

# SECOND SUPPLEMENTAL PROSPECTUS

This Second Supplemental Prospectus is dated 30 September 2023 and must be read together with the Prospectus dated 19 January 2018 and First Supplemental Prospectus dated 20 July 2020, for:-

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**BIMB-Arabesque Asia Pacific Shariah-ESG Equity Fund (BAPAC)**  
Constituted on 2 October 2017

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<b>MANAGER</b>	<b>:</b>	<b>BIMB INVESTMENT MANAGEMENT BERHAD</b> <b>REGISTRATION NO.: 199301021508 (276246-X)</b>
<b>TRUSTEE</b>	<b>:</b>	<b>SCBMB TRUSTEE BERHAD</b> <b>REGISTRATION NO.: 201201021301 (1005793-T)</b>

A copy of this Second Supplemental Prospectus dated 30 September 2023, the Prospectus dated 19 January 2018 and the First Supplemental Prospectus dated 20 July 2020 for the Fund (collectively, "the Prospectuses") have been registered and lodged with the Securities Commission Malaysia, who takes no responsibility for their contents. Registration of the Prospectuses does not indicate that the Securities Commission Malaysia recommends the units or assumes responsibility for correctness of any statement made, opinions expressed or reports contained in the Prospectus dated 19 January 2018, the First Supplemental Prospectus dated 20 July 2020 or this First Supplemental Prospectus dated 30 September 2023.

**BAPAC IS A QUALIFIED SUSTAINABLE AND RESPONSIBLE INVESTMENT (SRI) FUND UNDER THE GUIDELINES ON SUSTAINABLE AND RESPONSIBLE INVESTMENT FUNDS. BAPAC INTEGRATES ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CONSIDERATIONS IN ITS CAPITAL ALLOCATION PROCESS, AND EMPLOYS NEGATIVE SCREENING FOR SHARIAH-COMPLIANCE AND ALIGNMENT WITH UNGC PRINCIPLES, IN ITS UNIVERSE CONSTRUCTION PROCESS.**

***INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS SECOND SUPPLEMENTAL PROSPECTUS DATED 30 SEPTEMBER 2023 WHICH IS TO BE READ TOGETHER WITH THE PROSPECTUS DATED 19 JANUARY 2018 AND THE FIRST SUPPLEMENTAL PROSPECTUS DATED 20 JULY 2020. 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 23 OF THE PROSPECTUS DATED 19 JANUARY 2018 AND PAGE 10 OF THIS SECOND SUPPLEMENTAL PROSPECTUS DATED 30 SEPTEMBER 2023.***

## **Responsibility Statements**

This Second Supplemental 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 confirmed to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this Second Supplemental Prospectus false or misleading.

## **Statements of Disclaimer**

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

The authorisation of the Fund, and registration of this Second Supplemental Prospectus, should not be taken to indicate that the Securities Commission Malaysia recommends the said Fund or assumes responsibility for correctness of any statement made, opinions expressed or reports contained in the Prospectus dated 19 January 2018, the First Supplemental Prospectus dated 20 July 2020 or this Second Supplemental 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 said Fund and takes no responsibility for the contents in this Second Supplemental Prospectus. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this Second Supplemental 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 Second Supplemental Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Second Supplemental Prospectus or the conduct of any other person in relation to the Fund.

BIMB-Arabesque Asia Pacific Shariah-ESG Equity Fund (BAPAC) has been certified as Shariah-compliant by the Shariah adviser appointed for the Fund.

This Second Supplemental Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorized 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.

**THIS SECOND SUPPLEMENTAL PROSPECTUS DATED 30 SEPTEMBER 2023 IS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS DATED 19 JANUARY 2018 AND THE FIRST SUPPLEMENTAL PROSPECTUS DATED 20 JULY 2020.**

Unless otherwise provided in this Second Supplemental Prospectus, all the capitalised terms used herein shall have the same meanings ascribed to them in the Prospectus dated 19 January 2018 and the First Supplemental Prospectus dated 20 July 2020 (“Prospectus”).

## EXPLANATORY NOTES

This Second Supplemental Prospectus is issued to inform investors of the following:

- (a) the information on the investment policy and strategy and investment restrictions and limits of the Fund have been amended;
- (b) the information on suspension of sale and redemption of units has been included;
- (c) the information on the policy on rebates and soft commission, incorrect pricing and cooling-off period have been amended;
- (d) the change in the Shariah Adviser and the Shariah investment guidelines of the Fund;
- (e) the tax adviser’s letter has been updated; and
- (f) other updates which are general in nature.

### A. GENERAL AMENDMENTS

- (i) The references to “interim”, “BIMB Invest” and “Shariah Committee” in the Prospectus have been amended to “semi-annual”, “BIMB Investment” and Shariah Adviser respectively.
- (ii) The reference to “GST” in the Prospectus has been deleted in its entirety.

### B. GLOSSARY

#### Pages 6 - 8 of the Prospectus

- (i) The definition of “*baitulmal*” is hereby inserted as follows:

<b>“<i>baitulmal</i>”</b>	Refers to the treasury of a State Islamic Religious Council.
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- (ii) The definition of “**BEST Invest App**” is hereby inserted as follows:

<b>“BEST Invest App”</b>	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.
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**THIS SECOND SUPPLEMENTAL PROSPECTUS DATED 30 SEPTEMBER 2023 IS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS DATED 19 JANUARY 2018 AND THE FIRST SUPPLEMENTAL PROSPECTUS DATED 20 JULY 2020.**

(iii) The definition of “**ESG Book**” is hereby inserted as follows:

**“ESG Book”**

Previously known as Arabesque S-Ray. ESG Book is a global leader in sustainability data and technology. Incubated by Arabesque in 2018, ESG Book combines cutting-edge technology and proprietary research.

Please refer to <https://www.esgbook.com/about-us/> for further details.

(iv) The definition of “**Cooling-off Right**” is hereby deleted in its entirety and replaced with the following:

**“Cooling-off Right”**

Refers to your right to apply for and receive a refund for every Unit that you paid for, provided that this is exercised within the Cooling-off Period and you are investing in any funds managed by the Manager for the first time. This right is not applicable to you if you are:

- a) A staff of the Manager;
- b) A corporation or institutional investor; or
- c) A person registered with a body approved by the SC to deal in unit trusts.

You will be refunded within 7 Business Days from our receipt of the cooling-off request.

(v) The definition of “**Eligible Market**” is hereby deleted in its entirety and replaced with the following:

**“Eligible Market”**

An exchange, government securities market or an over-the-counter market that is regulated by a regulatory authority of that jurisdiction; that is open to the public or to a substantial number of market participants; and on which financial instruments are regularly traded.

(vi) The definition of “**Prospectus**” is hereby deleted in its entirety and replaced with the following:

**“Prospectus”**

Means the prospectus of the Fund and includes any supplementary or replacement prospectus, as the case may be.

(vii) The definition of “**SAC**” is hereby deleted in its entirety and replaced with the following:

**“SAC”**

The Shariah Advisory Council.

(viii) The definition of “**Shariah Committee**” is hereby deleted in its entirety and replaced with the following:

**“Shariah Adviser”**

The Shariah adviser appointed by the Manager to advise on all aspects of the Fund in accordance with Shariah principles.

**THIS SECOND SUPPLEMENTAL PROSPECTUS DATED 30 SEPTEMBER 2023 IS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS DATED 19 JANUARY 2018 AND THE FIRST SUPPLEMENTAL PROSPECTUS DATED 20 JULY 2020.**

- (ix) The definition of “**Shariah**” is hereby deleted in its entirety and replaced with the following:

**“Shariah”**

Islamic law comprising the whole body of rulings pertaining to human conducts derived from sources of the Shariah namely the *Qur`an* (the holy book of Islam) and *Sunnah* (practices and explanations rendered by the Prophet Muhammad (*pbuh*)) and other sources of Shariah such as *Ijtihad* (exertion of individual efforts to determine the true ruling of the divine law on matters whose revelations are not explicit) of Shariah scholars.

- (x) The definition of “**Sukuk**” is hereby deleted in its entirety and replaced with the following:

**“Sukuk”**

Means 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 or any relevant Shariah Supervisory Boards and/or the Shariah Adviser.

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The definition of “**US (United States) Person**” is hereby deleted in its entirety and replaced with the following:

**“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.

## C. CORPORATE DIRECTORY

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- (i) The telephone number of the registered address of the Manager is hereby inserted immediately after the registered address of the Manager:

Tel: +603-2088 8000

- (ii) The information in relation to the “**Shariah Committee**” is hereby deleted in its entirety and replaced with the following:

**THIS SECOND SUPPLEMENTAL PROSPECTUS DATED 30 SEPTEMBER 2023 IS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS DATED 19 JANUARY 2018 AND THE FIRST SUPPLEMENTAL PROSPECTUS DATED 20 JULY 2020.**

## SHARIAH ADVISER

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

#### Registered Office

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

#### Business Office

Level 32, Menara Multi-Purpose, Capital Square,  
No. 8, Jalan Munshi Abdullah,  
50100 Kuala Lumpur.  
Tel: +603-2613 1600  
Fax: +603-2613 1799  
Email: shariah@bimbsec.com.my  
Website: www.bimbsec.com.my

- (iii) The information in relation to the “Trustee” is hereby deleted in its entirety and replaced with the following:

### **SCBMB Trustee Berhad Reg. No. 201201021301 (1005793-T)**

#### **Registered Office**

Level 25, Equatorial Plaza,  
Jalan Sultan Ismail,  
50250 Kuala Lumpur  
Tel No: 03 – 2117 7777

#### **Business Office**

Level 25, Equatorial Plaza,  
Jalan Sultan Ismail,  
50250 Kuala Lumpur  
Tel : 03-76829712 / 03-76829710 / 03-76829704  
Email : my.trustee@sc.com  
Website: www.sc.com/my/trustee

## **D. DETAILED INFORMATION OF THE FUND**

### **Page 12 of the Prospectus**

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

The information in relation to “**Investment Policy and Strategy**” is hereby deleted in its entirety and replaced with the following:

The Fund will invest in Shariah-compliant equities (up to 98% of the Fund’s NAV) listed in Asia Pacific countries, excluding Malaysia and India.

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The Fund provides the investor with the opportunity to invest in a diversified portfolio of Shariah-compliant equities, which integrates UNGC, ESG and fundamental analysis and offers long-term capital appreciation opportunities.

The Fund follows a rule-based, bottom up approach which identifies a Shariah-compliant investment universe screened for sustainability performance incorporating the principles of UNGC and ESG as explained in the Section 3.4.1 and applies a portfolio construction methodology based on fundamental analysis. This rule-based process is based on comprehensive research frameworks developed by the research teams. The Investment Adviser's portfolio manager does not act independently and his/her investment advice follows the research framework in place.

The Fund will maintain at least two-thirds (2/3) of its NAV in Shariah-compliant UNGC or ESG-compliant investments and the Fund's investment will be evaluated on a quarterly basis to ensure that the investments are in line with the principles of the UNGC and ESG and the overall impact on investments is consistent with any other sustainability considerations. If the Fund's investments become inconsistent with its investment policy and strategies, the Manager shall dispose the investment(s) at the next investment universe reassessment (i.e., quarterly). Reinvestment in securities which are in accordance with its policies and strategies will be made immediately upon disposal of non-compliance investment. Please refer to Section 3.10 of this Prospectus for further details of the investment limit of the Fund and its treatment on breach of investment limit.

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 Holders' interest. During the temporary defensive position, the Fund may hold more Shariah-compliant liquid assets\*. The equity exposures of the Fund are managed with exposures ranging from 70% to 98% depending on the Manager's assessment of the market and the economic environment. However, the Fund's equity range may be lower than 70% depending on the Manager's assessment of the equity market outlook. In any event, the Manager will ensure that at least two-thirds (2/3) of the Fund's NAV remains invested in Shariah-compliant UNGC or ESG-compliant investments at all times.

*Note\*: liquid assets mean Islamic negotiable instruments of deposits accepted bills-i, Malaysian currency deposits with Islamic financial institutions including investment certificates, commodity murabahah deposit and/or other Islamic deposit instruments as may be permitted by the SC.*

The investment strategy involves constructing an eligible investment universe, performing financial analysis for all companies in the investment universe in order to select the most attractive securities and finally constructing the portfolio.

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### **3.4.1 Construction of the Investment Universe**

The information in relation to "**Construction of the Investment Universe**" is hereby deleted in its entirety and replaced with the following:

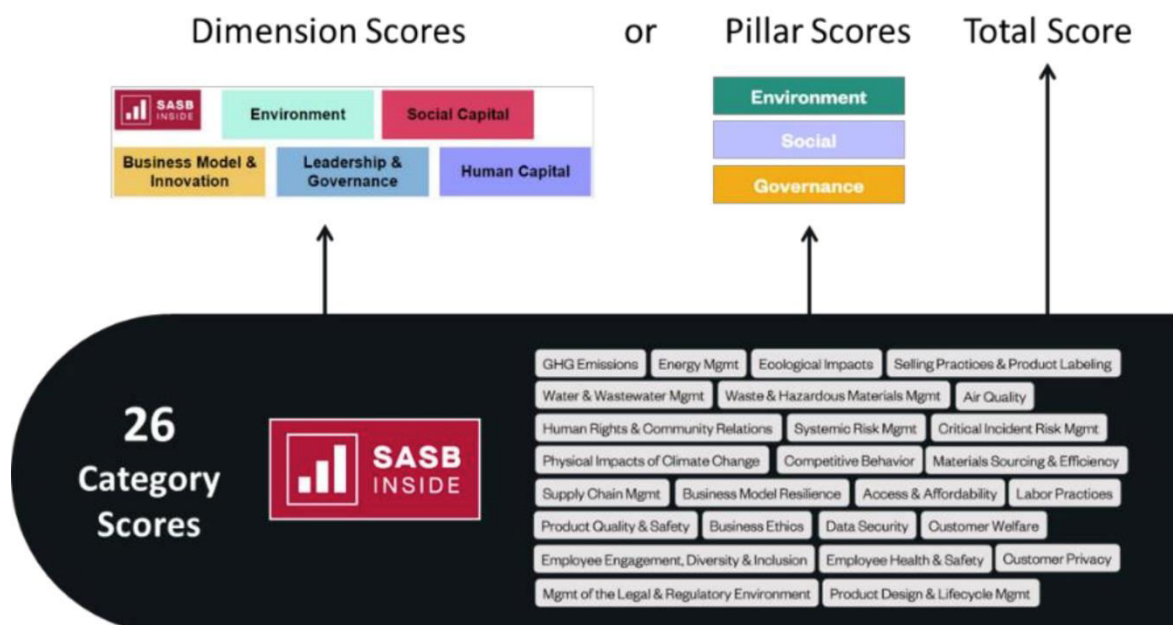
- The investment universe of the Fund initially considers all publicly listed equities trading in Australia, China (ex. A-Shares), Hong Kong, Japan, New Zealand, Singapore, Indonesia, Korea, Philippines, Taiwan and Thailand.

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- Securities that do not satisfy minimum liquidity criteria are excluded from the investment universe. For avoidance of doubt, securities need to have a minimum market capitalisation of USD 0.5 billion, a 6-month average daily trading volume of at least USD 10 million.
- S-Ray® is the Investment Advisor’s proprietary assessment of non-financial risk factors such as ESG issues as well as alignment with the principles of the UNGC.
  - a. UNGC: Through S-Ray®, companies with poor performance on the UNGC principles regarding human rights, labour rights, environment and anti-corruption are excluded. Poor performance based on the UNGC principles where a company’s ESG Book-UNGC score is in the worst 5% of all companies.
  - b. ESG: Through S-Ray®, companies with poor performance on ESG topics are excluded. The S-Ray methodology identifies and weights ESG metrics based on their material (positive or negative) impact on financial performance. Poor performance based on ESG topics is where a company’s ESG Book ESG score is in the bottom 25% of the sector.

The ESG Score from ESG Book (*formerly known as S-Ray*), is inspired by the Sustainability Accounting Standards Board (“SASB”) and refers to information of particular relevance to investor decision-making. The ESG metrics follow the Dimension Scores and Category Scores as per SASB.

The weights of ESG metric follow a financial materiality approach. The Total Score is calculated from the 26 Category Scores using a systematic weighting approach that accounts for industry and sector materiality. Score calculation encompasses four steps: 1) Determine material categories (classify the categories as (a) industry material, (b) sector material, and (c) immaterial), 2) Calibrate weights (using a proportional weighting approach), 3) Apply Weights (the Total Score is calculated as a weighted average of the Category Scores. Each Category Score is multiplied with its respective weight based on its classification as industry material, sector material or immaterial and the results are summed up), 4) Calculate Disclosure Score (to show disclosure completeness relative to industry metrics on a scale from 0 to 100 with 100 indicating full disclosure).



- Companies are screened for Shariah-compliance according to the rules of the SAC.

**THIS SECOND SUPPLEMENTAL PROSPECTUS DATED 30 SEPTEMBER 2023 IS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS DATED 19 JANUARY 2018 AND THE FIRST SUPPLEMENTAL PROSPECTUS DATED 20 JULY 2020.**



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### **3.4.3 Portfolio Construction**

The information in relation to the “**Portfolio Construction**” of the Fund is hereby deleted in its entirety and replaced with the following:

The aim of the final step of the investment process is to weight the selected securities such that any unintended risk is minimized, and the overall portfolio’s sustainability score as measured by the S-Ray® ESG (Environmental, Social, Governance) Score is maximised.

Starting with equal weights, we use an Equal Risk Contribution formula to adjust each security’s weight such that its tail-risk contribution is spread evenly across the portfolio. Equal-Risk Contribution is a portfolio-construction method that weights securities in order to ensure that the tail-risk (risk that arises due to the small possibility of an extreme negative return) contribution of each security in the portfolio is equalised.

We also consider the overall portfolio’s S-Ray® ESG score in the optimization with the aim of maximizing it for the given level of risk. This adds a third dimension to the typical risk-return portfolio construction consideration, which is portfolio sustainability.

Portfolio Construction always aims to spread risk as evenly as possible whilst also increasing the overall sustainability of the portfolio. The portfolio is rebalanced on a monthly basis.

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### **3.8 Benchmark**

The information in relation to “**Benchmark**” is hereby deleted in its entirety and replaced with the following:

FTSE Shariah Asia Pacific Index

Source: FTSE Russell

Please note the above benchmark is only used as a reference for the purpose of investment performance comparison. The Fund is not managed against the benchmark. Please note that the risk profile of the Fund may be higher than the risk profile of the benchmark.

Note:

The performance benchmark of the Fund will be changed from MSCI AC Asia Pacific NR Index to FTSE Shariah Asia Pacific Index effective as per the date of this Prospectus due to the discontinuation of MSCI index licensing.

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### **3.10 Investment Restrictions and Limits**

The information in relation to “**Investment Restrictions and Limits**” is hereby deleted in its entirety and replaced with the following:

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## **Exposure Limits**

- a. The value of the Fund's investments in Shariah-compliant transferable securities that are not traded or dealt in or under the rules of an Eligible Market must not exceed 15% of the Fund's NAV, subject to a maximum limit of 10% of the Fund's NAV in a single issuer.

## **Investment Spread Limits**

- a. The value of the Fund's investments in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV.
- b. The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments, issued by any single issuer must not exceed 15% of the Fund's NAV (single issuer limit). In determining the single issuer limit, the value of the Fund's investments in instruments in item a. stated under "Exposure Limits" issued by the same issuer must be included in the calculation.
- c. The aggregate value of the Fund's investments in, or exposure to, a single issuer through Shariah-compliant transferable securities, Islamic money market instruments, and Islamic deposits must not exceed 25% of the Fund's NAV (single issuer aggregate limit). In determining the single issuer aggregate limit, the value of the Fund's investments in instruments in item a. stated under "Exposure Limits" issued by the same issuer must be included in the calculation.
- d. The value of the Fund's investments in units or shares of an Islamic collective investment scheme must not exceed 20% of the Fund's NAV, provided that the Islamic collective investment scheme complies with the Guidelines.
- e. The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV (group limit). In determining the group limit, the value of the Fund's investments in instruments in item a. stated under "Exposure Limits" issued by the issuers within the same group of companies must be included in the calculation.
- f. The single issuer limit in item b. stated under "Investment Spread Limits" may be raised to 35% of the Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency.
- g. Where the single issuer limit is increased to 35% of the Fund's NAV, the single issuer aggregate limit in item c. stated under "Investment Spread Limits" may be raised, subject to the group limit in item e. stated under "Investment Spread Limits" not exceeding 35% of the Fund's NAV.

## **Investment Concentration Limits**

- a. The Fund's investments in Shariah-compliant shares or Shariah-compliant securities equivalent to shares must not exceed 10% of the Shariah-compliant shares or Shariah-compliant securities equivalent to shares, as the case may be, issued by a single issuer.

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- b. The Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to Islamic money market instruments that do not have a pre-determined issue size.
- c. The Fund's investment in Islamic collective investment scheme must not exceed 25% of the units or shares in the Islamic collective investment scheme.

### **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.

The limits and restrictions on the investments of the Fund do not apply to Sukuk or Shariah-compliant instruments issued or guaranteed by the Malaysian government or BNM.

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: (i) any breach of investment limits and restrictions stated above; (ii) where the Fund breaches the two-thirds (2/3) asset allocation threshold in Shariah-compliant UNGC or ESG-compliant investments; or (iii) if the Fund's investments become inconsistent with its investment policy and strategies, 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.

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### **3.16 Cross Trade Policy**

The following information is hereby inserted immediately after Section 3.15 as follows:

#### **3.16 CROSS TRADE POLICY**

Cross trading can only be undertaken provided that:

- i. sale and purchase decisions are in the best interests of both clients;
- ii. transactions are executed through a stockbroker or a financial institution on an arm's length and fair value basis; and
- iii. justifications for such transactions are documented prior to execution of the trades.

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Cross trading between the following are strictly prohibited:

- i. employee of BIMB Investment and the clients; or
- ii. BIMB Investment for its proprietary trading and its clients.

All cross trading done shall be reported to the Investment Committee.

## E. RISK FACTORS

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#### 4.1 General Risks of Investing in The Fund

The following risk is hereby inserted immediately after “Market Risk” as follows:

- ii. **Performance Risk** – The performance of the Fund depends on the financial instruments that the Fund invest. 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.

The information in relation to “Shariah Non-Compliance Risk” is hereby deleted in its entirety and replaced with the following:

- iv. **Shariah Non-Compliance Risk** – The risk refers to the risk that the Fund not conforming to Shariah guidelines. The Manager (as advised by the Shariah Adviser) would be responsible for ensuring that the Fund is managed and administered in accordance with Shariah guidelines.

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.

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#### 4.2 Specific Risks Associated with Investing in the Fund

The following risks are hereby inserted immediately after “Warrant Risk” as follows:

- ix. **Sustainability Risk** – Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment and potentially a total loss of its value and therefore an impact on the net asset value of the Fund. The Fund Manager’s objective is making sustainable investments and/or have environmental and/or social characteristics, which can be achieved by applying sustainability criteria to the selection of investments.

The Manager will evaluate the Fund’s investments on a quarterly basis to determine whether the Fund’s investments are consistent with UNGC principles and ESG factors. If the Fund’s investments become inconsistent with UNGC principles and ESG factors, the

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Manager shall dispose of the investments if the value of the investments held exceeds or is equal to the original investment cost (which may include transaction cost).

On the other hand, the Fund is allowed to hold the investments if the value of the investments is below the original investment cost. The said investments will be sold once the value of such investments is equal to the original investment cost. It is also permissible for the Fund to retain the profit received during the holding period until such time the market value of the investments is equal to the original investment cost. For avoidance of doubt, the Fund will maintain at least two-thirds (2/3) of its NAV in Shariah-compliant UNGC or ESG-compliant investments.

- x. **SRI Investments Risk** – This is the risk that the Manager may not correctly apply the relevant criteria resulting out of the ESG analysis or that the Fund may have indirect exposure to investments which do not meet the relevant criteria (based on UNGC principles and ESG factors). This may result in potential losses to the Fund in the event that such investments are disposed at unfavourable prices due to the violation of the investment policy and strategies of UNGC principles and ESG factors. If the Fund's investments become inconsistent with its investment policy and strategies of UNGC principles and ESG factors, the Manager shall deal with the investment(s) in accordance with Section 3.4 of this Prospectus.
- xi. **Shariah Status Reclassification Risk** – This risk refers to the risk of a possibility that the currently held Shariah-compliant equities or Islamic collective investment scheme or Islamic deposits or Islamic money market instruments 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.

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### **4.3 Liquidity Risk Management**

The following Section 4.3 is hereby inserted immediately after Section 4.2 as follows:

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 and strategies (i.e., liquidity stress test, daily monitoring of redemption requests and sufficient holding of liquid assets) to assess the Fund's viability to meet expected and unexpected redemption requests under adverse scenarios.

As a last resort after exhausting all other liquidity risk management tools and strategies, 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 7.8 Suspension of Sale and Redemption of Units for further details.

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## **F. INTRODUCTION TO SHARIAH-COMPLIANT FUND**

### **Pages 26 - 29 of the Prospectus**

The information in relation to the “**Introduction to Shariah-Compliant Fund**” is hereby deleted in its entirety and replaced with the following:

#### **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 or the approved Shariah Supervisory Boards of relevant Islamic indices.
- 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 and Islamic deposits, they shall be based on the data readily available on Bank Negara Malaysia and the financial institutions’ websites respectively.
- For investment in foreign equities, the Fund is only allowed to invest in Shariah-compliant equities which are on the approved lists by the Shariah Adviser. In the event of reclassification of foreign Shariah-compliant equities to be Shariah non-compliant, the Fund is to abide by the rules as laid down by the SAC of the SC and by this Shariah Investment Guidelines. In the event that the Fund wishes to invest in foreign Shariah-compliant equities not covered by the approved lists by the Shariah Adviser, the Manager must submit to the Shariah Adviser the latest information pertaining to the issuer’s business activities, its complete financial statements and other related information to enable the Shariah Adviser to carry out Shariah screening. The Shariah Adviser applies the screening methodology of the SAC of the SC in this Shariah screening.
- For investments in unlisted Shariah-compliant equities, the Shariah Adviser also applies the screening methodology of the SAC of the SC in its Shariah screening. As such, the Manager must submit to the Shariah Adviser the latest information pertaining to the issuer’s business activities, its complete financial statements and other related information to enable the Shariah Adviser to carry out the Shariah screening.
- For investments in Islamic collective investment schemes, 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 Islamic collective

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investment schemes, for the Shariah Adviser to confirm the Shariah status of the said Islamic collective investment schemes.

- The decision of the Shariah Adviser shall be final.
- To facilitate the purchase and sale of foreign Shariah-compliant securities and Shariah-compliant investment instruments, there may be a need to have cash placement in a conventional bank account outside Malaysia. In such circumstances, the conventional account should be non-interest bearing and the sole purpose is only to facilitate purchase and sale of foreign Shariah-compliant securities and Shariah-compliant investment instruments. In the event that such a non-interest bearing account is unavailable, all interests earned shall be cleansed and that shall be undertaken annually if not earlier.

## **5.2 Cleansing Process for the Fund**

### **(a) Wrong Investment**

#### **(i) Investment in Shariah non-compliant equity securities**

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 any gain in the form of capital gain or dividend before or after the disposal 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.

#### **(ii) Investment in other Shariah non-compliant instruments (namely, money market instruments or deposits or collective investment schemes)**

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.

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

### **(i) Shariah-compliant equity securities**

Reclassification of Shariah status refers to securities which were earlier classified as Shariah-compliant securities but due to failure to meet the set benchmark criteria, are subsequently reclassified as Shariah non-compliant by the SAC of the SC, the Shariah Adviser or the Shariah Supervisory Boards of relevant Islamic indices. If on the reclassification effective date, the value of the securities held exceeds or is equal to the investment cost, the Fund which holds such Shariah non-compliant securities must liquidate them. To determine the time frame to liquidate such securities, the Shariah Adviser advises that such securities should be disposed of within one (1) calendar month of reclassification.

Any dividends received up to the reclassification effective date and capital gains arising from the disposal of the said reclassified Shariah non-compliant securities made with respect to the closing price on the reclassification effective date can be kept by the Fund. However, any dividends received and excess capital gain derived from the disposal after the reclassification effective date at a market price that is higher than the closing 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.

The Fund is allowed to hold the Shariah non-compliant securities if the market price of the said securities is below the investment cost. It is also permissible for the Fund to keep the dividends received during the holding period until such time when the total amount of the dividends received and the market value of the Shariah non-compliant securities held equal the investment cost. At this stage, the Fund is advised to dispose of their holdings. In addition, during the holding period, the Fund is allowed to subscribe to:

- any issue of new securities by a company whose Shariah non-compliant securities are held by the Fund such as rights issues, bonus issues, special issues and warrants [excluding securities whose nature is Shariah non-compliant such as irredeemable convertible unsecured loan stock (ICULS)]; and
- securities of other companies offered by the company whose Shariah non-compliant securities are held by the Fund,

on conditions that the Fund expedites the disposal of the Shariah non-compliant securities. For securities of other companies [as stated in the second bullet above], they must be Shariah-compliant securities.

### **(ii) Islamic money market instruments or Islamic deposits or Islamic collective investment schemes**

This refers to the instruments which were earlier classified as Islamic money market instruments or Islamic deposits or Islamic collective investment schemes but due to certain factors such as changes in the issuers' business

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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 money market instruments or deposits or collective investment schemes.

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 holds 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 CONFIRM 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 BANK NEGARA MALAYSIA OR BY THE SHARIAH SUPERVISORY BOARDS OF RELEVANT ISLAMIC INDICES. 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 BANK NEGARA MALAYSIA NOR BY THE SHARIAH SUPERVISORY BOARDS OF RELEVANT ISLAMIC INDICES, THE SHARIAH STATUS OF THE INSTRUMENTS HAS BEEN REVIEWED AND DETERMINED IN ACCORDANCE WITH THE RULING ISSUED BY THE SHARIAH ADVISER.**

## **G. FEES, CHARGES AND EXPENSES**

### **Page 30 of the Prospectus**

#### **6.1 Charges Directly Incurred**

The note is hereby deleted in its entirety and replaced with the following:

\*Note: The above 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.

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### **6.3 Fees Indirectly Incurred**

The information in relation to “**Administrative Fees**” is hereby deleted in its entirety and replaced with the following:

Administrative Fees	<p>These would include (but are not limited to) the following:</p> <ol style="list-style-type: none"> <li>i. cost of printing of semi-annual and annual reports for the Fund;</li> <li>ii. commissions or fees paid to brokers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes;</li> <li>iii. where the custodian function is delegated by the Trustee, charges or fees paid to foreign sub-custodian for taking into custody any foreign assets or investments of the Fund;</li> <li>iv. taxes and other duties charged on the Fund by the government and other authorities;</li> <li>v. fees and expenses properly incurred by the auditor appointed for the Fund;</li> <li>vi. fees for the valuation of any Shariah-compliant investment of the Fund;</li> <li>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;</li> <li>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;</li> <li>ix. costs, commissions, fees and expenses of the sale, purchase, takaful and any other dealing of any Asset of the Fund;</li> <li>x. costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;</li> <li>xi. any 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</li> <li>xii. other related Fund’s administrative expenses as permitted by the Deed.</li> </ol> <p>Note:  <i>Any administrative expenses are applicable to all Classes of Units based on the multi-class ratio. For illustration, please refer to a table disclosed in section 7.1.1.</i></p>
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### **6.4 Policy on Rebates and Soft Commission**

The information in relation to the “**Policy on Rebates and Soft Commission**” is hereby deleted in its entirety and replaced with the following:

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Any rebates or soft commissions 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 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.**

## H. Transaction Information

### Page 38 of the Prospectus

#### **7.1.2 Pricing of Units and Mode of Transaction Payments**

The second paragraph of the “**Purchase of Units**” is hereby deleted in its entirety and replaced with the following:

Investors are required to fill up and 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. Investors may submit the purchase application, 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 Invest App. You may download the application from the Apple App Store or Google Play Store and start your investment journey with us.

### Page 42 of the Prospectus

#### **7.1.2 Pricing of Units and Mode of Transaction Payments**

The first paragraph of the “**Redemption of Units**” is hereby deleted in its entirety and replaced with the following:

Unit Holders may redeem their investments in the Fund at any point in time 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 authorized distributors. Investors who invest via our BEST Invest App may redeem their investments in the Fund via our BEST Invest App. There is no limit on the frequency of redemption.

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**7.1.2 Pricing of Units and Mode of Transaction Payments**

The information in relation to “**Cooling-off transactions**” is hereby deleted in its entirety and replaced with the following:

A cooling-off period of six (6) Business Days is accorded to an investor who is investing with BIMB Investment for the first time. During the Cooling-off Period, the investor, upon changing his mind about the unit trust investment that he has made, may proceed to exercise his Cooling-off Right by submitting a cooling-off request to BIMB Investment, at the nearest Bank Islam branches or from our authorized IUTAs.

Under the cooling-off request, the refund for every Unit held by the investor will 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 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. The Cooling-off Right is accorded to an individual investor other than those listed below:-

- a. Staff of the Manager; and
- b. Persons registered with a body approved by SC to deal in unit trusts.

**Page 46 of the Prospectus**

**7.1.3 Incorrect Pricing**

The information in relation to “**Incorrect Pricing**” is hereby deleted in its entirety and replaced with the following:

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 0.50% of the NAV per Unit attributable to a Class of Units:

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

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By investing in the Fund, investors agree that the Manager retains the discretion whether or not to reimburse if the error is below 0.50% of the NAV per Unit or where the total impact on an individual account is less than RM10.00 or in the case of a foreign currency Class of Unit, less than 10.00 denominated in the respective foreign currency denomination. This is because the reprocessing cost may be greater than the amount of the adjustment.

#### **Page 48 of the Prospectus**

#### **7.3.2 Payment of Redemption upon Receipt of Redemption Application**

The information in relation to “**Payment of Redemption upon Receipt of Redemption Application**” is hereby deleted in its entirety and replaced with the following:

Within 7 Business Days after the redemption application is received and processed by the Manager.

#### **Page 49 of the Prospectus**

#### **7.4 Distribution Channel**

- (i) The information in relation to the “Distribution Channel” is hereby deleted in its entirety and replaced with the following:

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 authorized IUTAs and/or unit trust consultants. Please refer to Section 18: “**Directory of Sales Offices**”. Alternatively, investors may invest via our BEST Invest 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](mailto:marketing.bimbinvest@bankislam.com.my) or visit our website at [www.bimbinvestment.com.my](http://www.bimbinvestment.com.my)

- (ii) The following information is hereby inserted immediately after Section 7.5 as follows:

#### **7.6 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.

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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.

#### **7.7 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 us.

#### **7.8 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 we have exhausted all possible avenues to avoid a suspension of the Fund, we 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 us to calculate the NAV of the Fund due to but not limited to the following:

- (i) an emergency or other state of affairs; or
- (ii) the realization of the material portion of the assets of the Fund not being able to be effected at prices which would be realised if such material portion of the assets of the Fund were realised in an orderly fashion over a reasonable period in a stable market.

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, we will not accept any transactions for the applications, redemptions, switching and/or transfers of Units. If we have earlier accepted your request for redemptions and switching of

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Units, please note that the requests will only be processed on the next Business Day after the cessation of suspension of the Fund. You will be notified of the suspension and when the suspension is lifted.

## I. CLIENT COMMUNICATION

### Page 50 of the Prospectus

The information in relation to “**Newspapers and Website**” is hereby deleted in its entirety and replaced with the following:

#### **Website**

Units are valued at the end of each Business Day. Unit Holders may obtain the daily Fund price from our website at <https://bimbinvestment.com.my>.

## J. THE MANAGEMENT COMPANY

### Page 53 of the Prospectus

#### 9.3 Board of Directors

The information in relation to “**Board of Directors**” is hereby deleted in its entirety and replaced with the following:

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

### Pages 53 - 54 of the Prospectus

#### 9.4 Investment Committee

The information in relation to the “**Investment Committee**” is hereby deleted in its entirety.

### Pages 54 - 55 of the Prospectus

#### 9.5 Shariah Committee

The information in relation to the “**Shariah Committee**” is hereby deleted in its entirety.

### Page 57 of the Prospectus

#### 9.7 Material Litigation and Arbitration

The information in relation to the “**Material Litigation and Arbitration**” is hereby deleted in its entirety and replaced with the following:

As at 28 April 2023, 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.

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Perbadanan Harta Intelek Malaysia (“MyIPO”), has initiated a suit against BIMB Investment in October 2021. MyIPO, vide its solicitors, had issued a Writ and Statement of Claim dated 18 October 2021, alleging BIMB Investment for fraudulent misrepresentation, negligent misrepresentation, breach of duty of care and negligence against MyIPO. BIMB Investment had categorically denied all the allegations and set out the actual factual matrix by filing a Statement of Defence dated 8 December 2021. 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;
- (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 Session Courts on 23 November 2022;
- (f) The full trial of this suit has been scheduled on 27<sup>th</sup>, 28<sup>th</sup> and 29<sup>th</sup> 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.

#### **Page 57 of the Prospectus**

The information in relation to the “**SHARIAH ADVISER – BIMB SECURITIES SDN BHD**” is hereby inserted immediately after Section 9 as follows:

#### **9A 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.

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## **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 collective investment schemes. 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 28 April 2023, BIMB Securities is a corporate Shariah adviser to eighty-three (83) 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 will 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:

1. to advise on the Shariah aspects of the Fund and Fund's operations and processes to ensure they are in accordance with Shariah requirements;
2. 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;
3. 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;
4. to review the Fund' 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;
5. 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;
6. 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;
7. to consult the SC where there is ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process; and

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8. 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 Advisory Committee of BIMB Securities and the Shariah Supervisory Council of Bank Islam Malaysia. He sits on the Shariah committee of AIA-Public Takaful Berhad.

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

#### **Nurussaádah binti Nasarudin (“Nurussaádah”)**

Nurussaádah joined BIMB Securities in June 2015 as the Shariah executive and has been promoted as the head of Shariah section effective 1 May 2021. She is also the Designated Shariah Officer registered under the BIMB Securities' Shariah adviser registration, responsible for the Shariah advisory services offered by BIMB Securities.

Nurussaádah graduated with a Bachelor of Shariah majoring in Islamic Banking and Economics from the University of Yarmouk, Jordan.

Currently, she is responsible in providing Shariah inputs on the advisory, consultancy and research functions with regards to Islamic capital market and Islamic collective investment schemes, including but not limited to, conducting surveillance on the non-financial institution activities.

She is experienced in product development and review for Islamic capital market products specifically on Islamic stockbroking services.

### **K. THE INVESTMENT ADVISER – ARABESQUE ASSET MANAGEMENT LTD**

**Page 58 of the Prospectus**

#### **10.1 PROFILE OF ARABESQUE ASSET MANAGEMENT LTD**

The information in relation to the “**Profile of Arabesque Asset Management Ltd**” is hereby deleted in its entirety and replaced with the following:

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Arabesque Asset Management Ltd is authorised and regulated by the UK Financial Conduct Authority (FCA). It is a wholly-owned subsidiary of Arabesque Holding Limited. Arabesque was established in 2013 following a Management Buyout from Barclays Bank. It is headquartered in London.

Arabesque believes that the integration of material sustainability (i.e. extra-financial) information into the investment management process can be utilized to reduce risk and increase returns. Its investment strategies incorporate performance on Environmental, Social and Governance (ESG) issues and alignment with the principles of the United Nations Global Impact (UNGC). Arabesque offers sustainable equity funds and bespoke investment products.

For key personnel working at Arabesque and their respective biographies, please refer to the website [www.arabesque.com](http://www.arabesque.com).

## **L. THE TRUSTEE – SCBMB TRUSTEE BERHAD**

### **Pages 59 - 61 of the Prospectus**

#### **11.1 Profile of SCBMB Trustee Berhad**

The information in relation to “**Profile of SCBMB Trustee Berhad**” is hereby deleted in its entirety and replaced with the following:

##### **Corporate Information**

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

##### **Experience in Trustee Business**

STB has been registered and approved by the SC on 18 February 2013 to act as trustee for unit trust schemes approved or authorised under the CMSA. STB has suitably qualified and experienced staff in the administration of unit trust funds who have sound knowledge of all relevant laws. As at 28 April 2023, STB is the appointed trustee for 18 wholesale funds, 13 unit trust funds and appointed custodian for 8 private mandate funds.

STB’s trustee services are supported by Standard Chartered Bank Malaysia Berhad (“SCBMB”), a subsidiary of Standard Chartered PLC, financially and for other various functions including but not limited to compliance, legal, operational risks and internal audit.

##### **Duties and Responsibilities of the Trustee**

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

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

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### **Trustee's Disclosure of Material Litigation**

As at 28 April 2023, the Trustee is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any fact likely to give rise to any proceedings which might materially affect the business or financial position of the Trustee.

### **Trustee's Delegate**

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

SCBMB was incorporated on 29 February 1984 in Malaysia under Companies Act, 1965 (now known as Companies Act, 2016) as a public limited company and is a subsidiary of Standard Chartered PLC (the holding company of a global banking group). SCBMB was granted a licence on 1 July 1994 under the Banking and Financial Institutions Act 1989 (now known as the Financial Services Act 2013). SCBMB has been providing custody services for more than 20 years and has been providing sub-custody services to local investors in Malaysia since 1995.

The roles and duties of SCBMB as the Trustee's delegate inter alia are as follows:

1. to act as custodian for the local and selected cross-border investment of the Fund and to hold in safekeeping the assets of the Fund;
2. to provide corporate action information or entitlements arising from the underlying assets and to provide regular reporting on the activities of the invested portfolios;
3. to maintain proper records on the assets held to reflect the ownership of the assets belonging to the respective client; and
4. to collect and receive for the account of the clients all payments and distribution in respect of the asset held.

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

## **M. SALIENT TERMS OF DEED**

### **Pages 65 - 66 of the Prospectus**

#### **12.6 Permitted Expenses Payable by the Fund**

The information in relation to "**Permitted Expenses Payable by the Fund**" is hereby deleted in its entirety and replaced with the following:

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

- (a) commissions or fees paid to 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;

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- (d) fees incurred for the valuation of any Shariah-compliant investment of the Fund;
- (e) costs, fees and expenses incurred for any modification of the Deed save the where such modification is for the benefit of the Manager and/or the Trustee;
- (f) costs, fees and expenses incurred for any meeting of 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 a Class of Units or the removal or retirement of the Trustee pr 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 not ordered by the court 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, 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 of any foreign assets or investments of the Fund;
- (q) fees, charges, costs and expenses relating to the preparation, printing, posting, lodgement of documents and reports which the Manager and/or the Trustee may be obliged to prepare, print, post and/or lodge in relation to the Fund by virtue of any relevant law; and
- (r) any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred under sub-paragraphs (a) to (q) above.

## **Page 67 of the Prospectus**

### **12.8 Termination of the Fund**

The following information is hereby inserted immediately after the first paragraph of Section 12.8 as follows:

The Manager may, in consultation with the Trustee, 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.

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**12.9 Termination of a Class of Units**

The following information is hereby inserted to the end of Section 12.9 as follows:

The Manager may also, in consultation with the Trustee, terminate any Class of Units if the termination of the Class of Units is in the best interest of Unit Holders and the Manager deems it to be uneconomical for the Manager to continue managing the Class of Units.

The Manager shall be entitled to terminate a Class of Units if that particular Class of Units is left with no Unit Holders.

**Pages 68 - 69 of the Prospectus**

**12.10 Meeting of Unit Holders**

(i) The information in relation to the “**Quorum Required for a Unit Holders’ Meeting**” is hereby deleted in its entirety and replaced with the following:

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

(ii) The information in relation to the “**Meeting Convened by the Unit Holders**” is hereby deleted in its entirety and replaced with the following:

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 direction has been received from not less than fifty (50) or one-tenth (1/10),

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whichever is less, of all the Unit Holders of the Fund or all the Unit Holders of a particular Class of Units.

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 or all the Unit Holders of a particular Class of Units, as the case may be, at the registered office of the Manager, summon a meeting of the Unit Holders of the Fund or of that Class of Units, as the case may be, by:

- a. sending by post at least seven (7) days before the date of the proposed meeting a notice of the proposed meeting to all the Unit Holders of the Fund or of that Class of Units, as the case may be, at the Unit Holder's last known address or, in the case of jointholders, at the jointholder whose name stands first in the records of the Manager to the jointholder's last known address;
- 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.

## **N. CONFLICT OF INTEREST/RELATED PARTY TRANSACTIONS**

### **Pages 72 - 73 of the Prospectus**

The fourth paragraph of Section 14 is hereby deleted in its entirety.

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

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## O. TAX ADVISER'S LETTER

### Pages 74 – 78 of the Prospectus

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



KPMG Tax Services Sdn. Bhd.  
(Co. No. 96860-M)  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388  
Fax +60 (3) 7721 7288  
Website www.kpmg.com.my

**Private and Confidential**  
The Board of Directors  
BIMB Investment Management Berhad  
Level 19, Menara Bank Islam  
No. 22 Jalan Perak  
50450 Kuala Lumpur

Our Ref NBG/ALC/PWS/  
NUAD/X2

Contact Ext. 7284 / 5775

22 May 2023

Dear Sirs/Madams

**Re: Taxation of the Fund and Unit Holders**

This letter has been prepared for inclusion in this Second Supplemental Prospectus of BIMB-Arabesque Asia Pacific Shariah-ESG Equity Fund in connection with the offer of units in the BIMB-Arabesque Asia Pacific Shariah-ESG Equity 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").

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 remitted into Malaysia by the Fund.

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.

KPMG Tax Services Sdn. Bhd., a company incorporated under Malaysian law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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

Interest income 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<sup>N1</sup>; or
- any development financial institution regulated under the Development Financial Institutions Act 2002<sup>N1</sup>; 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<sup>N2</sup>.

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.

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.

#### ***Real Property Gains Tax ("RPGT")***

Gains on disposal of investments by the Fund will not be 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.

<sup>N1</sup> 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.

<sup>N2</sup> 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.



### **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%. 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%. 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.

### **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.

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 Bill 2023, the tax rate for chargeable income of up to RM150,000 has been reduced from 17% to 15%. While the tax rate for chargeable income from RM150,001 up to RM600,000 is remain unchanged at 17%. For chargeable income in excess of RM600,000, the tax rate is 24%. 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.

Based on the Finance Act 2021, a corporate tax rate of 33% ("Cukai Makmur") will be levied on corporate unit holders with chargeable income exceeding RM100 million. Corporate unit holders with chargeable income below RM100 million will still be taxed at tax rate of 24%. However, the chargeable income in respect of foreign source income received in Malaysia from 1 July 2022 is exempted from the application of Cukai Makmur, computed based on a prescribed formula. The Cukai Makmur is effective for YA 2022 only.

The tax rate of 33% on chargeable income exceeding RM100 million would not apply to corporate unit holders in Malaysia that qualify for the preferential tax rate of 17% on chargeable income of up to RM600,000.

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 which are not subject to income tax in Malaysia. 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%. 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.

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**THIS SECOND SUPPLEMENTAL PROSPECTUS DATED 30 SEPTEMBER 2023 IS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS DATED 19 JANUARY 2018 AND THE FIRST SUPPLEMENTAL PROSPECTUS DATED 20 JULY 2020.**



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

A handwritten signature in black ink, appearing to be 'Neoh Beng Guan', written in a cursive style.

Neoh Beng Guan  
*Executive Director*

KPMG Tax Services Sdn Bhd

## P. ADDITIONAL INFORMATION

**THIS SECOND SUPPLEMENTAL PROSPECTUS DATED 30 SEPTEMBER 2023 IS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS DATED 19 JANUARY 2018 AND THE FIRST SUPPLEMENTAL PROSPECTUS DATED 20 JULY 2020.**

The information in relation to “**Deed(s) that govern the Fund**” is hereby deleted in its entirety and replaced with the following:

<b>Deed(s) that govern the Fund</b>	<ol style="list-style-type: none"><li>1. Deed dated 2 October 2017</li><li>2. First Supplemental Deed dated 20 March 2023</li></ol>
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**THIS SECOND SUPPLEMENTAL PROSPECTUS DATED 30 SEPTEMBER 2023 IS TO BE READ IN CONJUNCTION WITH THE PROSPECTUS DATED 19 JANUARY 2018 AND THE FIRST SUPPLEMENTAL PROSPECTUS DATED 20 JULY 2020.**