

PROSPECTUS

BIMB MYR SUKUK INCOME FUND (BMSIF)

MANAGER : **BIMB INVESTMENT MANAGEMENT BERHAD** 199301021508 (276246-X)

TRUSTEE : **AMANAHRAYA TRUSTEES BERHAD** 200701008892 (766894-T)

This Prospectus is dated 24 July 2024

The date of constitution of BIMB MYR Sukuk Income Fund is 15 January 2024

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

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS,
SEE "RISK FACTORS" COMMENCING ON PAGE 15.

RESPONSIBILITY STATEMENT

This Prospectus has been reviewed and approved by the Directors of BIMB Investment Management Berhad 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 registration of this Prospectus, should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of BIMB Investment Management Berhad, the management company responsible for the Fund and takes no responsibility for the contents in this Prospectus. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

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

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

BIMB MYR SUKUK INCOME FUND (BMSIF) HAS BEEN CERTIFIED AS SHARIAH-COMPLIANT BY THE SHARIAH ADVISER APPOINTED FOR THE FUND.

BIMB MYR SUKUK INCOME FUND (BMSIF) MAY DECLARE DISTRIBUTION OUT OF CAPITAL AND INVESTORS SHOULD BE AWARE THAT THE CAPITAL OF THE FUND WILL BE ERODED WHEN THE FUND DECLARES DISTRIBUTION OUT OF CAPITAL AS THE DISTRIBUTION IS ACHIEVED BY FORGOING THE POTENTIAL FOR FUTURE CAPITAL GROWTH AND THIS CYCLE MAY CONTINUE UNTIL ALL CAPITAL IS DEPLETED.

This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

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

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1. GLOSSARY

The following words or abbreviations shall have the following meanings in this Prospectus unless otherwise stated:

“Act”	Capital Markets and Services Act 2007 as originally enacted and amended or modified from time to time.
“ <i>baitulmal</i> ”	Refers to the treasury of a State Islamic Religious Council.
“BEST App”	BIMB Investment Electronic Shariah-Investing Tool, a non-automated, discretionary robo-intelligence unit trust online investing platform approved by the SC and fully managed by BIMB Investment.
“BIMB Investment” or “the Manager”	BIMB Investment Management Berhad (Registration No.: 199301021508 (276246-X)).
“BNM”	Bank Negara Malaysia.
“Bursa Malaysia”	The stock exchange managed and operated by Bursa Malaysia Securities Berhad including such other name as it may be changed from time to time.
“Business Day”	A day on which Bursa Malaysia is open for trading in securities. The Manager may declare certain Business Days as non-Business Days when deemed necessary, such as in the event of market disruption.
“BPAM”	Bond Pricing Agency Malaysia.
“CIS”	Collective investment scheme.
“Deed”	The deed dated 15 January 2024 in respect of the Fund and any other supplemental deed that may be entered into between the Manager and the Trustee.
“FIMM”	Federation of Investment Managers Malaysia.
“financial institution(s)”	(a) If the institution is in Malaysia – (i) licensed bank or licensed investment bank as defined under the Financial Services Act 2013; or (ii) licensed Islamic bank as defined under the Islamic Financial Services Act 2013; or (b) If the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services.
“Forward Pricing”	The price of a Unit that is the NAV per Unit calculated at the next valuation point after an instruction or request is received by the Manager.
“Fund” or “BMSIF”	BIMB MYR Sukuk Income Fund.
“Guidelines”	Guidelines on Unit Trust Funds issued by the SC, as amended from time to time.
“Prospectus”	Means the prospectus of the Fund and includes any supplementary or replacement prospectus, as the case may be.
“Institutional Unit Trust	A corporation registered with FIMM and authorised to market and

“Scheme Adviser” or “IUTA”	distribute unit trust schemes of another party.
“Latest Practicable Date” or “LPD”	31 December 2023
“MARC”	Malaysian Rating Corporation Berhad (Registration No.:199501035601 (364803-V)).
“medium to long term”	Three (3) years or more.
“Net Asset Value” or “NAV”	The NAV of the Fund is determined by deducting the value of all the Fund’s liabilities from the value of all the Fund’s assets, at the valuation point.
“Net Asset Value (NAV) per Unit”	The NAV attributable to Units of the Fund divided by the total number of Units in circulation, at the valuation point.
“RM” or “MYR”	Ringgit Malaysia, the lawful currency of Malaysia.
“SAC”	The Shariah Advisory Council.
“SC” or “Securities Commission”	Securities Commission Malaysia.
“Shariah Adviser”	The Shariah adviser appointed by the Manager to advise on all aspects of the Fund in accordance with Shariah principles.
“Shariah”	Islamic law comprising the whole body of rulings pertaining to human conducts derived from sources of the Shariah namely the <i>Qur’an</i> (the holy book of Islam) and <i>Sunnah</i> (practices and explanations rendered by the Prophet Muhammad (<i>pbuh</i>)) and other sources of Shariah such as <i>Ijtihad</i> (intellectual reasoning) of Shariah scholars.
“Shariah requirements”	Means the rulings, guidelines and resolutions made by the SAC of the SC or the advice given by the Shariah Adviser.
“Special Resolution”	A resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed and carried by a majority of not less than three-fourths (3/4) of the Unit Holders present and voting at the meeting in person or by proxy; for the avoidance of doubt, “three-fourths (3/4) of the Unit Holders present and voting at the meeting in person or by proxy” means three-fourths of the votes cast by the Unit Holders present and voting; for the purposes of winding-up the Fund, “Special Resolution” means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority in number representing at least three-fourths of the value of the Units held by the Unit Holders present and voting at the meeting in person or by proxy.
“Sukuk”	Refers to certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts endorsed by the SAC of the SC.
“RAM”	RAM Holdings Berhad (Registration No.:199001016426 (208095-U)).
“Trustee”	AmanahRaya Trustees Berhad (Registration No.: 200701008892 (766894-T)).
“Unit” or “Units”	An undivided share in the beneficial interest and/or right in the Fund and

	a measurement of the interest and/or right of a Unit Holder in the Fund and means a unit issued for the Fund.
“Unit Holder(s)”	The person(s) registered as holder(s) of a unit or units of the Fund including person(s) jointly registered and whose name appears in the register of Unit Holders.
“US (United States) Person”	A citizen or resident of the United States of America, a partnership organized or existing under the laws of any state, territory or possession of the United States of America, or a corporation organised under the laws of the United States of America or of any state, territory or possession thereof, or any estate or trust, other than an estate or trust the income of which from sources outside the United States of America is not includable in gross income for purpose of computing United States income tax payable by it.

2. CORPORATE DIRECTORY

MANAGER

BIMB Investment Management Berhad [199301021508 (276246-X)]

Registered Office

Level 32, Menara Bank Islam, No. 22, Jalan Perak
50450 Kuala Lumpur
Tel: +603-2088 8000

Business Office

Level 19, Menara Bank Islam, No. 22, Jalan Perak
50450 Kuala Lumpur
Tel: +603-2161 2524 / +603-2161 2924
Fax: +603-2161 2464
Tol-free number: 1800-88-1196
Email: marketing.bimbinvest@bankislam.com.my
Website: www.bimbinvestment.com.my

TRUSTEE

AmanahRaya Trustees Berhad [200701008892 (766894-T)]

Registered Office

Tingkat 11, Wisma AmanahRaya, No. 2, Jalan Ampang,
50508 Kuala Lumpur
Tel: +603-2055 7388

Business Office

Tingkat 14, Wisma AmanahRaya, No. 2, Jalan Ampang,
50508 Kuala Lumpur
Tel: +603-2036 5000/5129
Fax: +603-2072 0322
Email: art@artrustees.com.my
Website: www.artrustees.my

SHARIAH ADVISER

BIMB Securities Sdn Bhd [199401004484 (290163-X)]

Registered Office

32nd Floor, Menara Bank Islam, No. 22 Jalan Perak
50450 Kuala Lumpur
Tel: +603-2726 7814
Fax: +603-2088 8033

Business Office

Level 34, Menara Bank Islam,
No. 22, Jalan Perak,
50450 Kuala Lumpur.
Tel: +603-2613 1600
Fax: +603-2613 1799
Email: shariah@bimbsec.com.my
Website: www.bimbsec.com.my

3. ABOUT BIMB MYR SUKUK INCOME FUND

3.1 Fund Profile

Fund Category	Sukuk
Fund Type	Income
Risk Profile	Moderate
Base Currency	RM
Financial Year End	31 August
Initial Offer Price	RM0.50
Initial Offer Period	The initial offer period of the Fund shall be up to twenty-one (21) calendar days from the date of this Prospectus. The initial offer period may be shortened by the Manager in the event the Manager determines that it is in the best interest of the Unit Holders.

3.2 Investor's Profile

The Fund is suitable for investors who aim for steady income stream over a medium to long-term period.

3.3 Investment Objective

The Fund aims to provide steady income stream over a medium to long-term period.

Note: Any material changes to the Fund's investment objective would require Unit Holders' approval.

3.4 Investment Policy and Strategy

To achieve the objective of the Fund, the Fund intends to invest in RM denominated Sukuk issued and/or offered in Malaysia. These Sukuk are expected to provide returns at intervals which are predetermined.

Investments in local Sukuk would be driven by the outlook of the central bank's rates over the medium to long-term horizon. This will enable the Manager to decide on the duration of the investments of the Fund. Fundamental and relative value analysis will also be conducted to enhance return with reasonable level of risks.

Sukuk - The Fund shall invest at least 70% of its NAV in Sukuk with the following characteristics:

- i) Sovereign Sukuk issued by the Government of Malaysia (GII) or guaranteed by the Government of Malaysia (GG).
- ii) Minimum long-term rating of A3/A- by RAM/MARC and short-term rating of P1/MARC-1 by RAM/MARC for RM denominated Sukuk issued by corporations, including financial institutions.

The Manager intends to invest in Sukuk with a rating at least one notch higher than the prescribed minimum rating to allow for buffer against limit breach.

If the Sukuk is rated by more than one (1) rating agency, the lower rating will be used to determine the eligibility of the Sukuk. In the event of a credit downgrade of the Sukuk to below the stipulated minimum credit rating, we will endeavour to take the necessary steps to dispose of the Sukuk. However, in order to safeguard the interests of the Unit Holders, we will take into consideration all relevant factors that affect the value of the investments before deciding on the manner and time frame of its disposal.

The Fund may invest up to 10% of its NAV in single A (A1/A+ or A2/A or A3/A-) rated Sukuk by RAM/MARC.

Islamic CIS - The Fund may also invest in Islamic CIS with an investment objective that is in line with the objective of the Fund.

Islamic liquid assets - The Fund will invest in Islamic liquid instruments (i.e., Islamic money market instruments, investment accounts and Islamic deposits with financial institutions that are rated at least A3/A- by RAM/MARC and acceptable to the Shariah Adviser).

Temporary Defensive Measures

The Manager may take temporary defensive positions that may be inconsistent with the Fund's principal strategy in attempting to respond to adverse market conditions to protect the Unit Holder's interest. During the temporary defensive position, the Fund may hold higher exposure in Islamic liquid assets.

3.5 Asset Allocation

Asset Type	% of the Fund's NAV
RM denominated Sukuk issued and/or offered in Malaysia and/or Islamic CIS	Minimum 70%
Islamic liquid assets	Maximum 30%

3.6 Construction of the Investment Universe

Universe Construction

- **Sukuk**

The selection of the investment will depend largely on the credit quality of the issuer to ensure the relative certainty of return of principal and overall total returns stability. The Manager will also consider the following issues when considering the investment:-

- issuer's and/or guarantor's industry and business medium to long-term outlook;
- issuer's and/or guarantor's financial strength and gearing levels;
- issuer's and/or guarantor's cash flow quality and volatility;
- issuer's and/or guarantor's expected future cash flow and ability to pay profit and principal;
- issuer's and/or guarantor's credit ratings;
- collateral type and value and claims priority; and
- price and yield-to-maturity.

Investments in Sukuk will adhere to the following:-

- Shariah screening to ensure the investment is Shariah-compliant.
- Economic analysis based on analysis on Malaysia and global economic data, including but not limited to central bank's policy, yield curve movements and currency.
- Credit analysis based on analysis on industry; issuer quality including balance sheet, cash flows, profitability, debt payment ability, financial ratios, management and business; terms and conditions of issue; rating rationale; profit rate; yield and duration. The credit analysis emphasises on the issuers' ability to pay principal and profit on a timely basis and to mitigate credit risk.
- Portfolio construction involves the Sukuk selection and weighting based on its expected return and risk.

3.7 Performance Benchmark

12-month Term Deposit-i Tawarruq profit rate of Bank Islam

The basis for selecting the above benchmark is to reflect the Fund's asset allocation and investment objective.

The above benchmark is only used to enable Unit Holders to evaluate the performance of the Fund against what the Unit Holders would have earned if they placed their moneys in an Islamic fixed deposit (at a rate equivalent to the 12-month Term Deposit-i Tawarruq of Bank Islam). Unit Holders should be aware that investing in the Fund is not the same as placing moneys in an Islamic fixed deposit. The capital and returns of the Fund are not guaranteed and there are risks involved. Hence, the risk profile of the Fund is different from the risk profile of the benchmark. The Fund has a higher risk profile than the benchmark and it expects to potentially generate higher or lower returns as compared to an Islamic fixed deposit.

Information on the benchmark can be obtained from Bank Islam Malaysia Berhad's website.

3.8 Permitted Investment

The Fund may invest in the following:

- ✓ Sukuk;
- ✓ Islamic liquid assets (i.e., Islamic deposits, Islamic money market instruments and unrestricted investment accounts); and
- ✓ Islamic CIS.

3.9 Investment Restrictions and Limits

The Fund will be managed in accordance with Shariah requirements as well as the following list of investment restrictions and limits, unless otherwise revised by the SC.

Spread of Investments on Single Issuer

- a. The value of the Fund's investments in Sukuk and Islamic money market instruments, issued by any single issuer must not exceed 20% of the Fund's NAV (single issuer limit).
- b. The aggregate value of the Fund's investments in, or exposure to, a single issuer through Sukuk, Islamic money market instruments and Islamic deposits, must not exceed 25% of the Fund's NAV (single issuer aggregate limit).
- c. The single issuer limit in item (a) above may be increased to 30% if the Sukuk is rated by any Malaysian or global rating agency to have the highest long-term credit rating.
- d. Where the single issuer limit is increased to 30% pursuant to item (c) above, the single issuer aggregate limit of 25% in item (b) above may be raised to 30% of the Fund's NAV.
- e. The value of the Fund's investments in Sukuk and Islamic money market instruments issued by any group of companies must not exceed 30% of the Fund's NAV (group limit).

Placement of Islamic Deposits

The value of the Fund's placement in Islamic deposits with any single financial institution must not exceed 20% of the Fund's NAV. This single financial institution limit does not apply to placements of Islamic deposits arising from:

- (i) subscription monies received prior to the commencement of investment by the Fund;
- (ii) liquidation of investments prior to the termination of the Fund, where the placement of Islamic deposits with various financial institutions would not be in the best interests of Unit Holders; or
- (iii) monies held for the settlement of redemption or other payment obligations, where the placement of Islamic deposits with various financial institutions would not be in the best interest of Unit Holders.

Investment in Islamic CIS

The Fund may invest in an Islamic CIS authorised or recognised by the SC.

- i. The value of the Fund's investments in units or shares of an Islamic CIS that complies with the Guidelines must not exceed 20% of the Fund's NAV.
- ii. The Fund's investment in Islamic CIS must not exceed 25% of the units or shares in any one Islamic CIS.

Investment in Investment Account

The Fund may invest in unrestricted investment account (UIA) offered by Islamic banks licensed by Bank Negara Malaysia.

UIA is regarded as an Islamic money market instrument if it fulfils the following criteria:

- a) The objective of the UIA is to provide stable returns through low to moderate risk investment; and
- b) The tenure of the UIA placed with the Islamic bank does not exceed twelve (12) months from the placement date.

Examples of the abovementioned UIA are General Investment Account and Term Investment Account.

The investment restrictions and limits mentioned herein must be complied with at all times based on the most up-to-date value of the Fund's investments. The Manager will notify the SC within seven (7) Business Days of any breach of investment limits and restrictions stated above, with the steps taken to rectify and prevent such breach from recurring. However, any breach as a result of any appreciation or depreciation in the value of the Fund's investments or repurchase of Units or payment made out of the Fund, change in capital of a corporation in which the Fund has invested in or downgrade in or cessation of a credit rating, need not be reported to the SC and must be rectified as soon as practicable within three (3) months from the date of the breach. The three (3) months period may be extended if it is in the best interests of Unit Holders and the Trustee's consent is obtained. Such extension will be subject to a monthly review by the Trustee.

3.10 Income Distribution Policy

Subject to the availability of income, distribution, if any, shall be on a quarterly basis after the first anniversary of the Fund's commencement date and at the discretion of the Manager.

Please refer to **Section 3.11 Mode of Income Distribution** for details.

The Fund may distribute from realised income, realised gains and/or capital to enable the Fund to distribute income on a regular basis in accordance with the distribution policy of the Fund. Any declaration and payment of distribution will have the effect of lowering the NAV of the Fund.

Distribution out of the Fund's capital has a risk of eroding the capital of the Fund. It may reduce the Fund's capital available for future investment and the Fund's potential for future income generation; it may also cause the NAV of the Fund to fall over time. The greater the risk of capital erosion that exists, the greater the likelihood that, due to capital erosion, the value of future returns would also be diminished.

3.11 Mode of Income Distribution

Distribution of income to Unit Holders (if any) will be based on total Units held by the Unit Holder on income distribution date via reinvestment of Units. The income distributed will be reinvested into the Unit Holder's investment account in the form of additional Units at no cost, based on the ex distribution NAV per Unit at the end of the Business Day of the income distribution date (ex distribution date).

3.12 Valuation of Assets

The valuation bases for the permitted Shariah-compliant investments of the Fund are as follows:

- a. Listed Sukuk, which are quoted on an exchange, shall be valued daily by reference to the last done market price quoted by the exchange.
- b. Unlisted RM-denominated Sukuk shall be valued based on prices provided by BPAM which is registered with the SC or where prices are not available from BPAM, based on the average indicative yield quoted by three (3) independent and reputable institutions.

However, if

- i. a valuation based on a & b above does not represent the fair value of the Sukuk, for example during abnormal market conditions; or
 - ii. no market price is available, including in the event of a suspension in the quotation of the Sukuk for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee, then the Sukuk shall be valued at fair value, as determined in good faith by the Manager, based on the methods or bases approved by the Trustee after appropriate technical consultation.
- c. The value of any investment accounts and Islamic deposits placed with financial institutions shall be determined each day by reference to the nominal value of the Islamic deposit and the accrued income thereon for the relevant period.
 - d. For Islamic money market instruments, valuation shall be done on daily basis by reference to the principal value of such investments and the accrued income for the relevant periods.
 - e. The value of unlisted Islamic CIS will be valued based on the last published repurchase price.

3.13 Valuation Point for the Fund

Valuation of the Fund is carried out at the end of each Business Day. As Forward Pricing method is used for this Fund, any request received on or before 4.00 p.m. (Malaysia time) on any Business Day, will be processed based on the NAV per Unit at the end of that Business Day which will be computed on T+1.

For any request received after 4.00 p.m. (Malaysia time) on any Business Day, the request will be processed based on the NAV per Unit at the end of the next business day which will be computed on T+1.

3.14 Policy on Gearing and Minimum Liquid Assets Requirements

The Fund is not permitted to obtain cash financing (including those within the meaning of the Securities Borrowing and Lending Guidelines) in connection with its activities. However, the Fund may obtain Islamic cash financing for the purpose of meeting redemption requests for Units and for short term bridging requirements subject to the following:-

- i. The Fund's Islamic cash financing is only on a temporary basis and that Islamic cash financings are not persistent;
- ii. The Islamic cash financing period shall not exceed one (1) month;
- iii. The aggregate Islamic cash financings of the Fund shall not exceed 10% of the Fund's NAV at the time the Islamic cash financing is incurred; and
- iv. The Fund may only obtain Islamic cash financing from financial institutions.

3.15 Denomination of the Fund

The base currency for the Fund is in RM. The Manager may create new classes of Units in respect of the Fund in the future. Unit Holders will be notified of any issuance of new classes of Units through communication in writing and issuance of a supplemental prospectus or replacement prospectus.

4. RISKS FACTORS

4.1 General Risks of Investing in the Fund

The Fund is exposed to the following general risks:

- **Market 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.

- **Financing Risk**

This risk occurs when investors take a financing to finance their investment. The inherent risk of investing with financing includes investors being unable to service the financing payments. In the event units are used as collateral, an investor may be required to top-up the investors' existing instalment if the prices of units fall below a certain level due to market conditions. Failing which, the units may be sold at a lower net asset value per unit as compared to the net asset value per unit at the point of purchase towards settling the financing. Investors who intend to finance an investment in Islamic unit trust fund, or for that matter any Shariah-compliant investment, are advised to seek for Islamic financing to finance their investment.

- **Manager 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.

To mitigate the risk, the Manager practices the following:

- a. Strict adherence to the Fund's investment objective, policies and strategies as stated in this Prospectus and Deed.
- b. Internal controls and compliance monitoring is in place to mitigate the risk. Periodical risk management and compliance reporting to the management risk and control committee, investment committee, Shariah Adviser, board audit and risk committee and the board of directors;
- c. Regular review on its internal policies, system capabilities and maintain strict segregation of duties in mitigating this risk.

- **Shariah Non-Compliance Risk**

Any Shariah non-compliant investment made by the Fund due to error of the administration shall be disposed of or withdrawn with immediate effect, if possible, or otherwise within one (1) calendar month of knowing the status of the investment. Any gain resulting from the said disposal shall be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser whilst any loss is to be borne by the Manager.

- **Shariah Status Reclassification Risk**

This risk refers to the risk of a possibility that the currently held Sukuk or Islamic deposits or Islamic money market instruments or Islamic CIS invested by the Fund may be reclassified or declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such investments. There may be opportunity loss to the Fund due to the Fund not being allowed to retain the excess capital gains derived from the disposal of the said investments.

- **Performance Risk**

The performance of the Fund depends on the financial instruments that the Fund invests in. If the instruments do not perform within expectation or if there is a default, then, the performance of the Fund will be impacted negatively. The performance of the Fund may also be impacted if the allocation of assets is not properly done. On that basis, there is never a guarantee that investing in the Fund will produce the desired investment returns.

- **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, the value of the Fund will be negatively affected when it has to sell such assets at unfavourable prices.

The liquidity risk of the Fund also refers to the Manager's ability to honour redemption requests or to pay Unit Holders' redemption proceeds in a timely manner. This is subject to the Fund's holding of adequate liquid assets, its ability to obtain financing on a temporary basis as permitted by the relevant laws and/or its ability to redeem the Fund's investments at fair value. Should there be inadequate liquid assets held, the Fund may not be able to honour requests for redemption or to pay Unit Holders' redemption proceeds in a timely manner and may be forced to dispose the Fund's investments at unfavourable prices to meet redemption requirements.

- **Suspension of Sale and Redemption of Units**

Having considered the best interests of Unit Holders, the repurchase requests by the Unit Holders may be subject to suspension due to exceptional circumstances as documented in **Section 7.13 "Suspension of Sale and Redemption of Units"**.

In such case, Unit Holders will not be able to redeem their Units and will be compelled to remain invested in the Fund for a longer period of time. Hence, their investments will continue to be subject to the risks inherent to the Fund.

- **Inflation Risk**

This is the risk that investors' investment in the 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.

4.2 Specific Risks Associated with Investing in the Fund

In addition, there are also specific risks associated with the Fund that need to be considered.

- **Credit and Default Risk**

Credit risk relates to the creditworthiness of the issuers of the Sukuk and Islamic money market instruments and the financial institutions where the Islamic deposits are placed (hereinafter referred as "investment"), and their expected ability to make timely payment of profit and/or principal. Any adverse situations faced by the issuer and/or financial institutions may impact the value as well as liquidity of the investment. In the case of rated investment, this may lead to a credit downgrade. Default risk relates to the risk that an issuer and/or a financial institution either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the investment. This could adversely affect the value of the Fund.

- **Interest Rate Risk**

Interest rate risk refers to the impact of interest rate changes on the valuation of Sukuk and Islamic money market instruments. When interest rates rise, Sukuk prices generally decline and this may lower the market value of the Fund's investments in Sukuk. The reverse may apply when interest rates fall. For investments into Islamic deposits, the fluctuations in the interest rates will not affect the

placement of Islamic deposits but will result in the opportunity loss by the Fund if the placement of Islamic deposits is made at lower profit rate.

The above interest rate is a general economic indicator that will have an impact on the management of the Fund regardless of whether it is an Islamic unit trust fund or otherwise. It does not in any way suggest that this Fund will invest in conventional financial instruments. All the investments carried out for this Fund are in accordance with Shariah requirements.

- **Risk Associated with Investment in Islamic CIS**

Investing in Islamic CIS may be more costly to the Fund than if the Fund had invested in the underlying investments directly as the Fund will indirectly be paying the fees and expenses of the Islamic CIS in addition to the Fund's direct fees and expenses. Investing in Islamic CIS may subject the Fund to the risk that (i) the valuations of the Fund may not reflect the true value of the underlying Islamic CIS at a specific time which could result in significant losses or inaccurate pricing for the Fund and/or (ii) the valuation of the underlying Islamic CIS may not be available as at the relevant valuation point for the Fund. The Fund's investments in Islamic CIS may also subject the Fund to additional risks (such as risk associated with the investment manager of the Islamic CIS) than if the Fund would have invested directly in the underlying investments of the Islamic CIS. The risk associated with the investment manager of the Islamic CIS includes but are not limited to the risk of non-adherence to the investment objective, strategy and policies of the Islamic CIS, the risk of direct or indirect losses resulting from inadequate or failed operational and administrative processes and systems of the investment manager of the Islamic CIS, and the risk that the Islamic CIS may underperform due to poor investment decisions by the investment manager of the Islamic CIS. Any adverse price movement of such Islamic CIS will adversely affect the Fund's NAV.

- **Counterparty Risk**

Counterparty risk is the risk that counterparty for a transaction is unable to meet their obligations i.e. failure to settle a trade on the value date. Or in the case of money market placement, the financial institution is declared non-viable by the regulators.

- **Distribution Out of Capital Risk**

The Fund may distribute income out of its capital. The declaration and payment of distribution may have the effect of lowering the NAV of the Fund. In addition, distribution out of the Fund's capital may reduce part of the Unit Holders' original investment and may also result in reduced future returns to Unit Holders.

4.3 Risk Management

The Manager has in place proper risk management structures including:

- i. strict adherence to the Fund's investment objective, policies and strategies as stated in the Prospectus, Deed and the Guidelines. The Trustee will provide oversight function to the Manager in relation to the Fund's investment objective, policies and strategies as stated in the Prospectus, Deed and the Guidelines;
- ii. reviewing and reporting compliance matters to the management committee and investment committee of the Manager. The Manager's designated compliance officer will review and report compliance matters to the management committee, investment committee, the Shariah Adviser and the board of directors;
- iii. practicing prudent liquidity management in a timely and cost effective manner; and
- iv. reduce/mitigate the risk associated with the Fund by imposing internal controls, compliance monitoring, and by virtue of its experience, skills and diligence.

Liquidity Risk Management

To mitigate the liquidity risk, the Manager will employ prudent liquidity management such as maintaining reasonable levels of liquidity to meet any redemption requests complemented by a temporary defensive strategy should adverse conditions prevail. The Manager will apply liquidity risk management tools which include liquidity stress test to assess the Fund's viability to meet expected and unexpected redemption requests under adverse scenarios.

Among the strategies mitigating liquidity risk are as follows:

- i. to keep a cash level of around 5% of the Fund's net asset value during normal market conditions. The cash level will be raised higher in the event of a highly negative market environments.
- ii. at least 90% of the Fund's NAV will be in the form of Islamic deposits and AA3/AA- and above rated Sukuk which carry strong market liquidity.

To manage the liquidity risk, we have put in place the following procedures:

- a. regular review by the designated fund manager on the Fund's investment portfolio including its liquidity profile;
- b. daily monitoring of the Fund's net flows and periodic liquidity stress testing of the Fund's assets against repurchase requests during normal and adverse market conditions are performed as pre-emptive measures in tracking the Fund's liquidity status. This will ensure that we are prepared and able to take the necessary action proactively to address any liquidity concerns, which would mitigate the potential risks in meeting Unit Holders' repurchase requests. In the event of large and unexpected redemptions, the Manager endeavours to liquidate the Fund's investment holdings on best effort basis to fully meet the redemption request. Should the Manager still unable to meet the redemption request, the Manager will utilise its credit line to fulfil the request; and
- c. suspension of repurchase requests from the Unit Holders under exceptional circumstances where the market value or fair value of a material portion of the Fund's assets cannot be determined. During the suspension period, the repurchase requests from the Unit Holders will be accepted but will not be processed. Such repurchase requests will only be processed on the next Business Day once the suspension is lifted. That said, the action to suspend repurchase requests from the Unit Holders shall be exercised only as a last resort by the Manager having considered the best interests of Unit Holders.

As a last resort after exhausting all other liquidity risk management tools listed above, the Manager may, in consultation with the Trustee and having considered the best interests of Unit Holders, subject repurchase requests by Unit Holder to suspension, due to exceptional circumstances, in an effort to further curtail the liquidity risk experienced by the Fund.

Please refer to **Section 7.13 Suspension of Sale and Redemption of Units** for further details.

It is important to note that events affecting the investments cannot always be foreseen. Therefore, it is not always possible to protect investments against all risks. The investment of the Fund carries risks and investors are recommended to read the whole Prospectus to assess the risks of the Fund.

Investors are reminded that the above list of risks may not be exhaustive and if necessary, investors should consult their adviser(s), e.g. bankers, lawyers, stockbrokers for a better understanding of the risks.

5. SHARIAH INVESTMENT GUIDELINES, CLEANSING PROCESS AND ZAKAT FOR THE FUND

5.1 Shariah Investment Guidelines

The following guidelines are adopted by the Shariah Adviser in determining the Shariah status of investments of the Fund.

- The Fund must at all times and all stages of its operation comply with Shariah requirements as resolved by the SAC of the SC or in cases where no specific rulings are made by the SAC of the SC, the decisions of the Shariah Adviser.
- The Fund must be established and operated by the Manager, and finally redeemed by the investors on the basis of contracts which are acceptable in Shariah. The banking facilities and short-term money market instruments used for the Fund have to be Shariah-compliant. Similarly, all the other investment instruments must be Shariah-compliant.
- For Islamic money market instruments, Sukuk and Islamic deposits, they shall be based on the data readily available on BNM, the SC and the financial institutions' websites respectively.
- For investments in unlisted Islamic CIS, the Manager must submit to the Shariah Adviser all pertinent information including the prospectuses, its structures, investment avenues, Shariah investment guidelines, Shariah contracts and Shariah pronouncements by the relevant Shariah advisers advising the unlisted Islamic CIS, for the Shariah Adviser to confirm the Shariah status of the said unlisted Islamic CIS.
- The decision of the Shariah Adviser shall be final.

5.2 Cleansing Process for the Fund

(a) Wrong Investment

This refers to Shariah non-compliant investment made by the Manager. The said investment shall be disposed of or withdrawn with immediate effect, if possible, or otherwise within one (1) calendar month of knowing the status of the investment. In the event that the investment resulted in Shariah non-compliant income received before or after the disposal or withdrawal of the investment, it has to be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser. The Fund has a right to retain only the investment cost. The Shariah Adviser advises that this cleansing process (namely, channelling of income from wrongful investment to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser) shall be carried out within two (2) calendar months from the said disposal or withdrawal date. If the disposal of the investment resulted in losses to the Fund, the losses are to be borne by the Manager.

(b) Reclassification of Shariah Status of the Fund's Investments

This refers to the instruments which were earlier classified as Sukuk or Islamic money market instruments or Islamic deposits or Islamic CIS but due to certain factors such as changes in the issuers' business direction and policy or failure to carry out proper Shariah contracts' transactions, which render the instruments Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such bonds or money market instruments or deposits or CIS.

If on the reclassification effective date, the value of the Shariah non-compliant instruments held exceeds or is equal to the investment cost, the Fund which hold such Shariah non-compliant instruments must liquidate them. To determine the time frame to liquidate such instruments, the Shariah Adviser advises that such reclassified Shariah non-compliant instruments should be disposed of within one (1) calendar month of reclassification.

Any income received up to the reclassification effective date and capital gains arising from the disposal of the said reclassified Shariah non-compliant instruments made on the reclassification effective date can be kept by the Fund.

However, any income received and excess capital gain derived from the disposal after the reclassification effective date at a price that is higher than the price on the reclassification effective date shall be channelled to *baitulmal* and/or charitable bodies as advised by the Shariah Adviser. The Shariah Adviser advises that this cleansing process should be carried out within two (2) calendar months from the above disposal date.

5.3 Zakat for the Fund

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

THE SHARIAH ADVISER CONFIRMS THAT THE INVESTMENT PORTFOLIO OF THE FUND COMPRISES INSTRUMENTS WHICH HAVE BEEN CLASSIFIED AS SHARIAH-COMPLIANT BY THE SAC OF THE SC AND, WHERE APPLICABLE BY THE SAC OF BNM. AS FOR THE INSTRUMENTS WHICH HAVE NOT BEEN CLASSIFIED AS SHARIAH-COMPLIANT BY THE SAC OF THE SC AND, WHERE APPLICABLE BY THE SAC OF BNM, THE SHARIAH STATUS OF THE INSTRUMENTS HAS BEEN REVIEWED AND DETERMINED IN ACCORDANCE WITH THE RULING ISSUED BY THE SHARIAH ADVISER.

6. FEES, CHARGES AND EXPENSES

There are charges and fees directly incurred when investor purchases or redeems Units of the Fund. Investors are advised to consider the charges and fees before investing in the Fund.

6.1 Charges Directly Incurred

This table describes the charges that you may directly incur when you purchase or redeem Units.

Sales Charge	Up to 2.00% of the NAV per Unit The Manager may at its discretion charge a lower sales charge based on the size of investment and/or other criterion as may be determined from time to time. Please refer to Section 7.2 for illustration on computation of sales charge.				
Redemption Charge	The Manager will NOT impose any redemption charge on any redemption.				
Transfer Fee	Nil.				
Switching Fee	A switching fee may be imposed by the Manager as follows:- <table border="1"><tr><td>a. 1st Time</td><td>: Nil</td></tr><tr><td>b. 2nd Time onwards</td><td>: RM 25.00 per transaction</td></tr></table>	a. 1st Time	: Nil	b. 2nd Time onwards	: RM 25.00 per transaction
a. 1st Time	: Nil				
b. 2nd Time onwards	: RM 25.00 per transaction				

***Note: The above fees and charges are exclusive of taxes and/or duties imposed by law or required to be paid in connection with the products or services provided by the Manager and/or the Trustee.**

6.2 Fees Indirectly Incurred

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

6.2.1 Annual Management Fee

The annual management fee is 1.00%* per annum of the NAV of the Fund. The management fee is calculated and accrued on a daily basis, payable monthly to the Manager.

Note: For illustration, please refer to a table disclosed in **Section 7.1**.

*The Manager reserves the right to charge a lower fee at its discretion.

6.2.2 Annual Trustee Fee

The trustee fee is 0.03% per annum of the NAV of the Fund (excluding foreign custodian fees and charges).

In addition to the annual trustee fee, the Trustee may be reimbursed by the Fund for any expenses properly incurred by it in the performance of its duties.

The trustee fee is accrued daily and payable monthly.

Note: For illustration, please refer to a table disclosed in **Section 7.1**.

6.2.3 Administrative Fees

These include (but are not limited to) the following:

- i. cost of printing of semi-annual and annual reports for the Fund;
- ii. commissions or fees paid to brokers or dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;
- iii. where the custodian function is delegated by the Trustee, charges and fees paid to foreign sub-custodians taking into custody any foreign assets of the Fund;
- iv. taxes and other duties charged on the Fund by the government and other authorities;
- v. fees and expenses properly incurred by the auditor appointed for the Fund;
- vi. fees for the valuation of any Shariah-compliant investment of the Fund;
- vii. costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- viii. costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- ix. costs, commissions, fees and expenses of the sale, purchase, *takaful* and any other dealing of any asset of the Fund;
- x. costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- xi. any tax and/or other indirect tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred by the Fund; and
- xii. other related Fund's administrative expenses as permitted by the Deed.

6.2.4 Other Fee

Any applicable bank charges incurred as a result of purchasing or withdrawal of Units will be borne by the Unit Holder.

6.3 Policy on Rebates and Soft Commission

Any rebate or soft commission shall be directed to the Fund concerned. Soft commissions may be retained by the Manager or the fund manager if:

- (a) the soft commissions bring direct benefit or advantage to the management of the Fund and may include research and advisory related services;
- (b) any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund; and
- (c) the availability of soft commissions is not the sole or primary purpose to perform or arrange transactions with such broker or dealer, and the Manager or fund manager shall not enter into unnecessary trades in order to achieve a sufficient volume of transactions to qualify for soft commissions.

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

The fees, charges and expenses quoted in this Prospectus are exclusive of taxes and/or duties imposed by law or required to be paid in connection with the products or services provided by the Manager and/or the Trustee. The fees and charges are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities from time to time.

There are risks involved and investors should rely on their own evaluation to assess the merits and risks when investing in the Fund. Unit prices and distributions payable, if any, may go down as well as up. Investors should read and understand the contents of this Prospectus and, if necessary, should consult their adviser(s).

7. TRANSACTION INFORMATION

7.1 Determination of Prices

7.1.1 Computation of NAV and NAV per Unit

In this section of the Prospectus, investors will be introduced to certain terms used by the Manager in order to explain how the Fund arrives at its NAV and consequently, NAV per Unit for the Fund.

Investors should note that the NAV of the Fund is the value of all the Fund's assets minus its liabilities, at the valuation point.

Please see section 3.13 of this Prospectus for an explanation of the valuation point for the Fund.

Example:

$$\frac{\text{NAV of the Fund}}{\text{Total NAV before income \& expenses for the Day}} \times 100$$

For illustration purposes, following are examples of the computation of NAV and NAV per Unit for a particular day:-

Shariah-compliant investment of the Fund	= RM 80,000,000.00
Other assets including cash	= RM 30,000,000.00
Liabilities of the Fund	= RM 50,000.00
Number of Units in circulation	= 200,000,000.00

The NAV of the Fund will be:

	RM
Shariah-compliant investment	80,000,000.00
Add:	
Other assets	30,000,000.00
Less:	
Liabilities	50,000.00
NAV (Before deduction of management fee and trustee fee for the day)	109,950,000.00
Less:	
Management fee for the day (1.00% per annum from the NAV)	3,012.33
Trustee fee for the day (0.03% per annum from the NAV)	90.37
NAV	109,946,897.30

The NAV per Unit will be:	$\frac{= \text{RM}109,946,897.30}{200,000,000.00}$ $= \text{RM}0.5497344865$ $= \text{RM}0.5497$ <p>(adjusted to 4 decimal places)</p>
Please note that the NAV per Unit will be rounded up to four (4) decimal places for the purposes of publication of the NAV per Unit	

7.1.2 Policy on Rounding Adjustment

The NAV per Unit of the Fund is rounded to four (4) decimal places. When you invest in the Fund, the investment amount payable by you will be rounded to two (2) decimal places. The Manager will allocate Units in your account in two (2) decimal places. Your redemption value will also be in two (2) decimal places.

7.1.3 Pricing of Units

The purchase and redemption transactions will be executed on a Forward Pricing basis which is based on NAV per Unit. Under the Forward Pricing basis:

- i. the sale of Units by the Manager to an investor will be executed based on the NAV per Unit at the end of the Business Day which will be computed on the following day (T+1) by 5.00 p.m.; and
- ii. the redemption of Units by the Manager from an investor will be executed based on the NAV per Unit at the end of the Business Day which will be computed on the following day (T+1) by 5.00 p.m.

A transaction of Units of the Fund by an investor is considered as carried out on a particular Business Day only if the payment together with completed application form and relevant supporting documents are received by the Manager not later than 4.00 p.m. (or such other time as the Manager may deem fit in its discretion) on that same Business Day. In the event the same is only received by Manager after 4.00 p.m. (or such other time as the Manager may deem fit in its discretion), the transaction is considered as carried out on the following Business Day. Any payment made on a non-Business Day shall be treated as payment made in the following Business Day.

7.1.4 Manager's Single Pricing Regime

All applications will be based on NAV per Unit.

7.2 Purchase of Units

Minimum Initial Investment	Minimum Additional Investment
RM500.00	RM100.00

Note:

The Manager may waive or vary the minimum amount stipulated above at its sole and absolute discretion.

- Investors may submit the purchase application by completing the application forms, which are available at the office of BIMB Investment, at our authorised unit trust consultant (UTC), any sales offices as listed in **Section 18 - Directory of Sales Offices**, or offices of our authorised distributors. Investors may also obtain the application form and other related forms from our website at <https://bimbinvestment.com.my>. Alternatively, investors may invest via our BEST App. You may download the application from the Apple App Store or Google Play Store and start your investment journey with us.
- Application for Units must be received by us before the cut-off time of 4.00 p.m. on any Business Day. Any purchase application received after 4.00 p.m. on any Business Day will be treated as an application made on the next Business Day.
- Investors are required to provide us with the following completed forms and documents. We reserve the right to request for additional documentations when deem necessary before we process the purchase application.

Individual Investors	Corporate Investor
<ul style="list-style-type: none"> • Master Application Form. • Privacy Notice. • Certified true copy of identity card, birth certificate (if joint applicant is a minor) or passport. • Details of a foreign currency account for investments in currencies other than RM. • Proof of payment such as letter of bank / fund transfer or bank-in slip. 	<ul style="list-style-type: none"> • Master Application Form. • Privacy Notice. • Superform (if any). • A certified true copy of <ul style="list-style-type: none"> ✓ the business registration certificate, memorandum & articles of association or constitution; ✓ form 49 or notice under section 58 of the Companies Act 2016;

<ul style="list-style-type: none"> • For investment through distribution channels, kindly refer to the respective distribution channel for registration and payment procedures. 	<ul style="list-style-type: none"> ✓ form 24 or return of the allotment under section 78 of the Companies Act 2016; ✓ form 44 or notice under section 46 of the Companies Act 2016; ✓ board resolution approving the investment in the Fund; ✓ list of authorised signatories and their specimen signatures; ✓ in the case of foreign companies, trusts, cooperatives and foundations, please contact the Manager or the relevant distribution channel for information on additional documents needed (if any); and ✓ copy of identification card/passport for authorised signatories. <ul style="list-style-type: none"> • Details of a foreign currency account for investments in currencies other than RM. • Proof of payment such as letter of bank / fund transfer or bank-in slip. • For investment through distribution channels, kindly refer to the respective distribution channel for registration and payment procedures.
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- Payment for purchase of Units can be made via:
 - Online through interbank GIRO (IBG) or Telegraphic Transfer to the Fund's account. Details of the account can be obtained from <https://bimbinvestment.com.my>.
 - Regular investment via banks through direct debit facilities (Terms and conditions apply).

Investors are required to complete the necessary application form and other related documents required by the Manager. A bank validated fund transfer form must be presented to the Manager as evidence of payment.

Any certified document required must be at least certified by authorised unit trust consultant, authorised IUTAs and/or marketing staff of the Manager.

Below is the illustration for Units allotted to the Unit Holders for a Purchase of Units:-

		Investor A
Amount invested	=	RM50,000.00
NAV per Unit	=	RM0.2526
Sales charge rate	=	5.00%
Investment amount	=	RM50,000.00 (1.000 + sales charge rate)
Net investment	=	RM50,000.00 (1.000 + 5.00%) RM47,619.05
Sales charge amount	=	RM2,380.95
Units allotted to investor	=	RM47,619.05 RM0.2526 188,515.63 Units

! INVESTORS ARE ADVISED NOT TO MAKE PAYMENT IN CASH TO ANY INDIVIDUAL AGENT WHEN PURCHASING UNITS. PURCHASE OF UNITS WILL BE PROCESSED UPON CLEARANCE OF AMOUNT INVESTED AND COMPLETE DOCUMENTATION RECEIVED BY THE MANAGER.

! THE MANAGER MAY AT ITS ABSOLUTE DISCRETION DEFER ANY APPLICATION IF SUCH APPLICATION IS INCOMPLETE.

! PLEASE BE ADVISED THAT IF THE INVESTOR INVESTS IN UNITS THROUGH AN IUTA WHICH ADOPTS THE NOMINEE SYSTEM OF OWNERSHIP, THE INVESTOR WOULD NOT BE CONSIDERED TO BE A UNIT HOLDER UNDER THE DEED AS THE INVESTOR'S NAME WILL NOT APPEAR IN THE REGISTER OF UNIT HOLDERS. THE INVESTOR MAY CONSEQUENTLY NOT HAVE ALL THE RIGHTS ORDINARILY EXERCISABLE BY A UNIT HOLDER (FOR EXAMPLE, THE RIGHT TO CALL FOR A UNIT HOLDERS' MEETING AND TO VOTE THEREAT).

7.3 Redemption of Units

- Unit Holders may redeem their investments in the Fund on any Business Day by completing the redemption form or such other manners as we may accept and returning it to us on any Business Day. The redemption form is available at our head office and also offices of the authorised distributors. Investors who invest via our BEST App may redeem their investments in the Fund via our BEST App.

- **Minimum Redemption**

100 Units.

Note:

The Manager may waive or vary the minimum redemption amount stipulated above at its sole and absolute discretion.

- **Cut-off time**

Redemption request must reach the Manager before the cut-off time of 4.00 p.m. on any Business Day (or "T Day"). The Manager will process the redemption request based on the NAV per Unit of the Fund for that Business Day. Any redemption request received by the Manager at or after 4.00 p.m., the Manager will process the redemption request based on the NAV per Unit computed on the immediate following Business Day, T + 1.

- **Period of Payment of Redemption Proceeds**

Unit Holders will be paid within seven (7) Business Days after the redemption application is received and processed by the Manager.

- **Mode of Payment**

The redemption payment can only be made via online bank transfer.

- You may give us instructions in writing to transfer your redemption amount to your nominated bank account held in your own name or the first named Unit Holder (principal Unit Holder) if it is a joint account.
- All bank charges for the transfer will be borne by the Unit Holder. The charges will be deducted/debited from the redemption amount.
- Under normal circumstances, a bank transfer will take less than two (2) days to reach your nominated bank account. The Manager will not be responsible for any delay in the bank transfer.
- No redemptions will be paid in cash under any circumstances.

Note: The Manager in consultation with the Trustee reserves the right to defer any redemption requests if such request would adversely affect the interest of existing Unit Holders.

Other information

The following illustrations demonstrate the two (2) computation methods of redemption of Units:

Computation no.1 = Redemption request by giving absolute value instruction:

Redemption amount request	=	RM5,000.00
Redemption charge	=	Nil
NAV per Unit	=	RM0.2526
Total redemption of Units by Unit Holder	=	<u>RM5,000.00</u> RM.2526 19794.14 Units

Computation no.2 = Redemption request by giving total number of Units instruction:

Redemption Units request	=	19794.14 Units
Redemption charge	=	Nil
NAV per Unit	=	RM0.2526
Total redemption amount payable to Unit Holder	=	Units repurchase X NAV per Unit 19794.14 Units X RM0.2526 RM5,000.00

7.4 Switching of Units

Switching is available for switching from the Fund to other fund (or its classes) managed by the Manager, provided that the currency denomination is the same and subject to the Manager's discretion.

The minimum switching amount is 100 Units and amount switched must meet the minimum initial investment amount of a particular fund (or its classes) that the Unit holder intends to switch into. However, if the switching request leaves a Unit Holder with less than 100 units (minimum holdings), the Manager will automatically switch the balance of the Units held in the Unit Holder's account.

Unit Holders please take note that the Manager reserves the right to reject any switching requests if the Manager is of the view that the switching transaction is contrary to the best interest of the Fund.

Investor must complete a switching transaction form and submit it to the Manager at or before the cut-off time of 4.00 p.m. on a Business Day (or "T Day") together with the relevant supporting documents, if any.

The switching transaction is subject to the conditions set out below:-

Please refer to the table below for an illustration on how the switching facility works. The original fund refers to the fund the unit holder original purchased while the intended fund refers to the fund that the units to switch into.

Original Fund	Intended Fund	Condition of Switching
No sales charge	No sales charge	The switch will be based on the net asset value per unit of the intended fund
No sales charge	With sales charge	Investor is required to pay the sales charge imposed by the intended fund
With sales charge	With higher sales charge	Investor is required to pay the differential sales charge between the original fund and the intended fund on the amount switched
With sales charge	With lower sales charge	The switch will be based on the net asset value per unit of the intended fund

- **Switching Fee**

A switching fee may be imposed as follows:-

- a. First time: Nil
- b. 2nd time and onwards: RM25.00 per transaction (Switching fee is exempted for investor who have a total investment of RM100,000.00 and above with the Manager).

7.5 Cooling-off Transaction

Cooling-off right refers to the right of a Unit Holder to obtain a refund of his/her investment if he/she so requests within a cooling-off period of six (6) Business Days from the date of receipt of application to purchase Units by the Manager.

Investors have the right to reverse his investment decisions that could have unduly influenced by any external elements or factors.

The cooling-off right is applicable to individual investor, other than those listed below, who is investing for the first time in any unit trust funds managed by the Manager.

- i) Staff of the Manager; and
- ii) person registered with a body approved by the SC to deal in unit trusts.

The refund for every Unit held by the Unit Holder pursuant to the exercise of the cooling-off right shall be as follows:

- a) if the original price of a Unit is higher than the price of a Unit at the point of exercise of the cooling-off right ("market price"), the market price at the point of cooling-off; or
- b) if the market price is higher than the original price, the original price at the point of cooling-off; and
- c) the sales charge originally imposed on the day the Units were purchased.

The Manager shall refund to Unit Holder within seven (7) Business Days from the date of receipt of the cooling-off application from the Unit Holder is received by the Manager.

7.6 Minimum Holdings

100 Units

Note:

The Manager may waive or vary the minimum amount stipulated above at its sole and absolute discretion.

7.7 Transfer of Units

Units in the Fund are transferable fully or partially. There is no minimum amount of Units required to apply for transfer except that the Units transferred must meet the minimum holdings requirement.

A copy of the "Transfer Form" can be obtained from our head office and also offices of the authorised distributors.

The Manager may, at its absolute discretion, allow or reject Unit Holder's request for transfer of Units subject to such terms and conditions as may be stipulated by the Manager from time to time.

7.8 Incorrect Pricing

Subject to any relevant law, if there is an error in the pricing of the NAV per Unit of the Fund, the Manager will take immediate remedial action to correct the error. Rectification shall, where necessary, extend to the reimbursements of money as follows if the error is at or above the significant threshold of 0.5% of the NAV per Unit:

- i. if there is an over valuation and/or pricing in relation to the purchase and creation of Units, the Manager shall reimburse the Unit Holder;
- ii. if there is an over valuation and/or pricing in relation to the redemption of Units, the Manager shall reimburse the Fund;
- iii. if there is an under valuation and/or pricing in relation to the purchase and creation of Units, the Manager shall reimburse the Fund; and
- iv. if there is an under valuation and/or pricing in relation to the redemption of Units, the Manager shall reimburse the Unit Holder or former Unit Holder.

By investing in the Fund, investors agree that the Manager retains the discretion whether or not to reimburse if the error is below 0.5% of the NAV per Unit or where the total impact on an individual account is less than RM10.00. This is because the reprocessing cost may be greater than the amount of the adjustment.

7.9 Distribution Channel

Units can be purchased and redeemed during normal business hours at the business office of BIMB Investment, at the nearest Bank Islam branches or any of our authorised IUTAs and/or unit trust consultants. Please refer to **Section 18: "Directory of Sales Offices"**. Alternatively, investors may invest via our BEST App.

For further information, please call our help-desk at a Toll-Free- number: 1-800-88-1196 at any time during our office hours: Mondays to Fridays from 9.00 a.m. to 5.00 p.m. or email your enquiries to marketing.bimbinvest@bankislam.com.my or visit our website at <https://bimbinvestment.com.my>.

7.10 Unclaimed Monies Policy

Any monies payable to Unit Holders which remain unclaimed after twelve (12) months shall be lodged with the Registrar of Unclaimed Moneys in accordance with the provisions of the Unclaimed Moneys Act, 1965 (as may be amended from time to time).

7.11 Customer Identification Program

Pursuant to the relevant laws of Malaysia on money laundering, the Manager have an obligation to prevent the use of the Fund for money laundering purposes. As such, the Manager and/or its authorised distributors have put in place a "Know Your Customer" ("KYC") policy where procedures are in place to identify and verify the investor's identification through documents such as identity card, passport, constituent documents or any other official documents.

The Manager and/or its authorised distributors reserve the right to request such information, either at the time an application is made or thereafter, as is necessary to verify the identity of an investor (or each of the investors in the case of joint investors) and/or to periodically update our records. You are required to provide us with your information and information of beneficial owner such as name, date of birth, national registration card number, residential and business address, (and mailing address if different), name of beneficial owner, address of beneficial owner, national registration card number of beneficial owner, date of birth of beneficial owner or other information and official identification.

For corporate clients, you are required to provide us the name of the company, principal place of business, source of income/asset, identification documents of the directors/shareholders/partners, board resolution pertaining to the investment and the person authorised to operate the account, all of which as per requirements under regulation when you open or re-open an account.

The Manager and/or its appointed distributors also reserve the right to request additional information including the source of the funds, source of wealth, net worth, annual income and identity of any beneficial owners as may be required to support the verification information and to allow us to complete adequate due diligence. In the event of delay or failure by the investor to produce any information required for verification purpose, we and/or our authorised distributors may refuse to accept an application request. In relation to a subscription application, any monies received will be returned without profit to the account from which the monies were originally debited, and in relation to redemption application, no units will be redeemed to the investor. The Manager and/or its authorised distributors also reserve the right to place restrictions on transactions or redemptions on your account until your identity is verified.

In the event of any breaches to the applicable laws on money laundering, the Manager and its appointed distributors have a duty to notify the relevant authority of the said breaches.

7.12 Anti-Money Laundering (“AML”)/KYC Obligation on Our Authorised Distributor

If you have invested in the Fund via an authorised distributor, there may be additional information that the authorised distributor may need to provide to us, which may include the release of your particulars and details of ultimate beneficiaries/ultimate beneficial owners investing in the Fund to us. Without such information being provided, we reserve the discretion to reject your subscription or redemption request until such information is provided by the authorised distributor to the Manager.

7.13 Suspension of Sale and Redemption of Units

The Manager may, in consultation with the Trustee and having considered the interests of Unit Holders, suspend the dealing in Units of the Fund due to exceptional circumstances, where there is good and sufficient reason to do so, considering the interest of Unit Holders. If the Manager has exhausted all possible avenues to avoid a suspension of the Fund, the Manager may as a last resort, in consultation with the Trustee and having considered the interests of the Unit Holders, suspend the sale (if applicable) and redemption of Units where it is impractical for the Manager to calculate the NAV of the Fund due to but not limited to the following:

- (i) an emergency or other state of affairs (such as natural disaster, state of war, etc); or
- (ii) where the market value or fair value of a material portion of the Fund’s assets cannot be determined.

In such case, Unit Holders will not be able to redeem their Units and will be compelled to remain invested in the Fund for a longer period of time. Hence, their investments will continue to be subject to the risks inherent to the Fund.

Please note that during the suspension period, there will be no NAV per Unit available and hence, the Manager will not accept any transactions for the applications, redemptions, switching and/or transfers of Units. If the Manager has earlier accepted a Unit Holder’s request for redemptions and switching of Units, please note that the requests will only be processed on the next Business Day after the cessation of suspension of the Fund. Unit Holders will be notified of the suspension and when the suspension is lifted.

8. CLIENT COMMUNICATION

8.1 Avenue for Advice Available to Prospective Investors

Unit Holders can seek assistance from our customer service personnel on queries relating to the Fund at our toll-free number 1-800-88-1196 during business hours, Monday to Friday from 9.00 a.m. to 5.00 p.m.

Enquiries can also be made at the nearest Bank Islam branches or from our authorised IUTAs/unit trust consultants.

8.2 Website

Unit Holders may obtain the daily Fund price from our website at <https://bimbinvestment.com.my>.

8.3 Statement of Investment and Fund's Financial Reports

Statements to Confirm and Record Transaction	The Manager will send computer-generated statements to Unit Holders on each transaction made confirming their transactions relating to the Fund.
Statement of Account	In addition, statement of account of the Fund's investment will be made available to the Unit Holders.
Semi-Annual and Annual Reports	<p>The Manager will provide the Unit Holders with semi-annual and annual report of the Fund within two (2) months after the end of financial period/year of the Fund.</p> <p>The Manager practices digital fund reporting hence the Fund's reports are made available on its website https://bimbinvestment.com.my Investors may view, store and download from the website.</p> <p>The Fund's printed annual/semi-annual report is available upon request.</p>

9. THE MANAGEMENT COMPANY

9.1 Corporate Profile of the Manager

BIMB Investment is a wholly-owned subsidiary of Bank Islam Malaysia Berhad. BIMB Investment, a licensed Islamic fund management company, was incorporated on 14 September 1993 and commenced its operations on 20 June 1994.

9.2 Organisational Structure of the Manager

The main roles and responsibilities of the Manager are managing the investment portfolio of the Fund, arranging sales and redemption of Units, keeping proper records of the Fund and Unit Holders, issuing reports on the Fund's performance to Unit Holders, arranging distribution of income and/or Units to Unit Holders and marketing the Units of the Fund to investors.

The overall responsibility for the operation of BIMB Investment is vested with the chief executive officer who is accountable to the board of directors. While the board of directors primarily decides on policy matters, the investment committee assumes responsibility for assuming and monitoring the Fund's investment strategies. In ensuring the decisions of the board of directors and investment committee adhere strictly to the requirements of Shariah, all investment and activities of the Fund will be supervised by the Shariah Adviser. The board of directors meets at least six (6) times a year to provide advice on matters relating to the Manager's operation and Fund's policies

9.3 Board of Directors

The list of our board of directors are available on our website at <https://www.bimbinvestment.com.my/board-of-directors>.

9.4 Investment Team

The investment team meets frequently to discuss investment related matters.

Name	MOHD SHAHIR SEBERI (Designated Fund Manager)
Position	Head, Fixed Income
Experience	Prior to joining Bank Islam, he was a Senior Manager at MBSB Bank Berhad, a Portfolio Manager at ALLMAN Asset Management Sdn Bhd, an Assistant Vice President, Fixed Income at Bank Muamalat Malaysia Berhad, an Analyst at KWSP, and a Fixed Income Research Analyst at Malaysia Rating Corporation Bhd (MARC).
Qualifications	<ul style="list-style-type: none">• Master of Science in Finance – Applied Finance• Bachelor's Degree in Accountancy from the International Islamic University Malaysia.• Holder of SC's Capital Markets Services Representative's Licence (CMSRL)

Name	THONG YONG LING, STANLEY
Position	Senior Fund Manager
Experience	He joined BIMB Investment as a fund manager in 2012. He has more than ten (10) years of working experience in equity research and investment. He was previously attached with UOB-OSK Asset Management Berhad and Hong Leong Assurance Berhad. As a fund manager at UOB-OSK Asset Management, he was in charge of managing various unit trust and investment link insurance funds for clients.
Qualifications	<ul style="list-style-type: none">• Master of Commerce, Macquarie University, Australia• Bachelor of Business Administration, National Cheng Chi University, Taiwan• Holder of SC's CMSRL

Name	AHMAD RIZAL UJANG
Position	Fund Manager
Experience	He joined BIMB Investment in January 2017 and previously worked in BIMB Investment from 2011 to 2014. He has more than ten (10) years of working experience in money market and fixed income investment. He was previously attached to i-VCAP Management Sdn Bhd, MNRB Holdings Berhad and Syarikat Takaful Malaysia Berhad.
Qualifications	<ul style="list-style-type: none"> • Master of Finance, Curtin University of Technology, Australia • Holder of SC's CMSRL

Further information on the Manager and key management is available on the Manager's website: <https://bimbinvestment.com.my>

9.5 Material Litigation and Arbitration

As at the LPD, save for the suit mentioned herein below, the Manager is not engaged in any material litigation and arbitration either as plaintiff nor as defendant, and the Manager is not aware of any proceedings, pending or threatened or of any other facts likely to give rise to any proceedings which might materially and adversely affect its financial position or business.

Perbadanan Harta Intelek Malaysia ("MyIPO"), has initiated a suit against BIMB Investment in October 2021. MyIPO had issued a Writ and Statement of Claim dated 18 October 2021, alleging against BIMB Investment fraudulent misrepresentation, negligent misrepresentation, breach of duty of care and negligence against MyIPO. BIMB Investment has filed its Statement of Defence on 8 December 2021 categorically denying all the purported allegations. The present status of the legal proceedings is as follows:

- (a) On 24 May 2022, BIMB Investment has filed and served its Statement of Claim against Dato Ahmad Azwan as the Third Party;
- (b) On 8 June 2022, Dato Ahmad Azwan as the Third Party has filed and served his Statement of Defence against BIMB Investment's Statement of Claim;
- (c) On 21 June 2022, BIMB Investment has filed and served its Reply to the Third Party's Statement of Defence;
- (d) On 14 October 2022, BIMB Investment filed its Notice of Application seeking discovery of the original copies of the forged or falsified documents as pleaded in the Statement of Claim (documents in question) for the purpose of Forensic Examination and to obtain an expert opinion so as to prove the assertions made by BIMB Investment in its Statement of Defence and to prove fraud against the Third Party.
- (e) The said application was filed in the Kuala Lumpur Sessions Court seeking discovery of the documents in question, as some of the impugned documents had already been adduced in the ongoing criminal trial against the Third Party whilst the other documents are in the possession of MACC. The order in terms of the application was obtained before the Sessions Court on 23 November 2022;
- (f) The full trial of this suit has been scheduled on 27, 28 and 29 of May 2024;
- (g) The next case management is fixed on 26 April 2024 and the parties are required to comply with all pretrial getting ups, under Order 34. The High Court has made an Unless Order wherein the Parties, well before 26 April 2024 must have complied with the pre-trial requirements including filing of statement of agreed facts, statement of issues to be tried and common bundle of documents.
- (h) The Parties are also been directed to exhaust all interlocutory applications well before the next case management date.

9.6 Exemptions or Variations

There have been no exemptions or variations from any relevant securities laws or Guidelines granted to the Manager by the SC.

10. THE SHARIAH ADVISER – BIMB SECURITIES SDN BHD

BIMB Securities Sdn Bhd (“BIMB Securities”) has been appointed as the Shariah Adviser for the Fund. BIMB Securities will provide Shariah advisory services on the management and operations of the Fund to ensure the operations of the Fund comply with Shariah requirements.

About BIMB Securities Sdn Bhd

BIMB Securities is a stockbroking subsidiary of Bank Islam Malaysia Berhad incorporated on 21 February 1994 and is licensed by the SC. The corporate mission of BIMB Securities is to be an active participant in a modern, innovative and dynamic Islamic capital market in Malaysia, catering for the needs of all investors, Muslims and non-Muslims, looking for Shariah-compliant investment products and services.

Experience in Shariah Advisory Services

BIMB Securities is registered with the SC to act as a Shariah Adviser for Islamic products and services regulated by the SC, which include Islamic CIS. BIMB Securities is independent from the Manager and does not hold office as a member of the committee undertaking the oversight function of the Fund or any other funds managed and administered by the Manager. As at 31 December 2023, BIMB Securities is a corporate Shariah Adviser to ninety-nine (99) Islamic funds including two (2) Islamic real estate investment trusts.

Roles and Responsibilities of BIMB Securities Sdn Bhd as a Shariah Adviser

As the Shariah Adviser for the Fund, the role of BIMB Securities is to ensure that the investment operations and processes of the Fund are in compliance with Shariah requirements. BIMB Securities will review the Fund’s investments on a monthly basis to ensure Shariah compliance and it also review the semi-annual and annual reports of the Fund.

Notwithstanding the role played by the Shariah Adviser, the ultimate responsibility for ensuring Shariah compliance of the Fund in all aspects of operations and processes rests solely with the Manager.

In line with the SC Guidelines on Islamic Capital Market Products and Services, the roles of BIMB Securities as the Shariah Adviser are:

- (a) to advise on the Shariah aspects of the Fund and Fund’s operations and processes to ensure they are in accordance with Shariah requirements;
- (b) to provide Shariah expertise and guidance in all matters relating to the Fund, particularly on the documentation i.e., the Fund’s Deed and Prospectus, structure, investments and related operational matters;
- (c) to ensure that the Fund is managed and operated in accordance with Shariah requirements and the applicable Shariah rulings, principles and concepts endorsed by the SAC of the SC as well as the advice given by the Shariah Adviser are complied with;
- (d) to review the Fund’s compliance reports as provided by the Manager’s compliance officer and investment transaction reports provided or duly approved by the Trustee to ensure that the Fund’s investments are in line with Shariah;
- (e) to prepare a report to be included in the semi-annual and annual reports of the Fund stating the Shariah Adviser’s opinion whether the Fund has been operated and managed in compliance with Shariah requirements in its investment, operations and processes for the financial period concerned;
- (f) to apply *Ijtihad* (intellectual reasoning) to ensure all aspects relating to the Fund are in compliance with Shariah, in the absence of any rulings, principles and concepts endorsed by the SAC of the SC;
- (g) to consult the SC where there is ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process; and
- (h) to meet with the Manager on a quarterly basis (or as and when required by the Manager and/or the Shariah Adviser) for the review of the Fund’s operations and processes.

Profiles of the Shariah Personnel

Ir. Dr. Muhamad Fuad bin Abdullah (“Dr. Muhamad Fuad”)

Dr. Muhamad Fuad is the designated person in-charge of all Shariah matters in BIMB Securities.

He graduated with a Bachelor of Science Degree in Electrical Engineering in 1977 and a Master of Philosophy Degree in Electrical Engineering in 1982, both from the University of Southampton, England. He also obtained a Bachelor of Arts (Jayyid) Degree in Shariah from the University of Jordan in 1994 and a Doctor of Philosophy in Muslim Civilization from the University of Aberdeen, Scotland in 1996.

He is a registered individual Shariah adviser with the SC. He is the Chairman of the Shariah Supervisory Council of Bank Islam Malaysia Berhad and the Chairman of Shariah committee of AIA-Public Takaful Berhad. He sits on the Shariah Advisory Committee of BIMB Securities.

He is also the non-executive chairman of Gagasan Nadi Cergas Berhad and a board member of Universiti Tun Abd Razak Sdn Bhd (UniRAZAK).

Nurul Aqila Sufiyah binti Lokman (“Nurul Aqila”)

Nurul Aqila joined BIMB Securities as the Shariah Executive in March 2020. She was later promoted as the Acting Head of Shariah Section effective 1 April 2023. She is also the Joint Secretary of the Shariah Advisory Committee of BIMB Securities.

Nurul Aqila holds a Bachelor of Islamic Revealed Knowledge and Heritage in Fiqh and Usul al-Fiqh from the International Islamic University of Malaysia.

Currently, she is involved in providing Shariah inputs for the advisory, consultancy and research functions relating to the Islamic capital market products including Islamic CIS.

11. THE TRUSTEE

Profile of AmanahRaya Trustees Berhad

AmanahRaya Trustees Berhad (“ART”) was incorporated under the Companies Act 1965 (now known as Companies Act 2016) on 23 March 2007 and registered as a trust company under the Trust Companies Act 1949. ART is a subsidiary of Amanah Raya Berhad (ARB) which is wholly owned by the Government of Malaysia. ART took over the corporate trusteeship functions of ARB and acquired ARB’s experience of more than 50 years in trustee business. ART has been registered and approved by the SC to act as trustee to unit trust funds.

Disclosure of Material Litigation and Arbitration

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

Duties and Obligations

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

- (i) acting as trustee of the Fund and therefore, safeguarding the rights and interests of the Unit Holders;
- (ii) exercising due diligence and vigilance in carrying out its duties and responsibilities for the Unit Holders;
- (iii) ensuring that the Manager does not make improper use of the Manager’s position in managing the Fund to gain, directly or indirectly, an advantage for itself or for any other person or to cause detriment to the interests of the Unit Holders;
- (iv) ensure that it is fully informed of the investment policies of the Fund as set by the Manager, and of any changes made thereto;
- (v) notify the SC immediately of any irregularity, any breach of the provisions of the CMSA, the Deed, the Guidelines or securities laws and any other matter properly regarded by the Trustee as not being in the interests of the Unit Holders;
- (vi) ensure that the systems, procedures and processes employed by the Manager to value and/or price the Fund or the Units of the Fund are adequate, and that such valuation/pricing is carried out in accordance with the CMSA, the Deed, the Guidelines and securities laws;
- (vii) (ensure that the sale, repurchase, creation and cancellation of Units of the Fund are carried out in accordance with the CMSA, the Deed, the Guidelines and securities laws;
- (viii) submit or make available any statements, documents, books, records and other information relating to the Fund and the business of the Trustee or such periodical returns, as may be required by the SC from time to time;
- (ix) take all steps to effect any instructions properly given by the Manager as to the acquisition or disposal of, or the exercise of the rights attaching to, the assets of the Fund; and
- (x) maintain and ensure that the Manager maintains proper accounting records and other records as are necessary to enable a complete and accurate view of the Fund to be formed.

12. SALIENT TERMS OF DEED

12.1 Unit Holder's Rights

- i. Unit Holder shall have the right to receive distributions of income or capital (if any), participate in any increase in the value of the Units and such other rights and privileges as provided in the Deed.
- ii. No Unit Holder shall be entitled to require the transfer to him of any of the assets of the Fund or be entitled to interfere with or question the exercise by the Trustee, or the Manager on his behalf of the rights of the Trustee as the registered owner of such assets.
- iii. Unit Holder shall have the right to call for Unit Holder's meeting and to vote for the removal of the Trustee or the Manager through a Special Resolution.
- iv. Unit Holder shall have the right to receive annual and semi-annual reports.

Note: If your investments are 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 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).

12.2 Unit Holder's Liabilities

No Unit Holder is liable for any amount in excess of the purchase price paid for the Units as determined in accordance with the Deed at the time the Units were purchased. A Unit Holder shall not be under any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the Fund, and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund.

12.3 Maximum Fees and Charges Permitted by the Deed

The maximum rate of direct fees and charges permitted by the Deed are as follows:

Charges	% of the NAV per Unit
Sales charge	6.00%
Redemption charge	Nil

The maximum rate of indirect fees and charges permitted by the Deed are as follows:

Charges	% of the NAV per Unit
Annual Management fee	2.00% per annum
Annual trustee fee	0.03% per annum

12.4 Procedures to Increase the Direct and Indirect Fees and Charges Disclosed in this Prospectus

- **Sales Charge**

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

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

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

- **Redemption Charge**

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

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

- **Annual Management Fee**

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

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

- **Annual Trustee Fee**

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

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

12.5 Procedures to Increase the Maximum Rate of the Direct and Indirect Fees and Charges in the Deed

The maximum sales charge, redemption charge, annual management fee or annual trustee fee set out in the Deed may not allowed to be increased unless a Unit Holders meeting has been held in accordance with the Deed. A supplemental deed proposing a modification to the Deed to increase such

fees and charges is required to be submitted for registration with the SC accompanied by a resolution of not less than two-thirds (2/3) of all Unit Holders at the Unit Holders meeting sanctioning the proposed modification to the Deed.

12.6 Permitted Expenses Payable by the Fund

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

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

- prepare, print, post, register and/or lodge in relation to the Fund by virtue of any relevant law;
- (r) fees in relation to fund accounting; and
 - (s) any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred under sub-paragraphs (a) to (r) above.

12.7 Removal, Replacement and Retirement of the Manager and Trustee

- **Removal or Replacement of the Manager**

The Trustee shall take all reasonable steps to remove the Manager, if the Manager:-

- (a) has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of Unit Holders for the Trustee to do so after the Trustee has given notice to the Manager of that opinion and the reasons for that opinion, and has considered any representations made by the Manager in respect of that opinion, and after consultation with the relevant authorities and with the approval of the Unit Holders by way of a Special Resolution; or
- (b) is in breach of any of its obligations or duties under the Deed or the relevant laws; or
- (c) has ceased to be eligible to be a management company under the relevant laws; or
- (d) has gone into liquidation, except for the purpose of amalgamation or reconstruction or some similar purpose; or
- (e) has had a receiver appointed; or
- (f) has ceased to carry on business.

- **Retirement of the Manager**

The Manager shall have the power to retire in favour of some other corporation and as necessary under any relevant law upon giving to the Trustee three (3) months notice in writing of its desire so to do, or such other period as the Manager and the Trustee may agree upon, provided such retirement is in accordance with the provisions of the Deed.

- **Removal or Replacement of the Trustee**

The Trustee may be removed and such corporation may be appointed as trustee of the Fund by Special Resolution of the Unit Holders at a duly convened meeting. The Manager shall take all reasonable steps to replace the Trustee as soon as practicable after becoming aware that:

- (a) the Trustee has ceased to exist;
- (b) the Trustee has not been validly appointed;
- (c) the Trustee was not eligible to be appointed or to act as trustee under any relevant law;
- (d) the Trustee has failed or refused to act as trustee in accordance with the provisions or covenants of the Deed or any relevant law;
- (e) a receiver has been appointed over the whole or a substantial part of the assets or undertaking of the Trustee and has not ceased to act under that appointment;
- (f) a petition has been presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared insolvent); or

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

- **Retirement of the Trustee**

The Trustee may retire upon giving three (3) months' notice to the Manager of its desire so to do, or such other period as the Manager and the Trustee shall agree, provided such retirement is in accordance with the provisions of the Deed.

12.8 Termination of the Fund

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

- i. a Special Resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund, following occurrence of events stipulated under Section 301(1) of the Act and the court has confirmed the Special Resolution, as required under Section 301(2) of the Act; and
- ii. a Special Resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund.

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

The Manager shall also be entitled to terminate the Fund if the Fund is left with no Unit Holders.

Upon the termination of the Fund, the Trustee shall:

- (a) sell all the assets of the Fund then remaining in its hands and pay out of the Fund any liabilities of the Fund; such sale and payment shall be carried out and completed in such manner and within such period as the Trustee considers to be in the best interests of the Unit Holders; and
- (b) from time to time distribute to the Unit Holders, in proportion to the number of Units held by them respectively:
 - (1) the net cash proceeds available for the purpose of such distribution and derived from the sale of the assets of the Fund less any payments for liabilities of the Fund; and
 - (2) any available cash produce;

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

In the event of the Fund being terminated:

- (a) the Trustee shall be at liberty to call upon the Manager to grant the Trustee, and the Manager shall so grant, a full and complete release from the Deed;
- (b) the Manager and the Trustee shall notify the relevant authorities in such manner as may be prescribed by any relevant law; and

- (c) the Manager or the Trustee shall notify the Unit Holders in such manner as may be prescribed by any relevant law.

12.9 Meeting of Unit Holders

- **Quorum required for a Unit Holders' Meeting**

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

- **Meeting convened by the Unit Holders**

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

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

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

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

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

- **Meeting convened by the Manager**

The Manager may summon a meeting of Unit Holders for any purpose whatsoever by:

- (a) giving at least fourteen (14) days written notice of the meeting to Unit Holders; and

- (b) specifying in the notice the place and time of the meeting and the terms of the resolutions to be proposed at the meeting.

- **Meeting convened by the Trustee**

Where:

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

the Trustee shall summon a Unit Holders' meeting by:

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

The Trustee may also summon a Unit Holders' meeting for any purpose including, without limitation, for the purpose of:

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

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

13. APPROVAL AND CONDITION

The SC has authorised the Fund. There are no other authorisations or approvals required, sought, or pending from any relevant authorities in respect of the Fund.

14. CONFLICT OF INTEREST/RELATED PARTY TRANSACTIONS

Save as disclosed below, as at the LPD, there are no existing or potential related-party transactions involving the Fund, the Manager, the Trustee, promoters, vendors and/or persons connected to them.

Name of party	Name of related party and nature of relationship	Existing / potential related party transaction
The Manager	Bank Islam. The Manager is a wholly owned subsidiary of Bank Islam.	Distributor: Bank Islam is one of the Manager's authorised distributors.
The Fund	Bank Islam. The Manager is a wholly owned subsidiary of Bank Islam.	Distributor: Bank Islam is one of the Manager's authorised distributors.
The Fund	BIMB Securities Sdn Bhd [199401004484 (290163-X)] BIMB Securities Sdn Bhd is a wholly owned subsidiary of Bank Islam.	Broker: BIMB Securities Sdn Bhd is one of the approved brokers of the Manager's panel of brokers. Shariah adviser: BIMB Securities Sdn Bhd has been appointed as the Shariah adviser of the Fund.

It is BIMB Investment's policy that all transactions with any related parties are entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties and that dealing with the related parties are transacted at arm's length basis.

BIMB Investment has in place policies and procedures to regulate its employees' securities dealings. Periodic declaration of securities trading to the compliance officer of the Manager is required of all employees to ensure that there is no potential conflict of interest between the employees' securities trading and the execution of the employees' duties to the Manager and the customers of the Manager.

Any transaction conducted by the board member or any other representative must be done for the best interest of the Unit Holders. In the event that any of the directors or investment committee members are directly or indirectly involved in such transactions, he should abstain from being involved with any decision making process of the said transaction.

The Trustee

The Trustee will rely on the Manager to ensure that any related party transactions, dealings, investments and appointments are on terms which are the best that are reasonably available for or to the Fund and are on an arm's length basis as if between independent parties.

While the Trustee has internal policies intended to prevent or manage conflicts of interests, no assurance is given that their application will necessarily prevent or mitigate conflicts of interests. The Trustee's commitment to act in the best interests of the Unit Holders of the Fund does not preclude the possibility of related party transactions or conflicts.

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 Unit Holder or retain for its own benefit any profits or benefits derived from any such contract or transaction or act in the same or similar capacity in relation to any other scheme.

None of the Manager's advisers have any existing or potential interest or conflict of interest in an advisory capacity in the Fund or the Manager.

15. TAX ADVISER'S LETTER



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Private and Confidential
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BIMB Investment Management Berhad
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50450 Kuala Lumpur

Our Ref NBG/ALC/YIY/X2

Contact Ext. 7284 / 7321

24 January 2024

Dear Sirs/Madams

Re: Taxation of the Fund and Unit Holders

This letter has been prepared for inclusion in this First Prospectus of BIMB MYR Sukuk Income Fund in connection with the offer of units in the BIMB MYR Sukuk Income Fund ("the Fund").

Taxation of the Fund

Income Tax

The Fund is a unit trust for Malaysian tax purposes. The taxation of the Fund is therefore governed principally by Sections 61 and 63B of the Income Tax Act, 1967 ("the Act").

Any reference to interest in the Act shall apply, mutatis mutandis, to gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah. The effect of this is that any gains or profits received and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of Shariah, will be accorded the same tax treatment as if they were interest.

Subject to certain exemptions, the income of the Fund in respect of investment income derived from or accruing in Malaysia is liable to income tax at the rate of 24% effective Year of Assessment ("YA") 2016.

The Fund may receive dividends, interest and other income from investments outside Malaysia. Income derived from sources outside Malaysia and received in Malaysia was previously exempt from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.



Based on the Finance Act 2021, income derived by a resident unit trust from foreign sources and received in Malaysia from 1 January 2022 onwards will be subject to Malaysian income tax. A transitional tax rate of 3% is accorded on the gross amount of the foreign income received in Malaysia from 1 January 2022 to 30 June 2022. From 1 July 2022, the prevailing tax rate of 24% will apply to the chargeable income computed in respect of the foreign source income ("FSI") remitted into Malaysia by the Fund^{N1}.

Where the same foreign income has been taxed in both Malaysia and the foreign country, a tax credit in the form of bilateral relief under a Double Tax Agreement ("DTA") or unilateral relief under the domestic law (if there is no available DTA or a limited DTA which does not provide such relief) may be given in respect of such income, subject to conditions.

Gains from the realisation of investments by the Fund was previously not subject to income tax in Malaysia. However, such gains may be subject to tax in the country from which it is derived.

Based on the Finance (No. 2) Act 2023, gains or profits from the disposal of capital assets will be subject to income tax in Malaysia under the newly introduced Section 4(aa) of the Act (i.e. Capital Gains Tax ["CGT"]), with effect from 1 January 2024. Further to the introduction of CGT, gains from the realisation of investment by the Fund will be regarded as income and subject to tax under the CGT regime, effective from 1 January 2024^{N1}. However, gains from the realisation of investments by the Fund which relate to real property as defined in the Real Property Gains Tax ("RPGT") Act, 1976 will not be subject to CGT under the Act and will remain to be subjected to RPGT.

For capital assets situated in Malaysia that are acquired prior to 1 January 2024, the following CGT tax rate may be applied:-

- 10% on the chargeable gain of the disposal of the capital assets; or
- 2% on the gross sales value of the capital assets.

For capital assets situated in Malaysia that are acquired on or after 1 January 2024, CGT tax rate of 10% will apply on the chargeable gain of the disposal of the capital assets.

Gains from disposal of all types of capital assets situated outside Malaysia and received in Malaysia will be subject to CGT based on the prevailing income tax rate of the Fund (i.e. 24%). The relevant DTAs need to be studied to ascertain whether any relief or exemption is available over such gains as DTAs prevail over the domestic law. In addition, tax exemption may be given to the disposer if substance requirements are met. Subsidiary legislation may be enacted to provide for such exemption. Nonetheless, it remains to be seen whether such proposed tax exemption would be extended to the Fund.

^{N1} The Ministry of Finance has announced the exemptions from the imposition of CGT as well as taxes on FSI on Unit Trusts. The exemption on FSI takes effect from 1 January 2024 until 31 December 2026. Meanwhile, the exemption on CGT is effective from 1 January 2024 until 31 December 2028. The relevant legislations / guidelines for the above exemptions have not been gazette or issued.



CGT exemption is granted on gains from the disposal of a capital asset situated in Malaysia, other than:-

- the gains on the disposal of unlisted "shares" of a company incorporated in Malaysia^{N2}; and
- the gains on the disposal of shares of a controlled company incorporated outside Malaysia that owns real property in Malaysia, or shares of another real property company (as defined), or both, that exceeded the prescribed threshold, which shall be deemed to be derived from Malaysia under the Act ("Section 15C shares")^{N2}.

Based on the announcement in the 2024 Budget, CGT exemption will also be given on disposal of shares related to approved initial public offering, venture companies and group restructuring. However, this exemption was not included in the Finance (No. 2) Act 2023. Subsidiary legislation may be enacted to provide for such exemption.

Notwithstanding the above, gains or profits earned by the Fund from the following are exempt from tax:-

- any savings certificates issued by the Government; or
- securities or bonds issued or guaranteed by the Government; or
- debentures or sukuk, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission; or
- Bon Simpanan Malaysia issued by the Central Bank of Malaysia; or
- a bank or financial institution licensed under the Financial Services Act 2013 or Islamic Financial Services Act 2013^{N3}; or
- any development financial institution regulated under the Development Financial Institutions Act 2002^{N3}; or
- sukuk originating from Malaysia, other than convertible loan stocks, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission, or approved by the Labuan Financial Services Authority^{N4}.

Discounts earned by the Fund from the following are also exempt from tax:-

- securities or bonds issued or guaranteed by the Government; or
- debentures or sukuk, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission; or
- Bon Simpanan Malaysia issued by the Central Bank of Malaysia.

^{N2} The Income Tax (Exemption) (No. 7) Order 2023 was gazetted to provide 2-months exemption for disposal of unlisted shares of a company incorporated in Malaysia made on or after 1 January 2024 to 29 February 2024. Therefore, the commencement date for CGT on the above disposal of unlisted shares is effectively maintained on 1 March 2024 as announced in 2024 Budget. However, the exemption does not apply to gains or profits of shares chargeable to tax as a business income under Section 4(a) of the Act. In addition, further confirmation from the authority is required whether the definition of "shares" will include loan stock and debentures issued by a company incorporated in Malaysia. It is noted that the 2-months exemption is also available for the above Section 15C shares but pending the gazettment of the relevant PU order or amendment order.

^{N3} Effective from 1 January 2019, the exemption shall not apply to the interest paid or credited to a unit trust that is a wholesale fund which is a money market fund.

^{N4} Effective from YA 2017, income tax exemption shall not apply to interest paid or credited to a company in the same group, licensed banks and prescribed development financial institutions. Based on the Finance Act 2021, income tax exemption shall also not apply to interest paid or credited by a special purpose vehicle to a company pursuant to the issuance of asset-backed securities lodged with the Securities Commission or approved by the Labuan Financial Services Authority from 1 January 2022 where the company and the person who established the special purpose vehicle solely for the issuance of the asset-backed securities are in the same group.



Tax deductions in respect of the Fund's expenses such as manager's remuneration, expenses on maintenance of register of unit holders, share registration expenses, secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage ("permitted expenses") are allowed based on a prescribed formula subject to a minimum of 10% and a maximum of 25% of the total permitted expenses.

Single tier Malaysian dividends received by the Fund are exempt from tax and expenses in relation to such dividend income are disregarded.

RPGT

Gains on disposal of investments by the Fund was previously not subject to income tax in Malaysia. However, such gains may be subject to RPGT in Malaysia, if the gains are derived from sale of Malaysian real properties and shares in Malaysian real property companies (as defined). Such gains would be subject to RPGT at the applicable rate depending on the holding period of the chargeable assets.

Based on the Finance (No. 2) Act 2023, gains from the disposal of shares in real property companies (as defined) by the Fund would no longer be subject to RPGT, with effect from 1 January 2024. The gains would be subject to CGT under the Act unless CGT exemption is available. Gains from the realisation of investments which relate to real property as defined in the RPGT Act, 1976 will remain to be subjected to RPGT.

Sales Tax and Service Tax

The Goods and Services Tax ("GST") has been replaced by Sales Tax and Service Tax effective from 1 September 2018.

Under the Sales Tax Act 2018, Service Tax Act 2018 and subsidiary legislation, the sales tax rate for taxable goods is 5% or 10% while the service tax rate for taxable services is generally 6%^{N5}. There are certain goods which are exempted from sales tax.

The issue, holding or redemption of any unit under a trust fund does not fall within the list of taxable services under the First Schedule of the Service Tax Regulations 2018 and hence, is not subject to service tax. The investment activities of the Fund such as buying and selling of securities and deposits in financial institutions are also not subject to service tax. As such, if the Fund is only deriving income from such activities, the Fund is not liable to be registered for service tax.

However, certain expenses incurred by the Fund such as legal fees, consultancy fees and management fees may be subject to service tax at 6%^{N5}. For management fees, this specifically excludes fees charged by any person who is licensed or registered with the Securities Commission for carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007. The service tax incurred by the Fund is a cost to the Fund and is not recoverable, unlike the GST input tax which was claimable under the GST regime.

Based on the Finance Act 2018, the imposition and scope of service tax has been widened to include any imported taxable service. This is effective from 1 January 2019.

^{N5} It has been proposed in the 2024 Budget that the Service Tax rate for all taxable services (with certain exception) will be increased from 6% to 8% effective 1 March 2024. The scope of taxable services is also proposed to be expanded to cover karaoke, delivery services, brokerage and underwriting services and logistic services. The amendment laws for these proposals have not been released.



Taxation of Unit Holders

Income Tax

Unit holders are taxed on an amount equivalent to their share of the total taxable income of the Fund, to the extent that this is distributed to them. The income distribution from the Fund may carry with it applicable tax credits proportionate to each unit holder's share of the total taxable income in respect of the tax paid by the Fund. Unit holders will be entitled to utilise the tax credit as a set off against the tax payable by them. Any excess over their tax liability will be refunded to the unit holders.

Based on the Finance (No. 2) Act 2023, CGT will apply to a company, limited liability partnership, trust body (including unit trust) and co-operative society excluding an individual. The income distributed to unit holders out of the gains arising from the realisation of investments will continue to be not taxable in the hands of unit holders and unit holders may not claim a tax credit on any CGT paid by the Fund, effective from 1 January 2024.

Corporate unit holders, resident or non-resident in Malaysia, would be taxed at the corporate tax rate of 24% (effective from YA 2016), on distributions of income from the Fund to the extent of an amount equivalent to their share of the total taxable income of the Fund. Corporate unit holders in Malaysia with paid-up capital in the form of ordinary shares of RM2.5 million and below will be subject to a tax rate of 17% on chargeable income of up to RM600,000, effective from YA 2020. This concessionary income tax rate is given only to corporate unit holders having gross business income for the relevant year of assessment of not more than RM50 million, in addition to the share capital requirement. For chargeable income in excess of RM600,000, the tax rate of 24% is still applicable.

However, the said tax rate of 17% on chargeable income of up to RM600,000 would not apply if more than 50% of the paid up capital in respect of ordinary shares of that corporate unit holder is directly or indirectly owned by a related company which has a paid up capital exceeding RM2.5 million in respect of ordinary shares, or vice versa, or more than 50% of the paid up capital in respect of ordinary shares of both companies are directly or indirectly owned by another company.

Based on the Finance Act 2023, the tax rate of 17% will be reduced to 15% for chargeable income of up to RM150,000, while the tax rate for chargeable income from RM150,001 up to RM600,000, will remain unchanged at 17%. For chargeable income in excess of RM600,000, the tax rate of 24% will apply. This is effective from YA 2023.

In addition to the current conditions as mentioned above, the preferential tax rate would not apply if more than 20% of the paid-up capital in respect of ordinary shares of the company at the beginning of the basis period for a YA is directly or indirectly owned by a company or companies incorporated outside Malaysia or an individual or individuals who are not Malaysian citizens. This is effective from YA 2024.

Individuals and other non-corporate unit holders who are resident in Malaysia will be subject to income tax at scale rates. The scale tax rates range from 0% to 30% with effect from YA 2020.

Individuals and other non-corporate unit holders who are not resident in Malaysia, for tax purposes, are subject to Malaysian income tax at the rate of 30% with effect from YA 2020. Non-resident unit holders may also be subject to tax in their respective jurisdictions and depending on the provisions of the relevant tax legislation and any double tax treaties with Malaysia, the Malaysian tax suffered may be creditable in the foreign tax jurisdiction.

The distribution of single-tier Malaysian dividends and tax exempt income by the Fund will not be subject to tax in the hands of the unit holders in Malaysia. Units split by the Fund will also be exempt from tax in Malaysia in the hands of the unit holders.



However, based on the Finance Act 2021, the income distributed to a unit holder other than an individual, out of the interest income exempt from tax of a unit trust that is a retail money market fund which is paid or credited by a bank or financial institution licensed under the Financial Services Act 2013 or Islamic Financial Services Act 2013, or any development financial institution regulated under the Development Financial Institutions Act 2002, will be subjected to tax. This is effective from 1 January 2022. Further, a new withholding tax mechanism is applicable on the above distribution. The income distributed to the unit holder other than an individual will be subject to withholding tax at the rate of 24% and the tax deducted can be utilised to set off against the tax payable by a tax resident unit holder. Withholding tax deducted on the income distributed to a non-individual unit holder who is not a tax resident in Malaysia will be regarded as a final tax. This is effective from 1 January 2022.

Any gains realised by the unit holders (other than financial institutions, insurance companies and those dealing in securities) from the transfer or redemption of the units are generally treated as capital gains. Based on the Finance (No. 2) Act 2023, such gains may be exempt from CGT. However, certain unit holders may be subject to income tax in Malaysia on such gains, due to specific circumstances of the unit holders.

Service Tax

Only taxable services listed in the First Schedule of the Service Tax Regulations 2018 are subject to service tax, which exclude investment income or gains.

However, certain expenses such as legal fees, consultancy fees and management fees may be subject to service tax at 6%⁴⁵. For management fees, this specifically excludes fees charged by any person who is licensed or registered with the Securities Commission for carrying out the regulated activity of fund management under the Capital Markets and Services Act 2007.

Based on the Finance Act 2018, the imposition and scope of service tax has been widened to include any imported taxable service. This is effective from 1 January 2019.

The tax position is based on our understanding and interpretation of the Malaysian tax legislations and proposals as they stand at present. All prospective investors should not treat the contents of this letter as advice relating to taxation matters and are advised to consult their own professional advisers concerning their respective investments.

Yours faithfully

Neoh Beng Guan
Executive Director

KPMG Tax Services Sdn Bhd

16. ADDITIONAL INFORMATION

16.1 The Deed

Copies of the Deed may be obtained from us at RM20.00 each. Alternatively, the Deed may be viewed free of charge at our head office during normal business hours.

Details	Date
i. Deed	15 January 2024

16.2 Consent

The Trustee, the Shariah Adviser and the tax adviser of the Fund 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.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Unit Holders may inspect without charge, at the registered office of the Manager or such other place as the SC may determine, the following documents or copies thereof, where applicable:

- a. the Deed and supplemental deeds, if any;
- b. this Prospectus and supplemental or replacement prospectus, if any;
- c. the latest annual and semi-annual reports of the Fund;
- d. each material contract disclosed in this Prospectus (if any) and, in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contract;
- e. the audited financial statements of the Manager and the Fund for the current financial year (where applicable) and for the last three financial years or if less than three (3) years, from the date of incorporation or commencement;
- f. all reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in this Prospectus. Where a summary expert's report is included in this Prospectus, the corresponding full expert's report shall be made available for inspection;
- g. writ and relevant cause papers for all material litigation and arbitration disclosed in this Prospectus; and
- h. all consents given by experts disclosed in this Prospectus.

18. DIRECTORY OF SALES OFFICES

Branches of BIMB Investment Management Berhad

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Please refer to BIMB Investment's website at <https://bimbinvestment.com.my>. for the list of licensed consultants.

Please refer to BANK ISLAM MALAYSIA BERHAD website at www.bankislam.com.my for the list of its branches nationwide.

BIMB INVESTMENT

A BANK ISLAM
SUBSIDIARY

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