not be entitled to any part of such release of extra tax provision.

**Risks related to Stock Connect**

*Eligible Securities*

Stock Connect comprises a Northbound trading link and a Southbound trading link. Under the Northbound trading link, Hong Kong and overseas investors will be able to trade certain stocks listed on the Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Exchange ("SZSE") markets. These include:

1. All the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index

2. All the constituent stocks from time to time of the SZSE Component Index and SZSE Small / Mid Cap Innovation Index with market capitalization at least RMB 6 billion

3. All the SZSE-listed China A-Shares and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices, which have corresponding H-Shares listed on the Hong Kong Exchanges and Clearing Limited ("SEHK"), except the following:
   (a) SSE / SZSE-listed shares which are not traded in RMB;
   (b) SSE / SZSE-listed shares which are risk alert shares; and
   (c) SZSE-listed shares which are under delisting arrangement.

It is expected that the list of eligible securities will be subject to review. If a stock is recalled from the scope of eligible securities for trading via Stock Connect, the stock can only be sold and cannot be bought. This may affect the investment portfolio or strategies of investors. Investors should therefore pay close attention to the list of eligible securities as provided and renewed from time to time by SSE, SZSE and SEHK.

*Differences in trading day*
Stock Connect will only operate on days when both the Mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland China market but the Target Fund cannot carry out any China A-Shares trading. The Target Fund may be subject to a risk of price fluctuations in China A-Shares during the time when Stock Connect is not trading as a result. This may adversely affect the Target Fund's ability to access Mainland China and effectively pursue its investment strategies. This may also adversely affect the Target Fund's liquidity.

*Settlement and Custody*
The Hong Kong Securities Clearing Company Limited ("HKSCC") will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The China A-Shares traded through Stock Connect are issued in scriptless form, so the Target Fund will not hold any physical China A-Shares. The Target Fund should maintain the China A-Shares with its brokers' or custodians' stock accounts with the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK ("CCASS").

*Trading fees*
In addition to paying trading fees in connection with China A-Shares trading, the Target Fund may be subject to new fees which are yet to be determined by the relevant authorities.

*Quota limitations*
The Stock Connect is subject to quota limitations. In particular, once the daily quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the Target Fund's ability to invest in China A-Shares through Stock Connect on a timely basis, and the Target Fund may not be able to effectively pursue its investment strategies.

*Operational risk*
The Stock Connect provides a channel for investors from Hong Kong and overseas to access the China stock market directly. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. Due to their recent implementation and the uncertainty about their efficiency, accuracy and security, there is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The Target Fund's ability to access the China A-Share market (and hence to pursue its investment strategy) will be adversely affected. Consequently, investors in the China A-Share market should be aware of the economic risk of an investment in those shares, which may lead to a partial or total loss of the invested capital.

*Clearing and settlement risk*
The HKSCC and ChinaClear will establish the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. Should ChinaClear be declared as a defaulter, HKSCC's liabilities in trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. In that event, the Target Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

*Regulatory risk*
The Stock Connect is novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong from time to time. The regulations are untested and there is no certainty as to how they will be applied.

*Ownership of China A-Shares*
China A-Shares acquired by the Target Fund through the Stock Connect are recorded in the name of HKSCC in its omnibus account held with ChinaClear. The China A-Shares are held in custody under the depository of ChinaClear and registered in the shareholders' register of the relevant listed companies. HKSCC will record such China A-Shares in the CCASS stock account of the clearing participant.

Under Hong Kong law, HKSCC will be regarded as the legal owner (nominee owner) of the China A-Shares, holding the beneficial entitlement to the China A-Shares on behalf of the relevant clearing participant.

Under PRC law there is a lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership". The regulatory intention appears to be that the concept of 'nominee owner" is recognised under PRC laws and that the overseas investors should have proprietary rights over the China A-Shares. However, as the Stock Connect is a recent initiative there may be some uncertainty surrounding such arrangements. Accordingly, the Target Fund's ability to enforce its rights and interests in the China A-Shares may be adversely affected or suffer delay.

*Investor compensation*
Since the Target Fund will carry out Northbound trading through securities brokers in Hong Kong but not PRC brokers, it is not protected by the China Securities Investor Protection Fund in the PRC.

**THE ABOVE ARE THE KEY RISKS APPLICABLE TO THE TARGET FUND AND MAY NOT BE EXHAUSTIVE. INVESTORS ARE ADVISED TO CONSULT THEIR ADVISER(S), E.G. THEIR BANKERS, LAWYERS, STOCKBROKERS OR INDEPENDENT PROFESSIONAL ADVISERS FOR A BETTER UNDERSTANDING OF THE RISKS.**

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