

**PROSPECTUS**  
**FOR**  
**ABRDN ISLAMIC WORLD EQUITY FUND\***  
*(formerly known as Aberdeen Standard Islamic World Equity Fund)*

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**Manager** : abrdn Islamic Malaysia Sdn. Bhd.  
*(formerly known as Aberdeen Standard Islamic Investments (Malaysia) Sdn. Bhd.)*  
Registration No.: 200801026015 (827342-W)

**Trustee** : CIMB Islamic Trustee Berhad  
Registration No.: 198801000556 (167913-M)

This Prospectus is dated 25 April 2022.

This Prospectus replaces and supersedes the prospectus dated 1 December 2020.

<b>Name of Fund</b>	<b>Date of Constitution</b>
abrdn Islamic World Equity Fund* <i>(formerly known as Aberdeen Standard Islamic World Equity Fund)</i>	17 January 2013

*\* The name of the Fund has been changed from Aberdeen Standard Islamic World Equity Fund to abrdn Islamic World Equity Fund effective from 1 April 2022.*

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

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 13.**

## Responsibility Statements

This Prospectus has been reviewed and approved by the directors of abrdn Islamic Malaysia Sdn. Bhd. (*formerly known as Aberdeen Standard Islamic Investments (Malaysia) Sdn. Bhd.*) and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this Prospectus false or misleading.

## Statements of Disclaimer

The Securities Commission Malaysia has authorised the Fund and a copy of this Prospectus has been registered with the Securities Commission Malaysia.

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

The Securities Commission Malaysia is not liable for any non-disclosure on the part of abrdn Islamic Malaysia Sdn. Bhd. (*formerly known as Aberdeen Standard Islamic Investments (Malaysia) Sdn. Bhd.*), the management company responsible for the Fund and takes no responsibility for the contents in this Prospectus. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

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

## Additional Statements

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

The abrdn Islamic World Equity Fund has been certified as Shariah-compliant by the Shariah adviser appointed for the Fund.

The Units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") and, except in a transaction which does not violate the Securities Act or any other applicable United States ("US") securities laws (including without limitation any applicable law of any of the states of the US), may not be directly or indirectly offered or sold in the US or any of its states, territories or possessions or other areas subject to its jurisdiction or to or for the benefit of a US Person.

"**US Person**" as referred to in this Prospectus has the meaning ascribed to it under Rule 902 of Regulation S of the Securities Act to include, inter alia, any natural person resident in the US and with regards to investors other than individuals (i) a corporation or partnership organised or incorporated under the laws of the US or any state thereof; (ii) a trust: (a) of which any trustee is a US Person except if such trustee is a professional fiduciary and a co-trustee who is not a US Person has sole or shared investment discretion with regard to trust assets and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person, or (b) where a court is able to exercise primary jurisdiction over the trust and one or more US fiduciaries have the authority to control all substantial decisions of the trust; and (iii) an estate: (a) which is subject to US tax on its worldwide income from all sources, or (b) for which any US Person is executor or administrator except if an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with regard to the assets of the estate and the estate is governed by foreign law.

The term "US Person" also means any entity organised principally for passive investment (such as a commodity pool, investment company or other similar entity) that was formed: (a) for the purpose of facilitating investment by a US Person in a commodity pool with respect to which the operator is exempt from certain requirements of Part 4 of the regulations promulgated by the United States Commodity Futures Trading Commission by virtue of its participants being non-US Persons, or (b) by US Persons principally for the purpose of investing in securities not registered under the Securities Act, unless it is formed and owned by "accredited investors" (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.

US Persons are prohibited from purchasing Units of the Fund; accordingly, investors may be required to certify that they are not US Persons before making an investment in the Fund. The Manager has the right to reject any application for Units if it has reasonable grounds to believe that the investor is a US Person or if the investor is seeking to purchase Units on behalf of a US Person.

Please note that if a Unit Holder subsequently becomes a US Person, the Manager reserves the right to compulsorily redeem the Units held by that Unit Holder.

### **Foreign Account Tax Compliance Act (FATCA)**

In managing the Fund, the Manager is obliged to comply with the provisions of the Foreign Account Tax Compliance Act ("FATCA") which generally requires the Manager to report certain information in respect of certain investors' accounts, as required by FATCA, to the US Internal Revenue Service (the "IRS"). In the event that the Manager fails to comply with requirements of FATCA, a 30% withholding tax may apply to certain US source income (including, among other types of income, dividends and interest). As the Manager is treated as a foreign financial institution ("FFI") under the provisions of the FATCA, the Manager has registered itself (GIIN P7X1EK.00000.SP.458) and the Fund (GIIN P7X1EK.00001.SF.458) with the IRS and is obliged to report on its direct and indirect investors' US Person status and account information to the IRS. In complying with the provisions of the FATCA, the Manager may be required to withhold 30% of certain payments to its Unit Holders if such Unit Holders do not comply with the provisions of the FATCA.

On 30 June 2014, the Malaysian government has reached an agreement in substance on a Model 1 intergovernmental agreement ("IGA") with the US government to implement the FATCA. Accordingly, Malaysia has been included in the US Department of Treasury's list of jurisdictions that are treated as having an IGA in effect with the US. In compliance with the provisions of the FATCA, the Manager is obliged to provide the required information of US Persons to the Inland Revenue Board of Malaysia ("IRBM"), which in turn will provide such required information to the IRS. The Manager may also require additional information from its Unit Holders to comply with its obligations under the FATCA as the non-provision of such information may result in the Manager having to report such Unit Holders to IRBM or the Unit Holders being subject to other action deemed appropriate by the board of directors of the Manager. As such, prospective investors should consult their tax advisers on the requirements under FATCA applicable to them before investing in the Fund.

### **Common Reporting Standard ("CRS")**

The Organisation for Economic Co-operation and Development ("OECD") received a mandate from the G8/G20 countries to develop a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information ("AEOI") in the future on a global basis. The CRS requires financial institutions to identify financial account holders and establish their tax residence. Financial institutions should then report financial account information relating to certain accounts to the local tax authority, which will thereafter automatically transfer this information to the relevant competent foreign tax authorities on a yearly basis. Unit Holders may therefore be reported to the local and other relevant tax authorities under the applicable rules.

Section 132B of the Income Tax Act, 1967 ("ITA") provides for mutual administrative assistance arrangements that will allow the Minister of Finance, by statutory order, to declare arrangements made to give effect to the CRS upon which such arrangements shall have effect under the ITA and

other written laws. Double taxation treaties entered into between the Government of Malaysia and other governments also enable and facilitate the exchange of information between tax authorities.

The Manager would be committed to run additional due diligence processes on its Unit Holders and to report the identity and tax residence of certain Unit Holders (including certain entities and their controlling persons) to the local tax authorities who will share such information with other relevant tax authorities. The information reported will also include the account balance, income and redemption proceeds.

Malaysia has introduced legislations including regulations implementing CRS in Malaysia with an effective date of 1 January 2017. Any investors that purchase Units in the Fund are required to complete a self-certification to confirm their tax residence or tax residencies. Investors are also required to notify the Manager of any relevant change in circumstances such as an amendment to the tax residency or tax residencies.

**UNIT HOLDERS SHOULD CONSULT THEIR PROFESSIONAL ADVISORS ON THE POSSIBLE TAX AND OTHER CONSEQUENCES WITH RESPECT TO THE IMPLEMENTATION OF THE CRS.**

**Disclosure of Information**

Unit Holders are informed that their personal data or the information given in the subscription documents or otherwise in connection with their application for Units, as well as details of their holding, will be stored in digital form and processed in compliance with the provisions of the relevant law on data protection including, where applicable, the Personal Data Protection Act, 2010. Unit Holders should be aware that personal information may be disclosed (i) to any other company within abrdn plc group of companies ("abrdn Group") (as well as other agents e.g. processing, paying or mailing agents) which may be based in countries where privacy laws do not exist or provide less protection than the laws in Malaysia; or (ii) when required by applicable law and regulation including anti money laundering legislation and for the purpose of the application of FATCA regulations as well as legislation for the purpose of application of the CRS. By investing in the Fund, each investor appoints the Manager and any other company within the abrdn Group (as well as other relevant agents) as attorney-in-fact to collect all necessary information pertaining to investments in the Fund for the purpose of Unit Holders servicing and/or the effective management of the Fund. By purchasing Units of the Fund, Unit Holders accept the aforementioned processing of their personal data (implying the transfer and the disclosure of their personal data between the parties above including entities in countries outside Malaysia and which may not offer protection similar to the data protection laws in Malaysia) and to answer to some mandatory questions in compliance with FATCA and CRS regulations. Unit Holders may request access to or the rectification of any data provided. Unit Holders should also refer to the "Personal Data Protection Act 2010" section of the application form.

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## 1. GLOSSARY

- “the Act” or “CMSA”** : means the Capital Markets and Services Act 2007 as may be amended from time to time.
- “abrdn Group”** : means abrdn plc group of companies.
- “assets of the Fund”** : means the investments of the Fund and all amounts due to the Fund.
- “base currency”** : means the base currency of the Fund which is Ringgit Malaysia.
- “Bursa Malaysia”** : means the stock exchange managed and operated by Bursa Malaysia Securities Berhad.
- “Business Day”** : means a day on which the Bursa Malaysia is open for trading and banks in Kuala Lumpur are open for business.
- “class(es) of Units”** : means any class of Units representing similar interests in the assets of the Fund although a class of Units of the Fund may have different features from another class of Units of the same Fund.
- “Cooling – off Period”** : means a period of six (6) Business Days from the date the application for purchase from a Unit Holder, who is qualified for Cooling-off Right, is received by the Manager.
- “Cooling – off Right”** : means the right of a Unit Holder to obtain a refund of his investment in the Fund, if the request is made within the Cooling-off Period. This right is only given to an individual Unit Holder (other than staff and agents of the Manager, and a person registered with a body approved by the SC to deal in unit trusts) who is investing in any fund managed by the Manager for the first time. The Unit Holder shall be refunded within seven (7) Business Days of receipt of the cooling-off application by the Manager.
- “Deed”** : means the deed dated 10 September 2012 as amended by the supplemental deed dated 11 March 2013, the second supplemental deed dated 27 March 2015, the third supplemental deed dated 16 October 2015, the fourth supplemental deed dated 13 November 2018, the fifth supplemental deed dated 5 October 2020 and the sixth supplemental deed dated 23 February 2022, and any other supplemental deeds that may be entered into between the Manager and the Trustee and registered with the SC from time to time.
- “Eligible Market”** : means an exchange, government securities market or an over-the-counter market:  
(a) that is regulated by a regulatory authority of that jurisdiction;  
(b) that is open to the public or to a substantial number of market participants; and  
(c) on which financial instruments are regularly traded.
- “Forward Pricing”** : means the Selling Price and the Redemption Price of a Unit of the Fund is the NAV per Unit calculated at the next valuation point after an application for purchase or a redemption request, as the case may be, is received by the Manager.
- “the Fund”** : means the unit trust scheme offered through this Prospectus, which is abrdn Islamic World Equity Fund.
- “Guidelines”** : means the *Guidelines on Unit Trust Funds* issued by the SC as may be

amended from time to time.

- “long term”** : means a period of more than 5 years.
- “the Manager”** : refers to abrdn Islamic Malaysia Sdn. Bhd. (*formerly known as Aberdeen Standard Islamic Investments (Malaysia) Sdn. Bhd.*).
- “Net Asset Value” or “NAV”** : means the value of all the assets of the Fund less the value of all the liabilities of the Fund at a valuation point; where the Fund has more than one class of Units, there shall be a Net Asset Value of the Fund attributable to each class of Units.
- “NAV per Unit”** : means the NAV of the Fund at a particular valuation point divided by the number of Units in circulation at the same valuation point; where the Fund has more than one class of Units, there shall be a Net Asset Value per Unit for each class of Units; the Net Asset Value per Unit of a class of Units at a particular valuation point shall be the Net Asset Value of the Fund attributable to that class of Units divided by the number of Units in circulation for that class of Units at the same valuation point.
- “Prospectus”** : refers to this Prospectus in respect of the Fund and includes any supplementary or replacement prospectus which may be issued by the Manager from time to time.
- “Redemption Charge”** : means a fee imposed pursuant to a redemption request.
- “Redemption Price”** : means the price at which Units will be redeemed by a Unit Holder pursuant to a redemption request.
- “RM”** : means Ringgit Malaysia, the lawful currency of Malaysia.
- “SAC of BNM”** : means the Shariah Advisory Council of Bank Negara Malaysia.
- “SACSC”** : means the Shariah Advisory Council of the SC.
- “Sales Charge”** : means a fee imposed pursuant to an application for purchase of Units.
- “SC”** : means the Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993.
- “Selling Price”** : means the price at which Units will be sold to a Unit Holder pursuant to an application for purchase of Units.
- “Shariah”** : means Islamic law, originating from the Quran (the holy book of Islam), and its practices and explanations rendered by the prophet Muhammad (*pbuh*) and *ijtihad* of *ulamak* (personal effort by qualified Shariah scholars to determine the true ruling of the divine law on matters whose revelations are not explicit).
- “Shariah Adviser”** : refers to Amanie Advisors Sdn Bhd.
- “Shariah-compliant equities”** : means stocks classified as Shariah-compliant by the SACSC, the Shariah Supervisory Board of MSCI Islamic Index and MSCI ACWI Islamic Index, and/or the Shariah Adviser.
- “Special Resolution”** : means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed and carried by a majority in number representing at least three-fourths of the value of the Units held by the Unit Holders voting at the meeting in person or by proxy.



- “sukuk”** : means certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts endorsed by the SACSC.
- “Trustee”** : refers to CIMB Islamic Trustee Berhad.
- “Unit(s)”** : means a measurement of the right or interest of a Unit Holder in the Fund; if the Fund has more than one class of Units, it means a Unit issued for each class of Units.
- “Units in circulation”** : means the total number of Units issued at a particular valuation point.
- “Unit Holder”** : means a registered holder of a Unit or Units of the Fund including any joint holder whose name appears in the Manager’s register of Unit Holders.

*If an investor invests through a nominee, then that investor’s name will not appear in the Manager’s register of Unit Holders.*

## 2. CORPORATE DIRECTORY

### THE MANAGER

NAME : abrdn Islamic Malaysia Sdn. Bhd. (formerly known as Aberdeen Standard Islamic Investments (Malaysia) Sdn. Bhd.)

REGISTRATION NO. : 200801026015 (827342-W)

REGISTERED OFFICE : Suite 1005, 10<sup>th</sup> Floor  
Wisma Hamzah-Kwong Hing  
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Malaysia

TELEPHONE NO. : (03) 2053 3800

HEAD OFFICE : Suite 26.3, Level 26  
Menara IMC  
No. 8, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia

TELEPHONE NO. : (03) 2053 3800

FAX NO. : (03) 2031 1868

EMAIL ADDRESS : [Business.Development-Malaysia@abrdn.com](mailto:Business.Development-Malaysia@abrdn.com)

WEBSITE : [www.abrdn.com/en/malaysia/investor](http://www.abrdn.com/en/malaysia/investor)

### THE TRUSTEE

NAME : CIMB Islamic Trustee Berhad

REGISTRATION NO. : 198801000556 (167913-M)

REGISTERED OFFICE : Level 13, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Malaysia

TELEPHONE NO. : (03) 2261 8888

FAX NO. : (03) 2261 0099

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50470 Kuala Lumpur  
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TELEPHONE NO. : (03) 2261 8888

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EMAIL ADDRESS : [ss.corptrust@cimb.com](mailto:ss.corptrust@cimb.com)

WEBSITE : [www.cimb.com](http://www.cimb.com)

### THE SHARIAH ADVISER

NAME : Amanie Advisors Sdn Bhd

REGISTRATION NO. : 200501007003 (684050-H)

REGISTERED OFFICE : Unit 11-3A, 3<sup>rd</sup> Mile Square,  
No. 151, Jalan Klang Lama, Batu 3 ½,  
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### **3. ABOUT ABRDN ISLAMIC WORLD EQUITY FUND**

#### **3.1 Investment Objective**

The Fund seeks to achieve capital appreciation in the long term through investments in Shariah-compliant equities and Shariah-compliant equity related securities<sup>#</sup>.

<sup>#</sup> Shariah-compliant equity related securities such as Shariah-compliant warrants.

*Any material change to the Fund's investment objective will require the Unit Holders' approval.*

#### **3.2 Base currency of the Fund**

Ringgit Malaysia

#### **3.3 Category of the Fund**

Equity (Shariah-compliant)

#### **3.4 Investment Policy and Strategy**

The Fund seeks to achieve its objective by investing in an international portfolio of Shariah-compliant equities and Shariah-compliant equity related securities of companies with good growth potential. The countries that the Fund will invest in will include, but are not limited to Canada, United States of America, United Kingdom, France, Germany, Italy, Netherlands, Sweden, Switzerland, Japan, Australia, China, Hong Kong, South Korea, Singapore, Taiwan, Brazil and Mexico.

The Fund will invest 90% - 100% of its NAV in Shariah-compliant equities and Shariah-compliant equity related securities. The remainder of the NAV of the Fund not invested in Shariah-compliant equities and Shariah-compliant equity related securities will be invested in Islamic liquid assets and/or held in cash.

The Manager and the external investment manager aim to identify Shariah-compliant companies which offer good growth prospects. Shariah-compliant equities selection will be based on a "bottom-up" approach focused primarily on selecting high quality companies trading at attractive valuations relative to their peers using rigorous business analysis and detailed security valuation analysis.

The Manager and the external investment manager will select a Shariah-compliant portfolio based on fundamental valuation techniques from different sectors which are expected to offer good long-term growth potential through its own first-hand research conducted by abrdn's team of investment professionals located in Bangkok, Hong Kong, London, Kuala Lumpur, Philadelphia, São Paulo, Singapore, Sydney and Tokyo. These teams are responsible for company visits and production of written visit notes for all companies visited. The Manager and the external investment manager never invest in a company before they have met with the company's management at least once. The Manager and the external investment manager will draw on the research of companies from these teams globally in constructing a Shariah-compliant global equity portfolio. The Manager and the external investment manager will generally look out for companies with:

- (a) strong cash flow (companies which generate enough cash to fund its operations);
- (b) strong balance sheet (companies which have cash on their books to enable them to weather challenges in the business and which adopts sensible capital management structured);

- (c) good corporate governance principles (companies with independent board of directors, companies that protects minority shareholders' rights and companies which has a management team with good track record in growing the business); and
- (d) a sound business model (companies which conducts businesses which are easily understood).

The Fund will stay invested in Shariah-compliant equities at all times, as the Manager's and the external investment manager's bottom-up investment philosophy will be focused on stock selection. The trading frequency will be a reflection of the market opportunities presented, particularly in times of higher market volatility. Hence, while the Manager and the external investment manager adopt an active strategy, the Manager and the external investment manager do not use any frequent trading strategy to achieve the Fund's objective. Instead, the Manager and the external investment manager will select Shariah-compliant equities with good long term prospects, strong balance sheets, steady cash flows and sound corporate governance practices. The Manager and the external investment manager will select a fundamentally strong and diversified portfolio of stocks with the aim of capital appreciation over the long term.

### **3.5 Performance Benchmark**

MSCI ACWI Islamic Index

Source: [www.msci.com](http://www.msci.com)

*The risk profile of the Fund is different from the risk profile of the benchmark.*

### **3.6 Permitted Investments**

Unless otherwise prohibited by the relevant regulatory authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund is permitted under the Deed to invest in the following:

- Shariah-compliant equities of companies traded on an Eligible Market;
- Unlisted Shariah-compliant equities including Shariah-compliant equities not listed or quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing or quotation and are offered directly to the Fund by the issuer;
- Islamic money market instruments;
- Islamic deposits placed with financial institutions;
- Islamic collective investment schemes;
- Shariah-compliant warrants; and
- Any other Shariah-compliant investments as may be agreed between the Manager and the Trustee from time to time.

### **3.7 Investment Restrictions and Limits**

The Fund will be managed in accordance with the following investment restrictions and limits:

- (a) The aggregate value of the Fund's investments in Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market and Islamic collective investment schemes that do not comply with paragraphs 6.11(a), (b) and (c) of the Guidelines must not exceed 15% of the Fund's NAV, subject to a maximum limit of 10% of the Fund's NAV in a single issuer or single Islamic collective investment scheme (as the case may be);
- (b) The value of the Fund's investment in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- (c) The value of the Fund's investments in Shariah-compliant transferable securities and

- Islamic money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV ("single issuer limit"). In determining the single issuer limit, the value of the Fund's investments in instruments in paragraph (a) above issued by the same issuer must be included in the calculation;
- (d) The value of the Fund's placement in Islamic deposits with any single financial institution must not exceed 20% of the Fund's NAV;
  - (e) The aggregate value of the Fund's investments in, or exposure to, a single issuer through Shariah-compliant transferable securities, Islamic money market instruments and Islamic deposits must not exceed 25% of the Fund's NAV ("single issuer aggregate limit"). In determining the single issuer aggregate limit, the value of the Fund's investments in instruments in paragraph (a) above issued by the same issuer must be included in the calculation;
  - (f) The value of the Fund's investments in units or shares of an Islamic collective investment scheme must not exceed 20% of the Fund's NAV, provided that the Islamic collective investment scheme complies with paragraphs 6.11(a) and (b) of the Guidelines and paragraph 6.11(c) of the Guidelines, excluding an Islamic collective investment scheme that invests in real estate;
  - (g) The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV ("group limit"). In determining the group limit, the value of the Fund's investments in instruments in paragraph (a) above issued by the issuers within the same group of companies must be included in the calculation;
  - (h) The single issuer limit in paragraph (c) above may be raised to 35% of the Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency;
  - (i) Where the single issuer limit is increased to 35% of the Fund's NAV, the single issuer aggregate limit in paragraph (e) above may be raised, subject to the group limit in paragraph (g) above not exceeding 35% of the Fund's NAV;
  - (j) The single financial institution limit in paragraph (d) above does not apply to placements of Islamic deposits arising from:
    - subscription monies received prior to the commencement of investment by the Fund;
    - liquidation of investments prior to the termination of the Fund, where the placement of Islamic deposits with various financial institutions would not be in the best interests of Unit Holders; or
    - monies held for the settlement of redemption or other payment obligations, where the placement of Islamic deposits with various financial institutions would not be in the best interest of Unit Holders;
  - (k) The Fund's investments in Shariah-compliant shares or Shariah-compliant securities equivalent to shares must not exceed 10% of the Shariah-compliant shares or Shariah-compliant securities equivalent to shares, as the case may be, issued by a single issuer;
  - (l) The Fund's investments in Islamic money market instruments must not exceed 10% of the Islamic money market instruments issued by any single issuer. This limit, however, does not apply to Islamic money market instruments that do not have a pre-determined issue size; and
  - (m) The Fund's investment in Islamic collective investment scheme must not exceed 25% of the units or shares in the Islamic collective investment scheme.

### **3.8 Distribution Policy**

As the objective of the Fund is to provide capital appreciation, distribution of income, if any, is incidental.

### 3.9 Additional Information in relation to the Fund

#### 3.9.1 Shariah Investment Guidelines

The following are the Shariah investment guidelines for the Fund, which the external investment manager, is to strictly adhere to on a continuous basis. At all times, the Fund shall invest in activities and instruments that are allowed under Shariah principles and shall not invest in activities and instruments that are prohibited under Shariah principles based on Shariah Adviser's established parameters which are mutually agreed by the external investment manager.

#### 1. Equity

##### Investment in Malaysia

The Fund shall invest in Shariah-compliant securities (inclusive of Shariah-compliant warrants) listed under the List of Shariah-compliant securities issued by the SACSC.

However, for Initial Public Offering ("IPO") companies which Shariah status have yet to be determined by the SACSC and unlisted Shariah-compliant equities, the Shariah Adviser adopts the following analysis in determining its Shariah status. These criteria are adopted by the Shariah Adviser as a temporary measure until the SACSC releases the Shariah status of the respective companies:

##### (i) Qualitative Analysis

In this analysis, the Shariah Adviser will look into aspects of general public perception of the companies' images, core businesses which are considered important and maslahah (beneficial) to the Muslim ummah and the country, the non-permissible elements are very small and involve matters like umum balwa (common plight and difficult to avoid), 'uruf (custom) and rights of the non-Muslim community which are accepted by Shariah.

##### (ii) Quantitative Analysis

Companies which passed the above qualitative analysis will be further subjected to quantitative analysis. The Shariah Adviser deduces the following to ensure that they are less than the Shariah tolerable benchmarks:

##### (a) Business Activity Benchmarks

- (i) The 5% benchmark is applicable to the following businesses/activities:
- conventional banking and lending;
  - conventional insurance;
  - gambling;
  - liquor and liquor-related activities;
  - pork and pork-related activities;
  - non-halal food and beverages;
  - Shariah non-compliant entertainment;
  - tobacco and tobacco-related activities;
  - interest income<sup>1</sup> from conventional accounts and instruments (including interest income awarded arising from a court judgement or arbitrator);
  - dividends<sup>2</sup> from Shariah non-compliant investments; and

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<sup>1,2</sup> Interest income and dividends from Shariah non-compliant investments will be compared against the group revenue. However, if the main activity of the company is holding of investments, the dividends from Shariah non-compliant investments will be compared against the group revenue and group profit before taxation.

- other activities deemed non-compliant according to Shariah principles as determined by the SACSC.

For the above-mentioned businesses/activities, the contribution of the Shariah non-compliant businesses/activities to the group revenue or group profit before taxation of the company must be less than 5%.

The 20% benchmark would be applicable to the following activities:

- Share trading;
- Stockbroking business;
- Rental received from Shariah non-compliant activities; and
- Other activities deemed non-compliant according to Shariah principles as determined by SACSC.

For the above-mentioned businesses/activities, the contribution of Shariah non-compliant businesses/activities to the group revenue or group profit before taxation of the company must be less than 20%.

(b) Financial Ratio Benchmarks

The financial ratios applied are as follows:

- Cash over Total Assets

Cash will only include cash placed in conventional accounts and instruments, whereas cash placed in Islamic accounts and instruments will be excluded from the calculation.

- Debt over Total Assets

Debt will only include interest-bearing debt whereas Islamic financing or sukuk will be excluded from the calculation.

Each ratio, which is intended to measure riba and riba-based elements within a companies' balance sheet, must be less than 33%.

Should any of the above deductions fail to meet the benchmarks, the Shariah Adviser will not accord Shariah-compliant status for the companies.

**Investment in Foreign Markets**

The following matters are adopted by the Shariah Adviser in determining the Shariah status of the Fund's investments.

1. The Fund shall invest in Shariah-compliant securities (inclusive of Shariah-compliant warrants) listed under the list of Shariah-compliant securities issued by MSCI ACWI Islamic Index.
2. Any foreign Shariah-compliant securities and unlisted Shariah-compliant securities which are not listed under the list of Shariah-compliant securities issued by MSCI ACWI Islamic Index shall be determined in accordance with the ruling issued by the Shariah Adviser as follows:

(1) Sector-Based Screening

The Shariah Investment Guidelines do not allow investment in companies which are directly active in, or derive more than 5% of their revenue or profit before taxation (cumulatively) from, the following activities ("prohibited activities"):

- (i) Alcohol;

- (ii) Tobacco;
- (iii) Cannabis;
- (iv) Pork related products;
- (v) Conventional financial services;
- (vi) Defense / Weapons;
- (vii) Gambling / Casino;
- (viii) Music;
- (ix) Hotels;
- (x) Cinema;
- (xi) Adult entertainment; and
- (xii) Online dating.

(2) Accounting-Based Screening

- (a) total debt divided by average 36-month market capitalization must be less than 33.33 per cent, where total debt equals short term plus current portion of long terms debt plus long terms debt;
- (b) sum of cash and interest-bearing securities divided by average 36-month market capitalization must be less than 33.33 per cent;
- (c) sum of accounts receivable and cash divided by average 36-month market capitalization must be less than 49 per cent, where “accounts receivables” means current receivables plus longer term receivables;

Should any of the above deductions fail to meet the benchmarks, the Shariah Adviser will not accord Shariah-compliant status for the companies.

**2. Islamic Money Market Instruments**

For investment in money market, the Fund may acquire any Islamic money market instruments based on the data available at:

- Bond Info Hub ([www.bondinfo.bnm.gov.my](http://www.bondinfo.bnm.gov.my)); and
- Fully Automated System For Issuing or Tendering (<https://fast.bnm.gov.my>).

The Fund may also invest into any other Islamic money market instruments deemed Shariah-compliant by the SAC of BNM or the Shariah Adviser.

**3. Islamic Deposits**

The Fund is prohibited from investing in interest-bearing deposits and recognizing any interest income.

**4. Islamic collective investment schemes**

The Fund shall invest in Islamic collective investment schemes which has to be regulated and registered or authorised or approved by the relevant authority in its home jurisdiction.

**3.9.2 Cleansing process for the Fund**

(a) Wrong Investment

This refers to investment based on Shariah principles but due to unintentional mistake investing in Shariah non-compliant investment, the said investment will be disposed of or withdrawn as soon as possible or within a month of knowing the status of the investment. If the investment resulted in gain (through capital gain and/or dividend), before or after the disposal of the investment, the gain is to be channeled to baitulmal and/or any other charitable bodies as advised by the Shariah Adviser. If the disposal of the investment resulted in losses to the Fund, the losses are to be borne by the Manager.



## (b) Reclassification of Shariah Status of the Fund's Investment

These refer to securities which were earlier classified as Shariah-compliant but due to certain factors such as changes in the companies' business operations and financial positions, are subsequently reclassified as Shariah non-compliant.

In this regard, if on the date an updated list of Shariah-compliant securities takes effect, the respective market price of Shariah non-compliant securities exceeds or is equal to the investment cost, the said securities must be disposed of soonest practicable. Any dividends received up to the date of the announcement/review and capital gains arising from the disposal of Shariah non-compliant securities on the date of the announcement/review can be kept by the Fund. However, any dividends received and excess capital gain from the disposal of Shariah non-compliant securities after the date of the announcement/review should be channeled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser.

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

### 3.9.3 Zakat (tithe) for the Fund

The Fund does not pay zakat on behalf of Muslim individuals and Islamic legal entities who are investors of the Fund. Thus, investors are advised to pay zakat on their own.

**The Shariah Adviser confirms that the investment portfolio of the Fund will comprise instruments that have been classified as Shariah-compliant by the SACSC and, where applicable, the SAC of BNM. For instruments that are not classified as Shariah-compliant by the SACSC and, where applicable, the SAC of BNM, the Shariah Adviser will review and determine the Shariah status of the said instruments in accordance with the ruling issued by the Shariah Adviser.**

## 3.10 Other Information

### 3.10.1 Avenue for further information

Investors may contact our customer service at 03-2053 3800 for further information relating to the Fund or this Prospectus.

### 3.10.2 Financial Year End of the Fund

30<sup>th</sup> day of June of every calendar year.

### 3.10.3 Deed governing the Fund

- Deed dated the 10<sup>th</sup> day of September 2012
- Supplemental Deed dated the 11<sup>th</sup> day of March 2013
- Second Supplemental Deed dated the 27<sup>th</sup> day of March 2015
- Third Supplemental Deed dated the 16<sup>th</sup> day of October 2015

- Fourth Supplemental Deed dated the 13<sup>th</sup> day of November 2018
- Fifth Supplemental Deed dated the 5<sup>th</sup> day of October 2020
- Sixth Supplemental Deed dated the 23<sup>th</sup> day of February 2022

#### **3.10.4 Cross trades policy**

The Manager observes abrdn Group's and Division's policies and procedures on cross trading to ensure the trade is in the best interests of all parties involved and is in compliance with the relevant laws and/or regulations. The following principles and requirements should apply to all cross trades to be undertaken by the Manager:

- Cross trading must be in the best interests of all funds and private mandates' clients concerned in a given order;
- Cross trading must be in accordance with all relevant legal and regulatory requirements;
- Each fund or private mandate's client participating in a cross trading order must have provided its prior consent. Such consent will normally require to be demonstrated in writing; although it is acknowledged there may be certain variations regarding consent requirements across the jurisdictions in which abrdn operates. Any queries regarding consent should be escalated to the relevant risk & compliance function and investment control for further clarity;
- Cross trading orders must be recorded in the relevant order management system(s);
- Cross trading orders must be dealt at an agreed price, derived from an independent pricing source, and the pricing basis must be recorded in the relevant order management system(s);
- Additional requirements must be addressed by the relevant fund manager in line with locally agreed and documented procedures where the underlying buy and sell orders which constitute a cross trading order are being initiated or authorised by the same fund manager, including, without limitation, that appropriate rationale must be recorded on the relevant order management system(s) to demonstrate why it is in the best interest of all funds and private mandates' clients concerned. For the avoidance of doubt, there will be an expectation that a fund manager will not normally represent both the buy side and sell side in a specific cross trading order UNLESS there are exceptional circumstances which would justify the same. Such exceptional circumstances must be appropriately documented and accepted by investment control; and
- Any relevant conflicts of interest prohibiting a cross trading order must be considered.

Cross trades between:

- (i) employee of the Manager and the funds or private mandates' clients; or
- (ii) the Manager for its proprietary trading and the funds or private mandates' clients,

are prohibited.

Compliance department of the Manager will verify that any cross trade undertaken by the Manager is in compliance with the above requirements.

## 4. RISK FACTORS

This part of the Prospectus describes some of the risks related to investing in a unit trust fund and the specific risks related to investing in the Fund as well as the mitigating factors in relation to these risks.

### 4.1 *General Risks of Investing in the Fund*

The general risks of investing in the Fund are as follows:

#### **Possibility of loss**

The prices of Units in the Fund may go down as well as up due to price fluctuations of the investments that the Fund invests in. A possible loss of all or part of the principal invested cannot be ruled out. No guarantee is given, express or implied, that investors will receive returns on their investments, or that investors will get back their initial amount invested in full. The Manager endeavours to mitigate this risk by employing a systematic investment process that incorporates risk management processes. Please refer to section 4.3 for further details on the Manager's risk management processes.

#### **Market Risk**

Market risk refers to potential losses that may arise from changes in the market conditions which in turn affect the market prices of the investments of the Fund. Market conditions are generally affected by, amongst others, social environment, political and economic stability. The investments of the Fund are subject to risks arising from general and sector specific economic conditions in the markets in which they operate. General economic conditions refer to (without limitation) consumer spending habits, levels of employment, salaries and wage rates, prevailing interest rates, housing costs, energy costs and income tax rates. Sector specific economic conditions refer to the aforesaid general economic conditions affecting a particular sector, for example the technology sector. Adverse conditions in the markets they operate in may affect the financial performance of those investments resulting in changes to the market prices of the investments of the Fund. The changes may be specific to the individual security or its issuer or factors affecting all securities traded in the market or a combination of all. However, the very nature of a unit trust fund helps mitigate this risk because the Fund would generally hold a well-diversified portfolio of securities from various market sectors such as energy, financials, health care, industrials or technology for example, thus the collapse of any particular security or any particular market sector would not have a major adverse impact on the value of the Fund. The Manager may not be able to mitigate against the risk of loss to the value of investments during a systemic risk event, which (for example) has an impact on the world and/or local equity markets across different sectors.

#### **Liquidity Risk**

Liquidity risk refers to the ease of liquidating an investment at or near its fair value, and is dependent on the investments' volume traded in the market. Generally, investments in securities of companies may expose the Fund to liquidity risk due to smaller trading volumes. Smaller trading volumes affect liquidity as there are smaller amounts of such securities being issued and traded in the said market. If the Fund holds many securities that are illiquid, or difficult to dispose of, the NAV may be affected when it has to sell these securities at a discount or a loss, relative to the value of the securities when it was first bought.

This risk is mitigated through a systematic security selection process and portfolio diversification. A number of methods are employed by the Manager to manage liquidity. In all cases, the approach is to reference the actual holdings in the Fund against a true measure of the market, for example:

- the traded volumes reported on an exchange;
- as a percentage of the total outstanding amounts of that specific asset; or
- with reference to the depth of the market using the bid-ask spread as an indicator.

The Fund may also be exposed to liquidity risk when it experiences large redemptions. If the Fund does not hold enough cash to meet such redemptions, it may have to sell large amounts of its holdings at a loss, or not at the intended price at which the underlying asset should be sold, to pay redemption proceeds to investors of the Fund. This risk is mitigated as the Fund impose a limit on the amount of redemptions that is processed on any Business Day. Please refer to section 6.8 for further details.

#### **Inflation Risk**

Purchasing power is reduced by inflation and if the rate of inflation is constantly and continuously higher than the rate of returns on investments over a period of time, the eventual value of unit holder's investments in real terms could be negative.

#### **Risk of Non-Compliance**

Non-adherence with laws, rules, regulations, prescribed practices, internal policies and procedures may result in tarnished reputation, limited business opportunities and reduced expansion potential for the management company. Investment goals may also be affected should the fund manager not adhere to the investment mandate. It is the intention of the Manager to observe all rules governing the Fund at all times. However, both external factors (adverse market conditions, natural disasters, or political instability) and internal factors (oversight by the fund manager, a lapse in the compliance function, or a system error) could impact the ability of the Manager to observe rules governing the Fund. In order to mitigate this risk, the Manager has stringent internal controls and ensures that compliance monitoring processes are undertaken.

### **4.2 Specific Risks of Investing in the Fund**

The specific risks associated with the Shariah-compliant instruments or equities in which the Fund will invest include:

#### **External Investment Manager Risk**

The fund management function of the Fund is delegated to Aberdeen Asset Managers Limited ("AAML"), an entity within the abrdn Group. Although the external investment manager is an entity within the abrdn Group and it will have regular meetings with the Manager to deliberate on the investment themes and portfolio decisions, there is still the risk that the external investment manager may not adhere to the investment mandate of the Fund due to an oversight. In the event of an oversight by the external investment manager, the NAV of the Fund will be adversely affected and the investment of Unit Holders may be jeopardised through the loss of their capital invested in the Fund.

#### **Stock Specific Risk**

Any drop in the price of a particular Shariah-compliant stock held by the Fund may affect the unit price of the Fund adversely. This risk can be mitigated by investing in a wide range of Shariah-compliant equities in different sectors, thus spreading the element of risk.

#### **Concentration Risk**

This risk refers to the risk that the Fund invests a substantial portion of its assets in a particular sector or geographical area which may cause the Fund to be more susceptible to adverse economic events affecting that particular industry or region. This risk is mitigated through the diversification process that the Manager will employ in the management of the Fund whereby the Fund will hold a diversified portfolio of Shariah-compliant equities across various sectors and countries.

#### **Reclassification of Shariah Status Risk**

This risk refers to the risk that the currently held Shariah-compliant equities in the Fund may be reclassified as Shariah non-compliant in the periodic review of the equities by the SACSC, the Shariah Adviser or the Shariah boards of the relevant Islamic indices. If this occurs, the Manager and the external investment manager will take the necessary steps to dispose of such equities. There may be opportunity loss to the Fund due to the Fund not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant equities. The Manager and the external investment manager will be required to dispose of

these equities immediately if the market price is above or equal to the investment cost. Should the market price be below the investment cost, the Manager and the external investment manager may choose to hold on to these holdings until the market price meets the investment cost. Nevertheless, should the Manager and the external investment manager decide to dispose of these equities below the investment cost, the Fund will be faced with the risk of realising its losses, thus negatively impacting the NAV of the Fund. Please refer to section 3.9.2 of this Prospectus on the treatment of gains and losses as a result of the reclassification of Shariah-compliant equities to Shariah non-compliant equities.

### **Currency Risk**

As the investments of the Fund may be denominated in currencies other than the base currency, any fluctuation in the exchange rate between the base currency and the currencies in which the investments are denominated may have an impact on the value of these investments. Investors should be aware that if the currencies in which the investments are denominated depreciate against the base currency, this will have an adverse effect on the NAV of the Fund in the base currency and vice versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

### **Shariah-compliant Warrants Risk**

The price, performance and liquidity of Shariah-compliant warrants are typically linked to the underlying Shariah-compliant equities and therefore subject to those risks. However, the price, performance and liquidity of such Shariah-compliant warrants will generally fluctuate more than the underlying Shariah-compliant equities because of the greater volatility of the warrants market. The erosion of value of the Shariah-compliant warrants may accelerate as the Shariah-compliant warrants approach its expiry date and the potential gains from a favourable price movement of the underlying may be offset by time decay.

### **Emerging and Developing Markets Risk**

In emerging and developing markets, the legal, judicial and regulatory infrastructure is still developing and there is much legal uncertainties both for the local market participants and their overseas counterparts. As the emerging and developing markets carry significant risks, investors of the Fund should therefore ensure that, before investing in the Fund, they understand the relevant risks and are satisfied that an investment in the Fund is suitable.

The following statements are intended to summarise some of the risks in emerging markets and developing markets, but are not exhaustive, nor do they offer advice on the suitability of investments.

#### **Political and Economic Risks**

- Economic and/or political instability could lead to legal, fiscal and regulatory changes or the reversal of legal, fiscal, regulatory or market reforms. Assets of the Fund could be compulsorily acquired without adequate compensation.
- A country's external debt position could lead to the sudden imposition of taxes or exchange controls.
- High inflation can mean that businesses have difficulty obtaining working capital.
- The management of companies in those emerging and developing market are often inexperienced in operating companies in free market conditions.
- A country may be heavily dependent on its commodity and actual resource exports and therefore be vulnerable to weaknesses in world prices for these products. It should be noted that the Fund will not invest directly into commodities.

#### **Legal Environment**

- The interpretation and application of decrees and legislative acts can be often contradictory and uncertain particularly in respect of matters relating to taxation.
- Legislation could be imposed retrospectively or may be issued in the form of internal regulations which the public may not be made aware of.
- Judicial independence and political neutrality cannot be guaranteed.
- State bodies and judges may not adhere to the requirements of the law and the relevant contract.

- There is no certainty that investors of the Fund will be compensated in full or in part for any damage incurred or loss suffered by the Fund as a result of legislation imposed or decisions of state bodies or judges.
- The Manager may be required to obtain certain permits, licenses or approvals to invest in countries such as Brazil, China, India, South Korea and Taiwan. If such permits, licenses or approvals are revoked, the Manager may have to liquidate their holdings in the stock exchanges of those countries within a stipulated period. These liquidations may be done at a loss which will in turn affect the value of the Fund.

#### **Accounting Practices**

- The accounting and audit systems may not accord with international standards.
- Even when reports have been brought into line with international standards, they may not always contain correct information.
- Obligations of companies to publish financial information may also be limited.

#### **Shareholder Risk**

- Existing legislation may not yet be adequately developed to protect the rights of minority shareholders such as the Fund which invest in the Shariah-compliant shares of a company in the emerging and developing markets.
- There is generally no concept of fiduciary duty to shareholders on the part of management of a company.
- There may be limited recourse for violation of such shareholders' rights as pertain.

#### **Market and Settlement Risks**

- The Shariah-compliant securities of the emerging and developing markets that the Fund invests in may lack the liquidity, efficiency, regulatory and supervisory controls of more developed markets.
- Lack of liquidity may adversely affect the value or ease of disposal of assets of the Fund.
- The share register may not be properly maintained and the ownership interests may not be, or remain, fully protected.
- Registration of Shariah-compliant securities in the emerging and developing markets may be subject to delay and during the period of delay it may be difficult to prove beneficial ownership of the Shariah-compliant securities.
- The provision for custody of assets of the Fund may be less developed than in other more mature markets and thus provides an additional level of risk for the Fund.

#### **Price Movement and Performance**

- Factors affecting the value of Shariah-compliant equities in some markets cannot easily be determined.
- Investment in Shariah-compliant equities in the emerging and developing markets carries a high degree of risk and the value of such investments may decline or be reduced to zero.

#### **Currency Risk**

- Conversion into foreign currency or transfer from the emerging and developing markets of proceeds received from the sale of Shariah-compliant securities cannot be guaranteed.
- The value of the currency in the emerging and developing markets, in relation to other currencies, may decline such that the value of the investment is adversely affected.
- Exchange rate fluctuations may also occur between the trade date for a transaction and the date on which the currency is acquired to meet settlement obligations. The foreign currency transaction is normally traded on the same day or the next Business Day.

*Please note that this write-up relating to currency risk is specific to investments of the Fund in the emerging and developing markets only.*

### **Taxation**

Investors should note in particular that the proceeds from the sale of Shariah-compliant securities in some markets or the receipt of any dividends or other income by the Fund may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market, including taxation levied by withholding at the source. Tax law and practices in certain countries into which the Fund invests or may invest in the future (in particular emerging and developing markets) is not clearly established. It is possible that the current interpretation of the law or understanding of practice might change, or that the law might be changed with retrospective effect. It is also possible that the Fund could become subject to additional taxation in such countries that is not anticipated either at the date of this Prospectus or when investments are made, valued or disposed of.

### **Execution and Counterparty Risk**

In some markets there may be no secure method of delivery against payment which would avoid exposure to counterparty risk. It may be necessary to make payment on a purchase or delivery on a sale before receipt of the Shariah-compliant securities or, as the case may be, sale proceeds.

In view of the aforesaid risks in the emerging and developing markets, which may not be exhaustive, if the Fund invests in the emerging and developing markets, the investments of the Fund may be exposed to higher volatility and uncertainty compared to investing in a developed market; such exposure will then expose the Unit Holders to higher risk compared to a fund which invests in developed markets.

## **4.3 Risk Management**

Risk management is an integral part of the Manager's process. To ensure compliance with the Guidelines, the Deed and the Fund's investment restrictions and limits, the Manager will have in place clearly defined policies and procedures that have been approved by the board of directors of the Manager. In addition, the Manager will conduct regular reviews of the economic, political and social factors to evaluate the effects of those factors on the Shariah-compliant securities held. Regular meetings will also be held with the external investment manager to deliberate the aforesaid factors, investment themes and portfolio decisions. The Manager will also conduct regular monitoring of the transactions to ensure compliance with the Guidelines, the Deed and the Fund's investment restrictions and limits.

We will adopt the following risk management policies:

- (a) adherence with the Fund's investment objective, policies and strategies; the investment of the Fund must be in line with its objective, policies and strategies as stated in this Prospectus and the Deed.
- (b) conduct regular monitoring as well as evaluation of market prices; valuation reports will be generated daily and the same report will then be forwarded to the Trustee.
- (c) reviewing and reporting investment matters to the person(s) undertaking the oversight function of the Fund and to the management; the Manager's designated compliance officer will review and report investment matters to the person(s) undertaking the oversight function of the Fund, the board of directors of the Manager and the Shariah Adviser.
- (d) employing active and effective asset allocation strategy; asset allocation of the Fund will be monitored and reviewed daily by the Manager to ensure that the investment objective of the Fund is adhered to.

- (e) potential investment opportunities will be researched primarily using internally generated research from company visits, using research tools such as Bloomberg, reports and views from research houses or stock broking houses.
- (f) practising prudent liquidity management in a timely and cost effective manner to facilitate redemption requests, please note that this is subject to the conditions for redemptions as provided in section 6.8 of this Prospectus.
- (g) adherence with the Fund's investment restrictions and limits. The Fund is permitted to invest only in those Shariah-compliant investments stipulated in the Deed and within the investment restrictions and limits provided in the Guidelines.

***It is important to note that investment in the Fund carries risks and the above list of risks may not be exhaustive. While every care will be taken by the Manager to mitigate the risk, investors are advised that it is not always possible to protect investments against all risks.***

***Investors are recommended to read the whole Prospectus to assess the risks of the Fund and if necessary, they should consult their adviser(s), e.g. bankers, lawyers, Shariah advisers, tax advisers, or independent investment advisers for a better understanding of the risks.***



## 5. FEES, CHARGES AND EXPENSES

***The following describes the fees and charges that may be DIRECTLY incurred by Unit Holders when purchasing or redeeming Units of the Fund.***

### 5.1 Sales Charge

Up to \*5.00% of the NAV per Unit.

For details of computation of Sales Charge, kindly refer to section 6.4.

\* Investors may negotiate with their preferred distributors for a lower Sales Charge. Investment through the distributors shall be subject to their respective terms and conditions.

### 5.2 Redemption Charge

None.

### 5.3 Transfer Fee

None.

### 5.4 Switching Fee

Up to 1.00% of the amount switched from the Fund.

***The following describes the fees and expenses that may be INDIRECTLY incurred by Unit Holders when investing in the Fund.***

### 5.5

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

<b>Class A</b>	<b>Class I</b>
1.75% per annum of the NAV of the Fund attributable to Class A.	1.00% per annum of the NAV of the Fund attributable to Class I.

The annual management fee will be paid out of the Fund and will be calculated based on the NAV of the Fund and accrued on a daily basis.

For details of computation of the annual management fee, kindly refer to section 6.3.

### 5.6 Annual Trustee Fee

Up to 0.04% per annum of the NAV of the Fund, subject to a minimum fee of RM15,000 per annum (excluding foreign custodian fees and charges if applicable).

For details of computation of the annual trustee fee, kindly refer to section 6.3.

## **5.7 Other Expenses**

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

- (a) commissions/fees/taxes paid to brokers in effecting dealings in the Shariah-compliant investments of the Fund, shown on the contract notes or confirmation notes;
- (b) taxes and other duties charged on the Fund by the government and/or other authorities;
- (c) costs, fees and expenses properly incurred by the auditor for the Fund;
- (d) fees for the valuation of any Shariah-compliant investment of the Fund;
- (e) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- (f) costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- (g) costs, commissions, fees and expenses of the sale, purchase, takaful and any other dealing of any asset of the Fund;
- (h) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed Shariah-compliant investment of the Fund;
- (a) costs, fees and expenses incurred in engaging any adviser (including but not limited to legal and Shariah advisers) for the benefit of the Fund;
- (j) costs, fees and expenses incurred on financing by the Fund. The Fund will seek Islamic financing to facilitate the aforesaid;
- (k) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- (l) costs, fees and expenses incurred in the termination of the Fund or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;
- (m) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any Shariah-compliant asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed by the Fund);
- (n) remuneration and out of pocket expenses of the person(s) undertaking the oversight function of the Fund, unless the Manager decides otherwise;
- (o) costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority;
- (p) (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign investments of the Fund;
- (q) any other costs, fees and expenses allowed under the Deed; and
- (r) any tax now or hereafter imposed by law or required to be paid in connection with any

costs, fees and expenses incurred under sub-paragraphs (a) to (q) above.

**5.8 Policy on Rebates and Soft Commissions**

The Manager will not retain any form of rebate or soft commission.

**5.9 Tax**

Any tax imposed in addition to any fees, charges and/or expenses in respect of any Unit is chargeable to the Unit Holders and/or the Fund (as the case may be). The Manager and/or the Trustee reserves the right to collect from the Unit Holder and/or the Fund (as the case may be) an amount equivalent to the tax payable on such fees, charges and/or expenses incurred.

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

## **6. TRANSACTION INFORMATION**

### **6.1 Valuation of Asset of the Fund**

The Guidelines require us to ensure that all the assets of the Fund are valued in a fair and accurate manner at all times in compliance with the Guidelines and all relevant laws. The bases of valuation of the respective asset classes of the Fund are as follows:

#### **Listed Shariah-compliant securities**

Investments of the Fund in Shariah-compliant securities listed on any recognised stock exchange will be valued based on the last transacted price of that recognised stock exchange. However, if a valuation based on the last transacted price does not represent the fair value of the Shariah-compliant securities or the last transacted price is unavailable, including in the event of a suspension in the quotation of the Shariah-compliant securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, then the Shariah-compliant securities should be valued at fair value as determined in good faith by the Manager based on the methods or bases approved by the Trustee after appropriate technical consultation.

#### **Unlisted Shariah-compliant securities**

Investments of the Fund in unlisted Shariah-compliant securities will be valued at book cost or at a valuation based on valuation method verified by the auditors and approved by the Trustee.

#### **Islamic Collective Investment Schemes**

The valuation of each unit or share in Islamic collective investment schemes which are listed on any recognised stock exchange shall be calculated in the same manner as the listed Shariah-compliant securities described above. When investing in unlisted Islamic collective investment schemes, the value of each unit or share in the Islamic collective investment schemes shall be determined by reference to the last published redemption price.

#### **Islamic Money Market Instruments**

For Islamic money market instruments, valuation shall be performed by reference to the price quoted by a bond pricing agency registered with the SC.

#### **Islamic Deposits**

Islamic deposits placed with financial institutions are valued each day by reference to the nominal value of such investments and the profits accrued thereon for the relevant period.

If the quotations referred to above are not available or if the value of the permitted Shariah-compliant investments determined in the manner described above, in the opinion of the Manager, does not represent a fair value of the permitted Shariah-compliant investments, then the value shall be any fair value as determined in good faith by the Manager on methods or bases which has been verified by the auditors of the Fund and approved by the Trustee.

### **6.2 Valuation Point of the Fund**

The valuation point of the Fund is at the close of business of the last relevant Eligible Market on each Business Day.

### **6.3 Computation of NAV and NAV per Unit**

The NAV of the Fund is equal to the value of all assets less the value of all liabilities of the Fund as at each valuation point.

### Illustration on NAV and NAV per Unit computation

	Fund	RM Class	FCY <sup>1</sup> Class
		80% of fund <sup>2</sup>	20% of fund <sup>2</sup>
	RM	RM	RM
Investments	100,000,000	80,000,000	20,000,000
Add Other Assets (including cash)	100,000	80,000	20,000
Less Liabilities	100,000	80,000	20,000
NAV before deducting management fee and trustee fee for the day	100,000,000	80,000,000	20,000,000
Less Management fee for the day (at 1.75% per annum calculated based on the NAV) RM100,000,000 X 1.75%/365 days	4,794.52	3,835.62	958.90
Trustee fee for the day (at 0.04% per annum calculated based on the NAV) RM100,000,000 X 0.04%/365 days	109.59	87.67	21.92
NAV	<u>99,995,095.89</u>	<u>79,996,076.71</u>	<u>19,999,019.18</u>

### NAV per Unit of a particular class of Units

NAV per Unit of a class of Units is calculated by dividing the NAV of the Fund attributable to that class of Units by the total number of Units in circulation of that class of Units.

### NAV per Unit of the RM Class

	RM
NAV of the Fund attributable to the RM Class	79,996,076.71
Divide Units in circulation	<u>111,155,555</u>
NAV per Unit of RM Class (rounded to 4 decimal places)	0.7197

### NAV per Unit of the FCY Class

NAV of the Fund attributable to the FCY Class	RM	19,999,019.18
Divide Units in circulation		<u>25,555,555</u>
NAV per Unit of FCY Class in RM (rounded to 4 decimal places)	RM	0.7826
Divide Exchange rate (assume 1 FCY = 3 RM)		<u>3</u>
NAV per Unit of FCY Class in FCY (rounded to 4 decimal places)	FCY	<u>0.2609</u>

<sup>1</sup> "FCY" is an abbreviation for "foreign currency". It is used in this Prospectus to indicate classes of Units which are denominated in US Dollar, Australian Dollar, Singapore Dollar, Euro or Sterling.

<sup>2</sup> The 80% and 20% used in the illustration are assumptions. As an example, we are assuming that, the NAV of the Fund before the deduction of the management fee and trustee fee is RM100,000,000 and 80% of the NAV is attributable to Units of Class A RM and 20% of

the NAV is attributable to Class A FCY (which can mean any of the currencies in which the Units of Class A may be offered).

### **Policy on rounding adjustment**

In calculating your investments with us, the Units allocated to you will be calculated based on the NAV per Unit of the Fund which is also the Selling Price and Redemption Price per Unit of the Fund that has been rounded to 4 decimal places (with 0.00005 and above rounded upwards). When you invest in the Fund, the investment amount payable by you will be rounded to 2 decimal places (with 0.005 and above rounded upwards). The Manager will allocate Units in your account by rounding off to the nearest 2 decimal places (with 0.005 and above rounded upwards).

## **6.4 Pricing of Units**

### **Single Pricing Policy**

We adopt the single pricing policy in calculating your application for and redemption of Units. Single pricing equates to sales and redemptions quoted and transacted on a single price (i.e., NAV per Unit).

The daily NAV per Unit is valued at the next valuation point on forward price basis.

### **Incorrect Pricing**

We shall take immediate action to rectify any incorrect valuation and/or pricing of the Fund and/or the Units and to notify the Trustee and the relevant authorities of the same unless the Trustee considers the incorrect valuation and/or pricing of the Fund and/or the Units is of minimal significance.

If the error involves a discrepancy of less than 0.5% of the NAV per Unit or if the discrepancy is more than 0.5% of the NAV per Unit but the total impact on a Unit Holder's account is less than RM10.00 or in the case of a foreign currency class of Units, less than 10.00 denominated in the foreign currency denomination of the class of Units, the Trustee shall consider the incorrect valuation and/or pricing of the Fund and/or the Units to be of minimal significance.

Where such incorrect valuation and/or pricing has occurred, monies shall be reimbursed, in consultation with the Trustee, in the following manner:

- (a) if there is an over valuation and/or pricing in relation to the purchase and creation of Units, the Fund shall reimburse us and we shall reimburse the Unit Holder;
- (b) if there is an over valuation and/or pricing in relation to the redemption of Units, we shall reimburse the Fund;
- (c) if there is an under valuation and/or pricing in relation to the purchase and creation of Units, we shall reimburse the Fund; and
- (d) if there is an under valuation and/or pricing in relation to the redemption of Units, the Fund shall reimburse us and we shall reimburse the Unit Holder or former Unit Holder.

### **Calculation of Selling Price**

The Units will be sold at the NAV per Unit of the Fund. For illustration purpose, let us assume the Selling Price, which is the NAV per Unit of the Fund, is RM0.5000, the maximum Sales Charge that our distributors are allowed to charge you is 5.00% of the NAV per Unit. Say, for example, you want to invest RM10,000 to purchase Units of the Fund, and a Sales Charge of 5.00% of the NAV per Unit is imposed on the sale of the Units. The amount that you will have to pay as Sales Charge will therefore be:

$$\begin{aligned}
\text{Sales Charge} &= 5.0\% \times \frac{(\text{Investment amount})}{(1+\text{Sales Charge})} \\
&= 5.0\% \times \frac{\text{RM10,000}}{(1+0.05)} \\
&= \text{RM476.19}
\end{aligned}$$

The net investment amount that will be invested will therefore be:

$$\begin{aligned}
\text{Net investment amount} &= \text{Investment amount} - \text{Sales Charge} \\
&= \text{RM10,000} - \text{RM476.19} \\
&= \underline{\text{RM9,523.81}}
\end{aligned}$$

The number of Units that will be allocated to you will therefore be:

$$\begin{aligned}
\text{Units allocated} &= \frac{\text{Net investment amount}}{\text{NAV per Unit}} \\
&= \frac{\underline{\text{RM9,523.81}}}{\text{RM0.5000}} \\
&= \underline{19,047.62 \text{ Units}}
\end{aligned}$$

#### Calculation of Redemption Price

The Units will be redeemed at the Redemption Price which is the NAV per Unit of the Fund. For illustration purposes, let us assume the Redemption Price is RM0.5000, there is no Redemption Charge imposed. Say, for example, you want to redeem 10,000 Units, the amount that you will have to pay as Redemption Charge will therefore be:

$$\text{Redemption Charge} = \text{Nil}$$

The total amount that will be paid to you (redemption proceeds) will therefore be:

$$\begin{aligned}
\text{Total amount to be paid} &= (\text{No. of units to be redeemed} \times \text{NAV per Unit}) - \text{Redemption Charge} \\
&= (10,000 \times \text{RM0.5000}) - \text{RM0} \\
&= \text{RM5,000}
\end{aligned}$$

We shall pay you the redemption proceeds within 7 Business Days from the date of acceptance of redemption request as per the Guidelines. If you make a redemption request immediately after the purchase of Units, we shall have the right to withhold the redemption request until sufficient time has elapsed to ensure that the amount remitted by you (for purchase of Units) is realised and the amount invested has been credited to our principal bank account.

The NAV per Unit of the Fund (i.e., the Selling Price and the Redemption Price) is published in the Manager's website. Note that this price is one day old from valuation point. If you want to know the latest prices of the Units, please contact us directly. For more details on application and redemption of Units, please refer to sections 6.7 and 6.8 respectively.



**THERE ARE FEES AND CHARGES INVOLVED AND THAT YOU ARE ADVISED TO CONSIDER THE FEES AND CHARGES BEFORE INVESTING IN THE FUND.**

**6.5 Minimum Initial Investment, Minimum Additional Investment, Minimum Holding to Maintain Account and Minimum Redemption of Units**

	Ringgit Malaysia (RM)		US Dollar (US\$)	
	Class A*	Class I	Class A	Class I
Minimum Initial Investment	RM1,000	RM5,000,000	US\$1,000	US\$5,000,000
Minimum Additional Investment	RM500	RM500,000	US\$500	US\$500,000
Minimum Holding to Maintain Account	RM1,000 or the equivalent number of units purchased for RM1,000 at initial point of investment	RM5,000,000 or the equivalent number of units purchased for RM5,000,000 at initial point of investment	US\$1,000 or the equivalent number of units purchased for US\$1,000 at initial point of investment	US\$5,000,000 or the equivalent number of units purchased for US\$5,000,000 at initial point of investment
Minimum Redemption of Units	500 Units	500,000 Units	500 Units	500,000 Units

	Australian Dollar (A\$)		Singapore Dollar (S\$)	
	Class A	Class I	Class A	Class I
Minimum Initial Investment	A\$1,000	A\$5,000,000	S\$1,000	S\$5,000,000
Minimum Additional Investment	A\$500	A\$500,000	S\$500	S\$500,000
Minimum Holding to Maintain Account	A\$1,000 or the equivalent number of units purchased for A\$1,000 at initial point of investment	A\$5,000,000 or the equivalent number of units purchased for A\$5,000,000 at initial point of investment	S\$1,000 or the equivalent number of units purchased for S\$1,000 at initial point of investment	S\$5,000,000 or the equivalent number of units purchased for S\$5,000,000 at initial point of investment
Minimum Redemption of Units	500 Units	500,000 Units	500 Units	500,000 Units



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	Euro (€)		Sterling (£)	
	Class A	Class I	Class A	Class I
Minimum Initial Investment	€1,000	€5,000,000	£1,000	£5,000,000
Minimum Additional Investment	€500	€500,000	£500	£500,000
Minimum Holding to Maintain Account	€1,000 or the equivalent number of units purchased for €1,000 at initial point of investment	€5,000,000 or the equivalent number of units purchased for €5,000,000 at initial point of investment	£1,000 or the equivalent number of units purchased for £1,000 at initial point of investment	£5,000,000 or the equivalent number of units purchased for £5,000,000 at initial point of investment
Minimum Redemption of Units	500 Units	500,000 Units	500 Units	500,000 Units

Please note that the Manager may in its own discretion accept such other lower amount of minimum initial investment and minimum additional investment.

***\* Only the Units of Class A (RM) are offered for sale as of the date of this Prospectus. The Manager may, subject to the economic and market conditions, offer the other classes of Units for sale in the future by way of a supplemental or replacement Prospectus.***

## **6.6 Where to Subscribe and Redeem Units**

Details on the procedures on how to invest in the Fund, how to redeem, switch and transfer Units that you hold are provided below. You may be required to forward to us additional documents to authenticate your identification when transacting Units of the Fund. Note that we reserve the right to reject any application without providing any reason.

We may for any reason at any time, waive existing procedures, or introduce and implement new procedures in respect of the Fund. This may apply either generally (for all investors) or specifically (for any particular investor) at our discretion.

Investors may check with the Manager or refer to the website [www.abrdn.com/en/malaysia/investor](http://www.abrdn.com/en/malaysia/investor) for the updated list of distributors who are distributing the Fund.

### **Keeping Track of your Investments**

The annual report and semi-annual reports with information on the performance and investments of the Fund are issued to you as a Unit Holder of the Fund within two (2) months of the Fund's financial year-end or the period covered.

Updates, information or queries relating to your investments can be directed at the Manager, relevant agent or distributor.

Information on the Fund can be obtained from [www.abrdn.com/en/malaysia/investor](http://www.abrdn.com/en/malaysia/investor).

## **THE FUND'S ANNUAL REPORT IS AVAILABLE UPON REQUEST.**

### **6.7 Application for Units**

Application for Units made before the cut-off time of 4.00 p.m. on any Business Day will be issued units at the Selling Price calculated at the next valuation point (i.e. "Forward Pricing"). The cut-off time will be determined based on the time and date stamp made by us.

Where an application is received after the cut-off time, as above, the request will be deemed to have been received on the next Business Day. We reserve the right to vary the terms and conditions of investment and payment modes from time to time, which shall be communicated to you in writing. Note that we reserve the right to reject any application without providing any reason. We may also reject any application that is not complete and/or not accompanied by the required documents and those applications will only be processed upon the documentation being satisfactorily completed.

#### **Payment Methods**

Payment for application for Units should be made by crossed cheque, banker's draft or telegraph transfer to be deposited into the account as specified in the application form.

#### **Regular Savings\* Plan**

Investors who wish to participate in a regular savings\* plan may contact our distributors for more information on the minimum monthly investment and the terms and conditions for such monthly investments.

**\*Please note that the Fund is neither a capital guaranteed nor a capital protected fund.**



**INVESTORS MUST NOT MAKE PAYMENT IN CASH TO ANY INDIVIDUAL AGENT WHEN PURCHASING UNITS OF A FUND.**

### **6.8 Redemption of Units**

You may redeem all or some of the Units (subject to the requirements on minimum holdings being satisfied) held on any Business Day by completing an application form.

Redemption requests received by us before 4.00 p.m. on any Business Day will be transacted at the Redemption Price calculated at the next valuation point on which the request was received (i.e. "Forward Pricing"). The cut-off time will be determined based on the time and date stamp made by us.

Where the redemption request is received after the cut-off time, i.e. after 4.00 p.m., the request will be deemed to have been received on the next Business Day. We reserve the right to vary the terms and conditions of redemption from time to time, which shall be communicated to you in writing.

In case the Units are standing in the names of more than one Unit Holder, where the mode of holding is specified as “Joint Application”, redemption requests will have to be signed by all the joint holders. However, in cases of holding specified as “Either Applicant to sign”, any one who is registered as a joint holder will have the power to make redemption requests, without it being necessary for all the other joint holders to sign. In all cases, the proceeds of the redemption will be paid only to the first-named joint holder in the register.

Any correspondence and cheques will ONLY be sent to you at the correspondence address that is registered by us as provided in your application form. Such redemption proceeds shall be paid to you within 7 Business Days of receipt of your redemption request.

The Manager may, with the consent of the Trustee, reserve the right to defer redemption requests if such request would adversely affect the interest of Unit Holders of any class of Units offered by the Fund.

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

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

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

Business Day	Unit Holder	Number of Units requested to be redeemed	Number of Units requested to be subscribed	Total number of Units in circulation of the Fund	Maximum number of Units that can be redeemed for each Business Day	Number of Units processed for each Business Day
Day 1 12.9.22	A	1,000,000		15,000,000	1,500,000	(375,000)
	B	3,000,000				(1,125,000)
	C		500,000			500,000
Day 2 13.9.22	A	Request carried forward from 12.9.22 625,000		14,000,000	1,400,000	(350,000)
	B	Request carried forward from 12.9.22				(1,050,000)

		1,875,000				
	D	New request 100,000				0
Day 3 14.9.22	A	Request carried forward from 12.9.22  275,000		12,600,000	1,260,000	(275,000)
	B	Request carried forward from 12.9.22  825,000				(825,000)
	D	Request carried forward from 13.9.22  100,000				(100,000)
	E	New request  30,000				(30,000)

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

## 6.9 Cooling-Off

A Cooling-off Right is only given to qualified investor(s). A qualified investor is an individual person who is investing in any of the unit trust funds managed by us for the first time but shall not include the following persons:

- a staff or agent of the Manager; and
- a person registered to deal in unit trusts funds.

If you are eligible for the Cooling-off Right and you change your mind about an investment that you have made in the Fund, you may exercise the Cooling-off Right within six (6) Business Days from the date your application for Units is accepted by us. A refund for every Unit held if you exercise the Cooling-off Right would be as follows:

- if the price of a Unit on the day the Units were first purchased ("original price") is higher than the price of a Unit at the point of exercise of the Cooling-off Right ("market price"), the market price at the point of cooling-off; or
- if the market price is higher than the original price, the original price at the point of cooling-off; and

(c) the Sales Charge originally imposed on the day the Units were purchased.

All such requests must be received or be deemed to have been received by us on or before 4.00 p.m. on a Business Day. Requests received or deemed to have been received after 4.00 p.m. will be treated as having been received on the following Business Day. The cut-off time will be determined based on the time and date stamp made by us.

Cooling-off proceeds will only be paid after we receive cleared funds for the original investment. Such proceeds shall be refunded to you within 7 Business Days of receipt of application for cooling-off.

## 6.10 Switching of Units

Investors are allowed to switch only between funds that are denominated in the same currency managed by the Manager and within the same fund category as the Fund, subject to the minimum balance and terms and conditions applicable for the respective fund(s).

Switching will be made at the respective prevailing NAV per Unit of the fund to be switched from and the fund to be switched into on a Business Day, when the switching request is received or deemed to have been received by the Manager (subject to availability and terms of the fund to be switched into).

A switching fee of up to 1.0% of the amount switched will be imposed for any switching transaction.

Additionally, should the sales charge of the fund to be switched into be more than the sales charge imposed on the fund being switched from, then a difference in the sales charge between the two (2) funds shall be borne by the Unit Holder in addition to the switching fee. Conversely, no sales charge on the fund to be switched into will be imposed on the Unit Holder, should it be less than or equal to the sales charge paid by the Unit Holder on the fund being switched from.

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

### Minimum Number of Units for Switching:

<b>Class A (RM)</b> 500 Units	<b>Class I (RM)</b> 500,000 Units
<b>Class A (USD)</b> 500 Units	<b>Class I (USD)</b> 500,000 Units
<b>Class A (AUD)</b> 500 Units	<b>Class I (AUD)</b> 500,000 Units
<b>Class A (SGD)</b> 500 Units	<b>Class I (SGD)</b> 500,000 Units
<b>Class A (Euro)</b> 500 Units	<b>Class I (Euro)</b> 500,000 Units
<b>Class A (Sterling)</b> 500 Units	<b>Class I (Sterling)</b> 500,000 Units

**Note: The Manager reserves the right to decline any switching request that the Manager regards as contradicting the best interest of the Fund and other Unit Holders.**

### **6.11 Transfer of Units**

The investor may transfer some or all of his/her Units in the Fund to another investor by completing a transaction form. A transfer will be effected subject to the minimum balance and terms and conditions applicable for the Fund.

For a transfer to a nominee account held by an institutional unit trust scheme adviser ("IUTA"), the procedures on redemption would apply whereby the Unit Holder is required to redeem his/her Units in the Fund and invest through the IUTA.

#### **Minimum Number of Units for Transfer:**

<b>Class A (RM)</b> 500 Units	<b>Class I (RM)</b> 500,000 Units
<b>Class A (USD)</b> 500 Units	<b>Class I (USD)</b> 500,000 Units
<b>Class (AUD)</b> 500 Units	<b>Class I (AUD)</b> 500,000 Units
<b>Class A (SGD)</b> 500 Units	<b>Class I (SGD)</b> 500,000 Units
<b>Class A (Euro)</b> 500 Units	<b>Class I (Euro)</b> 500,000 Units
<b>Class A (Sterling)</b> 500 Units	<b>Class I (Sterling)</b> 500,000 Units

### **6.12 Suspension of Dealing in Units**

The Manager 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. The Manager will cease the suspension as soon as practicable after the exceptional circumstances have ceased, and in any event, within twenty-one (21) days from the commencement of suspension.

The period of suspension may be extended if the Manager satisfies the Trustee that it is in the best interest of the Unit Holders for the dealing in Units to remain suspended, subject to a weekly review by the Trustee.

### **6.13 Income Distribution and Reinvestment Policies**

As the investment objective of the Fund is to provide capital appreciation, distribution of income, if any, will be incidental.

Any distribution declared will be reinvested automatically unless otherwise instructed on the application form. Reinvestment will be effected on the tenth (10th) Business Day after the distribution declaration date at the prevailing NAV per Unit. No Sales Charge will be imposed on reinvestment.

**UNIT PRICES AND DISTRIBUTIONS PAYABLE, IF ANY, MAY GO DOWN AS WELL AS UP.**

**6.14 *Unclaimed Moneys Policy***

Any moneys payable to you which remain unclaimed after such period (currently being 1 year) will be paid to the registrar of unclaimed moneys by us in accordance with the requirements of the Unclaimed Moneys Act 1965.

**6.15 *Anti-Money Laundering Policies and Procedures***

We have anti-money laundering policies in place where we will perform checks on all customers without exception. Application for Units must be accompanied by proper identification documents for our verification. All customers will be checked against various reliable sources for money laundering information. Any cases which are suspicious will be reported to our internal money laundering reporting officer who is the compliance officer, who will then report the matter to the SC and Bank Negara Malaysia.

Money laundering is a process intended to conceal the benefits derived from unlawful activities which are related, directly or indirectly, to any serious offence so that they appear to have originated from a legitimate source.

The Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (“AMLATFPUAA”) was passed by Parliament in 2001. The Financial Intelligence and Enforcement Department of Bank Negara Malaysia has been established to carry out the functions as the competent authority under the AMLATFPUAA. All market intermediaries under the Capital Market and Services Act 2007 are obliged to comply with the provisions of the AMLATFPUAA.

In the event that we believe that the client information identification has not been verified or believe the transactions to be suspicious, we may:

- (a) refuse to process application; and/or
- (b) cease / suspend the dealings,

until such information or suspicions have been properly verified in accordance with the requirements as set out in the AMLATFPUAA.

## 7. SALIENT TERMS OF THE DEED

### 7.1 *Your Rights and Liabilities as a Unit Holder*

#### **Your Rights**

As a Unit Holder of the Fund, and subject to the provisions of the Deed, you have the right:

- to receive distributions, if any, of the Fund;
- to participate in any increase in the value of the Units of the Fund;
- to call for Unit Holders' meetings and to vote for the removal of the Trustee or the Manager through a Special Resolution;
- to exercise the Cooling-off Right (only for qualified investors);
- to receive annual and semi-reports of the Fund; and
- to exercise such other rights and privileges as provided for in the Deed.

However, you will not have the right to require the transfer to you any of the Shariah-compliant investments of the Fund. Neither will you have the right to interfere with or to question the exercise by the Trustee (or us on the Trustee's behalf) of the rights of the Trustee as the registered owner of the Shariah-compliant investments of the Fund.

#### **Your Liabilities**

As a Unit Holder of the Fund, and subject to the provisions of the Deed, your liabilities will be limited to the following:

- you will not be liable for nor would you be required to pay any amount in excess of the purchase price paid for the Units as set out in the Deed at the time the Units were purchased and any charges payable in relation thereto.
- you will not be liable to indemnify the Trustee and/or us in the event that the liabilities incurred by the Trustee and/or us in the name of or on behalf of the Fund exceed the NAV of the Fund.

### 7.2 *Maximum Fees and Charges Permitted*

The maximum rate of **direct** fees and charges allowable by the Deed governing the Fund are as follows:

#### **Sales Charge\***

5.00% of the NAV per Unit

\* For the current Sales Charge, please refer to section 5.1.

#### **Redemption Charge\***

Nil

\*For the current Redemption Charge, please refer to section 5.2.

The maximum rate of **indirect** fees and expenses allowable by the Deed governing the Fund are as follows:

#### **Annual management fee\***

The maximum rate of the annual management fee shall be two point zero zero per centum (2.00%) per annum of the NAV of the Fund.

\*For the current annual management fee, please refer to section 5.5.



### **Annual trustee fee\***

The maximum rate of annual trustee fee shall be zero point zero four per centum (0.04%) per annum of the NAV of the Fund, subject to a minimum fee of RM15,000 per annum (excluding foreign custodian fees and charges, if applicable).

\*For the current annual trustee fee, please refer to section 5.6.

Note: The maximum amount of the Sales Charge, the Redemption Charge, the annual management fee and the annual trustee fee is applicable to all classes of Units.

## **7.3 Procedures to Increase the Direct and Indirect Fees and Charges as provided in this Prospectus**

### **Sales Charge**

We may not charge a Sales Charge at a rate higher than that disclosed in this Prospectus unless:

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

### **Redemption Charge**

We may not charge a Redemption Charge at a rate higher than that disclosed in this Prospectus unless:

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

### **Annual Management Fee**

We may not charge an annual management fee at a rate higher than that disclosed in this Prospectus unless:

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

### **Annual Trustee Fee**

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

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

**7.4 *Procedures to Increase the Maximum Rate of the Direct and Indirect Fees and Charges as set out in the Deed***

The maximum Sales Charge, Redemption Charge (if applicable), annual management fee or annual trustee fee set out in the Deed is not allowed to be increased unless a Unit Holders meeting has been held in accordance with the Deed. A supplemental deed proposing a modification to the Deed to increase such charges is required to be submitted for registration with the SC accompanied by a resolution of not less than two-thirds (2/3) of all Unit Holders at the Unit Holders meeting sanctioning the proposed modification to the Deed.

**7.5 *Other Permitted Expenses that may be paid out of the Fund***

Only expenses which are directly related to and necessary for the operation and administration of the Fund may be charged to the Fund. These fees include but are not limited to audit fees, brokerage commission/fees, tax and duties imposed by the authorities, valuation fees, cost for modification of the Deed, cost for preparation of Fund's reports, cost of convening meetings for Unit Holders, other than those incurred by or for the benefit of the Manager or Trustee.

**7.6 *Manager's Right to Retire***

We have the power to retire in favour of some other corporation by giving to the Trustee twelve (12) months' notice in writing of our desire so to do, or such other period as the Trustee and us may agree upon, and subject to the fulfilment of the following conditions:

- we shall appoint such corporation by writing under our seal as the management company of the Fund in our stead and assign and transfer to such corporation all our rights and duties as management company of the Fund;
- such corporation shall enter into such deed or deeds as the Trustee may consider to be necessary or desirable to secure the due performance of its duties as management company for the Fund;
- upon the payment to the Trustee of all sums due from us to the Trustee at the date of such retirement, we shall be absolved and released from all further obligations hereunder but without prejudice to the rights of the Trustee or any Unit Holder or other person in respect of any act or omission on our part prior to such retirement and the new management company may and shall thereafter exercise all the powers and enjoy all the rights and shall be subject to all the duties and obligations as fully as though such new management company had been originally a party to the Deed.

**7.7 *Manager's Power to Remove or to Replace the Trustee***

We act on your behalf and in your interests in consultation with the Trustee and the relevant authorities and/or with your approval.

We are obliged to give you notice in writing to consider the removal of the Trustee if the Trustee fails or neglects to carry out its duties as stipulated in the Deed and under the Act. We shall take all reasonable steps to replace the Trustee as soon as practicable after becoming aware that:

- the Trustee has ceased to exist;
- the Trustee has not been validly appointed;
- the Trustee is not eligible to be appointed or act as a trustee under any relevant law;
- the Trustee has failed or refused to act as Trustee in accordance with the provisions and covenants of the Deed or any relevant law;

- a receiver is appointed over the whole or substantial part of the assets or undertaking of the Trustee and has not ceased to act under the appointment, or a petition is presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or
- the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 or any relevant law.

The Trustee may be removed and another trustee may be appointed by Special Resolution of the Unit Holders at a duly convened meeting of which notice has been given to the Unit Holders in accordance with the Deed.

### **7.8 Trustee's Right to Retire**

Provided always that we have in place a corporation approved by the relevant authorities to act as the trustee of the Fund, the Trustee may retire upon the expiration of twelve (12) months', or such other period as we may agree upon, notice in writing to us of its desire so to do.

### **7.9 Power of Trustee to Remove or to Replace the Manager**

We may be removed by the Trustee on the grounds that:

- if we have failed or neglected to carry out our duties to the satisfaction of the Trustee and the Trustee considers that it would be in your interest to do so after the Trustee has given notice that it is of that opinion and the reasons for that opinion, and has considered any representations made by us in respect of that opinion, and after consultation with the relevant authorities and with the approval of the Unit Holders by way of a Special Resolution;
- unless expressly directed otherwise by the relevant authorities, if we are in breach of any of our obligations or duties under the Deed or the relevant laws, or have ceased to be eligible to be a management company under the relevant laws; or
- we have gone into liquidation, except for the purpose of amalgamation or reconstruction or some similar purpose, or has had a receiver appointed or has ceased to carry on business.

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

### **7.10 Termination of the Fund**

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

- The SC's has withdrawn the authorization of the Fund pursuant to section 256E of the Act;
- A Special Resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund, following occurrence of events stipulated under section 301(1) of the Act and the court has confirmed the resolution, as required under section 301(2) of the Act; and
- A Special Resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund; and

- The effective date of an approved transfer scheme (if any) has resulted in the Fund, which is the subject of the transfer scheme, being left with no asset/property.

Upon the termination of the Fund, the Trustee shall:

- (a) sell all the Shariah-compliant assets of the Fund then remaining in its hands and pay out of the Fund any liabilities of the Fund; such sale and payment shall be carried out and completed in such manner and within such period as the Trustee considers to be in the best interests of the Unit Holders; and
- (b) from time to time distribute to the Unit Holders, in proportion to the number of Units held by them:
  - i) the net cash proceeds available for the purpose of such distribution and derived from the sale of the Shariah-compliant investments and assets of the Fund less any payments for liabilities of the Fund; and
  - ii) any available cash produce;
 provided always that the Trustee shall not be bound, except in the case of final distribution, to distribute any of the moneys for the time being in his hands the amount of which is insufficient for payment to the Unit Holders of Ringgit Malaysia One (RM1.00) or its foreign currency equivalent, if applicable in respect of each Unit and provided also that the Trustee shall be entitled to retain out of any such moneys in his hands full provision for all costs, charges, taxes, expenses, claims and demands incurred, made or anticipated by the Trustee in connection with or arising out of the winding-up of the Fund and, out of the moneys so retained, to be indemnified against any such costs, charges, taxes, expenses, claims and demands; each such distribution shall be made only against the production of such evidence as the Trustee may require of the title of the Unit Holder relating to the Units in respect of which the distribution is made.

In the event of the Fund being terminated, the Trustee shall be at liberty to call upon us to grant the Trustee, and we shall so grant, a full and complete release from the Deed.

Depending on the circumstances in which the Fund is terminated, either the Manager or the Trustee will inform the relevant authorities of the termination.

Where the termination of the Fund and the winding-up of the Fund have been occasioned by any of the events set out herein:

- (a) if we have gone into liquidation, except for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee and the relevant authorities;
- (b) if, in the opinion of the Trustee, we have ceased to carry on business; or
- (c) if, in the opinion of the Trustee, we have to the prejudice of Unit Holders failed to comply with the provisions of the Deed or contravened any of the provisions of any relevant law;

the Trustee shall summon for a Unit Holders meeting to get directions from the Unit Holders and also arrange for a final review and audit of the final accounts of the Fund by the auditor of the Fund.

In all other cases of termination of the trust and winding-up of the Fund, such final review and audit by the auditor of the Fund shall be arranged by us.

### **7.11 Termination of Class of Units**

A class of Units may be terminated if a Special Resolution is passed at a meeting of Unit Holders of that class of Units to terminate the class provided always that such termination does not prejudice the interests of any other class of Units.

If a Special Resolution is passed:

- (a) the Trustee shall cease to create and cancel Units of that class of Units; and
- (b) we shall cease to deal in Units of that class of Units.

We or the Trustee shall as soon as practicable after the termination of a class of Units inform all Unit Holders of the Fund of the termination of that class of Units.

We and the Trustee should notify the SC in writing—

- (a) upon the passing of a resolution to terminate a class of Units; and
- (b) upon the completion of the termination of a class of Units.

Where a class of Units is being terminated, the Trustee must also arrange for the auditor of the Fund to conduct a final review and audit of the Fund's accounts in relation to that class of Units.

## **7.12 Meetings of Unit Holders**

The Deed provides that the Trustee, you as Unit Holders or us, as the Manager may convene Unit Holders' meetings. A resolution of Unit Holders may be required pursuant to the Deed for specific purposes, e.g. making certain amendments to the Deed, increasing the fees payable to the Trustee and us, or removing the Trustee or us.

### **Quorum Required for Convening a Unit Holders' Meeting**

- (a) The quorum required for a meeting of the Unit Holders of the Fund or a class of Units, as the case may be, shall be five (5) Unit Holders, whether present in person or by proxy, however:
  - (i) if the Fund or a class of Units, 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 of Units, as the case may be, shall be two (2) Unit Holders, whether present in person or by proxy; or
  - (ii) if the Fund or a class of Units, as the case may be, has only two (2) Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund or a class of Units, as the case may be, shall be one (1) Unit Holder, whether present in person or by proxy.
- (b) If the meeting has been convened for the purpose of voting on a Special Resolution, the Unit Holders present in person or by proxy must hold in aggregate at least twenty-five per centum (25%) of the Units in circulation of the Fund or a particular class of Units, as the case may be, at the time of the meeting.
- (c) If the Fund or a class of Units, 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 of Units, as the case may be.

### **Unit Holders' Meeting Convened by Unit Holders**

Unless otherwise required or allowed by the relevant laws, we shall, within twenty-one (21) days of receiving a direction from not less than fifty (50) or one-tenth (1/10), whichever is less, of all the Unit Holders of the Fund or of that class of Units, as the case may be, summon a meeting of the Unit Holders of the Fund or of a particular class of Units by:

- (a) sending by post at least seven (7) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit Holders or the Unit Holders of that class of Units;
- (b) publishing at least fourteen (14) days before the date of the proposed meeting an advertisement giving notice of the proposed meeting in a national language newspaper published daily and another newspaper approved by the relevant authorities; and
- (c) specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

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

- (a) requiring the retirement or removal of us;
- (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 we shall not be obliged to summon any such meeting unless direction has been received from not less than fifty (50) or one-tenth (1/10), whichever is less, of all the Unit Holders of the Fund or all Unit Holders of a particular class of Units.

#### **Unit Holders' Meeting Convened by the Manager**

We may convene a Unit Holders' meeting by giving Unit Holders at least 14 days written notice of the meeting specifying the place, time and terms of the resolutions to be proposed at the meeting.

#### **Unit Holders' Meeting Convened by the Trustee**

The Trustee may summon a Unit Holders' meeting in the event:

- (a) we are in liquidation;
- (b) in the opinion of the Trustee, we have ceased to carry on business; or
- (c) in the opinion of the Trustee, we have, to the prejudice of Unit Holders, failed to comply with the Deed or contravened any of the provisions of the Act;

The meeting of the Unit Holders summoned by the Trustee pursuant to the aforesaid shall be summoned by:

- (a) sending by post at least twenty-one (21) days before the date of the proposed meeting a notice of the proposed meeting to each of the Unit Holders at the Unit Holder's last known address or, in the case of jointholders, to the jointholder whose name stands first in the records of the Manager at the jointholder's last known address; and
- (b) publishing at least twenty-one (21) days before the date of the proposed meeting an advertisement giving notice of the meeting in a national language newspaper published daily and another newspaper approved by the relevant authorities.

The Trustee may also summon a Unit Holders' meeting for the purpose of:

- (a) requiring our retirement or removal;
- (b) giving instructions to the Trustee or us if the Trustee considers that our investment management policies are not in the interests of Unit Holders;
- (c) securing the agreement of the Unit Holders to release the Trustee from any liability;
- (d) deciding on the next course of action after the Trustee has suspended the sale and repurchase of Units; and
- (e) deciding on the reasonableness of the annual management fee charged to the Fund.

The meeting of the Unit Holders summoned by the Trustee pursuant to the aforesaid shall be summoned by:

- (a) giving at least fourteen (14) days written notice of the meeting to Unit Holders; and
- (b) specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

## **8. THE MANAGER**

### **8.1 *Background Information***

You may obtain the information relating to the Manager's experience in operating unit trust funds at [www.abrdn.com/en/malaysia/investor/who-we-are/aiwef](http://www.abrdn.com/en/malaysia/investor/who-we-are/aiwef).

### **8.2 *Roles, Duties and Responsibilities of the Manager***

The Manager is responsible for the operation and administration of the Fund, investment management and marketing of the Fund, servicing Unit Holders' needs, keeping proper administration records of Unit Holders and accounting records of the Fund, ensuring that the Units are correctly priced, ensuring compliance with stringent internal procedures and guidelines of relevant authorities and relevant laws.

### **8.3 *Board of Directors***

You may obtain the information relating to the Manager's board of directors at [www.abrdn.com/en/malaysia/investor/who-we-are/aiwef](http://www.abrdn.com/en/malaysia/investor/who-we-are/aiwef).

### **8.4 *Designated Fund Manager of the Fund***

You may obtain the information relating to the Manager's designated person responsible for the fund management function of the Fund at [www.abrdn.com/en/malaysia/investor/who-we-are/aiwef](http://www.abrdn.com/en/malaysia/investor/who-we-are/aiwef).

#### **External Investment Manager for the Fund**

You may obtain the information relating to the external investment manager's designated fund manager for the Fund at [www.abrdn.com/en/malaysia/investor/who-we-are/aiwef](http://www.abrdn.com/en/malaysia/investor/who-we-are/aiwef).

### **8.5 *Manager's Delegate***

#### **Aberdeen Asset Managers Limited**

The Manager has delegated the fund management function of the Fund to Aberdeen Asset Managers Limited. Aberdeen Asset Managers Limited's duties include, amongst others, managing the Fund's investments in accordance with the objective, investment strategy and policy, permitted investments and investment restrictions and limits of the Fund.

You may obtain the information relating to Aberdeen Asset Managers Limited's experience in fund management and its current material litigation and arbitration at [www.abrdn.com/en/malaysia/investor/who-we-are/aiwef](http://www.abrdn.com/en/malaysia/investor/who-we-are/aiwef).

### **8.6 *Material Litigation***

You may obtain the information relating to the Manager's current material litigation and arbitration at [www.abrdn.com/en/malaysia/investor/who-we-are/aiwef](http://www.abrdn.com/en/malaysia/investor/who-we-are/aiwef).

***Investors may refer to the Manager's website at [www.abrdn.com/en/malaysia/investor](http://www.abrdn.com/en/malaysia/investor) for further information (e.g. the qualification of the Shariah Adviser and their respective members and other corporate information) on the Manager, the Shariah Adviser, and the fund manager of the Fund.***



## **9. THE TRUSTEE**

### **9.1 *About CIMB Islamic Trustee Berhad***

CIMB Islamic Trustee Berhad was incorporated on 19 January 1988 and registered as a trust company under the Trust Companies Act, 1949 and having its registered office at Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470, Kuala Lumpur, Malaysia. The Trustee is qualified to act as a trustee for collective investment schemes approved under the Capital Markets and Services Act 2007.

### **9.2 *Experience in trustee business***

CIMB Islamic Trustee Berhad has been involved in unit trust industry as trustee since 1990. It acts as trustee to various unit trust funds, real estate investment trusts, wholesale funds, private retirement schemes and exchange-traded funds.

### **9.3 *Duties and responsibilities of the Trustee***

The Trustee's functions, duties and responsibilities are set out in the Deed. The general functions, duties and responsibilities of the Trustee include, but are not limited to, the following:

- (a) Take into custody the investments of the Fund and hold the investments in trust for the Unit Holders;
- (b) Ensure that the Manager, operates and administers the Fund in accordance with the provisions of the Deed, Guidelines and acceptable business practice within the unit trust industry;
- (c) As soon as practicable, notify the SC of any irregularity or breach of the provisions of the Deed, Guidelines and any other matters which in the Trustee's opinion, may indicate that the interests of Unit Holders are not served;
- (d) Exercise reasonable diligence in carrying out its functions and duties, actively monitoring the operations and management of the Fund by the Manager to safeguard the interests of Unit Holders;
- (e) Maintain, or cause the Manager to maintain, proper accounting records and other records as are necessary to enable a complete and accurate view of the Fund to be formed and to ensure that the Fund is operated and managed in accordance with the Deed of the Fund, Prospectus, the Guidelines and securities law; and
- (f) Require that the accounts be audited at least annually.

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.

### **9.4 *Trustee's disclosure of material litigation***

As at 1 March 2022, neither the Trustee nor its delegate is (a) engaged in any material litigation and arbitration, including those pending or threatened, nor is (b) aware of any facts likely to give rise to any proceedings which might materially affect the business/financial position of the Trustee.

## **9.5 *Trustee's delegate***

CIMB Islamic Trustee Berhad has delegated its custodian function to CIMB Islamic Bank Berhad (CIMB Islamic Bank). CIMB Islamic Bank's ultimate holding company is CIMB Group Holdings Berhad, a listed company on Bursa Malaysia. CIMB Islamic Bank provides full fledged custodial services, typically clearing settlement and safekeeping of all types of investment assets and classes, to a cross section of investors and intermediaries client base, both locally and overseas.

For the local Ringgit Malaysia assets, they are held through its wholly owned nominee subsidiary CIMB Islamic Nominees (Tempatan) Sdn Bhd. For foreign non-Ringgit Malaysia assets, CIMB Islamic Bank appoints global custodian as its agent bank to clear, settle and safekeep on its behalf and to its order.

All investments are automatically registered in the name of the custodian to the order of the Trustee. CIMB Islamic Bank acts only in accordance with instructions from the Trustee.

## **10. THE SHARIAH ADVISER**

### **10.1 Profile of the Shariah Adviser**

Amanie Advisors Sdn Bhd ("Amanie") is a Shariah advisory, consultancy, training and research and development boutique for institutional and corporate clientele focusing on Islamic financial services. Amanie is a registered Shariah adviser with the SC. It has been established with the aim of addressing the global needs for experts' and Shariah scholars' pro-active input. This will ultimately allow the players in the industry to manage and achieve their business and financial goals in accordance with the Shariah principles. Amanie also focuses on organizational aspect of the development of human capital in Islamic finance worldwide through providing updated quality learning embracing both local and global issues on Islamic financial products and services.

The company is led by Tan Sri Dr Mohd Daud Bakar and teamed by an active and established panel of consultants covering every aspect related to the Islamic banking and finance industry both in Malaysia and the global market. Currently the team comprises of eight (8) full-time consultants who represent dynamic and experienced professionals with a mixture of corporate finance, accounting, product development, Shariah law and education.

Amanie meets every quarter to address Shariah advisory matters pertaining to the Manager's Islamic funds. Amanie also review the Fund's investment on a monthly basis to ensure compliance with Shariah principles or any other relevant principle at all times.

### **10.2 Experience in Advisory and Services**

As at 1 March 2022, Amanie has acquired seventeen (17) years of experience in the advisory role of unit trusts and with one hundred and sixteen (116) funds which Amanie acts as Shariah adviser.

### **10.3 Roles and Responsibilities of the Shariah Adviser**

The roles of Shariah Adviser are:

- (1) to ensure that the Fund is managed and administered in accordance with Shariah principles;
- (2) to provide expertise and guidance in all matters relating to Shariah principles, including on the Deed and this Prospectus, its structure and investment process, and other operational and administrative matters;
- (3) to consult with SC where there is any ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process;
- (4) to act with due care, skill and diligence in carrying out its duties and responsibilities;
- (5) responsible for scrutinizing the Fund's compliance report as provided by the compliance officer and investment transaction reports provided by, or duly approved by, the Trustee to ensure that the Fund's investments are in line with Shariah principles; and
- (6) to prepare a report to be included in the Fund's interim and annual reports certifying whether the Fund have been managed and administered in accordance with Shariah principles for the period concerned.

### **10.4 Profile of the Shariah Team**

The designated persons responsible for Shariah advisory matters of the Fund is Tan Sri Dr. Mohd Daud Bakar as the Shariah Adviser / Executive Chairman. Other consultants are:

- (1) Suhaida Mahpot
- (2) Muhammad Hafizuddin Abd Hamid

## **The Consulting Team**

### **Tan Sri Dr. Mohd Daud Bakar** ***Shariah Adviser / Executive Chairman***

**Tan Sri Dr Mohd Daud Bakar** is the Founder and Executive Chairman of Amanie Group. One of its flagship companies namely Amanie Advisors, is operating in a few cities globally. He serves as the Chairman of the SAC of BNM, the SC, the Labuan Financial Services Authority, the Astana International Financial Centre (AIFC), Kazakhstan, the First Abu Dhabi Bank (UAE), and Permodalan Nasional Berhad (PNB).

Tan Sri Dr Daud is also a Shariah board member of various global financial institutions, including the National Bank of Oman (Oman), Amundi Asset Management (France), Bank of London and Middle East (London), BNP Paribas Najma (Bahrain), Natixis Bank (Dubai), Morgan Stanley (Dubai), Sedco Capital (Saudi and Luxembourg) and Dow Jones Islamic Market Index (New York) amongst many others.

Currently, Tan Sri serves as the Chairman of Federal Territory Islamic Religious Department [Majlis Agama Islam Persekutuan (MAIWP)]. In the corporate world, he is currently a member of the PNB Investment Committee. Previously, he served as a Board Director at Sime Darby Property Berhad and Chairman to Malaysia Islamic Economic Development Foundation (YaPEIM). In addition, he is the cofounder of Experts Analytics Centre Sdn Bhd and MyFinB Sdn. Bhd. He also serves as the Chairman of Berry Pay Sdn. Bhd., Data Sukan Consulting Sdn. Bhd., Bio Fluid Sdn. Bhd., KAB Gold Dynamics Sdn. Bhd., Bio-Angle Vacs Sdn. Bhd., Tulus Digital Sdn. Bhd., and Amanie-Afra Halal Capital Co (Bangkok). He is currently the 8th President of the International Islamic University of Malaysia (IIUM).

In 2014, he received the "Most Outstanding Individual" award by His Majesty, the King of Malaysia, in conjunction with the national-level Prophet Muhammad's birthday. Under his leadership, Amanie Advisors received the "Islamic Economy Knowledge Infrastructure Award" at the Global Islamic Economy Summit, Dubai 2015, by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, in October 2015. On 13 November 2021, he was conferred the Darjah Kebesaran Panglima Setia Mahkota (P.S.M.) which carries the title of "Tan Sri".

He received his first degree in Shariah from University of Kuwait in 1988 and obtained his PhD from University of St. Andrews, United Kingdom in 1993. In 2002, he completed his external Bachelor of Jurisprudence at University of Malaya.

Tan Sri's first book entitled "Shariah Minds in Islamic Finance: An Inside Story of A Shariah Scholar" has won the "Islamic Finance Book of the Year 2016" by the Global Islamic Finance Award (GIFA) 2016. Then, his book on sukuk entitled "An Insightful Journey to Emirates Airline Sukuk: Pushing The Boundaries of Islamic Finance" has also won the "Best Islamic Finance Case 2017" by the GIFA 2017 in Kazakhstan. To date, Tan Sri has been authoring 28 books with different genre.

### **Suhaida Mahpot** ***Chief Executive Officer***

**Suhaida Mahpot** is the Chief Executive Officer for Amanie Advisors in Kuala Lumpur office. She holds a Bachelor of Economics (Islamic Economic & Finance) from International Islamic University Malaysia and a professional certificate of Certified Shariah Advisor and Auditor (CSAA) of AAOIFI.

She joined Amanie in 2008 and was amongst the pioneers in the company. She is a specialist in sukuk advisory and has been advising numerous sukuk locally and internationally. One of the sukuk advised by her together with Tan Sri Dr Mohd Daud Bakar has been awarded as Best Securitisation Sukuk at The Asset Triple A Islamic Finance Award (2020). Apart from

sukuk advisory, her primarily focus is on Shariah governance, structuring, enhancement and conversion exercises, establishment of Islamic financial entities as well as development of Islamic products. Her career in banking and financial industry started as a trainee under Capital Market Graduated Trainee Scheme organized by the SC.

Prior to joining Amanie, she worked with Affin Investment Bank Bhd since 2006 as an executive for debt and capital markets department. She completed various project financing deals using private debt securities instruments ranging from infrastructure and utilities, real estate, plantation and many others.

**Muhammad Hafizuddin Abd Hamid**  
**Assistant Consultant**

**Muhammad Hafizuddin** is an Assistant Consultant at Amanie Advisors Kuala Lumpur, Malaysia. He graduated with a Bachelor of Business Administration (HONS) Islamic Banking from Universiti Teknologi Mara (UiTM).

Previously, he was internship trainee where he was exposed to the financial and Shariah advisory services such as Shariah stock screening, monitoring and compliance review to various clients including financial institutions and global asset management companies. He then started his career in Amanie in December 2018 after he was offered a position there.

## 11. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS

The Manager may from time to time have to deal with competing or conflicting interests of the Fund with other funds managed by the Manager. For example, the Manager may make a purchase or sale decision on behalf of some or all of the other funds managed by them without making the same decision on behalf of the Fund, as a decision whether or not to make the same investment or sale for the Fund depends on factors such as the cash availability and portfolio balance of the Fund. However, the Manager will use reasonable endeavours at all times to act fairly and in the interests of the Fund. In particular, after taking into account the availability of cash and relevant investment guidelines of the other funds managed by the Manager and the Fund, the Manager will endeavour to ensure that securities bought and sold will be allocated proportionately as far as possible among the Fund and the other funds managed by the Manager.

To the extent that another fund managed by the Manager intends to purchase substantially similar assets, the Manager will ensure that the assets are allocated fairly and proportionately and that the interests of all investors are treated equally between the Fund and the other funds.

The Manager and the Trustee shall conduct all transactions with or for the Fund on an arm's length basis.

Associates of the Manager may be engaged to provide services such as financial, banking or brokerage services, to the Fund. Such services where provided, will be on an arm's length basis.

### **CIMB Islamic Trustee Berhad**

As the trustee of the Fund, where applicable, there may be proposed related party transactions and/or conflict of interest involving or in connection with the Fund in the following events:

- (a) where the Fund invest in instrument(s) offered by CIMB Group;
- (b) where the Fund being distribute by CIMB Group as IUTA; and
- (c) where the assets of the Fund are being custodised by the CIMB Group both as sub-custodian of this Fund (i.e. Trustee's delegate).

The Trustee has in place policies and procedures to deal with any conflict of interest situation, its officers shall act in the best interests of the Fund and use reasonable efforts to avoid situations that present a potential or actual conflict between their interests and the interest of the Fund.

### **Advisers**

None of the advisers (i.e., solicitors, tax advisors and Shariah Adviser) has any existing or potential conflict of interests in an advisory capacity vis-a-vis the Fund or the Manager.

## **12. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents may be inspected at our office and/or the office of the Trustee without charge, from the date of this Prospectus:

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

### 13. APPROVAL AND CONDITIONS

The Manager has sought the approval of the SC to vary Clause 10.17(a) and Clause 10.38 of the Guidelines.

#### **Clause 10.17(a)**

states that a management company should pay Unit Holders in cash the proceeds of the repurchase of Units as soon as possible, at most within 10 days of receiving the repurchase request.

#### **Clause 10.38**

states that any dealing in units of the fund should be at a price that is the NAV per Unit of the fund as at the next valuation point after the request for sale or repurchase of units is received by the management company.

The Manager has applied for the variation to allow for the redemption conditions as explained in section 6.8 above.

On 20 November 2012, the SC has approved the variation to Clause 10.17(a) and Clause 10.38 of the Guidelines on Unit Trust Funds issued on 3 March 2008 (which has been revised to the Guidelines on Unit Trust Funds issued on 21 December 2021), details of which are as follows:

- (i) Variation to Clause 10.17(a)  
To limit the number of Units to be redeemed on any Business Day to 10% of the total number of Units in circulation and to pay Unit Holders within ten (10) Business Days from the date the redemption requests are processed; and
- (ii) Variation to Clause 10.38  
When the redemption request exceeds the limit, it will only be processed at the valuation point following the next valuation point.



## **14. CONSENTS**

The Trustee, external investment manager and Shariah Adviser have given their consent to the inclusion of their names in the manner and form in which such names appear in this Prospectus and have not withdrawn their consents prior to the date of this Prospectus.

The Tax Adviser have given their consent to the inclusion of their name and the Tax Adviser's Letter on Taxation of the Fund and Unit Holders in the form and context in which they appear in this Prospectus and have not withdrawn such consent prior to the date of this Prospectus.

## 15. TAX ADVISER'S LETTER

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

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

10 March 2022

The Board of Directors  
abrdn Islamic Malaysia Sdn Bhd (formerly known as Aberdeen Standard Islamic Investments  
(Malaysia) Sdn. Bhd)  
[Acting in its capacity as Fund Manager for abrdn Islamic World Equity Fund  
Suite 26.3, Level 26  
Menara IMC,  
No. 8, Jalan Sultan Ismail  
50250 Kuala Lumpur

Dear Sirs

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

This letter has been prepared for inclusion in this Replacement Prospectus in connection with the offer of units in the Fund managed by **abrdn Islamic Malaysia Sdn Bhd (formerly known as Aberdeen Standard Islamic Investments (Malaysia) Sdn. Bhd)** ("AIM"), abrdn Islamic World Equity 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.

Under Section 2(7) of the MITA, any reference to interest shall apply, *mutatis mutandis*, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of *Syariah*.

The effect of this is that any gains or profits received (hereinafter referred to as "profits") and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of *Syariah*, will be accorded the same tax treatment as if they were interest.

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<sup>1</sup>, interest and rent chargeable to tax for that basis period; and
  - C is the aggregate of the gross income consisting of dividend<sup>1</sup> 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.

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<sup>1</sup> 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<sup>2</sup>;
- (v) interest derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002<sup>3</sup> Error! Bookmark not defined.;
- (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)<sup>3</sup>; 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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<sup>2</sup> 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.

<sup>3</sup> 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 be subject to tax. 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, and from 1 July 2022 onwards at the prevailing tax rate(s) of the taxpayer. Bilateral or unilateral tax credit may be allowed if the same income has suffered foreign tax, and where relevant conditions are met. On 30 December 2021 the Ministry of Finance (MOF) issued a press statement stating that certain types of FSI of resident taxpayers will continue to be exempt from tax, subject to conditions. This exemption will apply to the foreign-sourced dividend income of companies and limited liability partnerships, and all FSI of individuals (except individuals carrying out business in Malaysia through a partnership). The tax exemption will be effective for five years from 1 January 2022 to 31 December 2026 and will be subject to conditions which will be outlined in guidelines issued by the Inland Revenue Board (IRB). Unit trusts were not included in the MOF press statement and the relevant IRB guidelines have yet to be issued.

## **Gains from the realisation of investments**

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

## **Implementation of Sales and Service Tax (“SST”)**

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

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

### **Taxation of unit holders**

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

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

1. taxable distributions; and
2. non-taxable and exempt distributions.

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

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

#### **1. Taxable distributions**

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

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

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

## 2. Non-taxable and exempt distributions

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

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: <ul style="list-style-type: none"><li>• Individual and non-corporate unit holders (such as associations and societies)</li><li>• Co-operatives.<sup>4</sup></li><li>• Trust bodies</li></ul>	<ul style="list-style-type: none"><li>• Progressive tax rates ranging from 0% to 30%</li><li>• Progressive tax rates ranging from 0% to 24%</li><li>• 24%</li></ul>

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

Unit holders	Malaysian income tax rates
<ul style="list-style-type: none"> <li>• Corporate unit holders               <ul style="list-style-type: none"> <li>(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<sup>5 6</sup></li> <li>(ii) Companies other than (i) above</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• First RM600,000 of chargeable income @ 17%</li> <li>• Chargeable income in excess of RM600,000 @ 24%</li> <li>• 24%</li> </ul>
<p>Non-Malaysian tax resident (Note 1):</p> <ul style="list-style-type: none"> <li>• Individual and non-corporate unit holders</li> <li>• Corporate unit holders and trust bodies</li> </ul>	<ul style="list-style-type: none"> <li>• 30%</li> <li>• 24%</li> </ul>

**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.

<sup>5</sup> A company would not be eligible for the 17% tax rate on the first RM600,000 of chargeable income if:-

- (a) more than 50% of the paid up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- (b) the company owns directly or indirectly more than 50% of the paid up capital in respect of the ordinary shares of a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- (c) more than 50% of the paid up capital in respect of the ordinary shares of the company and a related company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.

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



### **Gains from sale of units**

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

### **Unit splits and reinvestment of distributions**

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

- Unit splits – new units issued by the Fund pursuant to a unit split will not be subject to income tax in the hands of the unit holders.
- Reinvestment of distributions – unit holders may choose to reinvest their income distribution in new units by informing the Manager. In this event, the unit holder will be deemed to have received the distribution and reinvested it with the Fund.

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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**

Koh Leh Kien  
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 Replacement Prospectus and has not withdrawn such consent before the date of issue of this Replacement Prospectus.