

CIMB-PRINCIPAL ASIA PACIFIC TARGET  
RETURN FUND 1 PROSPECTUS

# A diversified approach to target returns

FORWARD  Your Investments



 **CIMB Principal**  
ASSET MANAGEMENT

**Manager** : CIMB-Principal Asset Management Berhad (304078-K)

**Trustee** : HSBC (Malaysia) Trustee Berhad (1281-T)

This Prospectus Issue No. 1 for CIMB-Principal Asia Pacific Target Return Fund 1 is dated 29 January 2018.

This Fund is constituted on 29 January 2018.

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE 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 5.**

# ABOUT THIS DOCUMENT

This is a Prospectus which introduces you to CIMB-Principal Asset Management Berhad (“CIMB-Principal”) and CIMB-Principal Asia Pacific Target Return Fund 1 (“Fund”). This Prospectus outlines in general the information you need to know to make an informed decision as to whether the Fund best suits your financial needs.

If you have any questions about the information in this Prospectus or would like to know more about investing in the CIMB-Principal family of unit trust funds, please call our Customer Care Centre at (603) 7718 3100 on any Business Day between 8:45 a.m. and 5:45p.m. (Malaysian time), Mondays to Thursdays and between 8:45 a.m. and 4:45 p.m. (Malaysian time) on Fridays (except on Selangor public holidays).

Unless otherwise indicated, any reference in this Prospectus to any rules, regulations, guidelines, standards, directives, notices, legislations or statutes or statutory provision is a reference to those rules, regulations, guidelines, standards, directives, notices, legislations or statute for the time being in force, as may be amended, varied, modified, updated, superseded and/or re-enacted from time to time.

Any reference to a time or day in this Prospectus shall be a reference to that time or day in Malaysia, unless otherwise stated. Reference to “days” in this Prospectus will be taken to mean calendar days unless otherwise stated.

Please note that all references to currency amounts and unit prices in this Prospectus are in Malaysian Ringgit unless otherwise indicated.

## PROSPECTUS DETAILS

<b>Issue No</b>	<b>1</b>
<b>Prospectus Date</b>	<b>29 January 2018</b>

## RESPONSIBILITY STATEMENTS

This Prospectus has been reviewed and approved by the directors of CIMB-Principal 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 the 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 the registration of this Prospectus, should not be taken to indicate that 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 the Manager who is 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 the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to the Fund.

# DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Prospectus:

Application Fee	- Preliminary charge on each investment.
Business Day	- Mondays to Fridays when Bursa Malaysia Securities Berhad is open for trading, and/or banks in Kuala Lumpur and/or Selangor are open for business. <b>Note:</b> We may declare certain Business Days to be a non-Business Day although Bursa Malaysia Securities Berhad and/or the banks is/are open for business if the Fund's investment in foreign markets which are closed for business is at least 50% of the Fund's NAV. This information will be communicated to you via our website at <a href="http://www.cimb-principal.com.my">http://www.cimb-principal.com.my</a> . Alternatively, you may contact our Customer Care Centre at (603) 7718 3100.
Cease Sale Event	- Refers to the cessation of sale for the unit: i) on the day after the valuation day where the Cease Sale NAV is determined to have been achieved; or ii) at the end of the third (3 <sup>rd</sup> ) month from the Commencement Date; whichever is earlier.
Cease Sale NAV	- Refers to RM1.05 NAV per unit. <b>Note:</b> The NAV per unit will be available on T+1. Please refer to the illustration provided under the "Offer Period" section for further information.
CIMB	- CIMB Investment Bank Berhad.
CIMB Group	- CIMB Group Sdn. Bhd.
CIMB-Principal or the Manager	- CIMB-Principal Asset Management Berhad.
CIMB-Principal Fund	- Any unit trust funds that may be offered by CIMB-Principal.
CMSA	- Capital Markets and Services Act 2007.
Commencement Date	- The next Business Day immediately following the end of the Initial Offer Period.
Deed	- The principal deed and any supplemental deed thereto in respect of the Fund made between the Manager, the Trustee and the Unit holders of the Fund, agreeing to be bound by the provisions of the Deed.
Deposits	- As per the definition of "deposit" in the Financial Services Act 2013 and "Islamic deposit" in the Islamic Financial Services Act 2013. <b>Note:</b> To exclude structured deposits.
Distributor	- Any relevant persons and bodies appointed by us from time to time, who are responsible for selling units of the Fund.
Early Termination Date	- Refers to the date the Early Termination Event occurs.
Early Termination Event	- Refers to the Fund being terminated early: i) upon achieving the Trigger NAV; or ii) on the Business Day immediately preceding the third (3 <sup>rd</sup> ) anniversary of the Commencement Date; whichever is earlier.
Eligible Market	- A market which is regulated by a regulatory authority, operates regularly, is open to the public and has adequate liquidity for the purposes of the Fund.
Fund or APTR1	- CIMB-Principal Asia Pacific Target Return Fund 1.
GST	- Refers to the tax levied on goods and services pursuant to the Goods and Services Tax Act 2014.
IDC	- Interactive Data Corporation.
IMS	- Investment Management Standards issued by the Federation of Investment Managers Malaysia.
Initial Offer Period	- Up to 21 calendar days from the launch date.
Initial Offer Price	- Issue price per unit during the Initial Offer Period, i.e. RM1.0000.
IOSCO	- International Organization of Securities Commissions. For further details, please refer to <a href="http://www.iosco.org">http://www.iosco.org</a> .
IUTAs	- Institutional Unit Trust Advisers.
LPD	- Latest Practicable Date i.e. 31 October 2017, in which all information provided herein, shall remain current and relevant as at such date.
Management Fee	- A percentage of the NAV of the Fund that is paid to us for managing the portfolio of the Fund.
NAV	- Net Asset Value.

NAV of the Fund	- The NAV of the Fund is the value of all the Fund's assets less the value of all the Fund's liabilities, at the point of valuation. For the purpose of computing the annual Management Fee (if any) and annual Trustee Fee (if any), the NAV of the Fund should be inclusive of the Management Fee and Trustee Fee for the relevant day.
NAV per unit	- The NAV of the Fund divided by the number of units in circulation, at the valuation point.
OTC	- Over-the-counter.
PIA	- Principal International (Asia) Ltd.
PFG	- Principal Financial Group and its affiliates.
Prospectus	- Refers to the disclosure document issued by the Manager describing the details of the Fund.
RM or MYR	- Malaysian Ringgit.
SC	- Securities Commission Malaysia.
SC Guidelines	- SC Guidelines on Unit Trust Funds issued by the SC
Special Resolution	- A resolution passed by a majority of not less than 3/4 of Unit holders voting at a meeting of Unit holders. For the purpose of terminating or winding up a fund, a Special Resolution is passed by a majority in number representing at least 3/4 of the value of the units held by Unit holders voting at the meeting.
Sub-Manager	- CIMB-Principal Asset Management (S) Pte. Ltd.
Switching Penalty	- A charge that may be levied when switching from one fund to another.
Transfer Fee	- A nominal fee levied for each transfer of units from one Unit holder to another.
Trigger NAV	- Refers to RM1.17 NAV per unit. <b>Note:</b> <i>The NAV per unit will be available on T+1. Please refer to the illustration provided under the "Early Termination" section for further information.</i>
Trustee	- HSBC (Malaysia) Trustee Berhad.
Trustee Fee	- A fee that is paid to the Trustee for its services rendered as trustee of the Fund.
UK	- United Kingdom.
Unit holder	- The registered holder for the time being of a unit of the Fund including persons jointly so registered.
Unrated Securities	- Refers to debt securities which are not rated by any rating agencies. <b>Note:</b> <i>In this context, unrated is not junk. The Fund will only invest in Unrated Securities that fulfil the selection criteria of our credit evaluation process.</i>
US or USA	- United States of America.
Withdrawal Penalty	- A charge levied upon redemption under certain terms and conditions (if applicable).

**Note:** *Unless the context otherwise requires, words importing the singular number should include the plural number and vice versa.*

# CORPORATE DIRECTORY

## **The Manager**

CIMB-Principal Asset Management Berhad

### **Business address**

10th Floor Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur  
Tel: (603) 2084 8888

### **Registered address**

13th Floor, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur Malaysia  
Tel: (603) 2261 8888

### **Postal address**

CIMB-Principal Asset Management Berhad  
PO Box 10571  
50718 Kuala Lumpur Malaysia

### **Customer Care Centre**

50, 52 & 54 Jalan SS 21/39  
Damansara Utama  
47400 Petaling Jaya  
Selangor Malaysia  
Tel: (603) 7718 3100  
Fax: (603) 7718 3003

### **Website**

<http://www.cimb-principal.com.my>

### **E-mail**

[service@cimb-principal.com.my](mailto:service@cimb-principal.com.my)

## **The Trustee**

HSBC (Malaysia) Trustee Berhad

### **Business/Registered address**

13th Floor, Bangunan HSBC, South Tower  
No. 2, Leboh Ampang  
50100 Kuala Lumpur Malaysia  
Tel: (603) 2075 7800  
Fax: (603) 2179 6511

**Note:** You may contact our **Customer Care Centre** at **(03) 7718 3100** for more information.

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# 1. FUND INFORMATION

## 1.1. CIMB-PRINCIPAL ASIA PACIFIC TARGET RETURN FUND 1

- Fund Category/Type** : Mixed asset/ Growth
- Investment Objective** : The Fund aims to provide moderate capital growth by investing primarily in equities, debt securities, money market instruments and/or deposits.  
*We will require your approval if there is any material change to the Fund's investment objective.*
- Benchmark** : The performance of this Fund cannot be compared directly with any specific publicly available benchmark. However, the Fund has a target return of 17% over 3-year tenure or 5.66% per annum. This is not a guaranteed return and is only a measurement of the Fund's performance. The Fund may not achieve the target return in any particular financial year but targets to achieve this growth over the 3-year tenure.  
**Note:** *Investors are cautioned that the risk profile of the Fund is not the same as the risk profile of the benchmark and the target return of 17% over 3-year tenure will be subject to applicable fees, charges and expenses. As such, the net return received by the investors may be lower than the benchmark after taking into account the applicable fees, charges and expenses. Investors should also note that the rate of returns may differ subject to the NAV per unit upon investment into the Fund.*
- Distribution Policy** : Given the Fund's investment objective, the Fund is not expected to pay any distribution. You may refer to page 14 for further information.

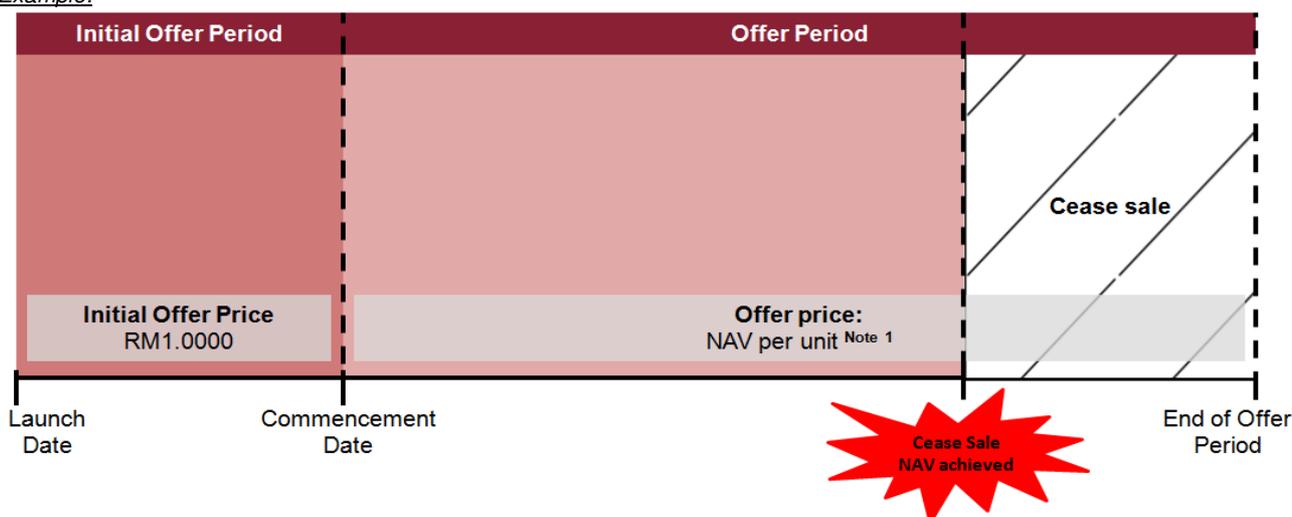
### Offer Period

<b>Launch Date</b>	29 January 2018
<b>Commencement Date</b>	The next Business Day immediately following the end of the Initial Offer Period.
<b>Initial Offer Period and Initial Offer Price</b>	Up to 21 calendar days from launch date at RM1.0000 per unit.
<b>Cease Sale Event</b>	We will cease the sale of units of the Fund when Cease Sale Event occurs, i.e. i) on the day after the valuation day where the Cease Sale NAV (i.e. NAV per unit of RM1.05) is determined to have been achieved; or ii) at the end of the third (3 <sup>rd</sup> ) month from the Commencement Date; whichever is earlier.

No units will be issued or sold after the occurrence of Cease Sale Event. We reserve the right to shorten the Initial Offer Period if we deem appropriate to enter the market in order to capitalize on the prevailing yields or when a desired fund size as determined by us has been reached.

During the Initial Offer Period, we reserve the right, with the consent of Trustee, not to launch the Fund and return to the investors the Initial Offer Price per unit and the Application Fee paid if the sales proceeds or amount collected of the Fund at the expiry of the Initial Offer Period is below RM80 million. All monies will be returned to the investors free of interest should this occur.

### Example:



Investors should note that the NAV per unit will fluctuate after the Fund commences its investment. Due to market movements, the NAV per unit may fall below the Initial Offer Price or exceed the Cease Sale NAV (i.e. NAV per unit of RM1.05). Although we will cease the sale of units when the Cease Sale NAV is achieved, it is still possible that investors may subscribe for units of the Fund at a price higher than the Cease Sale NAV due to the nature of forward pricing, whereby the NAV per unit for a Business Day will only be available on the next Business Day (T+1).

Once the sale of units is ceased due to the Cease Sale Event, it will not be reopened for sale and will remain ceased until the Fund is terminated due to the Early Termination Event.

**Note 1:** We will carry out the valuation for the Fund for a Business Day on the next Business Day (T+1) by 4:00 p.m. This is to cater for the currency translation of the foreign securities or instruments to MYR.

Illustration:

If we receive your complete subscription application on 8 January 2018 (“T day”) by 4:00 p.m., your units will be allocated based on the NAV per unit on T day, which will be calculated on the next Business Day, that is, 9 January 2018 (“T+1” day). The NAV per unit for T day will be made known on our website after 5:30 p.m. on T+1 day.

Assuming the NAV per unit for 7 January 2018 is RM1.048. The NAV per unit for T day will be calculated on T+1 day taking into account the entries such as income, expenses, creation of units and etc on T day. Subsequently, the NAV per unit for T day may exceed the Cease Sale NAV, e.g. it may be RM1.06.

In this case, investors who subscribed for units on 8 January 2018 will be paying for RM1.06 NAV per unit. As the Cease Sale NAV is achieved, we will cease sale for the Fund on 9 January 2018 and we will not accept any subscription application on that day.

For further details on the valuations of the Fund, please refer to page 10 under the section “3.2 Unit Pricing”.

### **Investment Policy and Principal Investment Strategy**

The Fund seeks to achieve its investment objective through a diversified portfolio investment investing primarily in equities and/or debt securities in the Asia Pacific ex Japan region.

The Fund will invest between 20%-80% (both inclusive) of its NAV in equities and equities related securities. The Fund will invest between 20%-80% (both inclusive) of its NAV in debt securities. Under general market conditions, the Fund will invest in equities of companies which the Sub-Manager believes will exhibit good growth potential when compared against its peers or the overall market. For investment in debt securities, the minimum credit rating for these debt securities must be at least “BBB” by Fitch or its equivalent by S&P and Moody’s and/or at least “A3” by RAM or equivalent rating by MARC or by local rating agency(ies) of the country. Notwithstanding, the Fund may invest up to 20% of the Fund’s NAV in Unrated Securities. The Fund may also invest up to 20% of its NAV in liquid assets, i.e. Deposits and money market instruments for liquidity purpose. The Sub-Manager has the flexibility to determine the asset allocation between different asset classes according to their views on the prevailing market condition and the asset allocation strategy of the Fund. For example, the Sub-Manager may invest up to 80% of the Fund’s NAV in equities with the aim to generate added return in rising market or can invest up to 80% of the Fund’s NAV in debt securities in the volatile market to preserve value of the Fund.

We have appointed CIMB-Principal (S), a company incorporated in Singapore, as the Sub-Manager of the Fund. CIMB-Principal (S) will be responsible for investing and managing the equities portion, debt portion and asset allocation of the Fund in accordance with the investment objective and within the investment restrictions. For debt portion, we will work with the Sub-Manager in the overall due diligence and debt selection process. For further details on the Sub-Manager, please refer to page 18.

The asset allocation will be reviewed periodically depending on the country’s economic and stock market outlook. We and the Sub-Manager will adopt an active trading strategy with frequency that will depend on the market conditions and the market outlook. For equities portion, the Sub-Manager combines a top-down asset and sector allocation process with a bottom-up stock selection process. The asset allocation decision is made after a review of macroeconomic trends in Asia Pacific ex Japan region and other global economies. In particular, the Sub-Manager analyzes the direction of GDP growth, interest rates, inflation, currencies and government policies. The Sub-Manager will then assess their impact on corporate earnings and determine if there are any predictable trends. These trends form the basis for sector selection. Stock selection is based on the growth style of equity investing. As such, the criteria for stock selection would include improving fundamentals and growth at reasonable valuations. Stock valuation fundamentals considered are earnings per share growth rate, return on equity, price earnings ratio and net tangible assets multiples.

As for debt securities portion, we or the Sub-Manager formulate an interest rate outlook by considering factors such as the inflation rate, monetary policies and economic growth. With an interest rate outlook and yield curve analysis, we or the Sub-Manager identifies the weighting of the investment tenure and credit for the Fund. In the unlikely event of a credit rating downgrade of the debt securities or its issuers, we or the Sub-Manager reserves the right to deal with the security in the best interest of the Unit holders. As active fund managers, we and the Sub-Manager have in place flexible tolerance limits to cater to such situations. We or the Sub-Manager may continue to hold the downgraded security if the immediate disposal of the security would not be in the best interest of the Unit holders.

### **Asset Allocation**

- between 20% – 80% (both inclusive) of the Fund’s NAV will be invested in equities and equities related securities;
- between 20% – 80% (both inclusive) of the Fund’s NAV will be invested in debt securities;
- up to 20% of its NAV may be invested in Unrated Securities; and
- up to 20% of its NAV may be invested in liquid assets.

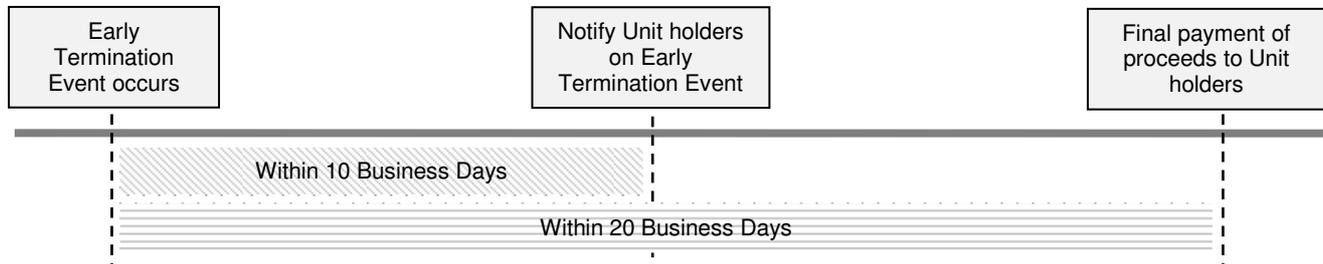
In times of adversity in equity markets and as part of its risk management strategy, we or the Sub-Manager may from time to time reduce its proportion of equities and increase its asset allocation to liquid assets such as money market instruments and/or Deposits to safeguard the investment portfolio of the Fund.

As part of risk management strategy, the Fund is constructed and managed within pre-determined guidelines. Essentially, we and the Sub-Manager employ an active asset allocation strategy depending upon the market expectations and at the same time monitor the debt instruments portfolio according to three (3) parameters: tenure, credit ratings and sector. The duration of the debt instruments portfolio (i.e. the sensitivity of the portfolio to interest rate changes) is also monitored and modified according to our interest rate outlook.

When deemed necessary, we or the Sub-Manager may also utilize derivatives instruments such as futures contract, subject to the SC Guidelines, for purpose of hedging. In the event of a downgrade of a counter-party of an OTC derivative below the minimum long-term rating as per the SC Guidelines, we reserve the right to deal with the OTC derivative in the best interest of the Unit holders.

### Early Termination

The Fund may be terminated early should the Early Termination Event occur. However, investors should note that the Trigger NAV may be higher than RM1.17 due to the nature of forward pricing, whereby the NAV per unit for a Business Day will only be available on the next Business Day (T+1).



We shall inform you accordingly within ten (10) Business Days from the day the Early Termination Event occurs. The final payment of proceeds shall be paid to you within twenty (20) Business Days from the day the Early Termination Event occurs. However, in the event of adversity such as credit crunch, the debt instruments of the Fund may encounter liquidity issues. If such scenario occurs, please note that you may receive the final payment of proceeds within 180 days from the day the Early Termination Event occurs as we and the Trustee shall agree.

### Illustration on return for investor in different scenarios:

The table below illustrates the computation of the total return for investor (taking into account the application fee) in different scenarios:

#### Assumptions:

Investment amount	=	RM10,000.00
Application fee	=	2.50% NAV per unit
Management fee rate per annum	=	0.80%
Trustee fee rate per annum	=	0.05%
Management fee and trustee fee per annum based on NAV of the Fund	=	NAV of the Fund x annual management fee and trustee fee for the Fund (%) = RM10,000.00 x (0.80% + 0.05%) = <b>RM85.00</b>
Liquidation cost, fees, charges and expenses upon termination of Fund ("Termination Expenses")	=	0.01% of NAV per unit
Trigger NAV	=	RM1.17

#### Illustration:

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
<b>Offer price per unit</b>	RM1.00	RM1.01	RM1.02	RM1.03	RM1.04	RM1.05
<b>Early terminated within 3 years at Trigger NAV</b>						
Total return	16.98%	15.82%	14.69%	13.57%	12.48%	11.41%
<b>No trigger, terminate at 3<sup>rd</sup> anniversary at RM1.14</b>						
Total return	13.98%	12.85%	11.75%	10.66%	9.60%	8.55%
<b>No trigger, terminate at 3<sup>rd</sup> anniversary at RM0.95</b>						
Total return	-5.01%	-5.95%	-6.87%	-7.78%	-8.66%	-9.53%

#### Note:

- Table above is for illustration only and is not indicative of future return.
- The Illustrations are based on the assumptions stated above. The illustrated total return takes into account the assumed application fee, management fee, trustee fee and Termination Expenses.
- The illustrations take into account the full year expenses regardless of the termination point.
- Investors should note that there may be other charges, fees and expenses that are applicable to the Fund and/or Unit holders, which may further reduce the total return.
- Investors should note that upon Fund termination, the proceeds returned to Unit holders may not be final (i.e. may be lower due to the liquidation cost and accruals of fees, expenses and charges of the Fund). Consequently, the total return will change accordingly.

### Sample 1: Calculation of total return

#### Calculation of number of units that you will receive\*

= Investment amount / Offer price per unit  
= RM10,000.00 / RM1.0000  
= 10,000 units

#### Calculation of Application Fee that you will incur

Offer price per unit x number of units received x application fee rate  
= RM1.0000 x 10,000 units x 2.50%  
= RM250.00

#### Calculation of net investment amount into the Fund

= Investment amount - application fee paid  
= RM10,000.00 - RM250.00<sup>#</sup>  
= RM9,750.00 or 9,750.00 units

\* The number of units you will receive will be rounded down to two (2) decimal places

# The Application Fee imposed will be rounded to two (2) decimal places.

### **If Fund is early terminated within 1 year after achieving Trigger NAV (i.e. RM1.17)**

Investors should note that the proceeds from termination of the Fund may not be final due to the applicable Termination Expenses. Consequently, the total return may change accordingly. Proceeds to Unit holders will be calculated based on Final NAV after taking into account the applicable Termination Expenses.

Assuming the Termination Expenses upon fund termination is 0.01% of the NAV per unit.

Final NAV per unit = Trigger NAV – Termination Expenses  
= RM1.17 – (RM1.17 x 0.01%)  
= RM1.1698

#### Calculation of early termination proceeds

= (Number of units received x Final NAV per unit)  
= (9,750 units x RM1.1698)  
= RM11,405.55

#### Total return upon early termination

= (Early termination proceeds / initial net investment amount) – 1 x 100%  
= (RM11,405.55 / RM9,750.00) - 1 x 100%  
= 16.98%

## **1.2. PERMITTED INVESTMENTS**

Subject to the Deed, the investment policy for the Fund and the requirements of the SC and any other regulatory body, we have the absolute discretion as to how the assets of the Fund are to be invested. Under the Deed and provided always that there are no inconsistencies with the objective of the Fund, the Fund can invest in the following instruments:

- Equities and debentures traded in or under the rules of an Eligible Market;
- Warrants that carry the right in respect of a security traded in or under the rules of an Eligible Market;
- Unlisted securities including securities 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;
- Deposits and money market instruments;
- Derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps;
- All types of collective investment schemes;
- Securities listed or traded on foreign markets where the regulatory authority is an ordinary or associate member of the IOSCO; and
- Any other form of investments as may be permitted by the SC from time to time that is in line with the Fund's objectives.

The formulation of the investment policies and strategies of the Fund is based on the objective of the Fund after taking into consideration the regulatory requirements outlined in the SC Guidelines, with such exemptions/variations (if any) as approved by the SC.

## **1.3. INVESTMENT RESTRICTIONS AND LIMITS**

The Fund is subject to the following investment restrictions/limits:

### **Exposure limits**

- the value of the Fund's investment in unlisted securities must not exceed 10% of the Fund's NAV.

### **Investment spread limits**

- the value of the Fund's investment in ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV;
- the value of the Fund's investments in transferable securities and money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV;
- the value of the Fund's placement in deposits with any single institution must not exceed 20% of the Fund's NAV;
- the aggregate value of the Fund's investments in transferable securities, money market instruments, deposits and OTC derivatives issued by or placed with (as the case may be) any single issuer/institution must not exceed 25% of the Fund's NAV;

- the value of the Fund's investment in units/shares of any collective investment scheme must not exceed 20% of the Fund's NAV; and
- the value of the Fund's investment in transferable securities and money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV.

For investments in derivatives (including for hedging purpose):

- the Fund's exposure from derivatives positions should not exceed the Fund's NAV;
- the exposure to the underlying assets must not exceed the investment spread limits stipulated in the SC Guidelines;
- the value of the Fund's OTC derivative transaction with any single counter-party must not exceed 10% of the Fund's NAV; and
- the counter-party of an OTC derivative is a financial institution with a minimum long-term rating provided by any domestic or global rating agency that indicates strong capacity for timely payment of financial obligations.

#### **Investment concentration limits**

- the Fund's investments in transferable securities (other than debentures) must not exceed 10% of the securities issued by any single issuer;
- the Fund's investments in debentures must not exceed 20% of the debentures issued by any single issuer;
- the Fund's investments in money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to money market instruments that do not have a pre-determined issue size; and
- the Fund's investments in collective investment schemes must not exceed 25% of the units/shares in any one collective investment scheme.

In respect of the above investment restrictions and limits, the SC Guidelines provides for an allowance of 5% from the restrictions and limits due to appreciation or depreciation of the NAV of the Fund (whether as a result of an appreciation or depreciation in value of the Fund's investments, or as a result of repurchase of units or payment made out of the Fund). If the Fund is not within the investments restrictions and limits, we should not make any further acquisitions in relation to the relevant restrictions and limits and we must rectify as soon as practicable (maximum three (3) months from the date of occurrence).

## **1.4. APPROVALS AND CONDITIONS**

We have obtained an approval from the SC for an exemption to comply with Schedule C: Valuation of other unlisted bonds of the SC Guidelines which allows us to obtain the price of non RM-denominated unlisted bonds from IDC for valuation purpose on 29 January 2018, subject to the following conditions:

1. We are to keep abreast of the development of IDC's pricing methodology; and
2. We are to continuously keep track on the acceptability of IDC's prices in the market place.

## **1.5. BORROWINGS/FINANCING**

The Fund may not borrow cash or obtain cash financing or other assets in connection with its activities. However, the Fund may borrow cash for the purpose of meeting withdrawal requests for units and for short-term bridging requirements.

## **1.6. SECURITIES LENDING**

The Fund may participate in the lending of securities within the meaning of the Guidelines on Securities Borrowing and Lending issued by the SC when we find it appropriate to do so with a view of generating additional income for the Fund with an acceptable degree of risk.

The lending of securities is permitted under the Deed and must comply with the above mentioned as well as with the relevant rules and directives issued by Bursa Malaysia Securities Berhad, Bursa Malaysia Depository Sdn. Bhd. and Bursa Malaysia Securities Clearing Sdn. Bhd.

## **1.7. RISK FACTORS**

### **1.7.1. GENERAL RISKS OF INVESTING IN A UNIT TRUST FUND**

Any investment carries with it an element of risk. Therefore, prior to making an investment, you should consider the following risk factors in addition to the other information set out in this Prospectus.

#### **Returns not guaranteed**

The investment of the fund is subject to market fluctuations and its inherent risk. There is **NO GUARANTEE** on the investment returns, nor any assurance that the fund's investment objective will be achieved.

#### **General market environment risk**

Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the fund's NAV.

#### **Inflation risk**

This is the risk that investors' investment in the unit trust fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce investors' purchasing power even though the value of the investment in monetary terms has increased.

**Manager's risk**

This risk refers to the day-to-day management of the fund by the manager which will impact the performance of the fund. For example, investment decisions undertaken by the manager, as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the deed, relevant law or guidelines due to factors such as human error or weaknesses in operational process and systems, may adversely affect the performance of the fund.

**Loan financing risk**

This risk occurs when investors take a loan/financing to finance their investment. The inherent risk of investing with borrowed money includes you being unable to service the loan repayments. In the event units are used as collateral, you may be required to top-up your existing instalment if the prices of units fall below a certain level due to market conditions. Failing which, the units may be sold at a lower NAV per unit as compared to the NAV per unit at the point of purchase towards settling the loan.

*Note: Unit Trust Loan Financing Risk Disclosure Statement Form annexed as Appendix 1 hereto sets out the risks in detail.*

**1.7.2. SPECIFIC RISKS ASSOCIATED WITH THE INVESTMENT PORTFOLIO OF THE FUND**

There are specific risks associated with the investment portfolio of the Fund. The key ones include but are not limited to the following:

**Country risk**

Investments of the Fund in any country may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the countries in which the Fund invests in. For example, the deteriorating economic condition of such countries may adversely affect the value of the investments undertaken by the Fund in those affected countries. This in turn may cause the NAV of the Fund or prices of units to fall.

Where necessary, we will obtain the necessary licenses/permits for investments in countries that require licenses/permits. If we are unable to obtain the necessary licenses/permits, or the licenses/permits are revoked or not renewed (as the case may be), we will seek to invest in other accessible markets.

**Stock specific risk**

Prices of a particular stock may fluctuate in response to the circumstances affecting individual companies such as adverse financial performance, news of a possible merger or loss of key personnel of a company. Any adverse price movements of such stock will adversely affect the Fund's NAV.

**The risk associated with investment in warrants**

There are inherent risks associated with investment in warrants. The value of warrants are influenced by the current market price of the underlying security, the exercise price of the contract, the time to expiration of the contract and the estimate of the future volatility of the underlying security's price over the life of the contract. Investors should note that the value of warrants may experience time decay, and the erosion of value accelerates as the warrants advances to its expiry date. Like securities, we will undertake fundamental research and analysis on these instruments with an aim to mitigate its risks.

**Credit and default risk**

The Fund will be exposed to a certain degree of credit and default risk of issuers or counterparties when the Fund invests in debt instruments, money market instruments and/or place Deposits. Credit risk relates to the creditworthiness of the securities issuers or counterparties and their expected ability to make timely payment of interest and/or principal. Any adverse situations faced by the issuer or counterparties may impact the value as well as liquidity of the investments. In the case of rated debt instruments, this may lead to a credit downgrade. Default risk relates to the risk that a securities issuer or counterparties either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investments. Should the Fund invest in lower rated debt instrument, the Fund is subject to a higher default risk as compared to a fund that invests in higher rated debt instrument only. We aim to mitigate this risk by performing bottom-up and top-down credit research and analysis to determine the creditworthiness of its issuers or counterparties, and impose investment limits on exposures for issuers or counterparties with different credit profiles as a precautionary step to limit any loss that may arise directly or indirectly as a result of a defaulted transaction.

**Interest rate risk**

Interest rate risk refers to the impact of interest rate changes on the valuation of debt instruments. When interest rates rise, debt instruments prices generally decline and this may lower the market value of the fund's investment in debt instruments. In managing the risk, we take into account the coupon rate and time to maturity of the debt instruments with an aim to mitigate the interest rate risk.

**Liquidity risk**

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

**Currency risk**

As the investments of the Fund may be denominated in currencies other than MYR, any fluctuation in the exchange rate between MYR and the currencies in which the investments are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the investments are denominated depreciate against MYR, this will have an adverse effect on the NAV of the Fund when it is expressed in MYR terms and vice versa. You 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.

**Mismatch risk**

This risk refers to the non-matching of the duration of debt securities the Fund holds if the Early Termination Event occurs. For example, if the Fund is early terminated, the Fund will need to liquidate the debt instruments held at the prevailing market price, which may be unfavourable or lower than its purchase price. Consequently, it may adversely affect the Fund's NAV and ultimately affecting the total return generated by investors.

**Redemption risk**

In the event of large redemptions, the Fund may need to dispose some of its investments to fulfil redemption obligations. If the debt instruments are sold when interest rates rise or are expected to rise, the price of the debt instruments will fall. This in turn would depress the NAV of the Fund. The Fund discourages redemptions by imposing a Withdrawal Penalty which is ploughed back to the Fund. You are advised to be prepared to commit your investments up to three (3) years.

**The above summary of risks does not purport to be an exhaustive list of all the risk factors relating to investments in the Fund and are not set out in any particular order of priority. You should be aware that an investment in a unit trust fund may be exposed to other risks from time to time. If in doubt, you should consult professional advisers for a better understanding of the risks.**

## 2. FEES, CHARGES AND EXPENSES

### 2.1. CHARGES

The following describes the charges that you may incur **directly** when you buy or withdraw units of the Fund.

#### 2.1.1. Application Fee

When applying for units of the Fund, you may be charged an Application Fee of up to 2.50% based on the NAV per unit.

**Note:** Notwithstanding the Application Fee disclosed above, you may negotiate with the Distributors for lower charges. Please refer to “Calculation of investment amount and units entitlement” section under “Chapter 3. Transaction Information” for illustration on how the Application Fee is calculated. The Application Fee imposed will be rounded to two (2) decimal places.

#### 2.1.2. Withdrawal Penalty

A Withdrawal Penalty of up to 3.00% of the NAV per unit is chargeable on any withdrawal made. The Withdrawal Penalty borne by you will be retained by the Fund.

Notwithstanding the above, no Withdrawal Penalty will be charged if:

- the withdrawal is made during the Initial Offer Period in which case the withdrawal price will be the Initial Offer Price per unit;
- the withdrawal is a result of Unit holder exercising his cooling-off right.

**Note:** Please refer to “Calculation of investment amount and units entitlement” section under “Chapter 3. Transaction Information” for illustration on how the Withdrawal Penalty is calculated. The Withdrawal Penalty imposed will be rounded to two (2) decimal places.

#### 2.1.3. Switching Fee

Currently, switching facility is not available for this Fund; hence, Switching Fee is not applicable.

#### 2.1.4. Transfer Fee

A Transfer Fee of not more than RM50.00 may be charged for each transfer.

All fees and charges payable by you are subject to any applicable taxes (including but not limited to GST) and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by you as disclosed or illustrated above.

### 2.2. FEES AND EXPENSES

The following describes the fees that you may incur **indirectly** when you invest in the Fund.

#### 2.2.1. Management Fee

The Manager is entitled to a fee of up to 0.80% per annum of the NAV of the Fund. The Management Fee shall be accrued daily based on the NAV of the Fund and paid monthly.

Below is an illustration on how the Management Fee is calculated, assuming the NAV of the Fund is MYR100 million:-

$$\begin{aligned} \text{Management Fee for the day} &= \text{NAV of the Fund} \times \text{annual Management Fee rate for the Fund (\%)} / 365 \text{ days} \\ &= \text{MYR100 million} \times 0.80\% / 365 \\ &= \text{MYR2,191.78} \end{aligned}$$

#### 2.2.2. Trustee Fee

The Trustee is entitled to a fee of up to 0.05% per annum (including local custodian fee but excluding foreign sub-custodian fee and charges) of the Fund's NAV. The Trustee Fee shall be accrued daily and paid monthly to the Trustee.

Below is an illustration on how the Trustee Fee is calculated, assuming the NAV of the Fund is MYR100 million:-

$$\begin{aligned} \text{Trustee Fee for the day} &= \text{NAV of the Fund} \times \text{annual Trustee Fee rate for the Fund (\%)} / 365 \text{ days} \\ &= \text{RM100 million} \times 0.05\% / 365 \\ &= \text{RM136.984} \end{aligned}$$

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

**All fees and charges payable by the Fund are subject to any applicable taxes (including but not limited to GST) and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund as disclosed or illustrated above.**

### **2.2.3. Other expenses**

The Deed also provides for payment of other expenses. The major expenses recoverable directly from the Fund include:

- expenses incurred in the sale, purchase, insurance, custody and any other dealings of investments including commissions/fees paid to brokers and costs involved with external specialists approved by the Trustee in investigating and evaluating any proposed investment;
- (where the foreign custodial function is delegated by the Trustee), all costs associated with the custody of investment and charges/fees paid to the sub-custodian;
- preparation and audit of the taxation returns and accounts of the Fund;
- expenses incurred in the printing of, purchasing of stationery and postage of the annual and interim (if any) reports;
- remuneration and out of pocket expenses of the independent members of the investment committee unless we decide to bear the same;
- tax (including but not limited to GST) and other duties imposed by the government and other authorities, and bank fees;
- tax agent's and auditor's fees and expenses in relation to the Fund;
- valuation fees paid to independent valuers for the benefit of the Fund;
- costs incurred in modifying the Deed other than for our benefit or the benefit of the Trustee;
- costs of convening and holding meetings of Unit holders (other than those meetings convened for our benefit or the benefit of the Trustee); and
- all costs, bank charges and expenses related to income distribution of the Fund; for example, postage and printing of all cheques, statements and notices to Unit holder of the Fund.

Expenses not authorised by the Deed must be paid by us or the Trustee out of our own funds, if incurred for our benefit.

**2.2.4.** We and the Trustee are required to ensure that any fees or charges payable are reasonable and in accordance with the Deed which stipulates the maximum rate in percentage terms that can be charged.

You should note that we may alter the fees and charges (other than the Trustee Fee) within such limits, and subject to such provisions, as set out in the Deed and the SC Guidelines.

You should note that we may, for any reason at any time, where applicable, waive or reduce the amount of any fees (except the Trustee Fee) or other charges payable by you in respect of the Fund, either generally (for all investors) or specifically (for any particular investor or a group of investors) and for any period or periods of time at our absolute discretion.

## **2.3. REBATES AND SOFT COMMISSIONS**

We and the Trustee will not retain any form of rebate or soft commission from, or otherwise share in any commission with, any broker in consideration for directing dealings in the investments of the Fund unless the soft commission received is retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Fund. All dealings with brokers are executed on most favourable terms for the Fund.

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

**All fees and charges payable by you and/or the Fund are subject to any applicable taxes (including but not limited to GST) and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you as disclosed or illustrated in the Prospectus.**

**We have the discretion to amend the amount, rate and/or terms and conditions for the above-mentioned fees, charges and expenses from time to time, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you or seek your approval on the amendments to the fees and charges.**

# 3. TRANSACTION INFORMATION

## 3.1. VALUATION OF INVESTMENTS PERMITTED BY THE FUND

We will carry out the valuation of the Fund in a fair manner in accordance with the applicable laws and guidelines. The valuation bases for the investments permitted by the Fund are as below:

- **Listed securities**

The value of any permitted investments, which are quoted on an approved exchange, shall be calculated daily by reference to the last transacted price on that approved exchange. If the last transacted price does not represent the fair value of the securities, then the securities shall be valued at fair price as determined in good faith by us, based on the methods or bases approved by the Trustee after appropriate technical consultation, such as the mean of bid and offer prices at the close of trading. Suspended securities will be valued at their last done price unless there is conclusive evidence to show that the value has gone below the suspended price or where the quotation of the securities has been suspended for a period exceeding fourteen (14) days or such shorter period as determined by the Trustee, whereupon their fair value will be determined in good faith by us based on the methods or bases approved by the Trustee after appropriate technical consultation.

- **Unlisted securities**

The valuation of 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 shall be valued at the issue price of such equities. The value will be determined by the financial institution that issued the instrument.

The value of any unlisted RM-denominated debt securities shall be calculated on a daily basis using prices quoted by a bond pricing agency ("BPA") registered with the SC. Where such prices are not available or where we are of the view that the price quoted by the BPA for a specific debt security differs from the market price by more than 20 (twenty) basis points, we may use the market price by reference to the last available quote provided such quote was obtained within the previous 30 (thirty) days and we record its basis for using a non-BPA price, obtained necessary internal approvals to use the non-BPA price and keeps an audit trail of all decisions and basis for adopting the market yield.

The value of any unlisted non RM-denominated debt securities shall be calculated daily using prices quoted by IDC using its proprietary methodology. The bond prices by IDC are calculated using prices contributed by financial institutions and other market inputs listed in approximate order of priority, include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads and reference data (e.g. corporate action announcements and ratings). Where the prices from IDC are not available on any business day, these bonds will be valued by reference to the average indicative yield quoted by three (3) independent and reputable financial institutions. However, where quotations are still not available, such unlisted non RM-denominated debt securities will be valued at least weekly at fair price determined in good faith by us, based on the methods or bases which have been verified by the auditor and approved by the Trustee.

- **Money market instruments**

Valuation of money market instruments shall be determined daily by reference to the principal value of such permitted investments and the accrued income for the relevant period.

- **Deposits**

The value of Deposits shall be determined daily by reference to the principal value of such permitted investments and the interest/profit accrued thereon for the relevant period.

- **Derivatives**

For unlisted derivative instruments, the value will be determined by the financial institution that issued the instrument. In any event, we shall ensure that the valuation of the investment is valued at fair value as determined in good faith by us, on methods and bases which have been verified by the auditor of the Fund and approved by the Trustee. For listed derivative instruments, the valuation will be in the same manner as other listed securities described above.

If the value of the Fund's assets is denominated in a foreign currency, the assets are translated on a daily basis to RM based on the bid foreign exchange rate quoted by either Reuters or Bloomberg, at UK time 4:00 p.m. on the same day (Malaysian time 11:00 p.m. or 12:00 a.m.) or such other time as stipulated in the IMS.

## 3.2. UNIT PRICING

We adopt a single pricing method for any transactions (i.e. applications, withdrawals and/or transfer) based on forward prices. This means that we will process your transactions request based on the NAV per unit at the next valuation point after we receive the completed relevant transaction forms from you.

If the transactions are made by 4:00 p.m. on a Business Day, we will process the transactions using the NAV per unit for that Business Day. For transactions made after 4:00 p.m., we will process the transactions using the NAV per unit on the next Business Day.

We will carry out the valuation for the Fund for a Business Day on the next Business Day (T+1) by 4:00 p.m. This is to cater for the currency translation of the foreign securities or instruments to MYR based on the bid exchange rate quoted by Bloomberg or Reuters at UK time 4:00 p.m. (Malaysian time 11:00 p.m. or 12:00 a.m.) on the same day, or such other time as stipulated in the

IMS. The NAV per unit for a Business Day is available on our website at <http://www.cimb-principal.com.my> after 5:30 p.m. on the following Business Day (T+1).

**Illustration:**

For transaction request received by us by 4:00 p.m. on a Business Day

At the end of the Business Day on 9 October 2017, your units will be based on the NAV per unit on 9 October 2017, which will be calculated on the next Business Day, that is, 10 October 2017. The NAV per unit will be made known on our website after 5:30 p.m. on 10 October 2017.

For transaction request received by us after 4:00 p.m. on a Business Day

At the end of the Business Day on 9 October 2017, your units will be based on the NAV per unit on 10 October 2017, which will be calculated two (2) days later, that is, 11 October 2017. The NAV per unit will be made known on our website after 5:30 p.m. on 11 October 2017.

The Fund must be valued at least once every Business Day. The method of determining NAV per unit is calculated as follows:

$$\text{NAV per unit} = \frac{\text{NAV of the Fund}}{\text{Number of units in issue}}$$

The NAV of the Fund is the sum of the value of all investments and cash held by the Fund (calculated in accordance with the Deed) including income derived by the Fund which has not been distributed to you, less all amounts owing or payable in respect of the Fund which also includes any provisions that may be made by us and the Trustee. For example, a provision may be made for possible future losses on an investment which cannot be fairly determined.

**Note:** We will ensure the accuracy of the prices to the Federation of Investment Managers Malaysia – Funds Malaysia System.

**3.2.1. Calculation of investment amount and units entitlement**

The calculation below is for illustration only and does not represent the actual percentage or amount that you may incur for the Fund.

**Illustrations:**

**Calculation of number of units received, Application Fee and total amount payable by you**

Assumptions:

Initial Offer Price per unit = RM1.0000

You wish to invest RM10,000.00 in the Fund through an IUTA, at an Application Fee of 2.50%.

Calculation of number of units that you will receive \*

= Investment amount / Initial Offer Price per unit

= RM10,000.00 / RM1.0000

= 10,000 units

Calculation of Application Fee that you will incur (to be payable in addition to the amount invested)

= Initial Offer Price per unit x number of units received x Application Fee rate

= RM1.0000 x 10,000 units x 2.50%

= RM250.00

Calculation of total amount that you will have to pay

= Investment amount + Application Fee paid

= RM10,000.00 + RM250.00<sup>#</sup>

= RM10,250.00

\* The number of units you will receive will be rounded down to two (2) decimal places

# The Application Fee imposed will be rounded to two (2) decimal places.

**Calculation of withdrawal value, Withdrawal Penalty and amount payable to you**

Assuming you have 50,000 units, you wish to withdraw 10,000 units from your investment in the Fund. Your withdrawal request is received by 4:00 p.m. of a Business Day. The NAV per unit for that Business Day is RM1.1500 (truncated to 4 decimal places).

A Withdrawal Penalty of 3.00% on the NAV per unit will be charged on the withdrawal.

Calculation of your withdrawal amount

= Units withdrawn x NAV per unit

= 10,000 x RM1.1500

= RM11,500.00

Calculation of Withdrawal Penalty paid by you (to be deducted from the withdrawal value)

= NAV per unit x number of units withdrawn x Withdrawal Penalty rate

= RM1.1500 x 10,000 x 3.00%

= RM345.00

Calculation of amount payable to you  
= Withdrawal value – Withdrawal Penalty amount paid  
= RM11,500.00 – RM345.00  
= RM11,155.00

**Calculation of withdrawal value and amount payable to you (when the Fund is terminated early due to Early Termination Event)**

The Fund will be liquidated and the proceeds (after deducting all expenses) would be returned to you in accordance with the proportion of your unit holdings in the Fund. No Withdrawal Penalty is charged and the amount payable to you is the withdrawal value. Assuming you have 10,000 units and the NAV per unit on Early Termination Date is RM1.1550 (truncated to 4 decimal places).

Calculation of withdrawal value  
= Number of units x NAV per unit  
= 10,000 x RM1.1550  
= RM11,550.00

Calculation of amount payable to you  
= Withdrawal value  
= RM11,550.00

**Note:** The above illustrations do not take into account GST.

### 3.3. INCORRECT PRICING

We shall take immediate remedial action to rectify any incorrect valuation and/or pricing of the Fund or units of the Fund. Where such error has occurred, we shall reimburse the money in the following manner:

- (a) in the event of over valuation and/or pricing, we shall reimburse:
  - (i) the Fund for any withdrawal of units; and/or
  - (ii) you, if you have purchase units of the Fund at a higher price; or
- (b) in the event of under valuation and/or pricing, we shall reimburse:
  - (i) the Fund for any subscription of units; and/or
  - (ii) you, if you have withdraw units of the Fund at a lower price.

Notwithstanding the above, unless the Trustee otherwise directs, we shall make the reimbursement as per the IMS, only where an incorrect pricing:

- (i) is equal or more than 0.50% of the NAV per unit; and
- (ii) results in a sum total of RM10.00 or more to be reimbursed to a Unit holder for each sale or repurchase transaction.

We shall have the right to amend, vary or revise the abovesaid limits or threshold from time to time, subject to any regulatory or governing body's requirements.

### 3.4. INVESTING

#### 3.4.1. Who can invest?

You are eligible to invest in the Fund if you are:

- an individual who is at least eighteen (18) years of age and not an undischarged bankrupt. As an individual investor, you may also opt to invest in joint names (i.e. as a joint Unit holder and both applicants must be at least eighteen (18) years of age).
- an institution including a company, corporation, co-operative, trust or pension fund.

However, we have the right to reject an application on reasonable grounds.

Further, if we become aware of a US person (i.e. someone who has a USA address (permanent or mailing)) or US entity (i.e. a corporation, trust, partnership or other entity created or organised in or under the laws of the United States or any state thereof or any estate or trust the income of which is subject to United States Federal Income Tax regardless of source) holding units in the Fund, we will issue a notice to that Unit holder requiring him/her to, within thirty (30) days, either withdraw the units or transfer the units to a non-US person or non-US entity.

We also have the right to withdraw all units held by you in the event we are of the opinion that such withdrawal is necessary to ensure that we comply with any relevant laws, regulations and guidelines. We will first notify you before making any such compulsory withdrawal of your units.

#### 3.4.2. How to invest?

You may invest through any of our Distributors or our head office after completing the relevant application forms and attaching a copy of your identity card, passport or any other identification document. We may request for additional supporting document(s) or information from you. On the application form, please indicate clearly the amount you wish to invest in the Fund. We may introduce other mode of investment from time to time, subject to the approval of the relevant authorities.

You may invest:

- by crossed cheque, banker's draft, money order or cashier's order (made payable as advised by us or our Distributors as the case may be). You will have to bear the applicable bank fees and charges, if any;
- directly from your bank account held with our Distributors, where applicable; or
- by such other mode of payment that we and/or the relevant authorities approve from time to time. Any charges, fees and expenses incurred in facilitating such mode of payment shall be borne by you. Such mode of payment is subject to further limit(s), restriction(s) and/or terms and conditions that we and/or the relevant authorities may impose from time to time.

### 3.4.3. Can the units be registered in the name of more than one (1) Unit holder?

We may register units in the name of more than one (1) Unit holder but we have the discretion not to allow registration of more than two (2) joint Unit holders. All applicants must be at least eighteen (18) years of age.

In the event of the demise of a joint Unit holder, whether Muslim or non-Muslim, only the surviving joint Unit holder will be recognised as the rightful owner. His/her units will be dealt with in accordance with the Deed and applicable laws and regulations.

### 3.4.4. Who is distributing this Fund?

The Fund may be distributed via the following channels:

- IUTAs; and
- such other channels as we may decide from time to time.

You may invest into the Fund via us or any of our Distributors. Please refer to the "Distributors of the Fund" chapter for further details. Please note that we have the discretion in determining the Distributors of the Fund, including its appointment and/or termination from time to time. You may contact our **Customer Care Centre** at **(03) 7718 3100** for more information.

**You are advised not to make payment in cash to any individual agent when purchasing units of a fund.**

3.4.5. Please take note that if your investments are made through an IUTA via a nominee system of ownership, you would not be deemed as a Unit holder under the Deed and as a result, you may not exercise all the rights ordinarily conferred to a Unit holder (e.g. the right to call for Unit holders' meetings and the right to vote at a Unit holders' meeting).

## 3.5. MINIMUM INVESTMENTS

The minimum initial investment in the Fund is RM1,000 and the minimum additional investment in the Fund is RM100 or such other amount as we may decide from time to time.

**Note:** You may request for a lower amount when purchasing units (or additional units), which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject your request to lower the amount and without having to assign any reason, either generally (for all investors) or specifically (for any particular investor or a group of investors) without prior notice to you.

### 3.5.1. Processing an application

If we receive a complete application by 4:00 p.m. on a Business Day, we will process it using the NAV per unit for that Business Day. If we receive the application after 4:00 p.m. on a Business Day, we will process it using the NAV per unit for the next Business Day (T+1). We will only process the completed applications with all necessary information. The number of units you receive will be rounded down to two (2) decimal places.

## 3.6. MINIMUM WITHDRAWALS

The minimum withdrawal for the Fund is 1,000 units or such other amount as we may decide from time to time, unless you are withdrawing your entire investment. Withdrawals can be made from the Fund by completing a redemption form and sending it to the relevant Distributor or our head office. There is no restriction on the frequency of withdrawals. We will transfer the withdrawal proceeds to your bank account in our records. If we wish to increase the minimum withdrawal, we will consult with the Trustee and you will be notified of such changes before implementation.

**Note:** You may request for a lower number of units when withdrawing units, which will be at our sole and absolute discretion. However, you should note that we may, for any reason at any time, where applicable, accept or reject your request to lower the number of units and without having to assign any reason, either generally (for all investors) or specifically (for any particular investor or a group of investors) without prior notice to you.

### 3.6.1. Processing a withdrawal

If we receive a complete withdrawal request by 4:00 p.m. on a Business Day, we will process it using the NAV per unit for that Business Day. If we receive the withdrawal request after 4:00 p.m. on a Business Day, we will process it using the NAV per unit for the next Business Day (T+1). The amount that you will receive is calculated by the withdrawal value less the Withdrawal Penalty, if any. You will be paid in RM within ten (10) calendar days of receipt of the complete withdrawal request. You will have to bear the applicable bank fees and charges, if any.

Upon the occurrence of Early Termination Event, the Fund shall be compulsorily terminated and your units will be withdrawn based on the Final NAV per unit.

### **3.7. MINIMUM BALANCE**

The minimum balance that must be retained in the Fund is 1,000 units or such other amount as we may decide from time to time. If the balance (i.e. number of units) of an investment drops below 1,000 units, we can withdraw the entire investment and forward the proceeds to you. If we wish to increase the minimum balance amount, we will consult with the Trustee and you will be notified of such changes before implementation. However, you should note that we may, for any reason at any time, where applicable, reduce the minimum balance, either generally (for all investors) or specifically (for any particular investor or a group of investors) without prior notice to you.

### **3.8. COOLING-OFF PERIOD**

You have six (6) Business Days after your initial investment (i.e. from the date the application form is received and accepted by us or our Distributors) to reconsider its appropriateness and suitability for your investment needs. Within this period, you may withdraw your investment at the same NAV per unit when the units were purchased. We will refund the investment amount including Application Fee (if any) to you within ten (10) days, from the date we receive the complete documentations. Please note that the cooling-off right is only given to first time investor investing with us or any of our Distributors. However, CIMB-Principal's staff and person(s) registered to deal in unit trust of CIMB-Principal or any of our Distributors are not entitled to the cooling-off right.

### **3.9. SWITCHING**

There is no switching facility for this Fund.

### **3.10. TRANSFER FACILITY**

You are allowed to transfer your holdings but this is subject to conditions stipulated in the Deed. However, we may refuse to register any transfer of unit at our absolute discretion.

### **3.11. DISTRIBUTION PAYMENT**

Given the Fund's investment objective, the Fund is not expected to pay any distribution. Distributions, if any, are at our discretion and will vary from period to period depending on the availability of realised income and/or realised gains for distribution and performance of the Fund.

You shall furnish us with details of your bank account which all distribution payment (if any) shall be paid. The cost and expense will be borne by you.

### **3.12. UNCLAIMED MONEYS**

As prescribed by Unclaimed Moneys Act 1965 ("UMA"), any moneys payable to you which remain unclaimed after twelve (12) months will be surrendered to the Registrar of Unclaimed Moneys by us in accordance with the requirements of the UMA. Thereafter, all claims need to be made by you with the Registrar of Unclaimed Moneys.

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

**We have the discretion to amend the amount, rate and/or terms and conditions of the transaction information herein, subject to the requirements stipulated in the Deed. Where necessary, we will notify the Trustee and communicate to you on the amendments to the transaction information.**

## 4. ADDITIONAL INFORMATION

### 4.1. FINANCIAL YEAR-END

30 September.

### 4.2. INFORMATION ON YOUR INVESTMENT

We will send you the following:

- Your CIMB-Principal account number;
- Confirmation on all your transactions and distributions (if any);
- Confirmation on any changes to your address if you have written to us to make the changes;
- Quarterly statement showing details of your transactions and distributions (if any); and
- Interim and audited annual report showing snapshots of the Fund and details of the portfolio for the respective period reported. Both the interim report and the audited annual report will be sent to you within two (2) months of the end of the period reported.

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

In the case of joint Unit holders, all correspondences and payments will be made and sent to the first registered Unit holder.

Please take note that if your investment is made through the Distributor (i.e. the IUTA via a nominee system of ownership), you would not be deemed to be a Unit holder under the Deed. As such, you may obtain the above-mentioned information from the respective Distributor.

You may obtain up-to-date fund information and NAV per unit from our monthly fund fact sheets and our website, [www.cimb-principal.com.my](http://www.cimb-principal.com.my).

If you have any questions about the information in this Prospectus or would like to know more about investing in this Fund, please contact our **Customer Care Centre** at **(603) 7718 3100** between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. and 4:45 p.m. (Malaysian time) on Fridays (except on Selangor public holidays) or you may email us at [service@cimb-principal.com.my](mailto:service@cimb-principal.com.my).

If you wish to write-in, please address your letter to:

**CIMB-Principal Asset Management Berhad**  
**Customer Care Centre**  
50, 52 & 54 Jalan SS 21/39  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan MALAYSIA

### 4.3. DEED

The Fund is governed by the Deed dated 14 November 2017 including any supplemental deed(s) as may be issued from time to time.

### 4.4. DOCUMENTS AVAILABLE FOR INSPECTION

You may inspect the following documents or copies thereof in relation to the Fund (upon request) at our principal place of business and/or the business address of the Trustee (where applicable) without charge:

- The Deed;
- Current Prospectus and supplementary or replacement prospectus, if any;
- The latest annual and interim reports of the Fund;
- Material contracts or documents disclosed in the Prospectus;
- The audited financial statements of the Manager and the Fund (where applicable) for the current financial year and for the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement;
- Any report, letter or other document, valuation and statement by any expert, any part of which is extracted or referred to in this Prospectus;
- Writ and relevant cause papers for all material litigation and arbitration disclosed in this Prospectus; and
- Consent given by experts or disclosed in this Prospectus, if any.

### 4.5. CONSENT

PricewaterhouseCoopers Taxation Services Sdn Bhd and HSBC (Malaysia) Trustee Berhad have given their written consent to act in their respective capacity. They have also given their consent for the inclusion of their names and/or statements and/or reports in this Prospectus in the form and context in which it appears and have not subsequently withdrawn their consent to the inclusion of their names and/or statements and/or reports in the form and context in which it appears in this Prospectus.

#### 4.6. POTENTIAL CONFLICTS OF INTERESTS AND RELATED PARTY TRANSACTIONS

We (including our directors) will at all times act in your best interests and will not conduct ourselves in any manner that will result in a conflict of interest or potential conflict of interest. In the unlikely event that any conflict of interest arises, such conflict shall be resolved such that the Fund is not disadvantaged. In the unlikely event that we face conflicts in respect of our duties as Manager to the Fund and to other CIMB-Principal Funds that we manage, we are obliged to act in the best interests of our investors and will seek to resolve any conflicts fairly and in accordance with the Deed.

We shall not act as principal in the sale and purchase of any securities or investments to and from the Fund. We shall not make any investment for the Fund in any securities, properties or assets in which we or our officer has financial interest in or from which we or our officer derives a benefit, unless with the prior approval of the Trustee. We (including our directors) who hold substantial shareholdings or directorships in public companies shall refrain from any decision making relating to that particular investment of the Fund.

As at LPD, none of our directors and substantial shareholders has either direct or indirect interest in other corporations that carry on a similar business with CIMB-Principal, except for the following:

Director / Shareholder	Position	Shareholding (Direct / Indirect)	Name of corporation
CIMB Group Sdn Bhd	Shareholder	√	CIMB-Principal Islamic Asset Management Sdn Bhd CIMB-Mapletree Management Sdn Bhd

The Fund may maintain Deposits with CIMB Bank Berhad, CIMB Islamic Bank Berhad and CIMB Investment Bank Berhad. We may enter into transactions with other companies within the CIMB Group and the PFG provided that the transactions are effected at market prices and are conducted at arm's lengths.

We may conduct cross trades between funds that we manage, subject to regulatory requirements.

As for the Trustee for the Fund, there may be related party transactions involving or in connection with the Fund in the following events:

- (1) where the Fund invests in instrument(s) offered by the related party of the Trustee (e.g. placement of monies, structured products, etc);
- (2) where the Fund is being distributed by the related party of the Trustee;
- (3) where the assets of the Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of that Fund (i.e. Trustee's delegate); and
- (4) where the Fund obtains financing as permitted under the SC Guidelines, from the related party of the Trustee.

The Trustee has in place policies and procedures to deal with any conflict of interest situation. The Trustee will not make improper use of its position as the owner of the Fund's assets to gain, directly or indirectly, any advantage or cause detriment to the interests of Unit holders. Any related party transaction is to be made on terms which are best available to the Fund and which are not less favourable to the Fund than an arms-length transaction between independent parties.

Subject to any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit holder or enter into any contract or transaction with each other, the Fund or any form any such contract or transaction or act in the same or similar capacity in relation to any other scheme.

#### 4.7. INTERESTS IN THE FUND

Subject to any legal requirement, we or any of our related corporation, or any of our officers or directors may invest in the Fund. Our directors will receive no payments from the Fund other than distributions that they may receive as a result of investment in the Fund. No fees other than the ones set out in this Prospectus have been paid to any promoter of the Fund, or the Trustee (either to become a Trustee or for other services in connection with the Fund), or us for any purpose.

#### 4.8. EMPLOYEES' SECURITIES DEALINGS

We have in place a policy contained in its Rules of Business Conduct, which regulates its employees' securities dealings. All of our employees are required to declare their securities trading annually to ensure that there is no potential conflict of interest between the employees' securities trading and the execution of the employees' duties to us and our customers.

# 5. THE MANAGER

## 5.1. ABOUT CIMB-PRINCIPAL ASSET MANAGEMENT BERHAD

CIMB-Principal holds a Capital Markets Services License for fund management and dealing in securities restricted to unit trust under the CMSA and specialises in managing and operating unit trusts for investors, both institutional and retail. CIMB-Principal's responsibilities include managing investment portfolios by providing fund management services to insurance companies, pension funds, unit trust companies, corporations and government institutions in Malaysia. In addition, CIMB-Principal is an approved private retirement scheme provider in Malaysia. It originally commenced its operations as a unit trust company in November 1995. As at LPD, CIMB-Principal has more than 21 years of experience in the unit trust industry. The shareholders of CIMB-Principal are CIMB Group and PIA.

CIMB Group is held in majority by CIMB Group Holdings Berhad. It is a fully integrated investment bank. It offers the full range of services in the debt markets, the equity markets and corporate advisory. Member companies of CIMB Group also provide services in lending, private banking, private equity, Islamic capital markets as well as research capability in economics, equity and debt markets.

PIA is a private company incorporated in Hong Kong and its principal activity is the provision of consultancy services to other PFG group of companies. PIA is a subsidiary of the PFG, which was established in 1879 and is a diversified global financial services group servicing more than 15 million customers.

The primary roles, duties and responsibilities of CIMB-Principal as the Manager of the Fund include:

- maintaining a register of Unit holders;
- Implementing the appropriate investment strategies to achieve the Fund's investment objectives;
- ensuring that the Fund has sufficient holdings in liquid assets;
- arranging for the sale and repurchase of units;
- calculating the amount of income to be distributed to Unit holders, if any; and
- maintaining proper records of the Fund.

As at LPD, there is no litigation or arbitration proceeding current, pending or threatened against or initiated by CIMB-Principal nor is there any fact likely to give rise to any proceeding, which might materially affect the business or financial position of CIMB-Principal.

### 5.1.1. The Board of Directors

As at LPD, the Board of Directors consists of eleven (11) members including four (4) Independent Directors. The Board of Directors oversees the management and operations of the CIMB-Principal and meets at least four (4) times a year.

Dato' Robert Cheim Dau Meng	- Non-independent director	Alejandro Elias Echegorri Rodriguez	- Non-independent director
Effendy bin Shahul Hamid	- Non-independent director	Dato' Anwar bin Aji	- Independent director
Thomas Cheong Wee Yee	- Non-independent director	Wong Joon Hian	- Independent director
Pedro Esteban Borda	- Non-independent director	A.Huzaima bin Dato' Abdul Hamid	- Independent director
Munirah binti Khairuddin	- Non-independent director	Hisham bin Zainal Mokhtar	- Independent director
Paul Wong Chee Kin	- Non-independent director		

### 5.1.2. The Investment Committee

As at LPD, the Investment Committee consists of six (6) members including three (3) independent members. Generally, the Investment Committee meets once a month and is responsible for ensuring that the investment management of the Fund is consistent with the objectives of the Fund, the Deed, the SC Guidelines and relevant securities laws, our internal investment restrictions and policies, as well as acceptable and efficacious investment management practices within the unit trust industry. In this role, the powers and duties of the Investment Committee include formulating and monitoring our implementation of appropriate investment management strategies for the Fund and the measurement and evaluation of our performance.

### 5.1.3. Designated person responsible for fund management function

<b>Name:</b>	Patrick Chang Chian Ping
<b>Designation:</b>	Chief Investment Officer, Malaysia
<b>Experience:</b>	Patrick was appointed as the Chief Investment Officer, Malaysia on 22 February 2016. He comes with an extensive 16 years of experience in asset management and is backed by numerous ASEAN awards from Malaysian pension funds in 2013 and 2015. He was previously the Head of ASEAN equities at BNP Paribas Investment Partners, Malaysia where he oversaw ASEAN equities for both Malaysian and offshore clients from 2012. Prior to that, he served as Senior Vice President for CIMB-Principal where he specialized in Malaysia, ASEAN and Asia specialist funds. He also worked as a portfolio manager at Riggs and Co International Private Banking in London, specializing in managing global ETF portfolios. He is a holder of a Capital Markets Services Representative License.
<b>Qualifications:</b>	MSc Finance from City University Business School and BSc Accounting and Financial Analysis from University of Warwick (Chevening Scholar), UK.

**Note:** For more information and/or updated information, please refer to our website at <http://www.cimb-principal.com.my>.

# 6. THE SUB-MANAGER

## 6.1. ABOUT CIMB-PRINCIPAL ASSET MANAGEMENT (S) PTE. LTD.

CIMB-Principal (S) was appointed as the Sub-Manager for the Fund. CIMB-Principal shall be responsible for the review, monitoring and oversight of CIMB-Principal (S) in the performance of its duties and obligations in respect of the Fund.

CIMB-Principal (S) was incorporated in Singapore on 18 May 2006, and has been in the fund management industry for more than ten (10) years. The company is a wholly-owned subsidiary of CIMB-Principal. CIMB-Principal (S) is a regional asset management company established in Singapore offering both Islamic and conventional fund management services. The company manages regional investment activities for the CIMB-Principal group of companies.

CIMB-Principal (S) is a licensed fund manager regulated by the Monetary Authority of Singapore.

As at LPD, there is no litigation or arbitration proceeding current, pending or threatened against or initiated by CIMB-Principal (S); nor is there any fact likely to give rise to any proceeding which might materially affect the business/financial position of CIMB-Principal (S) or any of its delegates.

### 6.1.1. Key person responsible for investment management of the Fund:

<b>Name:</b>	Christopher Leow
<b>Designation:</b>	Chief Executive Officer and Chief Investment Officer, Singapore
<b>Experience:</b>	Mr Leow joined CIMB-Principal in December 2003 and was transferred to CIMB-Principal (S) in May 2007. He has more than 20 years of experience in the equities and fund management industry. He is the Chief Investment Officer and a director of CIMB-Principal (S), and is responsible for leading the International Investment team based in Singapore. He has been registered with the Authority under the Securities and Futures Act as a Representative of CIMB-Principal (S) in fund management since September 2007.
<b>Qualifications:</b>	Bachelor of Commerce in Accounting and Finance (Hons) from the University of Western Australia. He is a CFA and a Certified Financial Planner.

**Note:** We have obtained the necessary consent and confirmation from each of the relevant parties with regards to the information disclosed in this section. For more information and/or updated information, please refer to our website at <http://www.cimb-principal.com.my>.

# 7. THE TRUSTEE

## 7.1. ABOUT HSBC (MALAYSIA) TRUSTEE BERHAD

**HSBC (Malaysia) Trustee Berhad** is a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at 13th Floor, Bangunan HSBC, South Tower, No. 2, Leboh Ampang, 50100 Kuala Lumpur. Since 1993, the Trustee has acquired experience in the administration of trusts and has been appointed as trustee for unit trust funds, exchange traded funds, wholesale funds and funds under private retirement scheme.

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit holders of the Fund. In performing these functions, the Trustee has to exercise all due care, diligence and vigilance and is required to act in accordance with the provisions of the Deed, CMSA and the SC Guidelines. Apart from being the legal owner of the Fund's assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, CMSA and the SC Guidelines. In respect of monies paid by an investor for the application of units, the Trustee's responsibility arises when the monies are received in the relevant account of the Trustee and in respect of redemption, the Trustee's responsibility is discharged once it has paid the redemption amount to the Manager.

The Trustee has in place anti-money laundering and anti-terrorism financing policies and procedures across the HSBC Group, which may exceed local regulations. Subject to any local regulations, the Trustee shall not be liable for any loss resulting from compliance of such policies, except in the case of negligence, wilful default or fraud of the Trustee.

The Trustee is not liable for doing or failing to do any act for the purpose of complying with law, regulation or court orders.

The Trustee shall be entitled to process, transfer, release and disclose from time to time any information relating to the Fund, Manager and Unit holders for purposes of performing its duties and obligations in accordance to the Deed, the CMSA, SC Guidelines and any other legal and/or regulatory obligations such as conducting financial crime risk management, to the Trustee's parent company, subsidiaries, associate companies, affiliates, delegates, service providers, agents and any governing or regulatory authority, whether within or outside Malaysia (who may also subsequently process, transfer, release and disclose such information for any of the above mentioned purposes) on the basis that the recipients shall continue to maintain the confidentiality of information disclosed, as required by law, regulation or directive, or in relation to any legal action, or to any court, regulatory agency, government body or authority.

### 7.1.1. Trustee's Delegate

The Trustee has appointed the Hongkong and Shanghai Banking Corporation Ltd as the custodian of both the local and foreign assets of the Fund. For quoted and unquoted local investments of the Fund, the assets are held through their nominee company, HSBC Nominees (Tempatan) Sdn Bhd. The Hongkong and Shanghai Banking Corporation Ltd is a wholly owned subsidiary of HSBC Holdings Plc, the holding company of the HSBC Group. The custodian's comprehensive custody and clearing services cover traditional settlement processing and safekeeping as well as corporate related services including cash and security reporting, income collection and corporate events processing. All investments are registered in the name of the Trustee or to the order of the Trustee. The custodian acts only in accordance with instructions from the Trustee. The Trustee shall be responsible for the acts and omissions of its delegate as though they were its own acts and omissions.

However, the Trustee is not liable for the acts, omissions or failure of third party depository such as central securities depositories, or clearing and/or settlement systems and/or authorised depository institutions, where the law or regulation of the relevant jurisdiction requires the Trustee to deal or hold any asset of the Fund through such third parties.

### 7.1.2. Trustee's Disclosure of Material Litigation

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

### 7.1.3. Trustee's Statement of Responsibility

The Trustee has given its willingness to assume the position as Trustee of the Fund and all the obligations in accordance with the Deed, all relevant laws and rules of law. The Trustee shall be entitled to be indemnified out of the Fund against all losses, damages or expenses incurred by the Trustee in performing any of its duties or exercising any of its powers under this Deed in relation to the Fund. The right to indemnity shall not extend to loss occasioned by breach of trust, wilful default, negligence, fraud or failure to show the degree of care and diligence required of the Trustee having regard to the provisions of the Deed.

**Note:** We have obtained the necessary consent and confirmation from each of the relevant parties with regards to the information disclosed in this section.

## 8. SALIENT TERMS OF DEED

Money invested by you in the Fund will purchase a number of units, which represents your interest in the Fund. Each unit held in the Fund represents an equal undivided beneficial interest in the assets of the Fund. However, the unit does not give you an interest in any particular part of the Fund or a right to participate in the management or operation of the Fund (other than through Unit holders' meetings).

You will be recognised as a registered Unit holder in the Fund on the Business Day your details are entered onto the register of Unit holders.

### 8.1. RIGHTS, LIABILITIES AND LIMITATION OF UNIT HOLDERS

#### 8.1.1. Rights

As a Unit holder, you have the right, among others, to the following:

- (i) to inspect the register, free of charge, at any time at our registered office, and obtain such information pertaining to its units as permitted under the Deed and the SC Guidelines;
- (ii) to receive the distribution of the Fund (if any), participate in any increase in the capital value of the units and to other rights and privileges as set out in the Deed;
- (iii) to call for Unit holders' meetings;
- (iv) to vote for the removal of the Trustee or the Manager through a Special Resolution;
- (v) to receive annual reports, interim reports or any other reports of the Fund; and
- (vi) to exercise the cooling-off right.

Unit holders' rights may be varied by changes to the Deed, the SC Guidelines or judicial decisions or interpretation.

#### 8.1.2. Liabilities

- (i) Your liability is limited to the purchase price per unit and the Application Fee paid or agreed to be paid for a Unit. You need not indemnify us or the Trustee or us if there is a deficiency in the assets of the Fund to meet the claim of our creditor or the claim of the creditor of the Trustee in respect of the Fund.
- (ii) Our recourse and the recourse of the Trustee and any creditor is limited to the assets of the Fund.

#### 8.1.3. Limitations

You cannot:

- (i) interfere with any of our rights or powers of ours and/or the rights or powers of Trustee's under the Deed;
- (ii) exercise a right in respect of an asset of the Fund or lodge a caveat or other notice affecting the asset of the Fund or otherwise claim any profit or compensation in the asset of the Fund; or
- (iii) require the asset of the Fund to be transferred to you.

*For full details of the rights of a registered Unit holder of the Fund, please refer to the Deed.*

### 8.2. MAXIMUM FEES, CHARGES AND EXPENSES PERMITTED BY THE DEED

This table describes the maximum charges permitted by the Deed and payable directly by you.

Charges	% / RM
Application Fee	Up to 7.00% of the Initial Offer Price per unit.
Withdrawal Penalty	Up to 5.00% of the NAV per unit is chargeable on amounts withdrawn.
Switching Fee	No switching facility is available for the Fund.

This table describes the maximum fees permitted by the Deed and payable indirectly by investors.

Fees	% / RM
Management Fee	Up to 3.00% per annum calculated daily based on the NAV of the Fund prior to any deduction for Trustee Fee and Management Fee for that particular day.
Trustee Fee	Up to 0.05% per annum calculated daily based on the NAV of the Fund prior to any deduction for Trustee Fee and Management Fee for that particular day.

A lower fee and/or charges than what is stated in the Deed may be charged, all current fees and/or charges will be disclosed in the Prospectus.

Any increase of the fees and/or charges above that stated in the current Prospectus may be made provided that a supplemental prospectus is issued and the maximum stated in the Deed shall not be breached.

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

### **8.2.1. Expenses permitted by the Deed**

The Deed also provides for payment of other expenses. The major expenses recoverable directly from the Fund include:

- commissions/fees paid to brokers/dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes or difference accounts;
- (where the foreign custodial function is delegated by the Trustee), charges/fees paid to the sub-custodian;
- tax (including but not limited to GST) and other duties charged on the Fund by the government and other authorities if any and bank fees;
- the fees and other expenses properly incurred by the auditor of the Fund and tax agent;
- remuneration and out of pocket expenses of the independent members of the investment committee and/or the Shariah advisers of the Fund (if any), unless the Manager decides to bear the same;
- fees for valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- costs incurred for the modification of this Deed other than for the benefit of the Manager or Trustee;
- costs incurred for any meeting of Unit holders other than those convened for the benefit of the Manager or Trustee;
- the sale, purchase, insurance, custody and any other dealings of investments including commissions/fees paid to brokers;
- costs involved with external specialists approved by the Trustee in investigating and evaluating any proposed investment;
- the engagement of valuers, advisers and contractors of all kinds;
- preparation and audit of the taxation returns and accounts of the Fund;
- termination of the Fund and the retirement or removal of the Trustee or Manager and the appointment of a new trustee or Manager;
- any proceedings, arbitration or other dispute concerning the Fund or any asset, including proceedings against the Trustee or the Manager by the other of them for the benefit of the Fund (except to the extent that legal costs incurred for the defense of either of them are ordered by the court not to be reimbursed out of the Fund);
- expenses incurred in the printing of, purchasing of stationery and postage of the annual and interim (if any) reports;
- costs of obtaining experts opinion by the Trustee and the Manager for the benefit of the Fund; and
- costs and/or expenses associated with the distributions declared pursuant to this Deed and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or distribution warrant or telegraphic transfer.

We and the Trustee are required to ensure that any fees or charges payable are reasonable and in accordance with the Deed which stipulate the maximum rate in percentage terms that can be charged.

### **8.3. RETIREMENT, REMOVAL OR REPLACEMENT OF THE MANAGER**

We must retire as the Manager when required to retire by law.

We may retire upon giving twelve (12) months' notice to the Trustee of their desire to do so, or such shorter notice as we and the Trustee may agree, in favour of another corporation.

We shall retire under the following circumstances:

- if a Special Resolution is duly passed by the Unit holders that the Manager be removed; or
- if we cease to be approved by the SC to be the Manager of the Fund.

We may be removed by the Trustee under certain circumstances outlined in the Deed. These include:

- if we have gone into liquidation (except for the purpose of amalgamation or reconstruction or some similar purpose) or if a receiver or judicial manager is appointed in respect of any of their assets or if any encumbrancer shall take possession of any of their assets; or
- if we cease to carry on business; or
- if the Trustee is of the opinion that we have, to the prejudice of the Unit holders, failed to comply with any provision or covenant herein or contravened any of the provisions of the CMSA; or
- if we have failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of the Unit holders to do so, after the Trustee has given reasonable notice to us 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 SC; or
- if a petition has been presented for the winding up against us (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction, we become or is declared insolvent).

In any of above said grounds, we for the time being shall upon receipt of such notice by the Trustee cease to be the Manager and the Trustee shall by writing under its seal appoint another corporation to be the manager of the Fund subject to such corporation entering into a deed(s) with the Trustee and thereafter act as manager during the remaining period of the Fund.

We may be replaced by another corporation appointed as manager by Special Resolution of the Unit holders at a Unit holder's meeting convened in accordance with the Deed either by the Trustee or the Unit holders.

### **8.4. RETIREMENT, REMOVAL OR REPLACEMENT OF THE TRUSTEE**

We and the Trustee may agree, and may by Deed appoint in its stead a new trustee approved by the SC.

The Trustee must retire as trustee of the Fund when required to retire by law. The Trustee may retire by giving twelve (12) months' notice to us or any shorter notice we accept.

We may remove the Trustee and the Trustee covenants that it will retire or be removed from the Fund constituted by or pursuant to the Deed if and when requested so to do by us if:

- the Trustee shall go into liquidation;
- the Trustee is placed under receivership, ceases to exist, fails or neglects its duties;
- the Trustee ceases to be approved by the SC to be a trustee for unit trust schemes; or
- a Special Resolution is duly passed by the Unit holders that the Trustee be removed.

Additionally, we are legislatively empowered under Section 299 of the CMSA to remove the Trustee under specific circumstances set out therein.

The Trustee may be replaced by another corporation appointed as trustee by a Special Resolution of the Unit holders at a Unit holders' meeting convened in accordance with the Deed either by us or the Unit holders.

## **8.5. TERMINATION OF THE FUND**

The Fund may be terminated or wound-up upon the occurrence of any of the following events:

- the SC's authorization is withdrawn under Section 256E of the CMSA;
- a Special Resolution is passed at a Unit holders' meeting to terminate or wind-up the Fund, following the occurrence of events stipulated under Section 301(1) of the CMSA and the court has confirmed the resolution, as required under Section 301(2) of the CMSA;
- a Special Resolution is passed at a Unit holders' meeting to terminate or wind-up the Fund;
- the Fund has reached the Early Termination Date; or
- the effective date of an approved transfer scheme, as defined under the SC Guidelines, has resulted in the Fund, which is the subject of the transfer scheme, being left with no asset/property.

## **8.6. MEETINGS OF UNIT HOLDERS**

A Unit holders' meeting may be called by us, the Trustee and/or Unit holders.

Where we or the Trustee convenes a meeting, the notice of the time and place of the meeting and terms of resolution to be proposed shall be given to the Unit holders in the following manner:

- (a) by sending by post a notice of the proposed meeting at least fourteen (14) days before the date of the proposed meeting, to each Unit holder at the Unit holder's last known address or, in the case of joint holders, to the joint Unit holder whose name stands first in our records at the joint Unit holder's last known address; and
- (b) by publishing, at least fourteen (14) days before the date of the proposed meeting, an advertisement giving notice of the meeting in a national language newspaper published daily and circulating generally throughout Malaysia, and in one other newspaper as may be approved by the SC.

We shall within twenty-one (21) days after an application is delivered to us at our registered office, being an application by not less than fifty (50), or one-tenth (1/10) in number, whichever is less, of the Unit holders to which this Deed relates, summon a meeting of the Unit holders:

- (i) by sending a notice by post of the proposed meeting at least seven (7) days before the date of the proposed meeting to each of those Unit holders at his/her last known address or in the case of joint Unit holder, to the joint Unit holder whose name stands first in our record at the joint Unit holder's last known address; and
- (ii) by publishing at least fourteen (14) days before the date of the proposed meeting, an advertisement giving notice of the meeting in a national language national daily newspaper and in one other newspaper as may be approved by the SC, for the purpose of considering the most recent financial statements of the Fund, or for the purpose of requiring the retirement or removal of the Manager OR the Trustee, or for the purpose of giving to the Trustee such directions as the meeting thinks proper, or for the purpose of considering any other matter in relation to this Deed.

The quorum for a meeting of Unit holders of the Fund is five (5) Unit holders of the Fund present in person or by proxy, provided that for a meeting which requires a Special Resolution the quorum for that meeting shall be five (5) Unit holders, whether present in person or by proxy, holding in aggregate at least twenty five per centum (25%) of the units in issue for the Fund at the time of the meeting. If the Fund has five (5) or less Unit holders, the quorum required shall be two (2) Unit holders, whether present or by proxy and if the meeting requires a Special Resolution the quorum for that meeting shall be two (2) Unit holders, whether present in person or by proxy, holding in aggregate at least twenty five per centum (25%) of the units in issue for the Fund at the time of the meeting.

Voting is by a show of hands, unless a poll is duly demanded or the resolution proposed is required by this deed or by law to be decided by a percentage of all units. Each Unit holder present in person or by proxy has one vote on a show of hands. On a poll, the votes of each Unit holder present in person or by proxy shall be proportionate to the number or value of Units held. In the case of joint Unit holders, only the person whose name appears first in the register may vote. Units held by the Manager or its nominees shall have no voting rights in any Unit holders' meeting of the Fund.

# 9. TAXATION REPORT

## **PricewaterhouseCoopers Taxation Services Sdn Bhd**

Level 10, 1 Sentral  
Jalan Rakyat  
Kuala Lumpur Sentral  
P.O.Box 10192  
50706 Kuala Lumpur

## **The Board of Directors**

CIMB-Principal Asset Management Berhad  
10th Floor Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur

31 October 2017

Dear Sirs,

## **TAXATION OF THE TRUST OFFERED UNDER THE CIMB-PRINCIPAL ASIA PACIFIC TARGET RETURN FUND 1 AND UNIT HOLDERS**

This letter has been prepared for inclusion in the Prospectus Issue No. 1 ("hereinafter referred to as "the Prospectus") in connection with the offer of units in the CIMB-Principal Asia Pacific Target Return Fund 1 ("the Trust").

The taxation of income for both the Trust and the unit holders are subject to the provisions of the Malaysian Income Tax Act, 1967 ("the Act"). The applicable provisions are contained in Section 61 of the Act, which deals specifically with the taxation of trust bodies in Malaysia.

### **TAXATION OF THE TRUST**

The Trust will be regarded as resident for Malaysian tax purposes since the trustee of the Trust is resident in Malaysia.

#### **(1) Foreign Investments**

Income of the Trust in respect of overseas investment is exempt from Malaysian tax by virtue of Paragraph 28 of Schedule 6 of the Act and distributions from such income will be tax exempt in the hands of the unit holders. Such income from foreign investments may be subject to taxes or withholding taxes in the specific foreign country. However, any foreign tax suffered on the income in respect of overseas investment is not tax refundable to the Trust in Malaysia.

The foreign income exempted from Malaysian tax at the Trust level will also be exempted from tax upon distribution to the unit holders.

#### **(2) Domestic Investments**

##### **(i) General taxation**

The income of the Trust consisting of dividends, interest (other than interest which is exempt from tax) and other investment income derived from or accruing in Malaysia, after deducting tax allowable expenses, is liable to Malaysian income tax at the rate of 24 per cent.

Gains on disposal of investments by the Trust will not be subject to income tax.

##### **(ii) Dividend and other exempt income**

Effective 1 January 2014, all companies would adopt the single-tier system. Hence, dividends received would be exempted from tax and the deductibility of expenses incurred against such dividend income would be disregarded. There will no longer be any tax refunds available for single-tier dividends received. Dividends received from companies under the single-tier system would be exempted.

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

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

- a) Securities or bonds issued or guaranteed by the Government of Malaysia;
- b) Debentures or sukuk, other than convertible loan stocks, approved or authorized by, or lodged with, the Securities Commission Malaysia; and
- c) Bon Simpanan Malaysia issued by Bank Negara Malaysia.

As such, provided the investment in structured products is seen to be “debentures” under Capital Markets and Services Act 2007, the income received will be exempted. Otherwise, tax implications could arise.

Interest income derived from the following investments is exempt from tax<sup>1</sup>:

- a) Interest paid or credited by any bank or financial institution licensed under the Financial Services Act 2013 or Islamic Financial Services Act 2013;
- b) Interest paid or credited by any development financial institution regulated under the Development Financial Institutions Act 2002;
- c) Bonds, other than convertible loan stocks, paid or credited by any company listed in Bursa Malaysia Securities Berhad ACE Market; and
- d) Interest income paid or credited by Malaysia Building Society Berhad<sup>2</sup>.

The income exempted from tax at the Trust level will also be exempted from tax upon distribution to the unit holders.

### **(3) Hedging Instruments**

The tax treatment of hedging instruments would depend on the particular hedging instruments entered into.

Generally, any gain / loss relating to the principal portion will be treated as capital gain / loss. Gains / losses relating to the income portion would normally be treated as revenue gains / losses. The gain / loss on revaluation will only be taxed or claimed upon realisation. Any gain / loss on foreign exchange is treated as capital gain / loss if it arises from the revaluation of the principal portion of the investment.

### **(4) Securities Borrowing and Lending Transaction (“SBL”)**

The following is a summary of tax treatment of SBL transactions in Malaysia and the Malaysian securities listed on Bursa Malaysia Berhad (“Bursa”).

Pursuant to Income Tax (Exemption) (No. 30) Order 1995 - Revised 2008, the authorised borrower or lender in a SBL approved by SC will qualify for tax exemption on any income (other than dividends, manufactured payments, lending fees and interest earned on collateral) arising from loan of securities listed under Bursa. The same exemption also applies on the return of the same or equivalent securities and the corresponding exchange of collateral.

Lending fees are taxable when received by the lender. Withholding tax of 10 percent is also applicable if the borrower pays lending fees to a non-resident lender.

Interest earned on collateral is not exempted from income tax / withholding tax. Interest or profit paid by Bursa Malaysia Securities Clearing Sdn Bhd on cash collateral will be exempted from tax when received by non-resident borrowers and individual borrowers who are residents.

Pursuant to Stamp Duty (Exemption) (No.28) Order 1995 and Stamp Duty (Exemption) (No. 12) Order 2000, the instrument of transfer of securities listed on Bursa and Bursa Malaysia Securities Malaysia Berhad ACE Market executed in favour of a borrower or lender and an instrument of transfer of collateral are exempted from stamp duty.

### **(5) Other Income**

The Trust may be receiving income such as exit fee which will be subject to tax at the rate of 24 per cent.

### **(6) Tax Deductible Expenses**

Expenses wholly and exclusively incurred in the production of gross income are allowable as deductions under Section 33(1) of the Act. In addition, Section 63B of the Act provides for tax deduction in respect of managers’ remuneration, expenses on maintenance of the register of unit holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postages. The deduction is based on a formula subject to a minimum of 10 per cent and a maximum of 25 per cent of the expenses. The above expenses will include the relevant irrecoverable Goods and Services Tax (“GST”) incurred by the Trust.

### **(7) Real Property Gains Tax (“RPGT”)**

With effect from 1 January 2014, any gains on disposal of real properties or shares in real property companies<sup>3</sup> would be subject to RPGT at the following rates:-

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1 Pursuant to the Finance Act 2017 which was gazetted on 16 January 2017, the interest income received for a money market fund, the exemption shall only apply to a wholesale fund which the criteria as set out in the Securities Commission Malaysia guidelines effective from YA 2017.

2 Pursuant to the letters from Ministry of Finance Malaysia dated 11 June 2015 and 16 June 2015 with effect from year of assessment (“YA”) 2015.

Disposal time frame	RPGT rates
Within 3 years	30%
In the 4 <sup>th</sup> year	20%
In the 5 <sup>th</sup> year	15%
In the 6 <sup>th</sup> year and subsequent years	5%

## (8) Goods and Services Tax (“GST”)

GST has been implemented effective 1 April 2015 at the rate of 6% to replace the existing sales tax and service tax. Based on the guidelines<sup>4</sup> issued, the Trust, being collective investment vehicles, will be making exempt supplies. Hence, the Trust is not required to register for GST purposes. However, the Trust will incur expenses such as management fees, trustee fees and other administrative charges which will be subject to 6% GST. The 6% input tax incurred on such expenses will not be claimable by the Trust and represents a cost to the Trust.

### TAXATION OF UNIT HOLDERS

Unit holders will be taxed on an amount equivalent to their share of the total taxable income of the Trust to the extent of the distributions received from the Trust. The income distribution from the Trust will carry a tax credit in respect of the Malaysian tax paid by the Trust. Unit holders will be entitled to utilise the tax credit against the tax payable on the income distribution received by them. No additional withholding tax will be imposed on the income distribution from the Trust.

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

Corporate unit holders, resident<sup>5</sup> and non-resident, will generally be liable to income tax at 24 per cent on distribution of income received from the Trust. The tax credits attributable to the distribution of income can be utilised against the tax liabilities of these unit holders.

Individuals and other non-corporate unit holders who are tax resident in Malaysia will be subject to income tax at graduated rates ranging from 1 per cent to 28 per cent. Individuals and other non-corporate unit holders who are not resident in Malaysia will be subject to income tax at 28 per cent. The tax credits attributable to the distribution of income can be utilised against the tax liabilities of these unit holders.

The distribution of exempt income and gains arising from the disposal of investments by the Trust will be exempted from tax in the hands of the unit holders.

Any gains realised by unit holders (other than dealers in securities, insurance companies or financial institutions) on the sale or redemption of the units are treated as capital gains and will not be subject to income tax. This tax treatment will include gains in the form of cash or residual distribution in the event of the winding up of the Trust.

Unit holders electing to receive their income distribution by way of investment in the form of new units will be regarded as having purchased the new units out of their income distribution after tax. Unit splits issued by the Trust are not taxable in the hands of unit holders.

The issuance of units by the Trust is an exempt supply. The selling or redemption of the units is also an exempt supply and therefore is not subject to GST. Any fee based charges related to buying of the units by unit holders in Malaysia and outside Malaysia such as sales or service charge or switching fees will be subject to GST at a standard rate of 6%.

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- 3 A real property company is a controlled company which owns or acquires real property or shares in real property companies with a market value of not less than 75 per cent of its total tangible assets. A controlled company is a company which does not have more than 50 members and is controlled by not more than 5 persons.
  - 4 Pursuant to GST Guide on Fund Management (as at 11 April 2016 issued by the Royal Malaysian Customs).
  - 5 Resident companies with paid up capital in respect of ordinary shares of RM2.5 million and below will pay tax at 19\* per cent for the first RM500,000 of chargeable income with the balance taxed at 24 per cent.

With effect from YA 2009, the above shall not apply if more than –

- (a) 50 per cent of the paid up capital in respect of ordinary shares of the company is directly or indirectly owned by a related company;
- (b) 50 per cent of the paid up capital in respect of ordinary shares of the related company is directly or indirectly owned by the first mentioned company;
- (c) 50 per cent of the paid up capital in respect of ordinary shares of the first mentioned company and the related company is directly or indirectly owned by another company.

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

\* Pursuant to the Finance Act 2017 which was gazetted on 16 January 2017, the tax rate for the first RM500,000 of chargeable income will be reduced to 18 per cent effective from YA 2017.

We hereby confirm that the statements made in this report correctly reflect our understanding of the tax position under current Malaysian tax legislation. Our comments above are general in nature and cover taxation in the context of Malaysian tax legislation only and do not cover foreign tax legislation. The comments do not represent specific tax advice to any investors and we recommend that investors obtain independent advice on the tax issues associated with their investments in the Trust.

Yours faithfully,

for and on behalf of

**PRICEWATERHOUSECOOPERS TAXATION SERVICES SDN BHD**

Jennifer Chang

Senior Executive Director

PricewaterhouseCoopers Taxation Services Sdn Bhd have given their written consent to the inclusion of their report as tax adviser in the form and context in which it appears in the Prospectus and have not, before the date of issue of the Prospectus, withdrawn such consent.

# 10. DISTRIBUTOR OF THE FUND

As at LPD, the Fund is available from:

**OCBC Bank (Malaysia) Berhad**

Head Office

Menara OCBC

18, Jalan Tun Perak

50500 Kuala Lumpur MALAYSIA

(03) 2034 5034

**Note:** We have the discretion in determining the Distributors of the Fund, including its appointment and/or termination from time to time. For updated information on the Distributors of the Fund, please call our **Customer Care Centre** at **(603) 7718 3100** between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. and 4:45 p.m. (Malaysian time) on Fridays (except on Selangor public holidays).

# APPENDIX I - UNIT TRUST LOAN FINANCING RISK DISCLOSURE STATEMENT

**Investing in a unit trust fund with borrowed money is more risky than investing with your own savings.**

You should assess if loan financing is suitable for you in light of your objectives, attitude to risk and financial circumstances. You should be aware of the risks, which would include the following:

1. The higher the margin of financing (that is, the amount of money you borrowed for every RM of your own money which you put in as deposit or down payment) the greater the loss or gain on your investment.
2. You should assess whether you have the ability to service the repayments on the proposed loan. If your loan is a variable rate loan and if interest rates rise, your total repayment amount will be increased.
3. If unit prices fall beyond a certain level, you may be asked to provide additional acceptable collateral (where units are used as collateral) or pay additional amounts on top of your normal instalments. If you fail to comply within the time prescribed, your units may be sold towards the settlement of your loan.
4. Returns on unit trusts are not guaranteed and may not be earned evenly over time. This means that there may be some years where returns are high and other years where losses are experienced. Whether you eventually realise a gain or loss may be affected by the timing of the sale of your units. The value of units may fall just when you want your money back even though the investment may have done well in the past.

The brief statement cannot disclose all the risks and other aspects of loan financing. You should therefore carefully study the terms and conditions before you decide to take a loan. If you are in doubt about any aspect of this Risk Disclosure Statement or the terms of the loan financing, you should consult the institution offering the loan.

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**CIMB-Principal Asset Management Berhad (304078-K)**

Enquiries:

Customer Care Centre  
(603) 7718 3100

Email  
[service@cimb-principal.com.my](mailto:service@cimb-principal.com.my)

Website  
[www.cimb-principal.com](http://www.cimb-principal.com)