INFORMATION MEMORANDUM

Asset Management

MAMG SYSTEMATIC ASIA PACIFIC EQUITY ABSOLUTE RETURN FUND

(constituted on 7 December 2023 and launched on 8 January 2024)

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

Trustee : TMF Trustees Malaysia Berhad (Registration No.: 200301008392 (610812-W))

This Information Memorandum is dated 8 January 2024.

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS INFORMATION MEMORANDUM AND IF NECESSARY, OBTAIN PROFESSIONAL ADVICE BEFORE SUBSCRIBING TO UNITS OF THE FUND.

UNITS OF THE MAMG SYSTEMATIC ASIA PACIFIC EQUITY ABSOLUTE RETURN FUND CAN ONLY BE SOLD TO SOPHISTICATED INVESTORS.

FIRST SUPPLEMENTARY INFORMATION MEMORANDUM

This First Supplementary Information Memorandum dated 14 January 2025 must be read together with the Information Memorandum dated 8 January 2024 for:-

FUND	DATE OF CONSTITUTION
MAMG Systematic Asia Pacific Equity Absolute Return Fund	**7 December 2023**

Manager	:	Maybank Asset Management Sdn Bhd (Registration No.: 199701006283 (421779-M))
Trustee	:	TMF Trustees Malaysia Berhad (Registration No.: 200301008392 (610812-W))

INVESTORS ARE ADVISED TO READ THIS FIRST SUPPLEMENTARY INFORMATION MEMORANDUM DATED 14 JANUARY 2025 TOGETHER WITH THE INFORMATION MEMORANDUM DATED 8 JANUARY 2024 AND OBTAIN PROFESSIONAL ADVICE BEFORE SUBSCRIBING TO THE FUND.

UNITS OF THE MAMG SYSTEMATIC ASIA PACIFIC EQUITY ABSOLUTE RETURN FUND CAN ONLY BE SOLD TO SOPHISTICATED INVESTORS.

Responsibility Statements

This First Supplementary Information Memorandum has been seen and approved by the directors of Maybank Asset Management Sdn Bhd and they collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts omitted which would make any statement herein misleading.

Statements of Disclaimer

A copy of this First Supplementary Information Memorandum has been lodged with the Securities Commission Malaysia.

The Securities Commission Malaysia has not authorised or recognised the MAMG Systematic Asia Pacific Equity Absolute Return Fund and a copy of this First Supplementary Information Memorandum and the Information Memorandum dated 8 January 2024 ("Information Memorandum") have not been registered with the Securities Commission Malaysia.

The lodgement of this First Supplementary Information Memorandum and the Information Memorandum should not be taken to indicate that the Securities Commission Malaysia recommends the MAMG Systematic Asia Pacific Equity Absolute Return Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this First Supplementary Information Memorandum and the Information Memorandum.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Maybank Asset Management Sdn Bhd responsible for the MAMG Systematic Asia Pacific Equity Absolute Return Fund and takes no responsibility for the contents in this First Supplementary Information Memorandum and the Information Memorandum. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this First Supplementary Information Memorandum and the Information Memorandum, 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. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR PROFESSIONAL ADVISERS IMMEDIATELY.

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 Information Memorandum 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 Information Memorandum or the conduct of any other person in relation to the Fund.

The 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 Fund.

Investors are advised to read this First Supplementary Information Memorandum dated 14 January 2025 together with the Information Memorandum dated 8 January 2024.

1. <u>Amendment to "Chapter 1 – Corporate Directory" on page 1 of the Information Memorandum</u>

The information on the registered office and business office of the Trustee is hereby deleted in its entirety and replaced with the following:

REGISTERED OFFICE AND BUSINESS OFFICE	Level 13, Menara 1 Sentrum, 201, Jalan Tun Sambanthan, Brickfields, 50470 Kuala Lumpur Tel No: 03 - 2382 4288 Fax No: 03 – 2382 4170

2. <u>Amendment to the definition of "Sophisticated Investors" in "Chapter 2 - Definitions" on pages 4 - 5 of the Information Memorandum</u>

The definition of "Sophisticated Investors" is hereby deleted in its entirety and replaced with the following:

Sophisticated Investor(s) means:

(a) a unit trust scheme, private retirement scheme or prescribed investment scheme;

(b) Bank Negara Malaysia;

(c) a licensed person or a registered person;

(d) an exchange holding company, a stock exchange, a derivatives exchange, an approved clearing house, a central depository or a recognized market operator;

(e) a corporation that is licensed, registered or approved to carry on any regulated activity or capital market services by an authority in Labuan or outside Malaysia which exercises functions corresponding to the functions of the SC;

(f) a bank licensee or an insurance licensee as defined under the Labuan Financial Services and Securities Act 2010;

(g) an Islamic bank licensee or a takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010;

(h) a chief executive officer or a director of any person referred to in paragraphs (c) to (g);

(i) a closed-end fund approved by the SC;

(j) a company that is registered as a trust company under the Trust Companies Act 1949 and has assets under its management exceeding RM10 million or its equivalent in foreign currencies;

(k) a corporation that –

(i) is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the CMSA and has assets under its management, exceeding RM10 million or its equivalent in foreign currencies; or

(ii) is carrying on the regulated activity of fund management solely for the benefit of its related corporations and has assets under its management exceeding RM10 million or its equivalent in foreign currencies;

(l) a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts;

(m) a partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies;

(n) a statutory body established under any law whose function or mandate is investment in capital market products;

(o) a pension fund approved by the Director General of Inland Revenue under the Income Tax Act 1967;

(p) an individual –

(i) whose total net personal assets exceeding RM3 million or its equivalent in foreign currencies, provided that the net value of the primary residence of the individual contribute not more than RM1 million of the total net assets;

(ii) whose total net joint assets with –

(a) his or her spouse; or

(b) his or her child,

exceeding RM3 million or its equivalent in foreign currencies, provided that the net value of the primary residence of the individual with his or her spouse or child contribute not more than RM1 million of the total net assets;

(iii) who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies in the preceding twelve months;

(iv) who jointly with his or her spouse or child, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies in the preceding twelve months;

(v) whose total net personal investment portfolio or total net joint investment portfolio with his or her spouse or child, in any capital market products exceeding RM1 million or its equivalent in foreign currencies;

(vi) who holds any of the following qualifications and has five consecutive years of relevant working experience in finance, economics, actuarial science or accounting-

(A) holds a Bachelor's or Master's degree related to Finance, Economics or Actuarial Science;

(B) holds a Bachelor's or Master's degree in Accounting; or

(C) holds a Master of Business Administration;

(vii) who holds the following membership in the associations as set out below:

(A) Active Member of Chartered Financial Analyst (CFA) Institute;

(B) Chartered Banker of Asian Institute of Chartered Bankers (AICB);

(C) Ordinary Member of Financial Markets Association Malaysia (FMAM);

(D) Chartered Accountant, C.A(M) of Malaysian Institute of Accountants (MIA);

(E) Ordinary Member of Malaysia Association of Tax Accountants (MATA);

(F) Accredited Angel Investor of Malaysian Business Angel Network (MBAN);

(G) Certified Member of Financial Planning Association of Malaysia (FPAM); or

(H) Ordinary Member of Malaysian Financial Planning Council (MFPC); or

(viii) who has five consecutive years of working experience in a capital market intermediary relating to product development, corporate finance, deal advisory, investment management, sales and trading, investment research and advisory, financial analysis, or the provision of training in investment products;

(q) any person who acquires any capital market product specified under the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework where the consideration is not less than two hundred and fifty thousand ringgit or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise; or

(r) any other category of investor(s) as may be permitted by the SC from time to time and/or under the relevant guidelines for wholesale funds.

3. Amendment to Section 3.2 – Information of the Target Fund in "Chapter 3 - Fund's Details" on pages 11 - 12 of the Information Memorandum

The information on the fourth paragraph of investment policy and strategy of the Target Fund is hereby deleted in its entirety and replaced with the following:

In order to achieve the investment objective and policy, the Target Fund will invest in a variety of investment strategies and instruments. The main strategy which the Investment Advisers intend to pursue in order to assist it in achieving an absolute return is a market neutral strategy. This means it uses derivatives (synthetic short or synthetic long positions) to reduce or mitigate the directional market risk (i.e. the risk associated with the market moving in one direction, up or down) relating to the instruments it has exposure to (via long positions or synthetic positions). As the Target Fund seeks to be highly diversified it will make extensive use of derivatives; using them to gain investment exposure to instruments and at same time to mitigate the directional market risk of those instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns. The main type of derivatives which the Target Fund will use is total return swaps that have, in accordance with its investment policy, equities and equity-related securities as underlying assets.

4. Amendment to "Chapter 4 – Fees and Charges" on page 17 of the Information Memorandum

The first paragraph in Chapter 4 is hereby deleted in its entirety and replaced with the following:

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

We may (in our sole and absolute discretion) waive or reduce the amount of any fees and expenses of the Fund, either for all the investors or a particular investor.

Note: All fees, charges and expenses stated herein are exclusive of any applicable tax which may be imposed by the government or the relevant authority. You and/or the Fund (as the case may be) are responsible to pay the applicable amount of tax, if any, in addition to the fees, charges and expenses stated herein.

5. Amendment to Section 6.3 – Risk Management Strategy in "Chapter 3 – Risks Relating to the Fund" on page 26 of the Information Memorandum

The information on item (a) of liquidity risk management under risk management strategy and technique is hereby deleted in its entirety and replaced with the following:

monitor the Fund's net flows against redemption requests during normal and adverse market conditions to manage the liquidity of the Fund in meeting redemption requests from Unit Holders. Redemption coverage ratio is one of our key risk indicators whereby liquidity risk is monitored based on historical redemption patterns and scenarios, allowing the Fund to proactively identify and mitigate liquidity risk; and/or

6. Amendment to "Chapter 11 – Conflict of Interests and Related Party Transactions" on pages 35 - 36 of the Information Memorandum

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

Investors are advised to read this First Supplementary Information Memorandum dated 14 January 2025 together with the Information Memorandum dated 8 January 2024.

Manager

As at 30 November 2024, we are not aware of any existing or potential conflict of interest situations which may arise.

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 November 2024:

Name of Party	Name of Related Party and Nature of Relationship	Existing / Potential Related Party Transaction
The Manager	Maybank The Manager is wholly-owned by Maybank Asset Management Group Berhad ("MAMG"). MAMG is wholly owned by Maybank.	Distributor: Maybank has been appointed as one of the Manager's institutional unit trust scheme advisers. Delegate: 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 The Manager is wholly-owned by MAMG.	Delegate: 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 Maybank Shared Services Sdn Bhd is wholly-owned by Maybank.	Delegate: The Manager has delegated its information technology function to Maybank Shared Services Sdn Bhd.

7. **<u>Amendment to "Chapter 13 – Customer Information Service" on pages 36 - 37 of the Information Memorandum</u>**

The information on items (i) and (ii) are hereby deleted in their entirety and replaced with the following:

(i) Complaints Bureau, FIMM via:

- Tel No: 03 – 7890 4242
- Email: complaints@fimm.com.my
- Online complaint form: www.fimm.com.my
- Letter: Complaints Bureau
  Legal & Regulatory Affairs
  Federation of Investment Managers Malaysia
  19-06-1, 6th Floor Wisma Capital A
  No. 19, Lorong Dungun
  Damansara Heights
  50490 Kuala Lumpur.

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

- Tel No: 03 – 2276 6969
- Email: info@sidrec.com.my
- Letter: Securities Industry Dispute Resolution Center
  Level 25, Menara Takaful Malaysia
  No. 4, Jalan Sultan Sulaiman
  50000 Kuala Lumpur.

8. **<u>Amendment to Section 14.1 – Investment and Borrowings Powers and Restrictions of the Target Fund in "Chapter 14 - Appendix" on page 47 of the Information Memorandum</u>**

The information on the fifth paragraph and sixth paragraph of Section 4.6.6 is hereby deleted in its entirety and replaced with the following:

<u>Fifth paragraph</u>
As part of its securities lending program, BlackRock indemnifies the Target Fund and certain other clients and/or funds against a shortfall in collateral in the event of borrower default. On a regular basis, BlackRock calculates the potential dollar exposure of collateral shortfall resulting from a borrower default ("shortfall risk") in securities lending program. BlackRock establishes program-wide borrower limits ("credit limits") to actively manage borrower specific credit exposure. BlackRock oversees the risk model that calculates projected collateral shortfall values using loan-level factors such as loan and collateral type and market value as well as specific borrower credit characteristics. When necessary BlackRock may adjust securities lending program attributes by restricting eligible collateral or reducing borrower credit limits. As a result, the management of the program-wide exposure as well as BlackRock-specific indemnification exposure may affect the amount of securities lending activity BlackRock may conduct at any given point in time by reducing the volume of lending opportunities for certain loans (including by asset type, collateral type and/or revenue profile).

Investors are advised to read this First Supplementary Information Memorandum dated 14 January 2025 together with the Information Memorandum dated 8 January 2024.

Sixth paragraph
BlackRock uses a predetermined systematic process in order to approximate pro-rata allocation over time. In order to allocate a loan to a portfolio: (i) BlackRock as a whole must have sufficient lending capacity pursuant to the various program limits (i.e. indemnification exposure limit and borrower credit limits); (ii) the lending portfolio must hold the asset at the time a loan opportunity arrives; and (iii) the lending portfolio must also have enough inventory, either on its own or when aggregated with other portfolios into one single market delivery, to satisfy the loan request. In doing so, BlackRock seeks to provide equal lending opportunities for all portfolios, independent of whether BlackRock indemnifies the portfolio. Equal opportunities for lending portfolios does not guarantee equal outcomes. Specifically, short and long-term outcomes for individual clients may vary due to asset mix, asset/liability spreads on different securities, and the overall limits imposed by the firm.

BlackRock may decline to make a securities loan on behalf of the Target Fund, discontinue lending on behalf of the Target Fund or terminate a securities loan on behalf of the Target Fund for any reason, including but not limited to regulatory requirements and/or markets rules, liquidity considerations, or credit considerations, which may impact the Target Fund by reducing or eliminating the volume of lending opportunities for certain types of loans, loans in particular markets, loans of particular securities or types of securities, or for loans overall.

9. Amendment to Section 14.1 – Investment and Borrowings Powers and Restrictions of the Target Fund in "Chapter 14 – Appendix" on page 52 of the Information Memorandum

The information on the first paragraph of general under securities financing transaction disclosures of the Target Fund is hereby deleted in its entirety and replaced with the following:

Securities Financing Transactions (SFTs) such as securities lending, repurchase transactions and total return swaps (TRS) will be used by the Target Fund at the discretion of the Investment Advisers (subject to their investment objective and policy) either to help meet the investment objective of the Target Fund and/or as part of efficient portfolio management.

10. Amendment to Section 14.1 – Investment and Borrowings Powers and Restrictions of the Target Fund in "Chapter 14 – Appendix" on page 52 of the Information Memorandum

The information on the third paragraph of general under securities financing transaction disclosures of the Target Fund is hereby deleted in its entirety.

Investors are advised to read this First Supplementary Information Memorandum dated 14 January 2025 together with the Information Memorandum dated 8 January 2024.

11. Amendment to Section 14.1 – Investment and Borrowings Powers and Restrictions of the Target Fund in "Chapter 14 – Appendix" on page 54 of the Information Memorandum

The information on the sixth paragraph of market conditions under securities financing transaction disclosures of the Target Fund is hereby deleted in its entirety and replaced with the following:

The types of assets that may be subject to SFTs, total return swaps include equity securities, fixed income securities, collective investment schemes, money market instruments and cash. Use of such assets is subject to the Target Fund's investment objective and policy.

12. Amendment to Section 14.1 – Investment and Borrowings Powers and Restrictions of the Target Fund in "Chapter 14 – Appendix" on page 56 of the Information Memorandum

The information on the first paragraph of returns generated by SFTs under securities financing transaction disclosures of the Target Fund is hereby deleted in its entirety and replaced with the following:

All returns generated from the use of repurchase transactions and total return swaps will be paid to the Target Fund.

13. Amendment to Section 14.1 – Investment and Borrowings Powers and Restrictions of the Target Fund in "Chapter 14 – Appendix" on page 56 of the Information Memorandum

The information on the first table of proportions of Target Fund property subject to SFTs under securities financing transaction disclosures of the Target Fund is hereby deleted in its entirety and replaced with the following:

First table

	TRS (in aggregate*) Expected proportion of the net asset value	TRS (in aggregate*) Maximum proportion of the net asset value
BSF BlackRock Systematic Asia Pacific Equity Absolute Return Fund	500%	800%

Within the total ranges noted above, the Target Fund's exposure to TRS will vary.

14. Amendment to Section 14.2 – Specific Risks of the Target Fund in "Chapter 14 – Appendix" on page 59 of the Information Memorandum

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

The Target Fund may use derivatives to facilitate complex investment management techniques. In particular, this may involve (on a non-exhaustive basis):

- using swap contracts to adjust interest rate risk;
- using swap contracts to gain exposure to one or more indices for investment purposes;
- using currency derivatives to buy or sell currency risk;
- buying and selling options for investment purposes;
- using credit default swaps to buy or sell credit risk;
- using volatility derivatives to adjust volatility risk;
- using futures contracts to gain market exposure;
- using synthetic short positions to take advantage of any negative investment views; and
- using synthetic long positions to gain market exposure.

15. Amendment to Section 14.2 – Specific Risks of the Target Fund in "Chapter 14 – Appendix" on pages 59 – 60 of the Information Memorandum

The information on the contracts for difference ("CFDs") of derivatives instrument risk is hereby deleted in its entirety.

16. Amendment to Section 14.2 – Specific Risks of the Target Fund in "Chapter 14 - Appendix" on pages 63 - 64 of the Information Memorandum

The information on the emerging market risks is hereby deleted in its entirety and replaced with the following:

- **Emerging Markets/Frontier Markets Risks**
  The following considerations, which apply to some extent to all international investments, are of particular significance in certain smaller emerging and frontier markets. The Target Fund investing in equities may include investments in certain smaller emerging and frontier markets, which are typically those of poorer or less developed countries which exhibit lower levels of economic and/or capital market development, and higher levels of share price and currency volatility. The prospects for economic growth in a number of these markets are considerable and equity returns have the potential to exceed those in mature markets as growth is achieved. However, share price and currency volatility are generally higher in emerging and frontier markets. Some governments exercise substantial influence over the private economic sector and the political and social uncertainties that exist for many developing countries are particularly significant. Another risk common to most such countries is that the economy is heavily export oriented and, accordingly, is dependent upon international trade. The existence of overburdened infrastructures and obsolete financial systems also presents risks in certain countries, as do environmental problems which may be exacerbated by climate change.

  Certain economies also depend to a significant degree upon exports of primary commodities and, therefore, are vulnerable to changes in commodity prices which, in turn, may be affected by a variety of factors.

Investors are advised to read this First Supplementary Information Memorandum dated 14 January 2025 together with the Information Memorandum dated 8 January 2024.

In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalisation, intervention in the securities market and trade settlement, and imposition of foreign investment restrictions and exchange controls, and these could be repeated in the future. In addition, to withholding taxes on investment income, some emerging and frontier markets may impose capital gains taxes on foreign investors.

Generally accepted accounting, auditing and financial reporting practices in emerging and frontier markets may be significantly different from those developed markets. Compared to mature markets, some emerging and frontier markets may have a low level of regulation, enforcement of regulations and monitoring of investors' activities. Those activities may include practices such as trading on material non-public information by certain categories of investor.

The securities markets of developing countries are not as large as the more established securities markets and have substantially less trading volume, resulting in a lack of liquidity and high price volatility. There may be a high concentration of market capitalisation and trading volume in a small number of issuers representing a limited number of industries as well as a high concentration of investors and financial intermediaries. These factors may adversely affect the timing and pricing of the Target Fund's acquisition or disposal of securities.

Practices in relation to settlement of securities transactions in emerging and frontier markets involve higher risks than those in developed markets, in part because the Company 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 Depository is responsible for the proper selection and supervision of its correspondent banks in all relevant markets in accordance with Luxembourg law and regulation.

In certain emerging and frontier markets, registrars are not subject to effective government supervision nor are they always independent from issuers. The possibility of fraud, negligence, undue influence being exerted by the issuer or refusal to recognise ownership exists, which, along with other factors, could result in the registration of a shareholding being completely lost. Investors should therefore be aware that the Target Fund could suffer loss arising from these registration problems, and as a result of archaic legal systems the Target Fund may be unable to make a successful claim for compensation.

While the factors described above may result in a generally higher level of risk with respect to the individual smaller emerging and frontier markets, these may be reduced when there is a low correlation between the activities of those markets and/or by the diversification of investments within the Target Fund.

17. Amendment to Section 14.2 – Specific Risks of the Target Fund in "Chapter 14 - Appendix" on page 69 of the Information Memorandum

The information on the regulatory risk of specific risks applicable to investing via the Stock Connects is hereby deleted in its entirety and replaced with the following:

The Stock Connect is a novel concept. Because the Stock Connect rules are relatively recent, their interpretation and enforcement may involve significant uncertainty. In addition, the current regulations are subject to change which may have potential retrospective effects and there can be no assurance that the Stock Connect will not be abolished. New regulations may be issued from time to time by the regulators / stock exchanges in the PRC and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connects. The Target Fund may be adversely affected as a result of such changes.

[The remainder of this page is intentionally left blank]

18. Amendment to "Chapter 15 – Tax Adviser's Letter" on pages 70 - 78 of the Information Memorandum

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

EY
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Ernst & Young Tax Consultants Sdn. Bhd.
198901002487 (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 Information Memorandum)

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

23 December 2024

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 Information Memorandum in connection with the offer of units in the unit trust known as MAMG Systematic Asia Pacific Equity Absolute Return 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

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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.

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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 Income Tax Act, 1967 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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Foreign-sourced income (FSI)

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. Based on the Malaysian Inland Revenue Board's "Guidelines on Tax Treatment in Relation to Income Received from Abroad (Amendment)" updated on 20 June 2024, the term "received in Malaysia" means transferred or brought into Malaysia, either by way of cash[4] or electronic funds transfer[5].

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[6], and where relevant conditions are met.

The Income Tax (Unit Trust in relation to Income Received In Malaysia from Outside Malaysia) (Exemption) Order 2024 [P.U.(A) 250] has been issued to exempt a "qualifying unit trust"[7] from the payment of income tax in respect of gross income from all sources of income under Section 4 of the MITA (including capital gains classified under Section 4(aa)), which is received in Malaysia from outside Malaysia.

This exemption applies to FSI received in Malaysia from 1 January 2024 to 31 December 2026, subject to the following conditions being complied with by the qualifying unit trust or the management company[8] of the qualifying unit trust:

- The income received in Malaysia has been subject to tax of a similar character to income tax under the laws of territory from which the income arose; and
- The highest rate of tax of a similar character to income tax under the law of that territory at that time is not less than 15%.

OR

[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] "Foreign tax" includes withholding tax
[7] "Qualifying unit trust" in this context means a unit trust resident in Malaysia that is:
(a) managed by a management company;
(b) has income received in Malaysia from outside of Malaysia; and
(c) does not include a unit trust which is approved by the Securities Commission as Real Estate Investment Trust or Property Trust Fund listed on Bursa Malaysia.
[8] "Management company" means a company licensed by the Securities Commission by which or on whose behalf a unit of a qualifying unit trust -
a) has been or is proposed to be issued, or offered for subscription or purchase; or
b) in respect of which an invitation to subscribed or purchase has been made.
and includes any person for the time being exercising the functions of the management company.

- The management company of the qualifying unit trust shall employ an adequate number of employees in Malaysia and incur an adequate amount of operating expenditure in Malaysia.

The exemption will not apply to a unit trust carrying on the business of banking, insurance or sea or air transport.

Gains from the realisation of investments

Pursuant to the Finance (No. 2) Act 2023 ("Finance Act"), gains from the realisation of investments by a unit trust would no longer be exempt from tax. Pursuant to Section 61(1)(b) of the MITA, gains arising from the realisation of investments shall be treated as income of a unit trust under Section 4(aa) of MITA, provided that such gains are not related to real property as defined in the Real Property Gains Tax Act 1976. Section 4(aa) provides that gains or profits from the disposal of a capital asset are to be treated as a class of income. The tax imposed on such income under the MITA is commonly referred to as "capital gains tax" (CGT).

Based on the MITA, the following will be subject to Malaysian CGT:

<u>Capital assets situated in Malaysia</u>

a) Gains or profits from the disposal of shares of a company incorporated in Malaysia not listed on the stock exchange (including any rights or interests thereof) owned by a company, limited liability partnership, trust body or co-operative society
b) Gains or profits, accruing to a company, limited liability partnership, trust body or co-operative society, on the disposal of shares in foreign incorporated controlled companies deriving value from real property in Malaysia, as determined based on the relevant provisions of the MITA.

<u>Capital assets situated outside Malaysia</u>

c) Gains or profits from the disposal of movable or immovable property situated outside Malaysia including any rights or interests thereof. Such gains will only be subject to tax when the gains are received in Malaysia.

   <u>Note:</u>
   Pursuant to the Income Tax (Exemption) (No.3) Order 2024 [P.U.(A) 75], a trust body is exempted from payment of income tax in respect of gains or profits from the disposal of capital asset arising from outside Malaysia which is received in Malaysia. This exemption applies for such disposals from 1 January 2024 to 31 December 2026 subject to the following conditions being complied with by the trust body:

   - employ an adequate number of employees in Malaysia with necessary qualifications to carry out the specified economic activities in Malaysia; and

- incur an adequate amount of operating expenditure for carrying out the specified economic activities in Malaysia.

Note that this exemption order applies to companies, limited liability partnerships, co-operative societies and trust bodies, whilst the (Income Tax (Unit Trust in relation to Income Received in Malaysia from Outside Malaysia) (Exemption) Order 2024 [P.U.(A) 250] (as referred above) applies specifically to qualifying unit trusts.

The Finance Act provides an effective date of 1 January 2024 for the above changes to the MITA. However, pursuant to the Income Tax (Exemption) (No. 7) Order 2023 [P.U.(A) 410] and the Income Tax (Exemption) (No. 2) Order 2024 [P.U.(A) 57], taxpayers, including a trust body, are exempted from the payment of income tax in respect of any gains or profits received from the disposal of capital assets situated in Malaysia (see Item (a) and (b) above) where such disposals occur between 1 January and 29 February 2024.

In addition to the above, the Income Tax (Unit Trust) (Exemption) Order 2024 [P.U.(A) 249] exempts a qualifying unit trust[9] resident in Malaysia from the payment of income tax in respect of any gains or profit received from the disposal of shares of a company incorporated in Malaysia which is not listed on the stock exchange and from the disposal of shares under section 15C of the MITA where such disposals occur between 1 January 2024 to 31 December 2028.

The exemption will not apply to gains or profits from the disposals of capital asset that fall under Section 4(a) of the MITA, as business income.

CGT rates

As noted above, various tax exemptions are available to a qualifying unit trust. For completeness, if exemptions did not apply, the relevant tax rates of the gains of the disposal of capital assets are as below:

	Tax rates
A. Disposal of capital assets situated in Malaysia which was **acquired before 1 January 2024**	
▸ On chargeable income of the disposal	10%
▸ On gross disposal price	2%
B. Disposal of capital assets situated in Malaysia which was **acquired after 1 January 2024**	
▸ On chargeable income of the disposal	10%

[9] "Qualifying unit trust" in this context does not include a unit trust which is approved by the Securities Commission as a Real Estate Investment Trust or Property Trust Fund listed on Bursa Malaysia.

	Tax rates
C. Disposal of capital assets situated outside Malaysia ▸ On chargeable income of the disposal	24% (prevailing tax rate of a unit trust)

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 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 service tax[10] 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.

[10] Pursuant to Service Tax (Rate of Tax) (Amendment) Order 2024 [P.U. (A) 64], the service tax rate is increased from 6% to 8% with effect from 1 March 2024 on generally all of the taxable services except for provision of food and beverage services, telecommunication services, parking space and logistics services.

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with confidence

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. See however item 2 below on certain distributions which are not taxable to unit holders.

   Such taxable 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 holders.

   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 MITA. 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.

   As stated above, with effect from 1 January 2024 (1 March 2024 for disposals of shares of a company incorporated in Malaysia not listed on the stock exchange), gains arising from the realisation of investments shall be treated as income of the Fund under Section 4(aa), pursuant to the proviso of Section 61(1)(b) of MITA.[12] However, pursuant to Section 61(1A) of MITA, unit holders will still not be charged to tax on the gains referred to in the proviso to Section 61(1)(b).

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[11]	• 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[12 13]	• First RM150,000 of chargeable income @ 15%[14] • Next RM450,000 of chargeable income @17% • Chargeable income in excess of RM600,000 @ 24%

[11] 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.

[12] A company would not be eligible for the concessionary 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.
(d) Pursuant to the Finance Act 2023, effective from the year of assessment 2024, in order for a company to qualify for the concessionary tax rates not more than 20% of the paid-up capital in respect of the ordinary

Investors are advised to read this First Supplementary Information Memorandum dated 14 January 2025 together with the Information Memorandum dated 8 January 2024.

Unit holders	Malaysian income tax rates
(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.

Gains from sale of units

Gains arising from the sale of units 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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shares of the company at the beginning of a basis period for a year of assessment can be directly or indirectly owned by one or more companies incorporated outside Malaysia or by individuals who are not citizens of Malaysia.

[13] 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.

[14] Pursuant to the Finance Act 2023, effective from the year of assessment 2023, the concessionary tax rate is reduced from 17% to 15% for the first RM150,000 of chargeable income.

The Board of Directors
Maybank Asset Management Sdn Bhd.
23 December 2024

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 Information Memorandum and has not withdrawn such consent before the date of issue of this First Supplementary Information Memorandum.

Responsibility Statement

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

Statements of Disclaimer

A copy of this Information Memorandum has been lodged with the Securities Commission Malaysia.

THE SECURITIES COMMISSION MALAYSIA HAS NOT AUTHORISED OR RECOGNISED THE MAMG SYSTEMATIC ASIA PACIFIC EQUITY ABSOLUTE RETURN FUND AND A COPY OF THIS INFORMATION MEMORANDUM HAS NOT BEEN REGISTERED WITH THE SECURITIES COMMISSION MALAYSIA.

THE LODGEMENT OF THIS INFORMATION MEMORANDUM SHOULD NOT BE TAKEN TO INDICATE THAT THE SECURITIES COMMISSION MALAYSIA RECOMMENDS THE MAMG SYSTEMATIC ASIA PACIFIC EQUITY ABSOLUTE RETURN FUND OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS INFORMATION MEMORANDUM.

THE SECURITIES COMMISSION MALAYSIA IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF MAYBANK ASSET MANAGEMENT SDN BHD RESPONSIBLE FOR THE MAMG SYSTEMATIC ASIA PACIFIC EQUITY ABSOLUTE RETURN FUND AND TAKES NO RESPONSIBILITY FOR THE CONTENTS IN THIS INFORMATION MEMORANDUM. THE SECURITIES COMMISSION MALAYSIA MAKES NO REPRESENTATION ON THE ACCURACY OR COMPLETENESS OF THIS INFORMATION MEMORANDUM, 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. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR PROFESSIONAL ADVISERS IMMEDIATELY.

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 Information Memorandum that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Information Memorandum or the conduct of any other person in relation to the Fund.

The 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 Fund.

TABLE OF CONTENTS

1. CORPORATE DIRECTORY

MANAGER	Maybank Asset Management Sdn Bhd (Registration No.: 199701006283 (421779-M))
REGISTERED OFFICE	5th Floor, Tower A Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel. No.: 03 - 2297 7870
BUSINESS OFFICE	Level 12, Tower C Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel. No.: 03 - 2297 7888 Fax No.: 03 – 2715 0071
WEBSITE	http://www.maybank-am.com
E-MAIL	mamcs@maybank.com.my
TRUSTEE	TMF Trustees Malaysia Berhad (Registration No.: 200301008392 (610812-W))
REGISTERED OFFICE AND BUSINESS OFFICE	10th Floor, Menara Hap Seng No. 1 & 3, Jalan P. Ramlee 50250 Kuala Lumpur Tel. No.: 03 – 2382 4288 Fax No.: 03 – 2026 1451
WEBSITE	www.tmf-group.com
E-MAIL	malaysia@tmf-group.com

2. DEFINITIONS

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

2010 Law	means the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended from time to time.
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.
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 dealing 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 not a business day in the country of the currency of the Class.
China A-Shares	means securities of companies that are incorporated in the PRC and denominated and traded in Renminbi on the Shanghai Stock Exchange and the Shenzhen Stock Exchange.
ChinaClear	means China Securities Depositary and Clearing Corporation Limited which is the PRC's central securities depository in respect of China-A Shares.
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.
CMSA	means the Capital Markets and Services Act 2007, including all amendments thereto and all regulations, rules and guidelines issued in connection therewith.
Company/ BSF	means BlackRock Strategic Funds.
CSSF	means Commission de Surveillance du Secteur Financier.
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.
EUR	means European Dollar.

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.
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 Systematic Asia Pacific Equity Absolute Return Fund.
Information Memorandum	means this information memorandum of the Fund.
Investment Advisers	mean BlackRock Investment Management (UK) Limited, BlackRock Investment Management LLC, BlackRock Financial Management, Inc and BlackRock (Singapore) Limited.
long term	means a period of more than five (5) years.
LPD	means latest practicable date as at 31 October 2023.
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)).
Management Company	in respect of the Target Fund, means BlackRock (Luxembourg) S.A., a Luxembourg société anonyme authorised as a management company under the 2010 Law.
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 or 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.
OTC	means over-the-counter.
PRC	means the People’s Republic of China.

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).
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.
SOFR	means Secured Overnight Financing Rate.
Sophisticated Investors	means:

(a) a unit trust scheme, private retirement scheme or prescribed investment scheme;

(b) Bank Negara Malaysia;

(c) a licensed person or a registered person;

(d) an exchange holding company, a stock exchange, a derivatives exchange, an approved clearing house, a central depository or a recognized market operator;

(e) a corporation that is licensed, registered or approved to carry on any regulated activity or capital market services by an authority in Labuan or outside Malaysia which exercises functions corresponding to the functions of the SC;

(f) a bank licensee or an insurance licensee as defined under the Labuan Financial Services and Securities Act 2010;

(g) an Islamic bank licensee or a takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010;

(h) a chief executive officer or a director of any person referred to in paragraphs (c) to (g);

(i) a closed-ended fund approved by the SC;

(j) a company that is registered as a trust company under the Trust Companies Act 1949 and has assets under its management exceeding RM10 million or its equivalent in foreign currencies;

(k) a corporation that –

   (i) is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the CMSA and has assets

under its management, exceeding RM10 million or its equivalent in foreign currencies; or
(ii) is carrying on the regulated activity of fund management solely for the benefit of its related corporations and has assets under its management exceeding RM10 million or its equivalent in foreign currencies;

(l) a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts;

(m) a partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies;

(n) a statutory body established under any laws unless otherwise determined by the SC;

(o) a pension fund approved by the Director General of Inland Revenue under the Income Tax Act 1967;

(p) an individual –

(i) whose total net personal assets, or total net joint assets with his or her spouse, exceeding RM3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence;
(ii) who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies in the preceding twelve months;
(iii) who jointly with his or her spouse, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies in the preceding twelve months; or
(iv) whose total net personal investment portfolio or total net joint investment portfolio with his or her spouse, in any capital market products exceeding RM1 million or its equivalent in foreign currencies;

(q) any person who acquires the unlisted capital market products where the consideration is not less than two hundred and fifty thousand ringgit or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise; or

(r) any other category of investor(s) as may be permitted by the SC from time to time and/or under the relevant guidelines for wholesale funds.

Stock Connect — means each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and collectively the "Stock Connects".

Target Fund	means BSF BlackRock Systematic Asia Pacific Equity Absolute Return Fund.
Trustee	means TMF Trustees Malaysia Berhad (Registration No.: 200301008392 (610812-W)).
UCITS Directive	means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended.
Unit(s)	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 Holder(s) / 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 holders 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.
US Person(s)	means: a) a US citizen (including those who hold dual citizenship or a greencard holder); b) a US resident alien for tax purposes; c) a US partnership; d) a US corporation; e) any estate other than a non-US estate; f) any trust if: (i) a court within the US is able to exercise primary supervision over the administration of the trust; and (ii) one or more US Persons have the authority to control all substantial decisions of the trust; g) any other person that is not a non-US Person; or h) any definition as may be prescribed under the Foreign Account Tax Compliance Act 2010, as may be amended from time to time.

3. FUND'S DETAILS

3.1 Information of the Fund

<table>
<tr><th colspan="6">FUND'S DETAILS</th></tr>
<tr><td>Fund Name</td><td colspan="5">MAMG Systematic Asia Pacific Equity Absolute Return Fund</td></tr>
<tr><td>Fund Category</td><td colspan="5">Feeder Fund (wholesale)</td></tr>
<tr><td>Fund Type</td><td colspan="5">Growth</td></tr>
<tr><td>Base Currency</td><td colspan="5">USD</td></tr>
<tr><td>Financial Year End</td><td colspan="5">30 November</td></tr>
<tr><td>Initial Offer Period</td><td colspan="5">Up to 21 days from the launch date of the Fund.
Note: The initial offer period may be shortened at the discretion of the Manager if the Manager determine that it is in your best interest to commence investment for the Fund.</td></tr>
<tr><td>Class</td><td>MYR Class</td><td>MYR (Hedged) Class</td><td>USD Class</td><td>SGD (Hedged) Class</td><td>AUD (Hedged) Class</td></tr>
<tr><td>Initial Offer Price</td><td>RM 0.50</td><td>RM 0.50</td><td>USD 0.50</td><td>SGD 0.50</td><td>AUD 0.50</td></tr>
<tr><td>Commencement Date</td><td colspan="5">The next Business Day after the end of the initial offer period.</td></tr>
<tr><td>Deed</td><td colspan="5">The deed dated 7 December 2023.</td></tr>
<tr><td>Investment Objective</td><td colspan="5">The Fund seeks to provide capital growth by investing in the Target Fund.</td></tr>
<tr><td>Investor Profile</td><td colspan="5">The Fund is suitable for Sophisticated Investors who:
• seek potential medium to long term capital appreciation; and
• are willing to tolerate the risks associated with investing in the Target Fund.</td></tr>
<tr><td>Performance Benchmark</td><td colspan="5">3 months SOFR compounded in arrears plus 26.1 basis point.
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 risk profile of the Fund is different from the risk profile of the performance benchmark. This is not a guaranteed return and is only a measurement of the Fund's performance.</td></tr>
<tr><td>Asset Allocation</td><td colspan="5">➢ A minimum of 90% of the Fund's NAV will be invested in the Target Fund.
➢ A maximum of 10% of the Fund's NAV will be invested in liquid assets*.
*Liquid assets comprise of deposits with financial institutions and money market instruments.</td></tr>
</table>

FUND'S DETAILS	
Investment Strategy	The Fund seeks to achieve its investment objective by investing a minimum of 90% of its NAV into the Class A2 USD of the Target Fund. The Target Fund is a sub-fund of BlackRock Strategic Funds, established and domiciled in Luxembourg and established on 22 February 2017. The Fund may employ currency hedging strategies to fully or partially hedge the foreign currency exposure to manage the currency risk. Although the Fund is passively managed, the Manager will ensure proper and efficient management of the Fund so that the Fund is able to meet redemption requests by Unit Holders. In addition, the Manager 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 the Manager's opinion, the Target Fund no longer meets the Fund's investment objective.
Temporary Defensive Position	The Manager may also 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. As the temporary defensive positions are adopted at the Fund's level, the Manager's view on market outlook may differ from the view of the Investment Advisers. 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, the Manager will resume the investment strategy to invest at least 90% of the Fund's NAV in the Target Fund as soon as practicable.
Permitted Investments	The Fund is permitted to invest in the following: • one collective investment scheme, which is the Target Fund; • liquid assets which comprise of deposits with financial institutions and money market instruments; • derivatives (for hedging purposes); and • any other investment as permitted by the SC which is in line with the objective and asset allocation of the Fund.
Distribution Policy	Distribution, if any, shall be incidental and at the discretion of the Manager.
Mode of Distribution	All income distribution will be reinvested into additional Units in the Fund. Additional Units will be created based on the NAV per Unit* at the income reinvestment date (which is within 10 days from the Ex-distribution Date). **There will not be any cost to Unit Holders for reinvestments in new additional Units.*

FUND'S DETAILS	
Communication with Unit Holders	**Official Receipt and Statement of Investment** Each time a Unit Holder purchases Units or conducts any other transaction for the Fund, a confirmation advice is sent out to the Unit Holder. A computer generated statement will also be issued on a monthly basis to provide the Unit Holder with a record of each and every transaction made in the account so that the Unit Holder may confirm the status and accuracy of his or her transactions, as well as to provide the Unit Holder with an updated record of his or her investment account(s) with us. **Unit Price** As the Fund has exposure to investments in foreign markets, we will publish the Fund's NAV per Unit on our website, www.maybank-am.com.my two (2) Business Day later. **Financial Reports** We will provide Unit Holders with a quarterly report and an audited annual report within two (2) months after the close of the quarterly period or financial year end.

3.2. Information of the Target Fund

INFORMATION OF THE TARGET FUND	
Name of the Target Fund	BSF BlackRock Systematic Asia Pacific Equity Absolute Return Fund
Management Company of the Target Fund	BlackRock (Luxembourg) S.A.
Investment Advisers of the Target Fund	BlackRock Investment Management (UK) Limited, BlackRock Investment Management LLC, BlackRock Financial Management, Inc and BlackRock (Singapore) Limited
Domicile	Luxembourg
Regulatory Authority	CSSF
Share Class	Class A2 USD
Date of Establishment of the Target Fund	22 February 2017
Date of Establishment of the Share Class	22 February 2017
Base Currency of the Target Fund	USD
Base Currency of the Share Class	USD

INFORMATION OF THE TARGET FUND	
About the BlackRock Strategic Funds	The Company is a public limited company (*société anonyme*) established under the laws of the Grand Duchy of Luxembourg as an open ended variable capital investment company (*société d'investissement à capital variable*). The Company was established on 2 May 2007 and its registration number in the Register of Commerce and Companies is B 127481. The Company has been authorised by the CSSF as an undertaking for collective investment in transferable securities pursuant to the provisions of Part I of the 2010 Law, and is regulated pursuant to such law. The Company is an umbrella structure comprising separate compartments with segregated liability. Each compartment shall have segregated liability from the other compartments and the Company shall not be liable as a whole to third parties for the liabilities of each compartment. Each compartment shall be made up of a separate portfolio of investments maintained and invested in accordance with the investment objectives applicable to such compartment.
Information of the Management Company	The Company is managed by BlackRock (Luxembourg) S.A., a public limited company (*société anonyme*) established in 1988 under registration number B 27689. The Management Company has been authorised by the CSSF to manage the business and affairs of the Company pursuant to chapter 15 of the 2010 Law.
Information of the Investment Advisers	The Management Company has delegated its investment management functions to the Investment Advisers. The Investment Advisers provide advice and management in the areas of stock and sector selection and strategic allocation. Notwithstanding the appointment of the Investment Advisers, the Management Company accepts full responsibility to the Company for all investment transactions. BlackRock Investment Management (UK) Limited is a principal operating subsidiary of the BlackRock Group outside the US. It is regulated by the Financial Conduct Authority ("FCA") but the Company will not be a customer of BlackRock Investment Management (UK) Limited for the purposes of the FCA rules and will accordingly not directly benefit from the protection of those FCA rules. BlackRock Investment Management (UK) Limited has sub-delegated some of its functions to BlackRock Investment Management (Australia) Limited and BlackRock Asset Management North Asia Limited ("BAMNA"). BlackRock (Singapore) Limited is regulated by the Monetary Authority of Singapore. BlackRock Financial Management, Inc and BlackRock Investment Management, LLC are regulated by the Securities and Exchange Commission in the US. BlackRock Financial Management, Inc has sub-delegated some of its functions to BlackRock Investment Management (Australia) Limited and BAMNA.

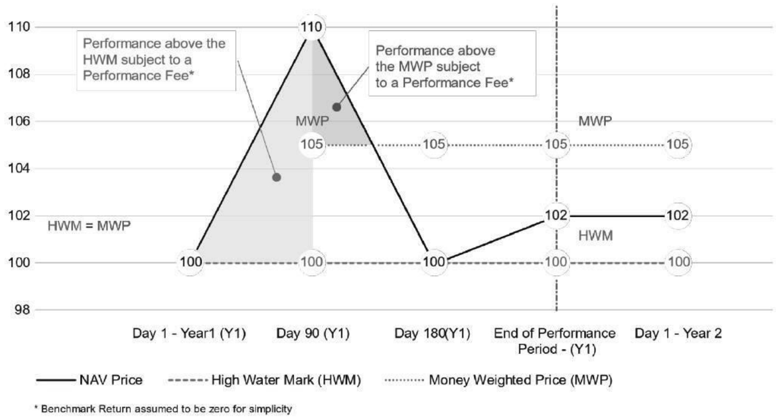
INFORMATION OF THE TARGET FUND	
	The investment sub-advisers are also licensed and/or regulated (as applicable). BlackRock Investment Management (Australia) Limited is licensed by the Australian Securities and Investments Commission as an Australian Financial Services and Investments Commission as an Australian Financial Services Licence holder. BAMNA is regulated by the Securities and Futures Commission in Hong Kong. The Investment Advisers and their sub-advisers (as applicable) are indirect operating subsidiary and form part of BlackRock, Inc., the ultimate holding company of the BlackRock Group.
Investment Objective of the Target Fund	The Target Fund seeks to achieve a positive absolute return for investors regardless of market movements through a combination of capital growth and income on your investment regardless of market conditions in a manner consistent with the principles of environmental, social and governance ("ESG") investing.
Investment Policy and Strategy of the Target Fund	The Target Fund will seek to achieve its investment objective by taking long, synthetic long and synthetic short investment exposures. The Target Fund will seek to gain at least 70% of its investment exposure through equities and equity-related securities (including derivatives) of, or giving exposure to, companies incorporated or listed in the Asia Pacific region, including Australia and Japan. The Target Fund will seek to achieve its investment objective by investing at least 70% of its total assets in equities and equity-related securities and, when determined appropriate, cash and near-cash instruments. The Target Fund will be highly diversified across the universe of equities in the Asia Pacific Region, including Australia and Japan, whilst seeking to minimize net exposure to underlying equity markets within the region. The Target Fund's total assets will be invested in accordance with the BlackRock EMEA Baseline Screens Policy described below. In order to achieve the investment objective and policy, the Target Fund will invest in a variety of investment strategies and instruments. The main strategy which the Investment Advisers intend to pursue in order to assist it in achieving an absolute return is a market neutral strategy. This means it uses derivatives (synthetic short or synthetic long positions) to reduce or mitigate the directional market risk (i.e. the risk associated with the market moving in one direction, up or down) relating to the instruments it has exposure to (via long positions or synthetic positions). As the Target Fund seeks to be highly diversified it will make extensive use of derivatives; using them to gain investment exposure to instruments and at same time to mitigate the directional market risk of those instruments. It intends to take full advantage of the ability to invest in derivatives providing synthetic long and/or synthetic short positions with the aim of maximising positive returns. The main type of derivatives which the Target Fund will use is contracts for difference that have, in accordance with its

INFORMATION OF THE TARGET FUND	
	investment policy, equities and equity-related securities as underlying assets. <u>BlackRock EMEA Baseline Screens Policy</u> The Investment Advisers will seek to limit and/or exclude direct investment (as applicable) in corporate issuers which, at the time of purchase, in the opinion of the Investment Advisers, have exposure to, or ties with, certain sectors (in some cases subject to specific revenue thresholds) including but not limited to: i. the production of controversial weapons; ii. the distribution or production of firearms or small arms ammunition intended for retail civilians; iii. the extraction of certain types of fossil fuel and/or the generation of power from them; iv. the production of tobacco products or certain activities in relation to tobacco-related products; and v. companies involved in severe controversies or who are deemed to have breached accepted global norms, relating to their business practices and conduct. To undertake its analysis of ESG criteria, the Investment Advisers may use data generated internally by the Investment Advisers and/or its affiliates or provided by one or more third party ESG providers. Should existing holdings, compliant at the time of investment subsequently become ineligible, they will be divested within a reasonable period of time. The Target Fund may gain limited exposure (through, including but not limited to, derivatives, cash and near cash instruments, shares or units of collective investment schemes and fixed-income transferable securities) to issuers which do not meet the ESG criteria described above. A full list of the limits and/or exclusions being applied by the Investment Advisers at any time (including any specific threshold criteria) is available at https://www.blackrock.com/corporate/literature/publication/blackrock-baseline-screens-in-europe-middleeast-and-africa.pdf. It is the Investment Advisers' intention that the BlackRock EMEA Baseline Screens Policy will evolve over time as improved data and more research on this subject becomes available. The full list may be amended from time to time at the Investment Advisers' discretion and (unless it alters the description in this section) may be implemented without notification to investors.
Investment and Borrowing Powers and Restrictions of the Target Fund	See Appendix of Section 14.
Specific Risks of the Target Fund	See Appendix of Section 14.

INFORMATION OF THE TARGET FUND	
Distribution Policy of the Target Fund	The share class of the Target Fund that the Fund invests in is a non-distributing share class which do not pay dividends.
Fees and Charges of the Target Fund	Annual Management Fee: 1.50% of the net asset value of the Class A2 USD. The management fee of the Target Fund is included in the annual management fee of the Fund and there shall be no double charging of management fee. Performance Fee: 20.00% *(please see "Performance Fee of the Target Fund" section below for further information)*. Depositary Fee: The annual safekeeping fees range from 0.0073% to 0.5062% per annum based on the asset value of Class A2 USD and the transaction fees range from USD 1.73 to USD111.36 per transaction on average. All such annual safekeeping fees and transaction fees may vary depending on market conditions and are subject to change without notice. **Impact on Fees and Charges of the Target Fund on the Costs of Investing in the Fund** 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. **Investors may be subjected to higher fees arising from the layered investment structure of a feeder fund.**
Performance Fee of the Target Fund	On each valuation day of the Target Fund ("Valuation Day"), a separate performance fee calculation is carried out. The cumulative performance fee accruals from the beginning of the performance period will be included in the ongoing calculation of the net asset value per share of the Target Fund. Both the High Water Mark ("HWM") and Money Weighted Price ("MWP") are calculated in parallel for use in the reference net asset value calculation. The HWM remains unchanged during each performance period and is adjusted upwards only at the end of each performance fee period if a performance fee is accrued/paid. The MWP is adjusted at each Valuation Day upwards or downwards to reflect subscriptions and/or switches into the Target Fund on the relevant Valuation Day. The MWP will be higher than the HWM when the average value of subscriptions and/or switches into the Target Fund are at a net asset value per share of the Target Fund that is higher than the HWM. The MWP will be lower than the HWM when the average value of subscriptions and/or switches into the Target Fund are at a net asset value per share of the Target Fund that is lower than the HWM. On each Valuation Day, the higher of the HWM and the MWP will be used to determine the reference net asset value (i.e. if the MWP is higher than the HWM, the reference net asset value

INFORMATION OF THE TARGET FUND	
	will be the MWP, and vice versa if it is lower). The reference net asset value will always be higher than or equal to the HWM. A performance fee accrual is calculated where the current day net asset value per share of the Target Fund is higher than the reference net asset value. A performance fee accrual in respect of the Target Fund is calculated as the relevant percentage of the difference between the current day net asset value per share of the Target Fund and the reference net asset value, multiplied by the outstanding number of shares of the Target Fund on the Valuation Day. Where the current day net asset value per share of the Target Fund decreases below the reference net asset value, no performance fee will be accrued until such underperformance has been made good. Any underperformance will be carried forward to the next performance period and is limited to the value of the Target Fund. The reference net asset value may be adjusted down in situations where the benchmark return is negative (although any such decrease is capped at the value of the HWM). Please refer to the illustrations below (Scenario 1 and Scenario 2) for better clarity.

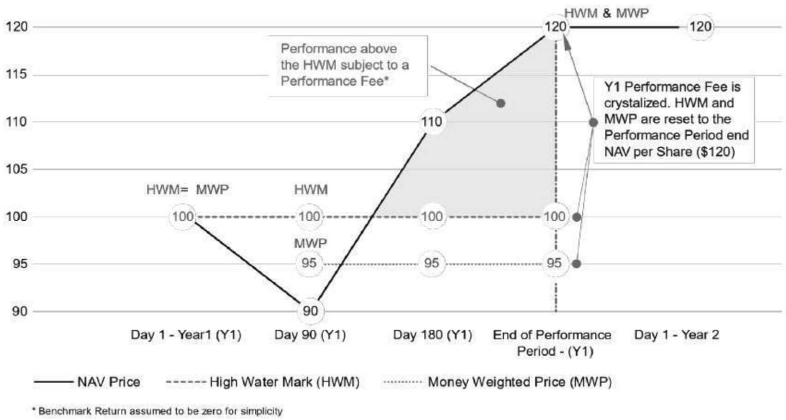
<u>Scenario 1: The MWP is higher than the HWM</u>



Day 1 – Year 1	A shareholder subscribes 1 share at the initial net asset value per share of the Target Fund of USD100 The HWM and MWP are set at USD100
Day 90 – Year 1	The net asset value per share of the Target Fund increases to USD110 A shareholder subscribes another 1 share at a net asset value per share of the Target Fund of USD110 The HWM remains at USD100 The MWP increases to USD105, which represents the average subscription price (1 share subscribed at USD100 and 1 share subscribed at USD110) – [(100*1)+(110*1)]/2

	From day 90, the performance fee is accrued on outperformance above the MWP (as the MWP is higher than the HWM), USD5 (110-105) multiplied by the performance fee rate
Day 180 – Year 1	The net asset value per share decreases to USD100 No performance fee is accrued since the net asset value per share of the Target Fund decreased below the MWP
End of performance period – Year 1	The net asset value per share of the Target Fund increases to USD102 No performance fee is accrued nor crystalised since the net asset value per share of the Target Fund remains below the MWP Any underperformance is carried forward to the next performance period
Day 1 – Year 2	HWM and MWP remain unchanged, no performance fee is accrued No performance fee is accrued as the net asset value per share of the Target Fund does not exceed HWM and MWP

<u>Scenario 2: The HWM is higher than the MWP</u>



Day 1 – Year 1	A shareholder subscribes 1 share at the initial net asset value per share of the Target Fund of USD100 The HWM and MWP are set at USD100
Day 90 – Year 1	The net asset value per share of the Target Fund decreases to USD90 A shareholder subscribes another 1 share at a net asset value per share of the Target Fund of USD90 The HWM remains at USD100 The MWP decreases to USD95, which represents the average subscription price (1 share subscribed at USD100 and 1 share subscribed at USD90) – [(100*1)+(90*1)]/2 No performance fee is accrued as the net asset value per share of the Target Fund does not exceed HWM and MWP
Day 180 – Year 1	The net asset value per share increases to USD110 A performance fee is accrued on the outperformance above the HWM (as the HWM is higher than the MWP), USD10 (110-100) multiplied by the performance fee rate

INFORMATION OF THE TARGET FUND	
End of performance period – Year 1	The net asset value per share of the Target Fund increases to USD120 The performance fee accrual is calculated and crystalised on outperformance above the HWM – USD20 (120-100) multiplied by the performance fee rate
Day 1 – Year 2	The performance fee accrual is reset to zero Year 2 accrued performance fees will be based on the higher of HWM and MWP values, set to the last performance period end net asset value per share of the Target Fund (USD120)

Notes:

- For the purpose of the illustrations above:
  - "crystalised" refers to the finalisation of the amount of the performance fee of the Target Fund which occurs on the financial year end of the Target Fund (i.e. 31 May of each year). Once the performance fee of the Target Fund has crystalised, no refund will be made in subsequent years if the net asset value of the share class of the Target Fund drops. If a shareholder (e.g. the Fund) redeems or converts his/her shares before the end of the year (i.e. 31 May), any accrued performance fee with respect to the redeemed shares of the Target Fund will crystalise.
  - "HWM" refers to the net asset value of the share class of the Target Fund as at 31 May after a performance fee has been paid out;
  - "MWP" is an adjustment to factor in any subscriptions or switches into the share class of the Target Fund each day (as these may be at a higher or lower net asset value than existing investors of the share class of the Target Fund).
- The performance fee is calculated on the basis of the performance of the share class of the Target Fund, rather than on the basis of an individual shareholder's holdings of shares of the Target Fund. If the performance fee had been calculated on the basis of an individual shareholder's holdings of shares of the Target Fund it may, in some circumstances, produce a different result.
- Fees, including any performance fee, may have an impact on the performance of the Target Fund.

Redemption Policy of the Target Fund	Subject to the paragraph below, redemption payments will normally be despatched in the dealing currency of the Target Fund on the third business day of the Target Fund following the dealing day. The Company reserves the right to extend the period of payment of redemption proceeds to such period, not exceeding eight business days of the Target Fund, as shall be necessary to repatriate proceeds of the sale of investments in the event of impediments due to exchange control requirements or similar constrains in the markets in which a substantial part of the assets of the Company are invested or in exceptional circumstances where the liquidity of the Company is not sufficient to meet the redemption requests. The Company will not be bound to redeem on any one dealing day of the Target Fund more than 10% of the value of shares of the Target Fund then in issue or deemed to be in issue. The Company will also not be bound to accept instructions to subscribe for, and will be entitled to defer instructions to redeem any shares of the Target Fund on any one dealing day of the Target Fund if there are redemption that day for all shares classes of the Target Fund with an aggregate value exceeding a particular level (currently fixed at 10%) of the approximate value of the Target Fund. In addition, the

INFORMATION OF THE TARGET FUND	
	Company may defer redemptions in exceptional circumstances that may, in the opinion of the directors of the Company, adversely affect the interests of holders of any share classes of the Target Fund. In such case, the directors of the Company may declare at their discretion that redemptions will be deferred until the Company has executed, as soon as possible, the necessary realisation of assets out of the Target Fund or until the exceptional circumstances cease to apply. Redemptions so deferred will be done on a pro rata basis and will be dealt with in priority to later requests.
Suspension Policy of the Target Fund	Valuations (and consequently issues and redemptions) of the Target Fund may be suspended in certain circumstances including: ❖ during the closure (otherwise than for ordinary holidays) of or suspension or restriction of trading on any stock exchange or market on which are quoted a substantial proportion of the investments held in the Target Fund; ❖ during the existence of any state of affairs which constitutes an emergency as a result of which disposals or valuation of assets owned by the Company attributable to the Target Fund would be impracticable; ❖ during any breakdown in the means of communication normally employed in determining the price or value of any of the investments of the Target Fund or the current price or values on any stock exchange or other market; ❖ during any period when the Company is unable to repatriate funds for the purpose of making payments on the redemption of such shares or during which any transfer of funds involved in the realization or acquisition of investments or payments due on redemption of shares cannot in the opinion of the directors be effected at normal rates of exchange; ❖ during any period when the net asset value per share of any subsidiary of the Company may not be accurately determined; ❖ where notice has been given or a resolution passed for closure of a fund; ❖ in respect of a suspension of the issuing of shares only, any period when notice of winding up of the Company as a whole has been given.

4. FEES AND CHARGES

There are fees and charges involved and you are advised to consider the fees and charges before investing in the Fund. We reserve the right to waive or reduce the fees and charges involved at our absolute discretion.

Note: All fees, charges and expenses stated herein are exclusive of any applicable tax which may be imposed by the government or the relevant authority. You and/or the Fund (as the case may be) are responsible to pay the applicable amount of tax, if any, in addition to the fees, charges and expenses stated herein.

<table>
<tr><th colspan="2">FEES AND CHARGES</th></tr>
<tr><td>Sales Charge</td><td>Up to 6.50% of the NAV per Unit.

Notes:

(1) We reserve the right to waive or reduce the sales charge from time to time at our absolute discretion.
(2) You may negotiate for a lower sales charge.
(3) Sales charge will be rounded up to two (2) decimal places and will be retained by the Manager.
(4) There is no initial sales charge for investing in the Target Fund. Hence, the sales charge will be charged at the Fund level only.</td></tr>
<tr><td>Redemption Charge</td><td>Nil.</td></tr>
<tr><td>Switching Fee</td><td><table>
<tr><th>MYR Class</th><th>MYR (Hedged) Class</th><th>USD Class</th><th>SGD (Hedged) Class</th><th>AUD (Hedged) Class</th></tr>
<tr><td colspan="2">RM 10.00 per switch</td><td>USD 10.00 per switch</td><td>SGD 10.00 per switch</td><td>AUD 10.00 per switch</td></tr>
</table>
Notes:

(1) We reserve the right to waive the switching fee at our absolute discretion.
(2) In addition to the switching fee, you will have to pay the difference in sales charge when switching from a fund with lower sales charge to a fund with higher sales charge.</td></tr>
<tr><td>Transfer Fee</td><td><table>
<tr><th>MYR Class</th><th>MYR (Hedged) Class</th><th>USD Class</th><th>SGD (Hedged) Class</th><th>AUD (Hedged) Class</th></tr>
<tr><td colspan="2">RM 10.00 per transfer</td><td>USD 10.00 per transfer</td><td>SGD 10.00 per transfer</td><td>AUD 10.00 per switch</td></tr>
</table>
Notes:

(1) We reserve the right to waive the transfer fee at our absolute discretion.
(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.</td></tr>
<tr><td>Annual Management Fee</td><td>Up to 1.80% per annum of the NAV of each Class, calculated and accrued daily in the Base Currency, and payable monthly to us.

Note: The annual management fee is inclusive of the management fee charged by the Target Fund. There shall not</td></tr>
</table>

FEES AND CHARGES	
	be double charging of management fee at the Fund level and Target Fund level.
Annual Trustee Fee	0.04% per annum of the NAV of the Fund (excluding foreign custodian fees and charges), calculated and accrued daily in the Base Currency and payable monthly to the Trustee.
Fund Expenses	Only fees and expenses that are directly related and necessary to the operation and administration of the Fund or a Class may be charged to the Fund or a Class.

5. TRANSACTION DETAILS

TRANSACTION DETAILS

Minimum Initial Investment^

MYR Class	MYR (Hedged) Class	USD Class	SGD (Hedged) Class	AUD (Hedged) Class
RM 1,000	RM 1,000	USD 1,000	SGD 1,000	AUD 1,000

Minimum Additional Investment^

MYR Class	MYR (Hedged) Class	USD Class	SGD (Hedged) Class	AUD (Hedged) Class
RM 100	RM 100	USD 100	SGD 100	AUD 100

Minimum Unit Holdings^	1,000 Units.
Minimum Redemption of Units	None, provided the minimum Unit holdings requirement is met. If a Unit Holder's Unit holdings, after a redemption request, are below the minimum Unit holdings, full redemption will be initiated.

^ or such other lower amount or number of Units (as the case may be) as may be decided by us from time to time.

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

Transfer Facility	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.
Switching Facility	Unit Holders 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

TRANSACTION DETAILS	
	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. Unit Holders who switch from a fund with a lower sales charge to a fund with a higher sales charge need to pay the difference in sales charge between the sales charge of these 2 funds in addition to the switching fee. Unit Holders who switch from a fund with higher sales charge to a fund with a lower sales charge do not need to pay the difference in sales charge between these funds. 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.*
Cooling-off Right	Cooling-off right is not applicable for this Fund.
Dealing Cut-Off Time for Subscription, Redemption and Switching of Units	The dealing cut-off time shall be at **4.00 p.m.** on a Business Day. 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. *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.*
Subscription of Units	Subscription request/application can be made on any **Business Day**. There is no restriction on the frequency of subscription. For any subscription request/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 of 4.00 p.m. on a Business Day, the Units will be created based on the NAV per Unit as at the next valuation point after the applicable subscription of Units is received and accepted by us. Any subscription request/application received or deemed to have been received by us after this cut-off time would be considered as being transacted on the next Business Day. *Note: Our distributors may set an earlier cut-off time for receiving requests/applications in respect of subscription of Units. Please check with the respective distributors for their respective cut-off time.*

TRANSACTION DETAILS	
Redemption of Units and Payment of Redemption Proceeds	Redemption request/application can be made on any Business Day. There is no restriction on the frequency of redemption. For any redemption request/application received or deemed to have been received via fax or e-mail notification by us on or before the cut-off time of 4.00 p.m. on any Business Day, the Units will be cancelled based on the NAV per Unit as at the next valuation point after the request for redemption of Units is received by us. Any redemption request/application received or deemed to have been received by us after the cut-off time would be considered as being transacted on the next Business Day. 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 Cash Redemption Amount received by the Fund may be subject to currency conversion before the redemption proceed is paid to the Unit Holders. As such, Unit Holders shall be paid within five (5) Business Days from the Fund's receipt of the Cash Redemption Amount from the Target Fund, which would be within nine (9) Business Days from the date the redemption request is received by us. However, in the event that the redemption requests/applications received by us on a Business Day constitutes 20% of the Fund's NAV or exceeds USD500,000 in aggregate in a single Business Day (whichever is lower), the payment of redemption proceeds will be made to the Unit Holders within thirty (30) days after the redemption request/application is received by us. For partial redemption, the minimum balance of Units remaining in the respective Classes must always be maintained. If the remaining balance of Units is less than the minimum balance of Units after a redemption request, full redemption will be initiated. Transaction costs such as charges for electronic payments, if any, will be borne by the Unit Holders and set-off against the redemption proceeds. We shall remit the redemption proceeds to the bank account held in the name of the Unit Holder(s). *Note: Our distributors may set an earlier cut-off time for receiving requests/applications in respect of redemption of Units. Please check with the respective distributors for their respective cut-off time.*
For both applications for and redemption of Units, we shall not be held responsible for any delay or loss incurred in the event of: • Real Time Electronic Transfer of Funds and Securities (RENTAS) experiencing problems; • Any remittance of funds that does not correspond with the request promptly; • Inaccurate details (including but not limited to identity card number and account number) provided by Unit Holders; or	

TRANSACTION DETAILS	
• Circumstances beyond our control or the Trustee's control.	
Suspension of Dealing in Units	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. if the dealings of shares in the Target Fund is suspended in the circumstances set out in Section 3.2 under the heading "Suspension Policy of the Target Fund"). 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.

6. RISKS RELATING TO THE FUND

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

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

Investors are reminded that the list of risks below 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.

6.1 General Risks of Investing in the Fund

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

GENERAL RISKS	
	investment portfolio of the Fund, causing the NAV or prices of Units to fluctuate.
Liquidity Risk	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, borrow or take cash financing on a temporary basis as permitted by the relevant laws to manage the Unit Holders' redemption request. 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.
Inflation Risk	This is the risk that Unit Holders' investment in the Fund may not grow or generate returns at a rate that keeps pace with inflation. This would reduce Unit Holders' purchasing power even though the value of the investment in monetary terms has increased.
Non-Compliance Risk	This is the risk that we may not follow the provisions set out in this Information Memorandum or the Deed or the law, rules or guidelines that governs the Fund or our own internal procedures whether by oversight or by omission. This risk may also occur indirectly due to legal risk, which is a risk of circumstances from the imposition and/or amendment on the relevant regulatory frameworks, laws, rules, and other legal practices affecting the Fund. An act of non-compliance/ mismanagement of the Fund may lead to operational disruptions that could potentially be detrimental to the Fund. We aim to mitigate this risk by placing stringent internal policies and procedures and compliance monitoring processes to ensure that the Fund is in compliance with the relevant fund regulations or guidelines.
Loan Financing Risk	This risk occurs when Unit Holders take a loan or financing to finance their investment. The inherent risk of investing with borrowed money or financed money includes Unit Holders being unable to service the loan repayments or financing instalments. In the event Units are used as collateral, the Unit Holder may be required to top-up his or her 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.
Performance Risk	The performance of the Fund depends on the investments of the Target Fund. If the investments of the Target Fund do not perform in accordance with expectations, there will be negative impact on the performance of the Fund.
Suspension of Redemption Risk	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 there is good and sufficient reason to do so (e.g. if the dealings

GENERAL RISKS	
	of shares in the Target Fund is suspended in the circumstances set out in Section 3.2 under the heading "Suspension Policy of the Target Fund". 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 of this Information Memorandum for more information on suspension of redemption of Units.

6.2 Specific Risks of the Fund

SPECIFIC RISKS	
Concentration Risk	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.
Default Risk	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 or deposits and the performance of the Fund. 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.
Counterparty Risk	Counterparty risk refers to a risk that relates to the credit standing of counterparties when OTC transactions are carried out and is generally not applicable to transactions performed through exchanges. In the event where counterparties of a contract fail to live up to its contractual obligations, the Fund will suffer from financial losses. The Fund seeks to reduce this risk by performing fundamental credit research and analysis to determine the creditworthiness of the counterparties, prior to commencement of the investment. 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.
Country Risk	The investment of the Fund may be affected by risk specific to the country in which it invests in. Such risks include changes in the country's economic, social and political environment. The value of the assets of the Fund may also be affected by uncertainties such as currency repatriation restrictions or

SPECIFIC RISKS	
	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.
Currency Risk	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. 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. 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. 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.
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.
Investment Manager Risk	The Fund will invest in the Target Fund managed by a foreign asset management company. This risk refers to the risk associated with the Management Company and Investment Advisers, which include:

SPECIFIC RISKS	
	(i) the risk of non-adherence to the investment objective, strategy and policies of the Target Fund; (ii) the risk of direct or indirect losses resulting from inadequate or failed operational and administrative processes and systems by the Management Company and Investment Advisers; and (iii) the risk that the Target Fund may underperform its benchmark due to poor investment decisions by the Investment Advisers.

6.3 Risk Management Strategy

RISK MANAGEMENT STRATEGY	
Risk Management Strategy and Technique	Risk management is an integral part of our investment management process. In order to ensure that the Fund is managed in accordance with the relevant guidelines and the Deed, proper procedures and parameters are in place to manage the risks that are applicable to the Fund. Regular monitoring, reviews and reporting are also undertaken by us to ensure that the Fund's investment objective is met. **Liquidity Risk Management** In evaluating the Fund's liquidity, we will: (a) actively manage the liquidity risk of the Fund to meet redemption requests from Unit Holders; and/or (b) where available, borrow cash or take cash financing on a temporary basis for the purpose of meeting redemption requests for Units and for short term bridging requirements. However, if we have exhausted the above avenue 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 if the dealings of shares in the Target Fund is suspended in the circumstances set out in section 3.2 under the heading "Suspension Policy 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 for more information on suspension of dealing in Units.

7. PRICING POLICY

PRICING POLICY	
Single Pricing Regime	We adopt a single pricing regime in calculating a Unit Holder's purchase 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

PRICING POLICY	
	Units at NAV per Unit. The Selling Price and Redemption Price are based on Forward Pricing.
Selling Price	The Selling Price of a Unit of a Class 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. <u>Calculation of Selling Price</u> **Illustration – Sale of Units** ***Example:*** If you wish to invest RM10,000.00 in MYR Class before 4.00 p.m. on any Business Day, and if the sales charge is 5.00% of the NAV per Unit of the MYR Class, the total amount to be paid by you and the number of Units issued to you will be as follows: Assuming that the NAV per Unit for the MYR Class at the end of a Business Day = RM0.5000. Sales charge incurred $= \frac{\text{Investment amount}}{1 + \text{sales charge (\%)}} \times \text{sales charge (\%)}$ $= \frac{\text{RM10,000}}{1 + 5.0\%} \times 5.0\%$ = 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 / RM0.5000 = 19,047.62 Units
Redemption Price	The Redemption Price of a Unit of a Class is the NAV per Unit at the next valuation point after the redemption request is received by us (Forward Pricing). <u>Calculation of Redemption Price</u> **Illustration – Redemption of Units** ***Example:*** If you wish to redeem 10,000.00 Units from MYR Class before 4.00 p.m. on any Business Day and if no redemption charge is imposed, the total amount to be paid to you and the number of Units redeemed by you will be as follows: Assuming that the NAV per Unit for the MYR Class at the end of a Business Day = RM0.5000 Redemption charge payable by you = 0% x RM0.5000 x 10,000 Units = 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

PRICING POLICY	
	= [10,000.00 Units x RM0.5000] – RM0.00 = **RM5,000.00** Therefore, you will receive **RM5,000.00** as redemption proceeds.
Incorrect Pricing	We shall ensure that the Fund and the Units of the Class 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 to 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 in the case of a foreign currency Class, 10.00 denominated in the respective foreign currency denomination) or more.

8. VALUATION POLICY AND VALUATION BASIS

VALUATION POLICY AND VALUATION BASIS	
Valuation Point	The Fund must be valued at least 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 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).
Valuation of Investment	The valuation bases of the permitted investments of the Fund are as follows: 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 a 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;

VALUATION POLICY AND VALUATION BASIS	
	(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 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%. <u>Deposits</u> Deposits placed with financial institutions are valued each day by reference to the value of such investments and the interest accrued thereon for the relevant period. <u>Derivatives</u> 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. <u>Any other investments</u> 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. <u>Foreign Exchange Translation</u> 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.

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)	SGD (Hedged) Class (USD)	AUD (Hedged) Class (USD)
	Value of the Fund	101,500,000					
Add:	Other assets (including cash) & income	200,000					
Less:	Liabilities	100,000					
	NAV of the Fund before deducting management fee and trustee fee for the day	101,600,000					
	Multi-class ratio^	100%	30%	30%	20%	10%	10%
	NAV of the Class before deducting management fee and trustee fee for the day		30,480,000	30,480,000	20,320,000	10,160,000	10,160,000
Less:	Management fee for the day		(30,480,000 x 1.80% / 365 days)	(30,480,000 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)
		5,010.40	1503.12	1503.12	1,002.08	501.04	501.04
Less:	Trustee fee for the day		(30,480,000 x 0.04% / 365 days)	(30,480,000 x 0.04% / 365 days)	(20,320,000 x 0.04% / 365 days)	(10,160,000 x 0.04% / 365 days)	(10,160,000 x 0.04% / 365 days)
		111.34	33.40	33.40	22.27	11.13	11.13
	Total NAV (USD)	101,594,878.26	30,478,463.48	30,478,463.48	20,318,975.65	10,159,487.83	10,159,487.83

^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 400,000,000 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)	SGD (Hedged) Class (USD)	AUD (Hedged) Class (USD)
	NAV	101,594,878.26	30,478,463.48	30,478,463.48	20,318,975.65	10,159,487.83	10,159,487.83

Divide:	Units in circulation	400,000,000	120,000,000	120,000,000	80,000,000	40,000,000	40,000,000
	NAV per Unit of the Class (USD)		0.2540*	0.2540*	0.2540*	0.2540*	0.2540*
	Conversion to MYR (at USD1:MYR4.00 exchange rate)		RM1.0160*	RM1.0160*			
	Conversion to SGD (at USD1:SGD1.40 exchange rate)					SGD0.3556	
	Conversion to AUD (at USD1:AUD1.60 exchange rate)						AUD0.4064

**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.*

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9. PARTIES TO THE FUND

PARTIES TO THE FUND	
The Manager	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.
Our Role as the Manager	We are responsible for the day-to-day management of the Fund in accordance with, amongst others, the provisions of the Deed, the CMSA, the relevant SC's guidelines and our internal policies and for the development and implementation of appropriate investment strategies. The main tasks performed by us include: (a) selecting and managing investments of the Fund; (b) executing, supervising and valuing investments of the Fund; (c) conducting the sale and redemption of Units in the Fund; (d) issuing reports on the Fund's performance; (e) distributing income to Unit Holders; and (f) keeping proper records of the Fund.
Our Investment Team	Our investment team formulates, establishes and implements investment strategies and policies. The investment team will review and monitor the success of these strategies and policies using predetermined benchmarks towards achieving a proper performance for the Fund. The investment team will also ensure investment guidelines and regulations are complied with. The investment team will meet at least once a month or more should the need arise.
Designated Fund Manager	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.
The Trustee	TMF Trustees Malaysia Berhad
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 interests of Unit Holders of the Fund. In performing these functions, the Trustee has to exercise due care and vigilance and is required to act in accordance with the 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.
Trustee's Delegate	The Trustee has appointed Standard Chartered Bank Malaysia Berhad ("SCBMB") as the custodian of the quoted and unquoted investments of the Fund. SCBMB was incorporated in Malaysia

PARTIES TO THE FUND	
	under the same name on 29 February 1984 under the Companies Act 1965 (now known as Companies Act 2016) as a public limited company and is a direct subsidiary of Standard Chartered Bank (Singapore) Limited and an indirect subsidiary of Standard Chartered PLC (the holding company of a global banking group). SCBMB was granted a license on 1 July 1994 under the Banking and Financial Institutions Act 1989 (now known as Financial Services Act 2013). SCBMB is responsible for the Fund's assets settlement and custodising the Fund's asset. The assets are held in the name of the Fund through the custodian's wholly owned subsidiary and nominee company, Cartaban Nominees (Tempatan) Sdn Bhd. All investments are automatically registered into the name of the Fund. The custodian acts only in accordance with the instructions from the Trustee.
Trustee's Statement of Responsibility	The Trustee has covenanted in the Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unit Holders.
Trustee's Material Litigation and Arbitration	As at LPD, the Trustee is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any fact likely to give rise to any proceedings which might materially affect the business or financial position of the Trustee.

10. SALIENT TERMS OF THE DEED

10.1 Rights of the Unit Holders

A Unit Holder has the right, amongst others:

(a) to receive distribution of income (if any);
(b) to participate in any increase in the value of the Units;
(c) to call for Unit Holders' meetings, and to vote for the removal of the Trustee or the Manager through special resolution;
(d) to receive annual and quarterly reports of the Fund; and
(e) to enjoy such other rights and privileges as set out in the Deed.

No Unit Holder shall be entitled to require the transfer to him of any of the Fund's assets or be entitled to interfere with or question the exercise by the Trustee, or the Manager on its behalf, of the rights of the Trustee as the registered owner of such assets.

10.2 Liabilities of Unit Holders

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

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 pursuant to this clause shall be limited to recourse to the Fund.

10.3 Termination of the Fund or a Class

Termination of the Fund

The Manager, in accordance with the Deed, reserves the right to terminate the Fund if the Fund is left with no Unit Holders or where the Manager determines that it is in the best interest of the Unit Holder. The Manager, upon termination, shall notify the existing Unit Holders of the Fund in writing of the following options:

1. to receive the net cash proceeds derived from the sale of all the Fund's assets less any payment for liabilities of the Fund and any cash produce available for distribution (if any), in proportion to the number of Units held by the Unit Holders respectively;
2. to use the net cash proceeds to invest in any other wholesale fund managed by the Manager upon such terms and conditions as shall be set out in the written notification; or
3. to choose any other alternative as may be proposed by the Manager.

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

Nonetheless, the Fund may be terminated or wound up if a special resolution is passed at a Unit Holders' meeting to terminate or wind up 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 of such Class, and subject to and in accordance with the relevant laws. The Manager may only terminate a particular Class if the termination of that Class does not prejudice the interests of Unit Holders of any other Class. For the avoidance of doubt, the termination of a Class shall not affect the continuity of any other Class of the Fund.

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

10.4 Power to call for a Meeting by Unit Holders

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

The Unit Holders may direct the Manager to summon a meeting for any purpose including without limitation, for the purpose of:

(a) requiring the retirement or removal of the Manager;
(b) requiring the retirement or removal of the Trustee;
(c) considering the most recent financial statements of the Fund;
(d) giving to the Trustee such directions as the meeting thinks proper; or
(e) considering any matter in relation to the Deed,

provided always that the Manager shall not be obliged to summon such a meeting unless a direction has been received from not less than fifty (50) or one-tenth (1/10) of all the Unit Holders of the Fund or a particular Class (as the case may be), whichever is the lesser number.

Every question arising at any 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. On a voting by show of hands every Unit Holder who is present in person or by proxy shall have one (1) vote notwithstanding that a Unit Holder may hold Units in different Classes in the Fund. 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.

Quorum

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

11. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS

Manager

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

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 The Manager is wholly-owned by Maybank Asset Management Group Berhad ("MAMG"). Maybank is a substantial shareholder of MAMG.	Distributor: Maybank has been appointed as one of the Manager's institutional unit trust scheme advisers. Delegate: 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 The Manager is wholly-owned by MAMG.	Delegate: 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 Maybank Shared Services Sdn Bhd is wholly-owned by Maybank.	Delegate: The Manager has delegated its back office function (i.e. information technology) to Maybank Shared Services Sdn Bhd.

12. 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 Information Memorandum.

13. CUSTOMER INFORMATION SERVICE

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, Unit Holders may e-mail their enquiries to mamcs@maybank.com.my.

Alternatively, Unit Holders can contact:

(i) Complaints Bureau, FIMM via:
- Tel No: 03 – 7890 4242
- email: complaints@fimm.com.my
- Online complaint form: www.fimm.com.my
- Letter: Complaints Bureau
  Legal & 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, SC 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
  No. 3 Persiaran Bukit Kiara
  Bukit Kiara
  50490 Kuala Lumpur.

14. APPENDIX

14.1 Investment and Borrowing Powers and Restrictions of the Target Fund

Investment and Borrowing Powers

1. The Company's Articles of Association ("Articles") permit it to invest in transferable securities and other liquid financial assets, to the full extent permitted by Luxembourg law. The Articles have the effect that, subject to the law, it is at the directors of the Company's discretion to determine any restrictions on investment or on borrowing or on the pledging of the Company's assets.

2. The Articles permit the subscription, acquisition and holding of securities issued or to be issued by one or more other funds of the Company under the conditions set forth by Luxembourg laws and regulations.

Investment and Borrowing Restrictions

3. The following restrictions of Luxembourg law and (where relevant) of the directors of the Company currently apply to the Company:

3.1 The investments of the Target Fund shall consist of:

3.1.1 Transferable securities and money market instruments admitted to official listings on stock exchanges in Member States of the European Union (the "EU") ("Member State(s)").

3.1.2 Transferable securities and money market instruments dealt in on other regulated markets in Member States, that are operating regularly, are recognised and are open to the public.

3.1.3 Transferable securities and money market instruments admitted to official listings on stock exchanges in any other country in Europe, Asia, Oceania, the American continent and Africa.

3.1.4 Transferable securities and money market instruments dealt in on other regulated markets that are operating regularly, are recognised and open to the public of any other country in Europe, Asia, Oceania, the American continent and Africa.

3.1.5 Recently issued transferable securities and money market instruments provided that the terms of the issue include an undertaking that an application will be made for admission to the official listing on one of the stock exchanges as specified in 3.1.1 and 3.1.3 or regulated markets that are operating regularly, are recognised and open to the public as specified in 3.1.2 and 3.1.4 and that such admission is secured within a year of issue.

3.1.6 Units of UCITS and/or other undertakings for collective investment ("UCIs") within the meaning of Article 1(2), points a) and b) of UCITS Directive, whether they are situated in a Member State or not, provided that:

- 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 community law, and that cooperation between authorities is sufficiently ensured;

- the level of protection for unitholders in the other UCIs is equivalent to that provided for unitholders 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 UCITS Directive;

- the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;

- no more than 10% of the UCITS' or the other UCIs' assets (or of the assets of any sub-fund thereof, provided that the principle of segregation of liabilities of the different compartments is ensured in relation to third parties), whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs.

3.1.7 Deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in community law.

3.1.8 Financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market; and/or any financial derivative instruments dealt in OTC ("OTC derivatives"), provided that:

- the underlying consists of instruments described in sub-paragraphs 3.1.1 to 3.1.7 above, financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest according to its investment objectives;

- the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF; and

- 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;

3.1.9 Money market instruments other than those dealt in on a regulated market, which fall under Article 41(1)(a) of the 2010 Law, if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:

- issued or guaranteed by a central, regional or local authority or central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or

- issued by an undertaking any securities of which are dealt in on regulated markets referred to in sub-paragraphs 3.1.1, 3.1.2 or 3.1.3 above; or

- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by community law; or

- issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with Article 1 of Directive 2013/34/EU, 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.

3.2 Furthermore, the Target Fund may invest no more than 10% of its net assets in securities and money market instruments other than those referred to in sub-paragraphs 3.1.1 to 3.1.9.

3.3 The Target Fund may acquire the shares of other funds in the Company and the units and shares of UCITS and/or other UCIs referred to in paragraph 3.1.6. The Target Fund's aggregate investment in UCITS or other UCIs will not exceed 10% of its net assets in order that the Target Fund is deemed eligible investments for other UCITS funds.

The Target Fund may acquire the units of UCITS and/or other UCIs referred to in paragraph 3.1.6, provided that no more than 20% of the Target Fund's net assets are invested in units of any single UCITS and/or other UCI. For the purpose of the application of this limit, each target UCITS or UCI sub-fund of an umbrella is to be considered as a separate issuer, provided that segregated liability in relation to third party claims between sub-funds is effective.

The maximum aggregate investment by the Target Fund in units of eligible UCIs other than UCITS may not exceed 30% of the Target Fund's net assets.

When the Target Fund has acquired shares of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in paragraph 3.5.

When the Target Fund invests in units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the same investment adviser or by any other company with which the investment adviser is linked by common management or control, or by a substantial direct or indirect holding, no subscription or redemption fees may be charged to the Company on its investments in the units of such other UCITS and/or UCIs.

Where the Target Fund invests a substantial proportion of its net assets in other UCITS and other UCIs, the Investment Advisers will ensure that the total management fee (excluding any performance fee, if any), charged to the Target Fund (including management fees from other UCITS and UCIs in which it invests) shall not exceed 3.75% of the net asset value of the Target Fund.

Where the Target Fund invests in shares of another fund in the Company (the "invested fund"):

- the invested fund may not itself invest in the Target Fund;
- the invested fund may not invest more than 10% of its net assets in shares of another fund of the Company (as set out above in this paragraph);
- any voting rights which may be attached to the shares of the invested fund will be suspended for the Target Fund for the duration of the investment;
- any management fee or subscription or redemption fees payable in relation to the invested fund may not be charged to the Target Fund. However, any performance fees payable in relation to the invested fund may be charged to the Target Fund as well as annual service charges and any other fees incurred in association with the administration and services of such invested fund; and
- the net asset value of the shares of the invested fund may not be considered for the purpose of the requirement that the capital of the Company should be above the legal minimum as specified in the 2010 Law, currently EUR 1,250,000.

3.4 The Target Fund may hold no more than 20% of ancillary liquid assets (such as cash held in current accounts with a bank accessible at any time "Deposits at sight", in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 41(1) of the 2010 Law, or for a period of time strictly necessary in case of unfavourable market conditions. This restriction may only be exceeded temporarily for a period of time strictly necessary if the directors of the Company consider this to be the best interest of the shareholders (during exceptionally unfavourable market conditions such as severe financial market collapse).

3.5 The Target Fund may not invest in any one issuer in excess of the limits set out below:

3.5.1 Not more than 10% of the Target Fund's net assets may be invested in transferable securities or money market instruments issued by the same entity.

3.5.2 Not more than 20% of the Target Fund's net assets may be invested in deposits made with the same entity.

3.5.3 By way of exception, the 10% limit stated in the first paragraph of this section may be increased to:

- a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by an EU Member State, by its local authorities, by a non-Member State or by public international bodies to which one or more Member States belong;

- a maximum of 25% in the case of certain bonds when these are issued by a credit institution which has its registered office in an EU Member State and is subject by law to special public supervision designed to protect bond holders. In particular, sums deriving from the issue of these bonds must be invested in conformity 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. When the Target Fund invests more than 5% of its net assets in the bonds referred to in this paragraph and issued by one issuer, the total value of these investments may not exceed 80% of the value of the net assets of the Target Fund.

3.5.4 The total value of the transferable securities or money market instruments held by the Target Fund in the issuing bodies in each of which it invests more than 5% of its net assets must not then exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision. The transferable securities and money market instruments referred to in the two indents of paragraph 3.5.3 above shall not be taken into account for the purpose of applying the limit of 40% referred to in this paragraph.

Notwithstanding the individual limits laid down in sub-paragraphs 3.5.1 to 3.5.4 above, the Target Fund may not combine

- investments in transferable securities or money market instruments issued by a single entity, and/or

- deposits made with a single entity, and/or

- exposures arising from OTC derivative transactions undertaken with a single entity,

- in excess of 20% of its net assets.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of the above-mentioned restrictions.

The limits provided for in sub-paragraphs 3.5.1 to 3.5.4 above may not be combined, and thus investments in transferable securities or money market instruments issued by the same entity or in deposits or derivative instruments made with this entity carried out in accordance with paragraphs 3.5.1 to 3.5.4 shall under no circumstances exceed in total 35% of the net assets of the Target Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single entity for the purpose of calculating the investment limits mentioned in sub-paragraphs 3.5.1 to 3.5.4 above.

The Target Fund may not invest cumulatively more that 20% of its net assets in transferable securities or money market instruments of the same group subject to restrictions 3.5.1 and the three indents under 3.5.4 above.

By way of derogation, the Target Fund is authorised to invest up to 100% of its net assets in different transferable securities and money market instruments, issued or guaranteed by an EU Member State, its local authorities, by another member state of the Organisation for Economic Co-operation and Development ("OECD") or public international bodies of which one or more EU Member States are members, provided that (i) such securities are part of at least six different issues and (ii) securities from any one issue do not account for more than 30% of the net assets of the Target Fund.

3.6 The Company may not invest in shares with voting rights enabling it to exercise significant influence over the management of the issuing body.

3.7 The Target Fund may not:

3.7.1 Acquire more than 10% of the shares with non-voting rights of one and the same issuer.

3.7.2 Acquire more than 10% of the debt securities of one and the same issuer.

3.7.3 Acquire more than 25% of the units of one and the same undertaking for collective investment.

3.7.4 Acquire more than 10% of the money market instruments of any single issuer.

The limits stipulated in sub-paragraphs 3.7.2, 3.7.3 and 3.7.4 above may be disregarded at the time of acquisition if, at that time, the gross amount of debt securities or of the money market instruments, or the net amount of securities in issue cannot be calculated.

3.8 The limits stipulated in paragraphs 3.6 and 3.7 above do not apply to:

3.8.1 Transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;

3.8.2 Transferable securities and money market instruments issued or guaranteed by a non-EU Member State;

3.8.3 Transferable securities and money market instruments issued by public international institutions to which one or more EU Member States are members;

3.8.4 Transferable securities held by the Target Fund in the capital of a company incorporated in a non-Member State investing its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Target Fund can invest in the securities of issuing bodies of that State. This derogation, however, shall only apply if in its investment policy the company from the non-Member State complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the 2010 Law. Where the limits set in Articles 43 and 46 of the 2010 Law are exceeded, Article 49 shall apply mutatis mutandis;

3.8.5 Transferable securities held by the Company in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at the Target Fund's unitholders' request exclusively on its or their behalf.

3.9 The Company may always, in the interest of the shareholders, exercise the subscription rights attached to securities, which forms part of its assets.

When the maximum percentages stated in paragraphs 3.2 through 3.7 above are exceeded for reasons beyond the control of the Company, or as a result of the exercise of subscription rights, the Company must adopt, as a priority objective, sales transactions to remedy the situation, taking due account of the interests of its shareholders.

3.10 The Target Fund may borrow to the extent of 10% of its total net assets (valued at market value) provided these borrowings are made on a temporary basis. However, the Company may acquire for the account of the Target Fund foreign currency by way of back-to-back loan. Any repayment of monies borrowed, together with accrued interest, and any fees arising from the committed credit line (including for the avoidance of doubt any commitment fee that may be due to the lender), shall be paid out of the assets of the Target Fund.

3.11 The Company may not grant credit facilities nor act as guarantor on behalf of third parties, provided that for the purpose of this restriction (i) the acquisition of transferable securities, money market instruments or other financial investments referred to in subparagraphs 3.1.6, 3.1.8 and 3.1.9 above, in fully or partly paid form and (ii) the permitted lending of portfolio securities shall be deemed not to constitute the making of a loan.

3.12 The Company undertakes not to carry out uncovered sales transactions of transferable securities, money market instruments or other financial instruments referred to in sub-paragraphs 3.1.6, 3.1.8 and 3.1.9 above; provided that this restriction shall not prevent the Company from making deposits or carrying out accounts in connection with financial derivatives instruments, permitted within the limits referred to above.

3.13 The Company's assets may not include precious metals or certificates representing them, commodities, commodities contracts, or certificates representing commodities.

3.14 The Company may not purchase or sell real estate or any option, right or interest therein, provided that the Company may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

3.15 The Company will in addition comply with such further restrictions as may be required by the regulatory authorities in any country in which the shares of the Target Fund are marketed.

The Company shall take the risks that it deems reasonable to reach the assigned investment objective set for the Target Fund; however it cannot guarantee that it shall reach its goals given stock exchange fluctuations and other risks inherent in investments in transferable securities.

4. Financial Techniques and Instruments.

4.1 The Company must employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio; it must employ a process for accurate and independent assessment of the value of OTC derivative instruments. It must communicate to the CSSF regularly and in accordance with the detailed rules defined by the latter, the types of derivative instruments, the underlying risks, the quantitative limits and the methods which are chosen in order to estimate the risks associated with transactions in derivative instruments.

4.2 In addition, the Company is authorised to employ techniques and instruments relating to transferable securities and to money market instruments under the conditions and within the limits laid down by the CSSF provided that such techniques and instruments are used for the purpose of efficient portfolio management or for hedging purposes.

4.3 When these operations concern the use of derivative instruments, these conditions and limits shall conform to the provisions laid down in the 2010 Law.

Under no circumstances shall these operations cause the Company to diverge from its investment policies and investment restrictions.

4.4 The Company will ensure that the global exposure of the underlying assets shall not exceed the total net value of the Target Fund.

The Target Fund may invest in financial derivative instruments within the limits laid down in paragraph 3.5.4, provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraphs 3.5.1 to 3.5.4 above. The underlying assets of index based derivative instruments are not combined to the investment limits laid down under sub-paragraphs 3.5.1 to 3.5.4 above.

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of the above-mentioned restrictions.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

The counterparty risk on any transaction involving an OTC derivative instrument may not exceed 10% of the assets of the Target Fund when the counterparty is a credit institution domiciled in the EU or in a country where the CSSF considers that supervisory regulations are equivalent to those prevailing on the EU. This limit is set at 5% in any other case.

4.5 Efficient Portfolio Management – Other Techniques and Instruments

In addition to the investments in financial derivatives instruments, the Company may employ other techniques and instruments relating to transferable securities and money market instruments subject to the conditions set out in the CSSF Circular 08/356, as amended from time to time, and ESMA Guidelines ESMA/2012/832EL, such as repurchase/ reverse repurchase transactions, ("repo transactions") and securities lending.

At the discretion of the Investment Advisers, the Target Fund will use securities financing transactions to help meet the investment objective of the Target Fund and/or as part of efficient portfolio management.

Techniques and instruments which relate to transferable securities or money market instruments and which are used for the purpose of efficient portfolio management, including financial derivatives instruments which are not used for direct investment purposes, shall be understood as a reference to techniques and instruments which fulfil the following criteria:

4.5.1 they are economically appropriate in that they are realised in a cost-effective way;

4.5.2 they are entered into for one or more of the following specific aims:

(a) reduction of risk;

(b) reduction of cost;

(c) generation of additional capital or income for the Company with a level of risk which is consistent with the risk profile of the Company ant the Target Fund and the risk diversification rules;

4.5.3 their risks are adequately captured by the risk management process of the Company; and

4.5.4 they cannot result in a change to the Target Fund's declared investment objective or add significant supplementary risks in comparison to the general risk policy as described in the Target Fund's prospectus.

Techniques and instruments (other than financial derivatives instruments) which may be used for efficient portfolio management purposes are set out below and are subject to the conditions set out below.

Moreover those transactions may be carried out for 100% of the assets held by the Target Fund provided (i) that their volume is kept at an appropriate level or that the Company is entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations; and (ii) that these transactions do not jeopardise the management of the Company's assets in accordance with the investment policy of the Target Fund. Risks shall be monitored in accordance with the risk management process of the Company.

The Target Fund's Depositary ("Depositary") will ensure that the assets of the Target Fund held in custody by the Depositary shall not be reused by the Depositary or by any third party to whom the custody function has been delegated for their own account. Reuse comprises any transaction of assets of the Target Fund held in custody including, but not limited to, transferring, pledging, selling and lending. Assets of the Target Fund held in custody are only allowed to be reused where:

(a) the reuse of the assets is executed for the account of the Target Fund;

(b) the Depositary is carrying out the instructions of the Management Company;

(c) the reuse is for the benefit of the Target Fund and in the interest of the shareholders; and

(d) the transaction is covered by high quality and liquid collateral received by the Target Fund under a title transfer arrangement with a market value at least equivalent to the market value of the reused assets plus a premium.

4.6 Securities lending transactions and related potential conflicts of interest

The Company may enter into securities lending transactions provided that it complies with the following rules:

4.6.1 the Company may lend securities either directly or through a standardised system organised by a recognised clearing institution or a lending program organised by a financial institution subject to prudential supervision rules which are recognised by the CSSF as equivalent to those laid down in community law and specialised in this type of transactions;

4.6.2 the borrower must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by community law;

4.6.3 net exposures (i.e. the exposures of the Target Fund less the collateral received by the Target Fund) to a counterparty arising from securities lending transactions shall be taken into account in the 20% limit provided for in article 43(2) of the 2010 Law;

4.6.4 as part of its lending transactions, the Company must receive collateral, the market value of which, shall, at all times be equal to at least the market value of the securities lent plus a premium;

4.6.5 such collateral must be received prior to or simultaneously with the transfer of the securities lent. When the securities are lent through an intermediary referred to under 4.6.1 above, the transfer of the securities lent may be effected prior to receipt of the collateral, if the relevant intermediary ensures proper completion of the transaction. The intermediary may, instead of the borrower, provide to the UCITS collateral in lieu of the borrower; and

4.6.6 the Company must have the right to terminate any securities lending arrangement which it has entered into at any time or demand the return of any or all of the securities loaned.

Counterparties for securities lending transactions are selected based on a rigorous credit assessment and in-depth review at the individual legal entity level at the outset of the trading relationship. Credit assessments include an evaluation of the legal entity corporate and/or ownership structure, regulatory regime, track record, financial health and any external agency ratings, where applicable.

The Company shall disclose the global valuation of the securities lent in the annual and semi-annual reports.

There are potential conflicts of interests in managing a securities lending program, including but not limited to: (i) BlackRock Advisors (UK) Limited as lending agent may have an incentive to increase or decrease the amount of securities on loan or to lend particular securities in order to generate additional risk-adjusted revenue for BlackRock and its affiliates; and (ii) BlackRock as lending agent may have an incentive to allocate loans to clients that would provide more revenue to BlackRock. BlackRock seeks to mitigate this conflict by providing its securities lending clients with equal lending opportunities over time in order to approximate pro-rata allocation.

As part of its securities lending program, BlackRock indemnifies certain clients and/or funds against a shortfall in collateral in the event of borrower default. BlackRock's Risk and Quantitative Analytics Group ("RQA") calculates, on a regular basis, BlackRock's potential dollar exposure to the risk of collateral shortfall upon counterparty default ("shortfall risk") under the securities lending program for both indemnified and non-indemnified clients. On a periodic basis, RQA also determines the maximum amount of potential indemnified shortfall risk arising from securities lending activities ("indemnification exposure limit") and the maximum amount of counterparty-specific credit exposure ("credit limits") BlackRock is willing to assume as well as the program's operational complexity. RQA oversees the risk model that calculates projected shortfall values using loan-level factors such as loan and collateral type and market value as well as specific borrower counterparty credit characteristics. When necessary, RQA may further adjust other securities lending program attributes by restricting eligible collateral or reducing counterparty credit limits. As a result, the management of the indemnification exposure limit may affect the amount of securities lending activity BlackRock may conduct at any given point in time and impact indemnified and non-indemnified clients by reducing the volume of lending opportunities for certain loans (including by asset type, collateral type and/or revenue profile).

BlackRock uses a predetermined systematic and fair process in order to approximate pro-rata allocation. In order to allocate a loan to a portfolio: (i) BlackRock as a whole must have sufficient lending capacity pursuant to the various program limits (i.e. indemnification exposure limit and counterparty credit limits); (ii) the lending portfolio must hold the asset at the time a loan opportunity arrives; and (iii) the lending portfolio must also have enough inventory, either on its own or when aggregated with other portfolios into one single market delivery, to satisfy the loan request. In doing so, BlackRock seeks to provide equal lending opportunities for all portfolios, independent of whether BlackRock indemnifies the portfolio. Equal opportunities for lending portfolios does not guarantee equal outcomes. Specifically, short and long-term outcomes for individual clients may vary due to asset mix, asset/liability spreads on different securities, and the overall limits imposed by the firm.

4.7 Repo transactions

The Company may enter into:

- repurchase transactions which consist in the purchase or sale of securities with provisions reserving the seller the right or the obligation to repurchase from the buyer securities sold at a price and term specified by the two parties in their contractual arrangement; and

- reverse repurchase agreement transactions, which consist of a forward transaction at the maturity of which the seller (counterparty) has the obligation to repurchase the securities sold and the Company the obligation to return the securities received under the transaction.

At the discretion of the Investment Advisers, the Target Fund will conduct repurchase/reverse repurchase transactions in aggregate for up to such percentage of its latest available net asset value as disclosed in the Target Fund's prospectus. All incremental incomes generated from such transactions will be accrued to the Target Fund.

4.7.1 The Company can act either as buyer or seller in repo transactions. Its involvement in such transactions is however subject to the following rules:

(a) the fulfilment of the conditions 4.6.2 and 4.6.3;

(b) during the life of a repo transaction with the Company acting as purchaser, the Company shall not sell the securities which are the object of the contract, before the counterparty has exercised its option or until the deadline for the repurchase has expired, unless the Company has other means of coverage;

(c) the securities acquired by the Company under a repo transaction must conform to the Target Fund's investment policy and investment restrictions and must be limited to:

(i) short-term bank certificates or money market instruments as defined in Directive 2007/16/EC of 19 March 2007;

(ii) bonds issued by non-governmental issuers offering an adequate liquidity;

(iii) assets referred to under 4.8.2 (b), (c) and (d) below; and

The Company shall disclose the total amount of the open repo transactions on the date of reference of its annual and interim reports.

4.7.2 Where the Company enters into repurchase agreements, it must be able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.

4.7.3 Where the Company enters into reverse repurchase agreements, it must be able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value. Fixed-term reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.

4.8 Management of collateral for OTC financial derivative transactions and efficient portfolio management techniques

4.8.1 Collateral obtained in respect of OTC financial derivative transactions and efficient portfolio management techniques ("Collateral"), such as repo transaction or securities lending arrangement, must comply with the following criteria:

(a) liquidity: Collateral (other than cash) should be highly liquid and traded on a regulated market or multi-lateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral received should also comply with the provisions of Article 48 of the 2010 Law;

(b) valuation: Collateral should be capable of being valued marked to market on a daily basis and assets that exhibit high price volatility should not be accepted as Collateral unless suitably conservative haircuts are in place;

(c) issuer credit quality: Collateral should be of high quality;

(d) correlation: Collateral should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;

(e) diversification: Collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Target Fund's net asset value. When the Target Fund is exposed to different counterparties, the different baskets of Collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. The Target Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, its local authorities, as well as non-Member States and public international bodies set out in the Target Fund's prospectus. The Target Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Target Fund's net asset value; and

(f) immediately available: Collateral must be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.

Counterparties for repurchase/reverse repurchase transactions are selected based on a rigorous credit assessment and in-depth review at the individual legal entity level at the outset of the trading relationship. Credit assessments include an evaluation of the legal entity corporate and/or ownership structure, regulatory regime, track record, financial health and any external agency ratings, where applicable.

4.8.2 Subject to the above criteria, Collateral must comply with the following criteria:

(a) liquid assets such as cash, short term bank deposits, money market instruments as defined in Directive 2007/16/EC of 19 March 2007, letters of credit and guarantees at first demand issued by a first class credit institution not affiliated to the counterparty;

(b) bonds issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and bodies of a community, regional or world-wide scope;

(c) shares or units issued by money market-type UCIs calculating a daily net asset value and having a rating of AAA or its equivalent;

(d) shares or units issued by UCITS investing mainly in bonds/ shares mentioned under (e) and (f) hereunder;

(e) bonds issued or guaranteed by first class issuers offering an adequate liquidity; or

(f) shares admitted to or dealt in on a regulated market of a Member State or on a stock exchange of a Member State of the OECD, provided that these shares are included in a main index.

4.8.3 Where there is title transfer, the Collateral received should be held by the Depositary, or its agent. This is not applicable in the event that there is no title transfer in which case the Collateral will be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the Collateral.

4.8.4 When the Collateral given in the form of cash exposes the Company to a credit risk vis-à-vis the trustee of this Collateral, such exposure shall be subject to the 20% limitation as laid down in paragraph 3.5 above.

4.8.5 During the duration of the agreement, non-cash collateral cannot be sold, re-invested or pledged.

4.8.6 Cash received as collateral may only be:

(a) placed on deposit with entities prescribed in Article 50(f) of Directive 2009/65/EC;

(b) invested in high quality government bonds;

(c) used for the purpose of reverse repurchase agreements provided the transactions are with credit institutions subject to prudential supervision and the Company can recall at any time the full amount of the cash on an accrued basis; and

(d) invested in short term money market funds as defined in the CESR Guidelines on a common definition of European Money Market Funds.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral.

4.8.7 The Company has implemented a haircut policy in respect of each class of assets received as Collateral in order to reduce exposure to trading counterparties for OTC Derivative, Securities Lending and Reverse Repurchase transactions. These transactions are executed under standardised legal documentation that include terms related to credit support and eligible collateral, including haircuts to be applied.

A haircut is a discount applied to the value of a Collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the Collateral, the price volatility of the Collateral and the results of any stress tests which may be performed in accordance with the collateral management policy. Subject to the framework of agreements in place with the relevant counterparty, which may or may not include minimum transfer amounts, it is the intention of the Company that any Collateral received shall have a value, adjusted in light of the haircut policy, which equals or exceeds the relevant counterparty exposure where appropriate.

The applicable haircuts for each of the relevant types of assets held as Collateral are specified below as a valuation percentage. Larger haircuts than those noted below may be applied at the sole discretion of the Company; larger haircuts may apply to certain counterparties, and/or to certain transactions (e.g. wrong way risk).

The Company reserves the right to vary this policy at any time in which case the Target Fund's prospectus will be updated accordingly.

OTC Derivative Transactions

Eligible Collateral	***Minimum Haircut Applicable***
Cash	*0%*
Government Bonds having a remaining term to maturity of one year or less	*0.5%*
Government Bonds having a remaining term to maturity of greater than one year but less than or equal to five years	*2%*
Government Bonds having a remaining term to maturity of greater than five years	*4%*
Non-Government Bonds having a remaining term to maturity of less than or equal to five years	*10%*
Non-Government Bonds having a remaining term to maturity of greater than 5 years	*12%*

Securities Lending Transactions

Eligible Collateral	***Minimum Haircut Applicable***
Cash	*2%*
Money Market Funds	*2%*
Government Bonds	*2.5%*
Supranational / Agency Bonds	*2.5%*
Equities (including American Depositary Receipts and exchange traded funds)	*5%*

Reverse Repurchase Transactions

Eligible Collateral	***Minimum Haircut Applicable***
Government bonds	*0%*
Corporate Bonds	*6%*

4.8.8 Risk and potential Conflicts of Interest associated with OTC derivatives and efficient portfolio management

There are certain risks involved in OTC derivative transactions, efficient portfolio management activities and the management of collateral in relation to such activities. Please refer to the risk factors relating to derivatives, counterparty risk and counterparty risk to the Depositary. These risks may expose investors to an increased risk of loss.

The combined counterparty risk on any transaction involving OTC derivative instruments or efficient portfolio management techniques may not exceed 10% of the assets of the Target Fund when the counterparty is a credit institution domiciled in the EU or in a country where the CSSF considers that supervisory regulations are equivalent to those prevailing on the EU. This limit is set at 5% in any other case.

The Investment Advisers will continuously assess the credit or counterparty risk as well as the potential risk, which is for trading activities, the risk resulting from adverse movements in the level of volatility of market prices and will assess the hedging effectiveness on an ongoing basis. They will define specific internal limits applicable to these kinds of operations and monitor the counterparties accepted for transactions.

Securities Financing Transaction Disclosures of the Target Fund

General

Securities Financing Transactions (SFTs) such as securities lending, repurchase transactions, total return swaps (TRS) and contracts for difference (CFDs) will be used by the Target Fund at the discretion of the Investment Advisers (subject to the investment objective and policy) either to help meet the investment objective of the Target Fund and/or as part of efficient portfolio management.

Total return swaps involve the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset, index or basket of assets against the right to make fixed or floating payments. Where relevant, the Target Fund will enter into swaps as either the payer or receiver of payments under such swaps.

Contracts for difference are similar to swaps and will also be used by the Target Fund. A contract for difference (CFD) is an agreement between a buyer and a seller stipulating that the seller will pay the buyer the difference between the current value of a security and its value when the contract is made. If the difference turns out to be negative, the buyer pays the seller.

SFTs are defined as:

(a) a repurchase transaction (which means a transaction governed by an agreement by which a counterparty transfers securities, commodities, or guaranteed rights relating to title to securities or commodities where that guarantee is issued by a recognised exchange which holds the rights to the securities or commodities and the agreement does not allow a counterparty to transfer or pledge a particular security or commodity to more than one counterparty at a time, subject to a commitment to repurchase them, or substituted securities or commodities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase agreement for the counterparty selling the securities or commodities and a reverse repurchase agreement for the counterparty buying them);

(b) securities lending and securities borrowing (which means transactions governed by an agreement by which a counterparty transfers securities, or guaranteed rights relating to title to securities where that guarantee is issued by a recognised exchange which holds the rights to the securities and the agreement does not allow a counterparty to transfer or pledge a particular security to more than one counterparty at a time, subject to a commitment to repurchase them, or substituted securities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase agreement for the counterparty selling the securities and a reverse repurchase agreement for the counterparty buying them;

(c) a buy-sell back transaction or sell-buy back transaction (which means transactions by which a counterparty buys or sells securities, commodities, or guaranteed rights relating to title to securities or commodities, agreeing, respectively, to sell or to buy back securities, commodities or such guaranteed rights of the same description at a specified price on a future date, that transaction being a buy-sell back transaction for the counterparty buying the securities, commodities or guaranteed rights, and a sell-buy back transaction for the counterparty selling them, such buy-sell back transaction or sell-buy back transaction not being governed by a repurchase agreement or by a reverse-repurchase agreement; and

(d) a margin lending transaction (which means a transaction in which a counterparty extends credit in connection with the purchase, sale, carrying or trading of securities, but not including other loans that are secured by collateral in the form of securities).

The Target Fund does not currently use SFTs described in paragraphs (a), (c) and (d) above.

The Target Fund will use securities lending, depending on market conditions as further described below.

The Target Fund will use the securities lending market to generate additional returns. The Target Fund seeks to generate additional income through the rate that it charges for lending securities.

The securities lending on-loan percentage of the Target Fund can vary over time due to changes in borrowing demand for different securities, sectors, and asset classes. Changing market dynamics over time results in demand that cannot be forecasted precisely and requires maximum flexibility with respect to the allowed maximum disclosed in the table below in order to anticipate and answer positively to the need of market participants to enter into securities lending transactions with the Target Fund. These maxima are established by BlackRock Advisors (UK) Limited's analyses of the borrowing demand of the underlying assets needed over time by the market, which can be lent by the Target Fund in compliance with local tax regulations. Where there is a borrowing demand for a certain type of security and the Target Fund does not have sufficient securities of said required type to lend, the demand will then be satisfied by another fund of the same investment universe and so utilisation differences in similar funds can be observed across fund ranges due to their size. Although it is not anticipated that the permitted maximum will be reached in most of the cases, the Investment Advisers do not wish to prevent investors from benefitting from additional revenue by setting unduly low maximum figures.

The expected proportion of net asset value indicated in the table below is based on historical data and hence indicates the expected range of securities lent that is likely to occur in future. However, past performance is not a guarantee of future results and should not be the sole factor of consideration when selecting a product or strategy. The expected proportion of the net asset value of the Target Fund subject to securities lending may consist in a range rather than a bespoke figure because of the fluctuating demand of the market, it being understood that such a demand cannot be forecasted precisely and is not constant but highly dependent on market conditions as further described below.

Market Conditions

Investors' attention is drawn to the fact that borrowing demand fluctuates over time and depends to a large extent on market factors that cannot be forecasted precisely. Therefore, due to fluctuations in borrowing demand in the market, future lending volumes could fall outside of the range indicated in the expected proportion of the net asset value in the table below. For the avoidance of doubt, the maximum proportion of the net asset value of the Target Fund that can be subject to securities lending is a strict limit.

Demand is driven primarily by large banks and broker-dealers on behalf of their clients, including other banking institutions or hedge funds (all together "Market Players").

Securities lending can benefit investors in a number of ways:

a) Additional revenue;
b) Increased market liquidity, which can reduce trading costs;
c) Provide a mechanism for efficient price discovery reducing price volatility.

Market Players and end-clients may need to borrow securities and therefore engage into securities lending agreements with the Target Fund for various reasons such as, but not limited to:

a) Take active positions or hedge against market risk vis-à-vis a short sale;
b) Collateral management;
c) Using borrowed securities to raise short-term finance;
d) Facilitating the settlement of financial contracts requiring the delivery of a security that could fail otherwise;
e) Market making.

Changes in a, b, c, d or e over time may trigger higher or lower borrowing demand and therefore lead to an increase or decrease in the exposure of the Target Fund to securities lending activities. Changes in demand for a, b, c, d or e may be cumulative or independent of each other.

The types of assets that may be subject to SFTs, total return swaps and contracts for difference include equity securities, fixed income securities, collective investment schemes, money market instruments and cash. Use of such assets is subject to the Target Fund's investment objective and policy.

Counterparty Selection & Review

Repurchase transactions

The Investment Advisers select from an extensive list of full service and execution-only brokers and counterparties. All prospective and existing counterparties require the approval of the Counterparty Risk Group ("CRG"), which is part of BlackRock Advisors (UK) Limited's independent Risk & Quantitative Analysis department ("RQA").

In order for a new counterparty to be approved, a requesting portfolio manager or trader is required to submit a request to the CRG. The CRG will review relevant information to assess the credit-worthiness of the proposed counterparty in combination with the type and settlement and delivery mechanism of the proposed security transactions. The counterparties to these transactions must be subject to prudential supervision rules considered by the CSSF to be equivalent to those prescribed by EU law. The counterparties will be entities with legal personality typically located in the European Economic Area or in a country belonging to the Group of Ten ("G10 Countries") or have at least an investment grade rating. The counterparties should be subject to ongoing supervision by a regulated authority. If the counterparty does not fulfil any of these criteria, equivalence to EU law will be demonstrated. A list of approved trading counterparties is maintained by the CRG and reviewed on an ongoing basis.

Counterparty reviews also require the Credit Research group to evaluate the capacity of each repurchase agreement counterparty or each security's issuer, to meet its financial obligations, and in doing so, generally considers, to the extent appropriate, the following factors: (1) financial condition (including an examination of recent financial statements, which should include consideration of trends relating to cash flow, revenue, expenses, profitability, short-term debt and total debt service coverage, and leverage, including financial and operating leverage); (2) sources of liquidity (including consideration of bank lines of credit and alternative sources of liquidity); (3) ability to react to future market-wide and issuer- or guarantor-specific events, including ability to repay debt in a highly adverse situation (which should in turn contain analysis of risk from various scenarios, including changes to the yield curve or spreads, especially in a changing interest rate environment); and (4) strength of the issuer or guarantor's competitive position within its industry (including the general consideration of diversification of sources of revenue, if applicable).

Counterparties are monitored on an ongoing basis through the receipt of audited and interim financial statements, via alert portfolios with market data service providers, and where applicable, as part of BlackRock Advisors (UK) Limited's internal research process. Formal renewal assessments are performed on a cyclical basis.

The Investment Advisers select brokers based upon their ability to provide good execution quality (i.e. trading), whether on an agency or a principal basis; their execution capabilities in a particular market segment; and their operational quality and efficiency; and we expect them to adhere to regulatory reporting obligations.

Once a counterparty is approved by the CRG, broker selection for an individual trade is then made by the relevant dealer at the point of trade, based upon the relative importance of the relevant execution factors. For some trades, it is appropriate to enter into a competitive tender amongst a shortlist of brokers.

The Investment Advisers perform pre-trade analysis to forecast transaction cost and to guide the formation of trading strategies including selection of techniques, division between points of liquidity, timing and selection of broker. In addition, the Investment Advisers monitor trade results on a continuous basis.

Broker selection will be based on a number of factors including, but not limited to the following:

- ability to execute and execution quality;
- ability to provide liquidity/capital;
- price and quote speed;
- operational quality and efficiency; and
- adherence to regulatory reporting obligations.

Securities Lending

The securities lending agent is authorised to lend to counterparties who have been approved by the CRG. The list of approved counterparties is maintained by the CRG and reviewed on an ongoing basis. The counterparties to these transactions must be subject to prudential supervision rules considered by the CSSF to be equivalent to those prescribed by EU law. The counterparties will be entities with legal personality typically located in the European Economic Area or in a country belonging to the Group of Ten or have at least an investment grade rating. The counterparties should be subject to ongoing supervision by a regulated authority. If the counterparty does not fulfil any of these criteria, equivalence to EU law should be demonstrated. A list of approved trading counterparties is maintained by the CRG and reviewed on an ongoing basis.

Counterparty reviews take into account the fundamental creditworthiness (ownership structure, financial strength, regulatory oversight) and commercial reputation of specific legal entities in conjunction with the nature and structure of proposed trading activities. Counterparties are monitored on an ongoing basis through the receipt of audited and interim financial statements, via alert portfolios with market data service providers, and where applicable, as part of BlackRock Advisors (UK) Limited's internal research process.

As securities lending does not involve the execution of orders to trade but rather the allocation of loan requests submitted by brokers, BlackRock Advisors (UK) Limited agrees and settles a requested trade provided the broker has been approved, the value of the proposed transaction does not exceed the aggregate value of loans permitted, and any other execution factor considerations have been met.

Returns generated by SFTs
All returns generated from the use of repurchase transactions, total return swaps and contracts for difference will be paid to the Target Fund.

In relation to securities lending only, the securities lending agent, BlackRock Advisors (UK) Limited, receives remuneration in relation to its activities. Such remuneration amounts to 37.5% of the gross revenue from the securities lending activities, with all direct and indirect costs borne out of BlackRock Advisors (UK) Limited's share. The Target Fund receives 62.5% of the gross revenue from the securities lending activities. The securities lending agent is a related party to the Management Company.

Proportions of Target Fund property subject to SFTs
The tables below specify the maximum and expected proportion of the net asset value of the Target Fund that can be subject to securities financing transactions for the purposes of the SFTR and is set at the discretion of the Investment Advisers. Investors should note that a limitation of maximum securities lending levels by the Target Fund, at a time when demand exceeds those maximum levels, may reduce potential income to the Target Fund that is attributable to securities lending. The expected proportion is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions. The maximum figure is a limit.

	TRS and CFD ("in aggregate") Expected proportion of the net asset value	**TRS and CFD ("in aggregate") Maximum proportion of the net asset value**
BSF BlackRock Systematic Asia Pacific Equity Absolute Return Fund	500%	800%

	Securities Lending* Expected proportion of the net asset value	Securities Lending Maximum proportion of the net asset value**
BSF BlackRock Systematic Asia Pacific Equity Absolute Return Fund	Up to 41%	49%

* *The demand to borrow securities is a significant driver for the amount that is actually lent from the Target Fund at a given time. Borrowing demand fluctuates over time and depends to a large extent on market factors that cannot be forecasted precisely. Due to fluctuations in borrowing demand in the market, future lending volumes could fall outside of the range indicated as the expected proportion of the net asset value in the table above. For the avoidance of doubt, the maximum proportion of the net asset value of the Target Fund that can be subject to securities lending is a strict limit.*

** *The maximum proportion of the net asset value of the Target Fund that can be subject to securities lending is indicated in the table above. It is the intention of the Investment Advisers that maxima are strict limits. It should be noted that such maxima are based on past performances and such past performances can never guarantee future results. In this respect, these maxima may be temporally exceeded should the demand drastically and unpredictably shift to an upward trend in the conditions set forth in the section" Market Conditions" above.*

	Repo Transactions Expected proportion of the net asset value	Repo Transactions Maximum proportion of the net asset value
BSF BlackRock Systematic Asia Pacific Equity Absolute Return Fund	0%	0%

14.2 Specific Risks of the Target Fund

- **Fixed Income Transferable Securities**
  Debt securities are subject to both actual and perceived measures of creditworthiness. The "downgrading" of a rated debt security or adverse publicity and investor perception which may not be based on fundamental analysis, could decrease the value and liquidity of the security, particularly in a thinly traded market. In certain market environments this may lead to investments in such securities becoming less liquid, making it difficult to dispose of them.

  The Target Fund may be affected by changes in prevailing interest rates and by credit quality considerations. Changes in market rates of interest will generally affect the Target Fund's asset values as the prices of fixed rate securities generally increase when interest rates decline and decrease when interest rates rise. Prices of shorter-term securities generally fluctuate less in response to interest rate changes than do longer-term securities.

  An economic recession may adversely affect an issuer's financial condition and the market value of high yield debt securities issued by such entity. The issuer's ability to service its debt obligations may be adversely affected by specific issuer developments, or the issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing.

  In the event of bankruptcy of an issuer, the Target Fund may experience losses and incur costs. Non-investment grade debt may be highly leveraged and carry a greater risk of default. In addition, non-investment grade securities tend to be less liquid and more volatile than higher rated fixed income securities, so that adverse economic events may have a greater impact on the prices of non-investment grade debt securities than on higher rated fixed income securities. Such securities are also subject to greater risk of loss of principal and interest than higher rated fixed-income securities.

- **Small Capitalisation Companies**
  The securities of smaller companies may be subject to more abrupt or erratic market movements than larger, more established companies or the market average in general. These companies may have limited product lines, markets or financial resources, or they may be dependent on a limited management group. Full development of those companies takes time. In addition, many small company stocks trade less frequently and in smaller volume, and may be subject to more abrupt or erratic price movements than stocks of large companies. The securities of small companies may also be more sensitive to market changes than the securities of large companies. These factors may result in above-average fluctuations in the net asset value of the Target Fund's shares.

- **Derivatives Instrument Risk**
  In accordance with the investment limits and restrictions of the Target Fund, the Target Fund may use derivative to hedge market and currency risk, for the purposes of efficient portfolio management and for investment purposes.

  The use of derivatives may expose the Target Fund to a higher degree of risk. These risks may include credit risk with regard to counterparties with whom the Target Fund trades, the risk of settlement default, volatility risk, OTC transaction risk, lack of liquidity of the derivatives, imperfect tracking between the change in value of the derivative and the change in value of the underlying asset that the Target Fund is seeking to track and greater transaction costs than investing in the underlying assets directly. Some derivatives are leveraged and therefore may magnify or otherwise increase investment losses to the Target Fund.

  In accordance with standard industry practice when purchasing derivatives, the Target Fund may be required to secure its obligations to its counterparty. For non-fully funded derivatives, this may involve the placing of initial and/or variation margin assets with the counterparty. For derivatives which require the Target Fund to place initial margin assets with a counterparty, such assets may not be segregated from the counterparty's own assets and, being freely exchangeable and replaceable, the Target Fund may have a right to the return of equivalent assets rather than the original margin assets deposited with the counterparty. These deposits or assets may exceed the value of the Target Fund's obligations to the counterparty in the event that the counterparty requires excess margin or collateral. In addition, as the terms of a derivative may provide for one counterparty to provide collateral to the other counterparty to cover the variation margin exposure arising under the derivative only if a minimum transfer amount is triggered, the Target Fund may have an uncollateralised risk exposure to a counterparty under a derivative up to such minimum transfer amount.

  Derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities. Leveraged derivative positions can therefore increase the Target's Fund volatility. Whilst the Target Fund will not borrow money to leverage it may for example take synthetic short positions through derivatives to adjust its exposure, always within the restrictions of the Target Fund. The Target Fund may enter into long positions executed using derivatives (synthetic long positions) such as futures positions including currency forwards.

  Additional risks associated with investing in derivatives may include a counterparty breaching its obligations to provide collateral, or due to operational issues (such as time gaps between the calculation of risk exposure to a counterparty's provision of additional collateral or substitutions of collateral or the sale of collateral in the event of a default by a counterparty), there may be instances where the Target Fund's credit exposure to its counterparty under a derivative contract is not fully collateralised but the Target Fund will continue to observe its limits. The use of derivatives may also expose the Target Fund to legal risk, which is 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.

The Target Fund may use derivatives to facilitate complex investment management techniques. In particular, this may involve (on a non-exhaustive basis):

- using swap contracts to adjust interest rate risk;
- using swap contracts to gain exposure to one or more indices for investment purposes;
- using currency derivatives to buy or sell currency risk;
- buying and selling options for investment purposes;
- using credit default swaps to buy or sell credit risk;
- using volatility derivatives to adjust volatility risk;
- using contracts for difference for futures contracts to gain market exposure;
- using synthetic short positions to take advantage of any negative investment views; and
- using synthetic long positions to gain market exposure.

Where derivatives instruments are used in this manner the overall risk profile of the Target Fund may be increased. Accordingly, the Company will employ a risk-management process which enables the Management Company to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Target Fund. The Management Company uses the “Value at Risk” or “VaR” approach, ensuring the Target Fund complies with the investment restrictions of the Target Fund.

Investors should note the risks associated with the different types of derivative instruments and strategies, as described below:

<u>Volatility Derivatives</u>
“Historic Volatility” of a security (or basket of securities) is a statistical measure of the speed and magnitude of changes in the price of that security (or securities) over defined periods of time. “Implied Volatility” is the market’s expectation of future realised volatility. Volatility derivatives are derivatives whose price depends on Historic Volatility or Implied Volatility or both. Volatility derivatives are based on an underlying security, and the Target Fund may use volatility derivatives to increase or reduce volatility risk, in order to express an investment view on the change in volatility, based on an assessment of expected developments in underlying securities markets. For example, if a significant change in the market background is expected, it is likely that the volatility of the price of a security will increase as prices adapt to the new circumstances.

The Target Fund may only buy or sell volatility derivatives which are based on an index where:
- ➢ the composition of the index is sufficiently diversified;
- ➢ the index represents an adequate benchmark for the market to which it refers; and
- ➢ it is published in an appropriate manner.

The price of volatility derivatives may be highly volatile, and may move in a different way to the other assets of the Target Fund, which could have a significant effect on the net asset value of the Target Fund’s shares.

<u>Contracts for Difference (“CFDs”)</u>
A contract for difference is a contract between two parties, buyer and seller, stipulating that the seller will pay to the buyer the difference between the current value of an asset (a security, instrument, basket or index) and its value at contract time. If the difference is negative, then the buyer pays instead to the seller.

Contracts for differences allow investors to take synthetic long or synthetic short positions with a variable margin, which, unlike futures contracts, have no fixed expiry date or contract size. Unlike shares, with CFDs the buyer is potentially liable for more than the amount initially invested.

The Target Fund will therefore employ risk management techniques with the aim of ensuring it can dispose of the necessary assets at any time in order to pay redemption proceeds resulting from redemption requests and to meet its obligations resulting from contracts for difference and other techniques and instruments.

Particular Risks of OTC Derivative Transactions

In general there is less governmental regulation and supervision of transactions in the OTC markets than organised stock exchanges. Many of the protections afforded to transactions on organised exchanges such as the performance guarantee of an exchange clearing house may not exist for OTC transactions. The risk of counterparty default therefore exists. To mitigate this risk the Company will only use preferred counterparties which it believes to be creditworthy and may reduce the exposure incurred in connection with such transactions through the use of letter of credit or collateral. However there can be no guarantee that counterparty will not default or that the Target Fund will not sustain losses as a result.

The Investment Advisers will continuously assess the credit or counterparty risk as well as the potential risk, which is for trading activities, the risk resulting from adverse movements in the level of volatility of market prices and will assess the hedging effectiveness on an ongoing basis. They will define specific internal limits applicable to these kinds of operations and monitor the counterparties accepted for transactions.

In addition to the above the OTC market may be illiquid and it may not always be possible to execute a transaction quickly at an attractive price. From time to time the counterparties with which the Target Fund effects the transactions might cease making markets or quoting prices in certain of the instruments. In such instances the Target Fund might be unable to enter into a desired transaction in currencies, credit default swaps or total return swaps or enter into an offsetting transaction with respect to an open position which might adversely affect its performance. Further in contrast to exchange traded instruments, forward, spot and option contracts on currencies do not provide the Management Company and the Investment Advisers with the possibility to offset the Target Fund's obligations through an equal and opposite transaction. For this reason entering into forward, spot or options contracts, the Target Fund may be required, and must be able to, perform its obligations under the contracts.

Options

An option is the right (but not the obligation) to buy or sell a particular asset or index at a stated price at some date in the future. In exchange for the rights conferred by the option, the option buyer has to pay the option seller a premium for carrying on the risk that comes with the obligation. The option premium depends on the strike price, volatility of the underlying asset, as well as the time remaining to expiration. Options may be listed or dealt in OTC.

The Target Fund may enter into option transactions as either the buyer or seller of this right and may combine them to form a particular trading strategy as well as use options for reducing an existing risk.

If the Investment Advisers or its delegate is incorrect in its expectation of changes in the market prices or determination of the correlation between the particular assets or indices on which the options are written or purchased and the assets in the Target Fund's investment portfolio, the Target Fund may incur losses that it would not otherwise incur.

- **Model Risk**
  The Target Fund seeks to pursue its investment objective by using proprietary models that incorporate quantitative analysis. Investments selected using these models may perform differently than as forecasted due to the factors incorporated into the models and the weighting of each factor, changes from historical trends, and issues in the construction and implementation of the models (including, but not limited to, software issues and other technological issues). There is no guarantee that BlackRock's use of these models will result in effective investment decisions for the Target Fund. The information and data used in the models may be supplied by third parties. Inaccurate or incomplete data may limit the effectiveness of the models. In addition, some of the data that BlackRock uses may be historic data, which may not accurately predict future market movement. There is a risk that the models will not be successful in selecting investments or in determining the weighting of investment positions that will enable the Target Fund to achieve its investment objective.

- **Exposure to Property and Property Securities within Exchange Traded Funds**
  The performance of property securities is not indicative of the performance of the property market as a whole. Property investments are subject to many factors including adverse changes in economic conditions, adverse local market conditions, risks associated with the acquisition, financing, ownership, operation and disposal of real property. The value of real property will generally be a matter of a valuer's opinion rather than fact and the value of a property may be significantly diminished in the event of a downturn in the property market.

- **Investments in Exchange Traded Funds and Undertakings for Collective Investment**
  The Target Fund may invest in exchange traded funds and/or Undertakings for Collective Investment ("UCIs"), which may include index funds. In addition to the fees, costs and expenses payable by a shareholder in the Target Fund, each investor may also indirectly bear a portion of the costs, fees and expenses of the underlying exchange traded fund and/or UCI, including management, investment management, performance, administration and other such expenses.

  While index-tracking or replicating exchange traded funds and index funds seek to track the performance of their respective benchmark indices whether through a replication or optimising strategy, there is no guarantee that they will achieve perfect tracking and these exchange traded funds and index funds may potentially be subject to tracking error risk, which is the risk that their returns may not track exactly those of their respective benchmark indices, from time to time. This tracking error may result from an inability to hold the exact constituents of the benchmark index, for example where there are local market trading restrictions, small illiquid components, a temporary unavailability or interruption in trading of certain securities comprising the benchmark index. In addition, these exchange traded funds and index funds rely on index licences granted by third party index providers to use and track the benchmark indices. In the event that an index provider terminates or varies an index licence, it will affect the ability of these impacted exchange traded funds and index funds to continue to use and track their benchmark indices and to meet their investment objectives. In addition, there is no assurance that an index provider will compile the benchmark index accurately, or that the benchmark index will be determined, composed or calculated accurately. While the index provider does provide descriptions of what the benchmark index is designed to achieve, the index provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of the benchmark index, and does not guarantee that the benchmark index will be in line with the described index methodology. Regardless of market conditions, these exchange traded funds and index funds aim to track the performance of their respective benchmark indices and do not seek to outperform their respective benchmark indices. Some exchange traded funds and index funds may use optimisation techniques to track the performance of their respective benchmark indices. Optimisation techniques may include the strategic selection of some (rather than all) of the securities that make up the benchmark index, holding securities in proportions that differ from the proportions of the benchmark index and/or the use of financial derivative instruments to track the performance of certain securities that make up the benchmark index. These exchange traded funds and index funds may also select securities which are not underlying constituents of the relevant benchmark index where such securities provide similar performance (with matching risk profile) to certain securities that make up the relevant benchmark index. Optimising funds may potentially be subject to tracking error risk, which is the risk that their returns may not track exactly those of their respective benchmark indices.

- **Currency Risk**

  (i) Base Currency: The Target Fund may invest in assets denominated in a currency other than the base currency of the Target Fund. Changes in exchange rates between the base currency and the currency in which the assets are denominated and changes in exchange rate controls will cause the value of the asset expressed in the base currency of the Target Fund to fall or rise. The Target Fund may utilise techniques and instruments including derivatives for hedging purposes to control currency risk. However, it may not be a possible or practical to completely mitigate currency risk in respect of the Target Fund's portfolio or specific assets within the portfolio. Furthermore, unless otherwise stated in the investment policies of the Target Fund, the Investment Advisers are not obliged to seek to reduce currency risk within the Target Fund.

  (ii) Investor's Own Currency: An investor may choose to invest in a share class which is denominated in a currency that is different from the currency in which the majority of the investor's assets and liabilities are denominated (the "Investor's Currency"). In this scenario, the investor is subject to currency risk in the form of potential capital losses resulting from movements of the exchange rate between the Investor's Currency and the currency of the share class in which such investor invests, in addition to the other currency risks described herein and the other risks associated with an investment in the Target Fund.

- **Liquidity Risk**

  Trading volumes in the underlying investments of the Target Fund may fluctuate significantly depending on market sentiment. There is a risk that investments made by the Target Fund may become less liquid in response to market developments, adverse investor perceptions or regulatory and government intervention (including the possibility of widespread trading suspensions implemented by domestic regulators). In extreme market conditions, there may be no willing buyer for an investment and that investment cannot be readily sold at the desired time or price, and consequently the Target Fund may have to accept a lower price to sell the relevant investment or may not be able to sell the investment at all. An inability to sell a particular investment or portion of the Target Fund's assets can have a negative impact of the value of the Target Fund or prevent the Target Fund from being able to take advantage of other investment opportunities.

  The liquidity of fixed income securities issued by a small and mid-capitalisation companies and emerging country issuers is particularly likely to be reduced during adverse economic, market or political events or adverse market sentiment. The credit rating downgrade of fixed income securities and changes in prevailing interest rate environments may also affect their liquidity.

  Similarly, investment in equities securities issued by unlisted companies, small and mid-capitalisation companies and companies based in emerging countries are particularly subject to the risk that during certain market conditions, the liquidity of particular issuers, sectors or industries, or all securities within a particular investment category, will reduce or disappear suddenly and without warning as a result of adverse economic, market or political events, or adverse market sentiment.

Liquidity risk also includes the risk that the Target Fund may be forced to defer redemptions, issue in specie redemptions or suspend dealing because of stressed market conditions, an unusually high volume of redemption requests, or other factors beyond the control of the investment adviser. To meet redemption requests, the Target Fund may be forced to sell investments at an unfavourable time and/or conditions, which may have a negative impact on the value of shareholders' investment. Investors may also experience increased dealing costs as a result of anti-dilution measures taken by the directors of the Company.

- **Equity Risks**
  The values of equities fluctuate daily and the Target Fund could incur significant losses. The price of equities can be influenced by many factors at the individual company level, as well as by broader economic and political developments, including changes in investment sentiment, trends in economic growth, inflation and interest rates, issuer-specific factors, corporate earnings reports, demographic trends and catastrophic events.

- **Emerging Market Risks**
  Emerging markets are typically those of poorer or less developed countries which exhibit lower levels of economic and/or capital market development, and higher levels of share price and currency volatility, amongst these, those which exhibit the lowest levels of economic and/or capital market development may be referred to as frontier markets, and the below mentioned risks may be amplified for these markets.

  Some emerging markets governments exercise substantial influence over the private economic sector and the political and social uncertainties that exist for many developing countries are particularly significant. Another risk common to most such countries is that the economy is heavily export oriented and, accordingly, is dependent upon international trade. The existence of overburdened infrastructures and obsolete financial systems also presents risks in certain countries, as do environmental problems which may be exacerbated by climate change.

  In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalisation, intervention in the securities market and trade settlement, and imposition of foreign investment restrictions and exchange controls, and these could be repeated in the future. In addition to withholding taxes on investment income, some emerging markets may impose capital gains taxes on foreign investors.

  Generally accepted accounting, auditing and financial reporting practices in emerging markets may be significantly different from those developed markets. Compared to mature markets, some emerging markets may have a low level of regulation, enforcement of regulations and monitoring of investors' activities. Those activities may include practices such as trading on material non-public information by certain categories of investor.

  The securities markets of developing countries are not as large as the more established securities markets and have substantially less trading volume, resulting in a lack of liquidity and high price volatility. There may be a high concentration of market capitalisation and trading volume in a small number of issuers representing a limited number of industries as well as a high concentration of investors and financial intermediaries. These factors may adversely affect the timing and pricing of the Target Fund's acquisition or disposal of securities.

Practices in relation to settlement of securities transactions in emerging markets involve higher risks than those in developed markets, in part because the Company 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 Depositary is responsible for the proper selection and supervision of its correspondent banks in all relevant markets in accordance with Luxembourg law and regulation.

As a result of some of these characteristics there could be additional impacts on the value of the Target Fund as a result of sustainability risks, in particular those caused by environmental changes related to climate change, social issues (incuding but not limited to relating labour rights) and governance risk (including but not limited to risks around board independence, ownership & control, or audit & tax management). Additionally, disclosures or third-party data coverage associated with sustainability risks is generally less available or transparent in these markets.

In certain emerging markets, registrars are not subject to effective government supervision nor are they always independent from issuers. Investors should therefore be aware that the Target Fund could suffer loss arising from these registration problems.

- **Restrictions on Foreign Investment**
  Some countries prohibit or impose substantial restrictions on investments by foreign entities such as the Target Fund. As illustrations, certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company, or limit the investment by foreign persons in a company to only a specific class of securities which may have less advantageous terms than securities of the company available for purchase by nationals. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. The manner in which foreign investors may invest in companies in certain countries, as well as limitations on such investments, may have an adverse impact on the operations of the Target Fund. For example, the Target Fund may be required in certain of such countries to invest initially through a local broker or other entity and then have the share purchases re-registered in the name of the Target Fund. Re-registration may in some instances not be able to occur on a timely basis, resulting in a delay during which the Target Fund may be denied certain of its rights as an investor, including rights as to dividends or to be made aware of certain corporate actions. There also may be instances where the Target Fund places a purchase order but is subsequently informed, at the time of re-registration, that the permissible allocation to foreign investors has been filled, depriving the Target Fund of the ability to make its desired investment at the time. Substantial limitations may exist in certain countries with respect to the Target Fund's ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors. The Target Fund could be adversely affected by delays in, or a refusal to grant any required governmental approval for repatriation of capital, as well as by the application to the Target Fund of any restriction on investments. A number of countries have authorised the formation of closed-end investment companies to facilitate indirect foreign investment in their capital markets. Shares of certain closed-end investment companies may at times be acquired only at market prices representing premiums to their net asset values.

  If the Target Fund acquires shares in closed-end investment companies, shareholders would bear both their proportionate share of expenses in the Target Fund (including management fees) and, indirectly, the expenses of such closed end investment companies. The Target Fund may also seek, at its own cost, to create its own investment entities under the laws of certain countries.

- **Specific Risks Applicable to investing via the Stock Connects**

  Investments in the PRC

  Investments in the PRC are currently subject to certain additional risks, particularly regarding the ability to deal in securities in the PRC. Dealing in certain PRC securities is restricted to licensed investors and the ability of the investor to repatriate its capital invested in those securities may be limited at times. Due to issues relating to liquidity and repatriation of capital, the Company may determine from time to time that making direct investments in certain securities may not be appropriate for a UCITS. As a result, the Company may choose to gain exposure to PRC securities indirectly and may be unable to gain full exposure to the PRC markets.

  PRC Economic Risks

  The PRC is one of the world's largest global emerging markets. The economy in the PRC, which has been in a state of transition from a planned economy to a more market orientated economy, differs from the economies of most developed countries and investing in the PRC may be subject to greater risk of loss than investments in developed markets. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, greater risk of market shut down, greater control of foreign exchange and more limitations on foreign investment policy than those typically found in a developed market. There may be substantial government intervention in the PRC economy, including restrictions on investment in companies or industries deemed sensitive to relevant national interests. The PRC government and regulators may also intervene in the financial markets, such as by the imposition of trading restrictions, which may affect the trading of PRC securities. The companies in which the Target Fund invests may be held to lower disclosure, corporate governance, accounting and reporting standards than companies in more developed markets. In addition, some of the securities held by the Target Fund may be subject to higher transaction and other costs, foreign ownership limits, the imposition of withholding or other taxes, or may have liquidity issues which make such securities more difficult to sell at reasonable prices. These factors may have an unpredictable impact on the Target Fund's investments and increase the volatility and hence the risk of a loss to the value of an investment in the Target Fund.

  As with any fund investing in an emerging market country, the Target Fund investing in the PRC may be subject to greater risk of loss than a fund investing in a developed market country. The PRC economy has experienced significant and rapid growth in the past 20 years. However, such growth may or may not continue, and may not apply evenly across different geographic locations and sectors of the PRC economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth of the PRC economy. Furthermore, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities markets in PRC and therefore on the performance of the Target Fund.

  These factors may increase the volatility of the Target Fund (depending on its degree of investment in the PRC) and hence the risk of loss to the value of shareholders' investment.

  PRC Political Risks

  Any political changes, social instability and adverse diplomatic developments which may take place in, or in relation to, the PRC could result in significant fluctuation in the price of China A-Shares and/or China onshore bonds.

Legal System of the PRC

The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have no precedent value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, because of the limited volume of published cases and judicial interpretation and their non-binding nature, the interpretation and enforcement of these regulations involves significant uncertainties. Given the short history of the PRC system of commercial laws, the PRC regulatory and legal framework may not be as well developed as those of developed countries. Such regulations also empower the China Securities Regulatory Commission and State Administration of Foreign Exchange of the PRC to exercise discretion in their respective interpretation of the regulations, which may result in increased uncertainties in their application. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on the Target Fund's onshore business operations or the ability of the Target Fund to acquire China A-Shares and/or China onshore bonds.

Renminbi Currency and Conversion Risks

The Renminbi, the lawful currency of the PRC, is not currently a freely convertible currency and is subject to exchange control imposed by the PRC government. Such control of currency conversion and movements in the Renminbi exchange rates may adversely affect the operations and financial results of companies in the PRC. Insofar as the Target Fund may invest in the PRC, it will be subject to the risk of the PRC government's imposition of restrictions on the repatriation of funds or other assets out of the country, limiting the ability of the Target Fund to satisfy payments to investors.

Non-Renminbi based investors (such as the Fund) are exposed to foreign exchange risk and there is no guarantee that the value of Renminbi against the investors' base currencies (for example USD) will not depreciate. Any depreciation of Renminbi could adversely affect the value of investor's investment in the Target Fund.

The exchange rate used for the Target Fund transactions in Renminbi is in relation to the offshore Renminbi ("CNH"), not the onshore Renminbi ("CNY"). The value of CNH could differ, perhaps significantly, from that of CNY due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions applied by the PRC government from time-to-time as well as other external market forces. Any divergence between CNH and CNY may adversely impact investors.

Quota Limitations

The Stock Connects are subject to quota limitations. In particular, once the daily quota is exceeded, buy orders will be rejected (although investors will be permitted 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 the Stock Connects on a timely basis, and the Target Fund may not be able to effectively pursue its investment strategy.

Legal/Beneficial Ownership

The Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Exchange ("SZSE") shares in respect of the Target Fund are held by the depositary/ sub-custodian in accounts in the Hong Kong Central Clearing and Settlement System ("CCASS") maintained by the Hong Kong Securities Clearing Company Limited ("HKSCC") as central securities depositary in Hong Kong. HKSCC in turn holds the SSE and Stock Exchange of Hong Kong ("SEHK") shares, as the nominee holder, through an omnibus securities account in its name registered with ChinaClear for each of the Stock Connects. The precise nature and rights of the Target Fund as the beneficial owners of the SSE and SZSE shares through

HKSCC as nominee is not well defined under PRC law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore the exact nature and methods of enforcement of the rights and interests of the Target Fund under PRC law is uncertain. Because of this uncertainty, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong it is not clear if the SSE and SZSE shares will be regarded as held for the beneficial ownership of the Target Fund or as part of the general assets of HKSCC available for general distribution to its creditors.

For completeness, the China Securities Regulatory Commission of the PRC ("CSRC") has provided information titled "FAQ on Beneficial Ownership under SH-HK Stock Connect" dated 15 May 2015 in relation to beneficial ownership – the relevant sections from this FAQ have been extracted and reproduced below:

Do overseas investors enjoy proprietary rights in the SSE Securities acquired through the Northbound Trading Link as shareholders? Are the concepts of "nominee holder" and "beneficial owner" recognized under Mainland law?

Article 18 of the Administrative Measures for Registration and Settlement of Securities (the "Settlement Measures") states that "securities shall be recorded in the accounts of the securities holders, unless laws, administrative regulations or CSRC rules prescribe that the securities shall be recorded in accounts opened in the name of nominee holders". Hence, the Settlement Measures expressly provides for the concept of nominee shareholding. Article 13 of the Certain Provisions on Shanghai-Hong Kong Stock Connect Pilot Program (the "CSRC Stock Connect Rules") states that shares acquired by investors through the Northbound Trading Link shall be registered in the name of HKSCC and that "investors are legally entitled to the rights and benefits of shares acquired through the Northbound Trading Link". Accordingly, the CSRC Stock Connect Rules have expressly stipulated that, in Northbound trading, overseas investors shall hold SSE Securities through HKSCC and are entitled to proprietary interests in such securities as shareholders.

How do overseas investors bring legal action in the Mainland to realise their rights over the SSE Securities acquired through the Northbound Trading Link?

Mainland law does not expressly provide for a beneficial owner under the nominee holding structure to bring legal proceedings, nor does it prohibit a beneficial owner from doing so. As we understand, HKSCC, as the nominee holder of the SSE Securities in Northbound Trading Link, may exercise shareholder rights and take legal actions on behalf of overseas investors. In addition, Article 119 of the Civil Procedure Law of the PRC states that "the claimant in a legal action shall be an individual, legal person or any other organization that has a direct interest in the relevant case". As long as an overseas investor can provide evidential proof of direct interest as a beneficial owner, the investor may take legal actions in its own name in Mainland courts.

Clearing and Settlement Risk

HKSCC and ChinaClear have established the clearing links and each has become a participant of the other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote. In the remote event of a ChinaClear default, HKSCC's liabilities in SSE and SZSE shares under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC should in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the Target Fund may suffer delay in the recovery process or may not fully recover its losses from ChinaClear.

<u>Suspension Risk</u>
Each of the SEHK, SSE and SZSE reserves the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension is effected, the Target Fund's ability to access the PRC market will be adversely affected.

<u>Differences on Trading Day</u>
The Stock Connects only operate on days when both the PRC 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 PRC market but the Target Fund cannot carry out any China A-Shares trading via the Stock Connects. The Target Fund may be subject to a risk of price fluctuations in China A-Shares during the time when any of the Stock Connects is not trading as a result.

<u>Restrictions on Selling Imposed by Front-end Monitoring</u>
PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise, the SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A-Share sell orders of its participants (i.e. the stock brokers) to ensure there is no overselling.

If the Target Fund intends to sell certain China A-Shares it holds, it must transfer those China A-Shares to the respective accounts of its broker(s) before the market opens on the day of selling ("trading day"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. If the Target Fund maintains its China A-Shares with a custodian which is a custodian participant or general clearing participant participating in the CCASS, the Target Fund may request such custodian to open a special segregated account ("SPSA") in CCASS to maintain its holdings in China A-Shares under the enhanced pretrade checking model. Each SPSA will be assigned a unique "Investor ID" by CCASS for the purpose of facilitating the Stock Connects system to verify the holdings of an investor such as the Target Fund. Provided that there is sufficient holding in the SPSA when a broker inputs the Target Fund's sell order, the Target Fund will only need to transfer China A-Shares from its SPSA to its broker's account after execution and not before placing the sell order and the Target Fund will not be subject to the risk of being unable to dispose of its holdings of China A-Shares in a timely manner due to failure to transfer China A-Shares to its brokers in a timely manner.

To the extent the Target Fund is unable to utilize the SPSA model, it would have to deliver China A-Shares to its brokers before the market opens on the trading day. Accordingly, if there are insufficient China A-Shares in the Target Fund's account before the market opens on the trading day, the sell order will be rejected, which may adversely impact its performance.

<u>Settlement Mode under the SPSA Model</u>
Under the normal delivery versus payment (DVP) settlement mode, stock and cash settlement will take place on T+0 between clearing participants (i.e. brokers and custodian or a custodian participant) with a maximum window of four hours between stocks and cash movement. This applies to settlement in CNH only and on the condition that the brokers support same-day Chinese Renminbi cash finality. Under the real time

delivery versus payment (RDVP) settlement mode introduced in November, 2017, stock and cash movement will take place real time but the use of RDVP is not mandatory. The clearing participants must agree to settle the transaction RDVP and indicate RDVP on the settlement instruction in a specific field. If either of the clearing participants are unable to settle the trades RDVP, there is a risk that the trades could either fail or revert to normal DVP based on amendment from both parties. If the trades are to revert to normal DVP, an amended instruction from the Target Fund must be provided before the published cut-off and matched with the broker's amended instruction before the market cut off; in the absence of such amended instructions, there is a risk the trades could fail and therefore may impact on the ability of the Target Fund to track closely the performance of its benchmark index.

Operational Risk
The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted 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.

The securities regimes and legal systems of the two markets differ significantly and market participants may need to address issues arising from the differences on an on-going basis. There is no assurance that the systems of the SEHK, SSE, SZSE 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 fail 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) may be adversely affected.

Regulatory Risk
The Stock Connect is a novel concept. The current regulations are untested and there is no certainty as to how they will be applied. In addition, the current regulations are subject to change which may have potential retrospective effects and there can be no assurance that the Stock Connects will not be abolished. New regulations may be issued from time to time by the regulators / stock exchanges in the PRC and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connects. The Target Fund may be adversely affected as a result of such changes.

Recalling of Eligible Stocks
When a stock is recalled from the scope of eligible stocks for trading via the Stock Connects, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the Target Fund, for example, if the Investment Advisers wish to purchase a stock which is recalled from the scope of eligible stocks.

No Protection by Investor Compensation Fund
Investment in SSE and SZSE shares via the Stock Connects is conducted through brokers, and is subject to the risks of default by such brokers' in their obligations. Investments of the Target Fund are not covered by the Hong Kong's Investor Compensation Fund, which has been established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in respect of SSE and SZSE shares via Stock Connects do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. Therefore, the Target Fund is exposed to the risks of default of the broker(s) it engages in its trading in China A-Shares through the Stock Connects.

15. TAX ADVISER'S LETTER

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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 Information Memorandum)

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29 November 2023

The Board of Directors
Maybank Asset Management Sdn Bhd
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Dear Sirs

Taxation of the unit trust fund and unit holders

This letter has been prepared for inclusion in this Information Memorandum in connection with the offer of units in the unit trust known as MAMG Systematic Asia Pacific Equity Absolute Return 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.

EY
Building a better
working world

The Board of Directors
Maybank Asset Management Sdn Bhd
29 November 2023

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.

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 (amended on 29 December 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.

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 RM150,000 of chargeable income @ 15%[10] • Next RM450,000 of chargeable income @ 17% • Chargeable income in excess of RM600,000 @ 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 concessionary 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.
(d) Pursuant to the Finance Act 2023, effective from the year of assessment 2024, in order for a company to qualify for the concessionary tax rates not more than 20% of the paid-up capital in respect of the ordinary shares of the company at the beginning of a basis period for a year of assessment can be directly or indirectly owned by one or more companies incorporated outside Malaysia or by individuals who are not citizens of Malaysia.

[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.

[10] Pursuant to the Finance Act 2023, effective from the year of assessment 2023, the concessionary tax rate is reduced from 17% to 15% for the first RM150,000 of chargeable income.

Unit holders	Malaysian income tax rates
(ii) Companies other than (i) above	• 24%
Non-Malaysian tax resident (Note 1): • Individual and non-corporate unit holders • Corporate unit holders and trust bodies	 • 30% • 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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The Board of Directors
Maybank Asset Management Sdn Bhd
29 November 2023

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 Information Memorandum and has not withdrawn such consent before the date of issue of this Information Memorandum.

Maybank Asset Management Sdn Bhd
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