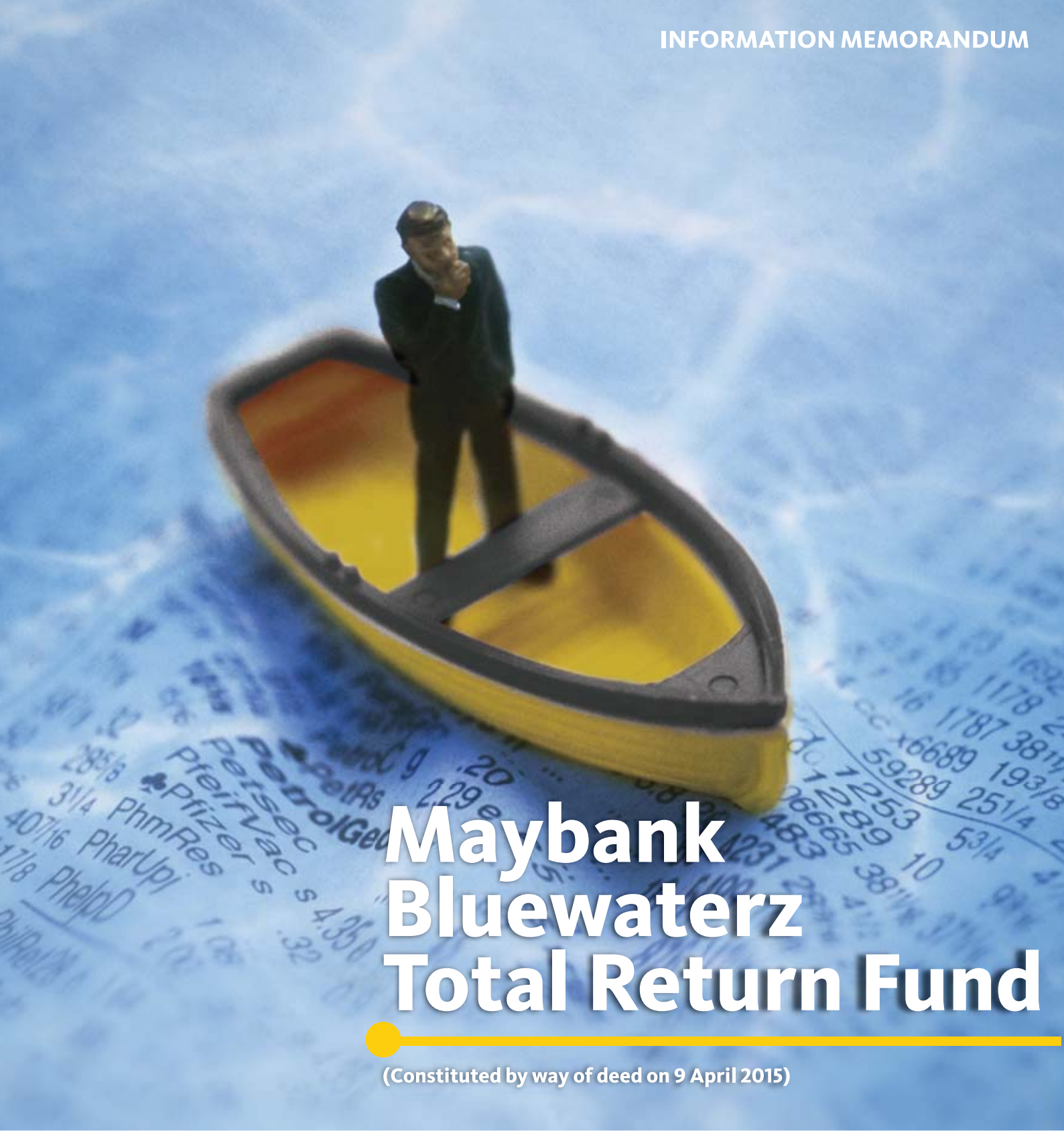

Maybank Bluewaterz Total Return Fund

(Constituted by way of deed on 9 April 2015)

Launch date: 24 July 2015
This Info Memo is dated 24 July 2015

MANAGER : Maybank Asset Management Sdn Bhd (421779-M)

TRUSTEE : SCBMB Trustee Berhad (1005793-T)

INVESTORS ARE ADVISED TO READ THIS INFORMATION MEMORANDUM AND OBTAIN PROFESSIONAL ADVICE BEFORE SUBSCRIBING TO THE FUND.

Humanising Financial Services.

Maybank Asset Management

Responsibility Statement

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

Statements of Disclaimer

The Securities Commission Malaysia has authorized the Fund, the subject of this Info Memo, and the authorization shall not be taken to indicate that the Securities Commission Malaysia recommends the investment. The Securities Commission Malaysia will not be liable for any non-disclosure on the part of the Manager and takes no responsibility for the contents of this Info Memo, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon the whole or any part of the content of this Info Memo.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR PROFESSIONAL ADVISERS IMMEDIATELY.

Additional Statements

Investors are advised to note that recourse for false or misleading statements or acts made in connection with this Info Memo is directly available through sections 248, 249 and 357 of the Capital Markets and Services Act 2007.

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

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(1) DEFINITIONS

In this Info Memo, the following abbreviations or words shall have the following meanings unless otherwise stated:

Act	means the Capital Markets And Services Act 2007 as may be amended from time to time.
Administrator	Standard Chartered Bank, Singapore Branch, acting in its capacity as administrator to the Target Fund, or such other administrator appointed by the Target Fund from time to time.
Bank Negara Malaysia	means the central bank of Malaysia.
Bursa Malaysia	means the stock exchange managed and operated by Bursa Malaysia Securities Berhad (635998-W).
Business Day	means a day on which Bursa Malaysia is open for trading and is also a Business Day of the Target Fund.
Business Day of the Target Fund	means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks in Singapore and the United States of America are open for normal banking business or such other day as the Directors may designate from time to time either generally or in any particular case as a business day.
CMSRL	means capital markets services representative's licence.
Companies Law	means the Companies Law of the Cayman Islands, as amended from time to time.
Constitution	means the memorandum of association and articles of association of the Target Fund, as may be amended from time to time.
Dealing Day	means a Dealing Day for Subscriptions or a Dealing Day for Redemptions of the Target Fund, as the case may be.
Dealing Day for Redemptions	means the first Business Day of the Target Fund of each calendar week or such other day(s) as the Directors may designate from time to time, either generally or in any particular case as a Dealing Day for Redemptions.
Dealing Day for Subscriptions	means the first Business Day of the Target Fund of each calendar week or such other day(s) as the Directors may designate from time to time, either generally or in any particular case as a Dealing Day for Subscriptions.
Dealing Deadline for Redemptions	means in respect of any particular Dealing Day for Redemptions, means 5 p.m. Singapore time on the date falling three (3) Business Days of the Target Fund prior to the relevant Dealing Day for Redemptions (or if such a date is not a Business Day of the Target Fund, the preceding Business Day of the Target Fund), or such other Business Day of the Target Fund and/or time as the Directors may designate from time to time

	in their absolute discretion either generally or in any particular case as a Dealing Deadline for Redemptions.
Deed	means the deed in respect of the Fund and any other supplemental deed that may be entered into between the Manager and the Trustee.
Directors	means the directors of the Target Fund.
Fitch	means Fitch Ratings.
Forward Pricing	means the Net Asset Value per Unit for the Fund calculated at the next valuation point after a purchase request or a redemption request, as the case may be, is received by the Manager.
Fund/MBWF	means the Maybank Bluewaterz Total Return Fund.
Guidelines	means the Guidelines on Wholesale Funds issued by the SC and any other relevant guidelines issued by the SC.
IFRS	means International Financial Reporting Standards.
Initial Offer Period	means the period of 21 calendar days from the date of this Info Memo or any other shorter period as determined by the Manager.
Info Memo	refers to the information memorandum of this Fund.
Investment Manager	refers to Maybank Asset Management Singapore Pte. Ltd.
Long-term	means a period of three (3) years and above.
LPD	means latest practicable date as at 30 June 2015.
Liquid Assets	means current deposits and/or fixed deposits placed with financial institutions, fixed or floating rate fixed income securities and/or money market instruments, all of which has maturity with less than one (1) year to maturity at the time of holding.
Manager/ Maybank AM	refers to Maybank Asset Management Sdn Bhd (421779-M).
Moody's	means Moody's Investors Service.
Mutual Funds Law	refers to the Mutual Funds Law of the Cayman Islands, as amended from time to time.
Net Asset Value or NAV	means the total value of the Fund's assets minus its liabilities at the valuation point. For the purpose of computing the annual management fee and annual trustee fee, it should include the management fee and the trustee fee for the relevant week.
NAV per Unit	means the NAV of the Fund divided by the total number of Units in circulation at the valuation point.
Participating Share	means a participating redeemable share with limited voting rights in the capital of the Target Fund with a nominal or par

	value of USD0.001 each issued subject to and in accordance with the provisions of the Companies Law and the Constitution, and having the rights and being subject to the restrictions as provided for under the Constitution with respect to such share.
Placing Memorandum	refers to the offer document of the Target Fund dated 9 April 2009 as amended and restated on 2 May 2014.
Qualified Investor	refers to:- (a) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceed RM3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence; (b) an individual who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies per annum in the preceding 12 months; (c) an individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies in the preceding 12 months; (d) a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts; (e) a partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies; (f) a unit trust scheme or prescribed investment scheme; (g) a private retirement scheme; (h) a closed-end fund; (i) a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding RM10 million or its equivalent in foreign currencies; (j) a corporation that is a public company under the Companies Act 1965 which is approved by the SC to be a trustee under the Act and has assets under management exceeding ten million ringgit or its equivalent in foreign currencies; (k) a statutory body established by an Act of Parliament or an enactment of any State; (l) a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967; (m) a holder of a capital markets services licence; (n) a licensed institution; (o) Islamic bank; (p) an insurance company licensed under the Financial Services Act 2013; (q) a takaful operator registered under the Islamic Financial Services Act 2013;

	(r) a bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010; and (s) an Islamic bank licensee or takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010.
Redemption Price	means the NAV per Unit payable to a Unit Holder pursuant to a redemption of a Unit; for the avoidance of doubt, the Redemption Price does not include any redemption charge which may be imposed.
RM	means Ringgit Malaysia.
Selling Price	means the NAV per Unit payable by an applicant for a Unit pursuant to an application for Units; for the avoidance of doubt, the Selling Price does not include any sales charge which may be imposed.
SC	refers to the Securities Commission Malaysia.
Shareholder	means a person who is registered on the register of members of the Target Fund as the holder of the Class B Participating Shares of the Target Fund.
Standard & Poor's	means Standard & Poor's Rating Services.
Target Fund	refers to Maybank BlueWaterz Total Return Bond Fund.
Trustee	refers to SCBMB Trustee Berhad (1005793-T).
Unit	refers to a measurement of the right or interest of a Unit Holder in the Fund including a fraction of a Unit.
Unit Holder(s)	means the person registered as a holder of a Unit or Units including persons jointly registered for the Fund.
U.S. (United States) Person(s)	means: (a) a U.S. citizen (including those who hold dual citizenship or a greencard holder); (b) a U.S. resident alien for tax purposes; (c) a U.S. partnership; (d) a U.S. corporation; (e) any estate other than a non-U.S. estate; (f) any trust if: (i) a court within the U.S. is able to exercise primary supervision over the administration of the trust; and (ii) one or more U.S. Persons have the authority to control all substantial decisions of the trust; (g) any other person that is not a non-U.S. Person; or (h) any definition as may be prescribed under the Foreign Account Tax Compliance Act, as may be amended from time to time.
USD	means United States Dollar.

Valuation Point of the Target Fund	each of the following constitutes a Valuation Point of the Target Fund: (i) the close of business of the last market relevant to the Target Fund on the Business Day of the Target Fund immediately preceding a Dealing Day; (ii) the close of business of the last market relevant to the Target Fund on the last Business Day of the Target Fund of a calendar month; or (iii) such other day or time as the Directors may designate from time to time either generally or in any particular case as a "Valuation Point".

(2) CORPORATE DIRECTORY

MANAGER	Maybank Asset Management Sdn Bhd (421779-M)
REGISTERED OFFICE	5th Floor, Tower A, Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No: 03 - 2297 7870
BUSINESS OFFICE	Level 12, Tower C, Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No: 03 - 2297 7888 Fax No: 03 - 2297 7998
BOARD OF DIRECTORS	Datuk Mohaiyani Binti Shamsudin Datuk Karownakaran @ Karunakaran a/l Ramasamy Loh Lee Soon Nor' Azamin bin Salleh Badrul Hisyam bin Abu Bakar Mohd Shariff bin Sulaiman
COMPANY SECRETARY	Wan Maizuni Wan Mohamad (LS0009762) 5th Floor, Tower A, Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur
MANAGER'S DELEGATE	Malayan Banking Berhad (3813-K)
REGISTERED OFFICE	14th Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur
BUSINESS OFFICE	8th Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel: 03 – 2070 8833 Fax: 03 – 2715 8226
TRUSTEE	SCBMB Trustee Berhad (1005793-T)
REGISTERED OFFICE	Level 16, Menara Standard Chartered 30, Jalan Sultan Ismail 50250 Kuala Lumpur
BUSINESS OFFICE	Level 13A, Menara Standard Chartered 30, Jalan Sultan Ismail 50250 Kuala Lumpur Tel No: 03-2721 5047 Fax No: 03-2711 6060

TRUSTEE'S DELEGATE	Standard Chartered Bank Malaysia Berhad
REGISTERED OFFICE AND BUSINESS OFFICE	Level 16, Menara Standard Chartered 30, Jalan Sultan Ismail 50250 Kuala Lumpur Tel: 03 – 2117 7777 Fax: 03 – 2711 6060
AUDITORS	Ernst & Young Level 23A, Menara Milenium, Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Tel No: 603 7495 8000 Fax No: 603 2095 7043
TAX ADVISER	Ernst & Young Tax Consultants Sdn Bhd Level 23A, Menara Milenium, Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Tel No: 603 7495 8000 Fax No: 603 2095 9076/78
SOLICITORS	Naqiz & Partners No. 42A, Lorong Dungun Damansara Heights 50490 Kuala Lumpur
PRINCIPAL BANKER	Malayan Banking Berhad (3813-K) Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur
FEDERATION OF INVESTMENT MANAGERS MALAYSIA	Federation of Investment Managers Malaysia (FIMM) 19-06-1, 6th Floor, Wisma Tune No. 19, Lorong Dungun Damansara Heights 50490 Kuala Lumpur Tel: 03-2093 2600 Fax: 03-2093 2700

(3) INFORMATION ON THE FUND

3.1 Fund Type

Growth.

3.2 Fund Category

Feeder fund (fixed income).

3.3 Initial Offer Price

The initial offer price of the Fund is RM1.00 per Unit.

3.4 Financial Year End

Every 31 December of the calendar year.

3.5 Trustee

SCBMB Trustee Berhad.

3.6 Deed

Deed dated 9 April 2015 relating to the Fund entered into between the Manager and the Trustee, that will include any other supplemental deed as may be executed between the Manager and the Trustee from time to time.

3.7 Investment Objective

The Fund aims to achieve Long-term consistent positive returns* by investing in the Target Fund.

Note:
** Long-term consistent positive returns means positive returns for a period of three (3) years and above from the launch of the Fund.*

3.8 Investor Profile

The Fund is suitable for Qualified Investors:

- who seek consistent positive returns in the Long-term;
- who are willing to tolerate the risk associated with investing in fixed income securities via a collective investment scheme, i.e. the Target Fund; and
- with a Long-term investment horizon.

3.9 Asset Allocation

Between 95% - 98% of the Fund's NAV	• Target Fund.
Between 2% - 5% of the Fund's NAV	• Liquid Assets.

3.10 Benchmark

The Fund's benchmark shall be based on an absolute return of 6.5% per annum of the Fund's NAV. This is not a guaranteed return and is only a measurement of the Fund's performance.

Note: For the purpose of the Fund, the benchmark is only used as a yardstick to assess the performance of the Fund as the Target Fund is an absolute return fund and is benchmark unconstrained, i.e. the Target Fund will be actively managed without reference to any specific benchmark.

3.11 Investment Style & Strategy

To achieve the investment objective, the Fund will invest between 95% - 98% of its NAV in the Class B Participating Shares of the Target Fund which is denominated in USD.

The Manager will also invest between 2% - 5% of the Fund's NAV in Liquid Assets.

The Fund may employ currency hedging strategies to fully or partially hedge the foreign currency exposure into RM in order to manage currency risk.

As the Fund is a wholesale feeder fund, the investments of the Fund will consist of a single collective investment scheme, i.e. the Target Fund, and Liquid Assets.

*Please refer to **Section 4.6** for details of the investment strategy employed by the Target Fund.*

If, in the opinion of the Manager, the Target Fund no longer meets the objective of the Fund, the Manager may choose to replace the Target Fund with another collective investment scheme that is consistent with the objective of this Fund. The Manager will seek Unit Holders' approval before any such changes are made.

Temporary Defensive Position

The Manager may take temporary defensive positions that may be inconsistent with the Fund's investment strategy in attempting to respond to adverse market, political or economic conditions. Under such situations, the Fund may hold up to all of the Fund's NAV in Liquid Assets. The defensive positions may be adopted for a time period as the Manager considers appropriate in consultation with the Trustee. Accordingly, the Fund's performance may be different from the Target Fund's performance.

3.12 Permitted Investments

The Fund is permitted to invest in the following:-

- One collective investment scheme;
- Liquid Assets;
- Derivatives such as foreign currency swaps* or forward contracts** for hedging purposes only; and
- Any other investments which are in line with the Fund's objective.

Note:
** "currency swaps" are over-the-counter derivatives that serve two main purposes i.e. to minimize foreign borrowing costs and to hedge exposure to exchange rate risk. It involves two parties exchanging a notional principal with one another in order to gain exposure to a desired currency. Following the initial notional exchange, periodic cash flows are exchanged in the appropriate currency.*
*** "forward contracts" are agreements between a buyer and seller whereby the buyer agrees to buy an underlying asset from the seller. The delivery of the asset occurs at a later time, but the price is determined at the time of purchase. Both parties can determine and define the terms and features to fit their specific needs, including when delivery will take place and the exact identity of the underlying asset.*

3.13 Investment Restrictions & Limits

(a) The Fund must not invest in the following:
- any fund of funds;
- any feeder fund; and
- any sub-fund of an umbrella scheme which is a fund of fund or a feeder fund.

(b) The Fund will invest between 95% - 98% of its NAV in the Class B Participating Shares of the Target Fund which is denominated in USD.

(c) The Fund will also invest between 2% - 5% of the Fund's NAV in Liquid Assets.

3.14 Valuation of Investment

The valuation bases of the permitted investments of the Fund are as follows:

(a) Collective investment scheme

The value of the Class B Participating Shares of the Target Fund will be based on the last published repurchase prices of a Class B Participating Share of the Target Fund for the relevant week.

(b) Current and/or fixed deposits

Current and/or fixed deposits placed with financial institutions are valued weekly by reference to the principal value of such investments and interest accrued thereon for the relevant period.

(c) Money market instruments

Money market instruments are valued weekly at cost, adjusted for amortisation of premium or accretion of discount over their par value at the time of acquisition, less provision for any diminution in value.

(d) Fixed or floating rate fixed income securities

Unlisted RM denominated fixed or floating rate fixed income securities issued and/or offered in Malaysia will be valued on a weekly basis using the fair value quoted by Bond Pricing Agency ("BPA"). In the event that the value quoted by BPA is not available, the average price quoted by three (3) financial institutions shall be deemed to be the most appropriate valuation to be referred to by the Manager.

Unlisted non-RM denominated fixed or floating rate fixed income securities will be valued by reference to the average indicative price quoted by at least three (3) independent and reputable institutions. However, in the absence of reliable indicative price quotations, such non-RM denominated fixed or floating rate fixed income securities will be valued as determined in good faith by the Manager, based on methods or bases which have been verified by the auditor and approved by the Trustee.

(e) **Derivatives**

Derivatives are marked-to-market once every week, where possible. Otherwise the derivative positions will be valued at fair value, as determined in good faith by the Manager based on methods or bases which have been verified by the auditor and approved by the Trustee.

3.15 Base Currency

Ringgit Malaysia.

3.16 Foreign Exchange Translation

Foreign exchange translation of foreign investments for a particular Business Day is determined based on the bid exchange rate quoted by Reuters or Bloomberg at UK time 4.00 p.m. which is equivalent to 11.00 p.m. or 12.00 a.m. midnight (Malaysia time) on the same day, or such other time as prescribed by FIMM or any relevant laws.

(4) INFORMATION ON THE TARGET FUND

This section of the Info Memo provides you with information regarding the Target Fund as extracted from the Placing Memorandum save for certain additional information provided by the Investment Manager as "notes" in this section of the Info Memo. All capitalised terms and expressions used (including the "notes" as provided by the Investment Manager) in this section in reference to the Target Fund have the same meanings ascribed to them in the Placing Memorandum as may be amended from time to time. Investors may obtain a copy of the Placing Memorandum from the Manager.

4.1 Structure of the Target Fund

The Target Fund was incorporated as an exempted company with limited liability under the Companies Law on 24 February 2009 and has registered with the Cayman Islands Monetary Authority pursuant to section 4(3) of the Mutual Funds Law. The Target Fund is subject to regulation under the Mutual Funds Law.

The Target Fund's assets, as set out in the Constitution, are unrestricted and the Target Fund is capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Law.

The Participating Shares are available as Class A Participating Shares and Class B Participating Shares. Class A Participating Shares and Class B Participating Shares have identical rights and privileges in all respects except as set out in the Placing Memorandum*.

Note:
** Please refer to "Part VI – Variation of Rights of Shareholders" of the Placing Memorandum for further details.*

The Directors may establish new classes of Participating Shares without the consent of existing Shareholders (such as the Fund). Each such class may have different investment parameters, fee structures, redemption periods and/or other features in the Directors' sole discretion. The offering of such new classes of Participating Shares for subscription may be accompanied by a separate offering document or by a supplement to the Placing Memorandum. The establishment of new classes of Participating Shares will not have a detrimental effect on the Class B Participating Shares of the Target Fund as the new classes of Participating Shares would have their own rights and privileges. The rights and privileges of the new classes of Participating Shares will not undermine the rights and privileges of the Shareholders of the Class B Participating Shares.

The Fund will only be investing in the Class B Participating Shares of the Target Fund.

4.2 Regulatory Authority which regulates the Target Fund

Cayman Islands Monetary Authority.

4.3 Investment Manager of the Target Fund

The Investment Manager is a private limited company incorporated in Singapore on 30 June 2008. The Investment Manager has been appointed by the Target Fund to manage,

supervise, select and evaluate investments of the Target Fund, subject to compliance with applicable laws, the Constitution and in accordance with the terms of the management agreement between the Investment Manager and the Target Fund ("**Management Agreement**").

Pursuant to the Management Agreement, the Investment Manager is entitled to be indemnified by the Target Fund in respect of any loss or liability incurred by it in connection with the performance of its duties as Investment Manager except that caused by fraud, negligence or wilful default on the part of the Investment Manager or its agents.

Either party to the Management Agreement may terminate the Management Agreement by not less than six (6) months' written notice to the other party although where any party has gone into liquidation (except voluntary liquidation for the purposes of reconstruction or amalgamation or merger upon terms previously approved in writing by the other party) or if a receiver or administrator (or equivalent) is appointed over all or any substantial part of its assets or if any party has failed to remedy a material breach of the Management Agreement, the notice may take immediate effect.

The fund management industry in Singapore is regulated by the Monetary Authority of Singapore ("**MAS**") and no person can act as a fund manager in Singapore unless he is the holder of a capital markets services licence for fund management or unless he falls within the categories of persons who are exempt from licensing. The Investment Manager has obtained a capital markets services licence for fund management. The contact details of MAS are as follows:

Monetary Authority of Singapore
10 Shenton Way
MAS Building
Singapore 079117
Telephone: +65 6225 5577
Facsimile: +65 6229 9491
Email: webmaster@mas.gov.sg

As at the date of the Placing Memorandum (i.e. 2 May 2014), the Investment Manager maintains a professional indemnity insurance policy and it is intended that such policy will be renewed periodically or alternative professional indemnity insurance policy coverage taken up from time to time, to cover usual risks which are customarily insured under such policies and/or otherwise covering such risks as the Investment Manager may in its discretion deem appropriate from time to time.

The Investment Manager may appoint investment advisor(s) from time to time to provide strategic investment advice and limited investment management services with respect to the Target Fund's portfolio.

The directors of the Investment Manager are Goh Keat Jin, Nor' Azamin Salleh and Loh Lee Soon.

The key investment personnel of the Investment Manager is Rachana Mehta. The profile of Ms. Mehta is set out below:

Rachana Mehta

Ms. Rachana Mehta has over 18 years of experience in global financial markets with premier financial institutions. She has extensive experience in bonds, credit markets and foreign exchange. She was the Head of Asia and emerging markets, Fixed Income at DBS Asset Management, the Head of Foreign Exchange and Interest Rates at Cargill Financial Services, and managed discretionary funds at UFJ Bank and JP Morgan. Ms. Mehta was

rated as one of the most astute investors in the Asian region by The Asset magazine in 2001, 2003, 2007 and 2008.

Ms. Mehta is a Chartered Financial Analyst and holds a Masters in Business Administration from the University of South Carolina, USA, and has a Masters in Management (Specialization in Finance) from the Birla Institute of Technology and Science.

4.4 Administrator

Standard Chartered Bank, acting through its Singapore Branch has been appointed by the Target Fund as the administrator pursuant to the terms of the administration services agreement between the Target Fund and the Administrator as amended from time to time ("Administration Services Agreement"). The Administrator will be responsible, under the supervision of the Directors, for providing certain administration services to the Target Fund in accordance with the provisions of the Administration Services Agreement. These include the calculation of the net asset value and the net asset value per Participating Share and transfer agency services in connection with the subscription and redemption of Participating Shares.

4.5 Investment Objective of the Target Fund

The Target Fund's investment objective is to achieve superior Long-term consistent positive returns* by primarily*** investing in Asian and emerging market fixed income securities****.

Note:
** "superior Long-term consistent positive returns" means positive returns with low volatility** for a period of three (3) years and above.*
*** "low volatility" means approximately 3% - 5% per annum deviation of daily returns.*
**** "primarily" means at least 70% of the net asset value of the Target Fund.*
***** Under normal market circumstances, the Target Fund will invest at least 70% of its net asset value in fixed income securities. The Target Fund may invest up to 100% of its net asset value in fixed income securities.*

4.6 Investment Strategy of the Target Fund

The Target Fund will take active positions* in rates and credits, adopting a two-pronged market approach, by investing into local currency and G3 (i.e. United States of America, Japan and Europe) denominated fixed income securities**. It will also employ active hedging policies through the use of currency forwards or other derivatives to take positions in Asia and emerging countries.

Note:
** "active positions" means fixed income securities are actively managed.*
*** "local currency denominated fixed income securities" means fixed income securities that are*
(i) denominated in Asian or emerging markets currencies; or
(ii) issued in Asian or emerging markets but denominated in currencies of other markets.
****"G3 (i.e. United States of America, Japan and Europe) denominated fixed income securities" means fixed income securities issued in Asia and emerging markets that are denominated in USD, Yen and Euro.*

The Target Fund will target investment opportunities in the rapidly growing Asia and emerging fixed income markets*. The Investment Manager believes that certain Asia and emerging economies have undergone structural changes and offer strong sustainable growth**, and as such, as an asset class, Asia and emerging market fixed income securities and currencies offer investors (such as the Fund) risk adjusted returns***.

Note:
** "rapidly growing Asia and emerging fixed income markets" refers to the view of the Investment Manager that such markets have shown positive growth and development in its fixed income markets.*
*** "strong sustainable growth" means the growth in these regions are expected to be steady and on an improving trend.*
**** "risk-adjusted returns" can be measured by the Sharpe Ratio. A Sharpe Ratio higher than zero indicates better risk-adjusted returns.*

The Investment Manager believes that while Asia and emerging markets are generally efficient in pricing assets in the long run, in the short term, they often mis-price assets because of slow, incomplete and imperfect information flow. The investment team of the Investment Manager will combine in-depth local market knowledge, fundamental research and macro analysis in its rigorous investment process to take advantage of the mis-pricing of assets.

The Target Fund's strategy is to adopt a top-down macro approach in country and currency selection. The Target Fund intends to diversify across countries and currencies. The Target Fund intends to use a bottom-up approach for credit selection.

The Target Fund intends to take long positions in relation to fixed income securities based on a top-down macro approach whereby if interest rates of fixed income securities issued in a market ("Market A") are higher than interest rates of fixed income securities issued in another market, the Fund may invest in fixed income securities issued in Market A or vice versa. Factors which may be taken into account in this top-down macro approach include inflation, fiscal balance, yields and growth. The Target Fund may invest in bond futures to manage interest rate risk.

The Target Fund also intends to take long and short positions* in various Asia and emerging markets in relation to the Target Fund's investments in currencies (through forwards and non-deliverable forwards). The Target Fund will invest in currencies (through forwards and non-deliverable forwards) after consideration of various factors, including real effective exchange rates**, foreign investment inflows***, current account****, reserves***** and correlation between currencies.

Note:
** The Investment Manager will actively hedge currencies which the fixed income securities are denominated.*
*** "real effective exchange rates" means the weighted average of a single country's currency relative to a particular index or a basket of other major currencies adjusted for the effects of inflation. The weights are derived by comparing the relative trade balances, in terms of one country's currency, with every other country within the index.*
**** "foreign investment inflows" means inflow of foreign capital in local bonds or equity markets of Asian or emerging markets.*
***** "current account" means current accounts of Asian or emerging markets.*
****** "reserves" means foreign exchange reserves of Asian or emerging markets.*

The Investment Manager believes that it can deliver consistent positive returns through fundamental valuation, technical research and in depth local market knowledge.

Note: The Target Fund has no benchmark. The Target Fund is an absolute return fund.

4.7 Asset Allocation of the Target Fund

At least 70% of the Target Fund's net asset value	Fixed income securities
Up to 30% of the Target Fund's net asset value	Cash deposits*, money market instruments, bond futures, credit default swaps, forwards and non-deliverable forwards**

Note:
** The Target Fund may hold 100% of its net asset value in cash deposits in adverse market, political or economic conditions.*
*** "non-deliverable forwards" is defined as a short-term forward contract that is settled in cash, where the profit or loss at the time at the settlement date is calculated by taking the difference between the spot rate at the time of settlement and the agreed upon exchange rate, for an agreed upon notional amount of funds.*

4.8 Permitted Investments of the Target Fund

It is intended that the Target Fund will invest in fixed income securities, cash deposits, money market instruments and derivatives such as bond futures, forwards, non-deliverable forwards* as well as credit default swaps.

Note:
** "non-deliverable forwards" is defined as a short-term forward contract that is settled in cash, where the profit or loss at the time at the settlement date is calculated by taking the difference between the spot rate at the time of settlement and the agreed upon exchange rate, for an agreed upon notional amount of funds.*

4.9 Investment Restrictions and Limits of the Target Fund

It is intended that the following investment limits and restrictions should in principle, and where possible, be applied in managing the assets of the Target Fund:

- The value of the Target Fund's holdings in relation to fixed income securities from any one country will not exceed 30% of the Target Fund's net asset value.
- At the time of acquisition, not more than 15% of the Target Fund's net asset value may be invested in the fixed income securities of any single issuer (excluding sovereign and quasi-sovereign entities*).
- At the time of acquisition, not more than 15% of the Target Fund's net asset value may be invested in fixed income securities rated as either B, B- or B+ by Standard & Poor's or the equivalent ratings by Moody's or Fitch**.
- At the time of acquisition, not more than 15% of the Target Fund's net asset value may be invested in any unrated issuer.
- The Target Fund will only invest in non-deliverable forwards*** for a term of less than one (1) year.

Note:
** "sovereign entities" means a country's government bodies and "quasi-sovereign entities" means government-backed agencies.*
*** The Target Fund may invest in fixed income securities that are rated higher than the ratings disclosed in the Information Memorandum.*

**** "non-deliverable forwards" is defined as a short-term forward contract that is settled in cash, where the profit or loss at the time at the settlement date is calculated by taking the difference between the spot rate at the time of settlement and the agreed upon exchange rate, for an agreed upon notional amount of funds.*

The investment guidelines and restrictions outlined above apply to any investment at the time that the investment is made, and will be measured by reference to the net asset value of the Target Fund at the time such investment is made.

The restrictions set out above are an indication of the boundaries within which it is anticipated the investments of the Target Fund will be managed. The Investment Manager has the discretion to exceed these restrictions if it considers that the objective of the Target Fund will be better achieved in doing so. If any of the investment restrictions set out above are exceeded, the Investment Manager may (but shall not be obliged to) take such steps to bring the investments of the Target Fund within or close to the stated restrictions over such period of time as it may consider appropriate.

4.10 Valuation of the Target Fund

The net asset value and net asset value per Participating Share will be calculated by the Administrator, in consultation with the Investment Manager and under the direction of the Directors or their duly appointed delegates, in accordance with the Constitution and in the manner described below as at a Valuation Point of the Target Fund (except when determination of the net asset value has been suspended in accordance with the Constitution and the Placing Memorandum). The net asset value and the net asset value per Participating Share of any class will be denominated in USD.

The net asset value of the Target Fund will be equivalent to all the assets of the Target Fund less all the liabilities of the Target Fund as at a Valuation Point of the Target Fund.

The net asset value per Class B Participating Shares of the Target Fund is determined by dividing the value of the assets of the Target Fund attributable to the Class B Participating Shares of the Target Fund less all liabilities of the Target Fund attributable to the Class B Participating Shares of the Target Fund by the number of Class B Participating Shares of the Target Fund as at a Valuation Point of the Target Fund.

The net asset value per Class B Participating Shares of the Target Fund as at a Valuation Point of the Target Fund shall be rounded to the nearest USD0.01 (USD0.005 being rounded up).

For the purpose of calculating the net asset value:

(i) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof unless the Investment Manager (acting on behalf of the Directors but ultimately still subject to the Directors' supervision) or their duly authorised agent(s) shall have determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof in which event the value thereof shall be deemed to be such value as the Investment Manager (acting on behalf of the Directors but ultimately still subject to the Directors' supervision) or their duly authorised agent(s) shall deem to be the reasonable value thereof;

(ii) except in the case of any interest in a unit trust, mutual fund corporation, open-ended investment company or other similar open-ended investment vehicle (a "managed fund") to which paragraph (iii) below applies and subject as provided in paragraphs (iv), (v) and (vi) below, all calculations based on the value of

investments quoted, listed, traded or dealt in on any stock exchange, commodities exchange, futures exchange or over-the-counter market shall be made by reference to the last traded price (or, lacking any sales, at the mean between the last available bid and asked prices) on the principal exchange for such investments as at the close of business in such place on the day as of which such calculation is to be made; and where there is no such stock exchange, commodities exchange, futures exchange or over-the-counter market all calculations based on the value of the investment quoted by any person, firm or institution making a market in the investment (and if there shall be more than one such market maker then such particular market maker as the Investment Manager (acting on behalf of the Directors but ultimately still subject to the Directors' supervision) or their duly authorised agent(s) may designate) shall be made by reference to the mean of the latest bid and asked price quoted thereon; provided always that if the Investment Manager (acting on behalf of the Directors but ultimately still subject to the Directors' supervision) or their duly authorised agent(s) in their discretion consider that the prices ruling on an exchange other than the principal exchange provide, considering all the circumstances a fairer criterion of value in relation to any such investment, they may adopt such prices;

(iii) subject as provided in paragraphs (iv), (v) and (vi) below, the value of each interest in any managed fund which is valued as at the same day as the Target Fund shall be the net asset value per unit, share or other interest in such managed fund calculated as at that day or, if the Investment Manager (acting on behalf of the Directors but ultimately still subject to the Directors' supervision) or their duly authorised agent(s) so determine or if such managed fund is not valued as at the same day as the Target Fund, shall be the last published net asset value per unit, share or other interest in such managed fund (where available) or (if the same is not available) the last published redemption or bid price for such unit, share or other interest. In particular, if there are no price quotations available for the valuation of the managed fund, it shall be calculated in accordance with the values published, or reported in writing to the Target Fund as at or immediately before a Valuation Point of the Target Fund, by or on behalf of the managed fund, or if the managed fund is not valued as at or immediately before the Valuation Point of the Target Fund, shall be the last so published or reported value. Valuations may in the absolute discretion of the Investment Manager (acting on behalf of the Directors but ultimately still subject to the Directors' supervision) or their duly authorised agent(s) be subject to later adjustment. In performing the calculations, the Investment Manager (acting on behalf of the Directors but ultimately still subject to the Directors' supervision) or their duly authorised agent(s) shall be entitled to rely on the unaudited valuations and reports and estimated valuations received from third parties, including the managed fund and its administrator, agents, investment manager or advisor, or other dealing subsidiary and shall not be responsible for verifying nor shall they be required to verify either the contents or veracity of such valuations and reports;

(iv) if no net asset value, bid, asked or redemption prices or price quotations are available as provided in paragraphs (ii) or (iii) above, the value of the relevant asset shall be determined from time to time in such manner as the Investment Manager (acting on behalf of the Directors but ultimately still subject to the Directors' supervision) or their duly authorised agent(s) shall determine;

(a) the initial value of an unquoted asset, shall be the amount expended out of the Target Fund in the acquisition thereof (including in each case the amount of the stamp duties, commissions, legal and professional costs and other expenses incurred in the acquisition and vesting thereof); and

(b) the Investment Manager (acting on behalf of the Directors but ultimately still subject to the Directors' supervision) or their duly authorised agent(s) may at

any time and shall at such times or at such intervals as it, in the absolute discretion determines, may request or cause a revaluation to be made of any such unquoted asset, by a professional person qualified to value such unquoted asset;

(v) for the purposes of ascertaining quoted, listed, traded or market dealing prices, the Investment Manager (acting on behalf of the Directors but ultimately still subject to the Directors' supervision) or their duly authorised agent(s), the Administrator, or their agents or delegates shall be entitled to use and rely upon mechanised and/or electronic systems of valuation dissemination with regard to valuation of investments of the Target Fund and the prices provided by any such system shall be deemed to be the last traded prices for the purposes of paragraph (ii) above;

(vi) any security which is not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available, will be valued at its fair value as determined by the Investment Manager (acting on behalf of the Directors but ultimately still subject to the Directors' supervision) or their duly authorised agent(s) in good faith having regard to its cost price, the price at which any recent transaction in the security may have been effected and such other factors as the Investment Manager (acting on behalf of the Directors but ultimately still subject to the Directors' supervision) or their duly authorised agent(s) in their sole discretion deem relevant in considering a positive or negative adjustment to the valuation;

(vii) notwithstanding the foregoing, the Directors or their duly appointed delegates may, at their absolute discretion, permit some other method of valuation to be used if they consider that such valuation better reflects the fair value. In addition, the Directors or their duly appointed delegates may, at their absolute discretion, engage independent valuers to assist with valuation of any assets of the Target Fund or to review or affirm a valuation of an asset of the Target Fund; and

(viii) any value (whether of a security or cash) otherwise than in USD shall be converted into USD at the rate (whether official or otherwise) which the Investment Manager (acting on behalf of the Directors but ultimately still subject to the Directors' supervision) or their duly authorised agent(s) shall in their absolute discretion deem appropriate to the circumstances having regard, inter alia, to any premium or discount which they consider may be relevant and to costs of exchange.

"Last traded price", as referred to in paragraph (ii) above, refers to the last traded price reported on the relevant exchange for the day, commonly referred to in the market as the "settlement" or "exchange price", and represents a price at which members of the exchange settle between themselves for their outstanding positions. Where a security has not traded on a given date, the last traded price for such security will be the "exchange close" price as calculated and published by the relevant exchange in accordance with its local rules and customs.

Under IFRS, investments should be valued at fair value and also that, under IFRS, bid pricing for long positions and asked/offer pricing for short positions respectively are considered to be representative of fair value for listed investments. However, under the valuation basis described above, listed investments are expected to be valued at the last traded price instead of bid or asked/offer pricing as required under IFRS which may lead to a different valuation had the valuation been performed in accordance with IFRS. To the extent that the valuation basis adopted by the Target Fund deviates from the IFRS, such non-compliance with IFRS may result in the auditors qualifying their opinion on those annual accounts depending on the nature and level of materiality of the non-compliance.

In calculating the net asset value, no discount will be factored notwithstanding that any investments held are subject to any lock in periods, moratoriums or other restrictions on disposal. For audit purposes however, the auditors may in accordance with applicable accounting standards and principles apply a discount. Accordingly, there may be differences between the net asset values of the Target Fund reflected in the audited financial statements and the net asset value calculated in accordance with the valuation principles described in the Placing Memorandum and in the Constitution.

4.11 Redemption of Shares of the Target Fund

(a) Limitations on redemptions

The Directors reserve the right to postpone redemptions if:

(i) requests are received in respect of any one Dealing Day for Redemptions aggregating more than 20% (or such other percentage as the Directors may determine) of the Class B Participating Shares of the Target Fund in issue or of all the Participating Shares in issue, in which case, the Directors may reduce all but not some of such requests *pro rata* so that they cover no more than the relevant percentage of the Class B Participating Shares of the Target Fund issued or of all the Participating Shares in issue (as applicable); or

(ii) the Directors need to realise part or all of the assets of the Target Fund in order to satisfy one or more redemptions pursuant to the Directors' right of compulsory redemption in circumstances as stated in the Placing Memorandum and in the Constitution.

Any part of a redemption request to which effect is not given by reason of the exercise of this power by the Directors will be treated (without priority to new and existing redemption requests) as if the request had been made in respect of the next Dealing Day for Redemptions and all following Dealing Days for Redemptions (in relation to which the Directors have the same power) until the original request has been satisfied in full. Any unsatisfied portion of any redemption request will continue to be at risk in the Target Fund's business.

(b) Suspension of the issue and redemption of the Class B Participating Shares of the Target Fund

The Directors may at any time declare a suspension of (1) the determination of net asset value; and/or (2) the subscription for the Class B Participating Shares of the Target Fund; and/or (3) the redemption of the Class B Participating Shares of the Target Fund at the option of the Shareholder (such as the Fund) (either in whole or in part); and/or (4) the purchase of the Class B Participating Shares of the Target Fund; and/or (5) the payment of any amount to a redeeming Shareholder (such as the Fund) in connection with the redemption of the Class B Participating Shares of the Target Fund, in each case for the whole or any part of any such period and in such circumstances as the Directors may determine which may include during (i) any period when any stock exchange, commodities exchange, futures exchange or over-the-counter market on which a substantial part of the Target Fund's investments is quoted, listed or dealt in is closed otherwise than for ordinary holidays; (ii) any period when dealings on any exchange or market are restricted or suspended; (iii) the existence of any circumstances as a result of which disposal of some or all of the Target Fund's investments cannot, in the absolute discretion of the Investment Manager, be effected normally or without prejudicing the interests of Shareholders (such as the Fund); (iv) the breakdown in any of the means normally employed in determining the net asset value or the subscription price or redemption price per Participating Share of any class or when for any other reason the value of any of the Target Fund's investments cannot be reasonably or accurately ascertained; (v) any period

when realisation of the Target Fund's investments or the transfer of funds involved in such realisation cannot, in the opinion of the Investment Manager, be effected at normal prices or normal rates of exchange; (vi) any period when the business operations of the Investment Manager and/or the Administrator in relation to the operations of the Target Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; (vii) any period where, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Target Fund are rendered impracticable, or if purchases, sales, deposits and withdrawals of any asset of the Target Fund cannot be effected at the normal rates of exchange, as determined by the Investment Manager; or (viii) where the holders of the management shares have resolved to commence winding up or other insolvency proceedings.

Any suspension declared shall take effect at such time as the Directors shall declare and shall remain in effect until the Directors shall declare the suspension to be at an end.

The Directors may suspend the redemption rights of a Shareholder (such as the Fund), including the right to receive the redemption price, if the Directors deem it necessary to do so to comply with anti-money laundering laws and regulations or any other legal requirement applicable to the Target Fund, the Investment Manager, any other service provider to the Target Fund or any affiliate of any of them.

Note: Investors should note that if the Fund's redemption request is postponed or suspended by the Target Fund, there may be a delay in the payment of proceeds to the Unit Holders and the Manager may also suspend the purchase and/or redemption of Units of the Fund as long as the Target Fund is suspended. Please refer to *section 8.2 "Redemption of Units"* for more information.

(c) Compulsory redemption

The Directors may in their sole discretion redeem some or all of a Shareholder's (such as the Fund) Class B Participating Shares of the Target Fund with or without cause, at any time upon at least five (5) days' prior written notice to such Shareholder (such as the Fund). Payment will be made in accordance with the procedure applicable to the Class B Participating Shares of the Target Fund that are redeemed at the request of the Shareholder (such as the Fund), whether or not such redemption has been requested by such Shareholder (such as the Fund). Such redemption shall be effective on the date specified in such notice to the Shareholder (such as the Fund).

The Directors may, in their sole discretion, redeem a Shareholder's (such as the Fund) Class B Participating Shares of the Target Fund if the continued participation of such Shareholder in the Target Fund (such as the Fund) may result in the Target Fund incurring any legal, tax, regulatory or pecuniary disadvantage.

Note: Under a compulsory redemption, the Directors may repurchase the the Class B Participating Shares of the Target Fund held by the Manager at a value which is below the Manager's initial investments. This will adversely affect the value of the Fund.

4.12 Fees Charged by the Target Fund

Fees/Expenses	Rate
Subscription charge	Up to 5.00% of the subscription amount. *Note: The Target Fund will not charge the subscription charge to the Fund.*
Redemption charge	Nil.
Management fee	1.50% per annum of the net asset value of the Class B Participating Shares of the Target Fund. *Note: The management fee charged by the Target Fund will be paid out of the management fee charged by the Manager at the Fund level. Unit Holders will incur a management fee at the Fund's level only and there is no double charging of management fee.*
Performance fee	Not applicable to the Class B Participating Shares of the Target Fund.
Other expenses	The Target Fund will bear all its operating and administrative expenses, including all fees payable by the Target Fund to the Investment Manager, the custodian, the prime broker(s) and the Administrator and all fees payable to third parties and other expenses (other than those to be borne by the Investment Manager) incurred in its operations, including but not limited to, fees, taxes, expenses for legal, auditing and consulting services, promotional expenses, registration fees, renewal fees and other expenses due to supervisory authorities in various jurisdictions, fees and expenses incurred in respect of updates to the offering documents of the Target Fund (including all updates as may be necessary or, in the Directors' discretion, desirable), costs incurred in relation to regulatory compliance, insurance premiums in respect of Directors and officers' liability insurance, legal fees of Directors pursuant to their performance of duties for the Target Fund, the costs of publishing the net asset value and the costs of printing and distributing the annual and any periodic reports and statements.

4.13 Dividend of the Target Fund

It is the present intention of the Directors not to declare or pay any dividend or distribution. Income earned will be reinvested and reflected in the value of the Class B Participating Shares of the Target Fund. However, this does not preclude the Directors from declaring a dividend at any time in the future if they consider it appropriate. If a dividend is declared, it will be paid in accordance with the Constitution and any applicable laws of the Cayman Islands.

(5) RISK FACTORS

All investments carry some degree of risk. In relation to this, returns are not guaranteed to Unit Holders. If an investor expects a high return on investment, usually, the risk that the investor would have to bear would also be high, and vice versa. The choice of investing in the Fund is made at the discretion of the investors. There is a chance whereby the Fund chosen by the investor may not suit the investor's needs and circumstances. Investors should rely on their own evaluation to assess the merits and risks when investing in the Fund.

Given the inherence of risk in investment, before making an investment in the Fund, an investor should consider the various risks that may affect the Fund and the investor.

5.1 General Risks of Investing in the Fund

(1) Returns are not guaranteed

Investors should be aware that there is no guarantee of any income distribution or capital appreciation by investing in the Fund. Unlike fixed deposits placed directly by the investors with any financial institutions which carry a specific rate of return, the Fund does not provide a fixed rate return.

(2) Market risk

The value of investment may increase or decrease due to changes in market factors such as uncertainties in the economy, political and social environment that impact large portions of the market. This is a risk associated with all securities and cannot be eliminated. Hence, the Manager will monitor the financial markets closely and act on any adverse news accordingly.

(3) Inflation risk

Inflation creates uncertainties over the future value of investments. There is a risk that the Fund may generate a return on investment lower than the inflation rate. This would reduce investors' purchasing power per RM even though the nominal value of the investment in monetary terms has increased.

(4) Management risk

The performance of the Fund is very much dependent on the experience, expertise, investment techniques and investment decisions of the fund manager while the quality of management is also dependent on internal circumstances such as operational and system matters within the Manager. Poor management of the Fund would adversely affect the Fund's performance and jeopardise investment of Unit Holders. In order to mitigate this risk, the implementation of internal controls and a structured investment process and operational procedures has been put in place by the Manager.

(5) Non-compliance risk

This risk refers to the possibility that the Manager may not follow the provisions set out in this Info Memo or the Deed or the laws, rules, guidelines or internal operating policies which governs the Fund. Non-compliance may occur directly due to factors such as human error or system failure and can also occur indirectly due to amendment on the relevant regulatory frameworks, laws, rules, and other legal practices affecting the Fund. This risk may result in operational disruptions and potential losses to the Fund. The Manager aims

to mitigate this risk by placing stringent internal policies and procedures and compliance monitoring processes to ensure that the Fund is in compliance with the relevant fund regulations or guidelines.

(6) Loan financing risk

The price of Units fluctuates accordingly with the value of the underlying portfolio.

Investors should assess the inherent risk of investing with borrowed money which should include the following:

i) The ability to service the loan repayments and the effect of increase in interest rates on loan repayments; and
ii) (in case where Units are used as collateral to the loan) the ability to provide additional collateral should Unit prices fall beyond a certain level.

Investors are discouraged from financing the purchase of Units via borrowings and should assess the inherent risk of investing with borrowed money as returns are not guaranteed.

5.2 Specific Risks of the Fund

(1) Credit/default risk

This risk will arise when the issuer of a fixed or floating rate fixed income security fails to make timely payments of interest and/or principal repayments. This may cause the value of the Fund to be adversely affected.

Furthermore, current deposits and/or fixed deposits that the Fund has placed with financial institutions are also exposed to credit/default risk. If the financial institutions become insolvent, the Fund may suffer capital losses with regards to the capital invested and interest foregone, causing the performance of the Fund to be adversely affected.

(2) Country risk

As the Fund invests in the Target Fund which is domiciled in the Cayman Islands, the Fund's investments in the Target Fund may be affected by risks specific to the Cayman Islands. Such risks include adverse changes in the Cayman Islands' economic fundamentals, social and political stability, laws, regulatory systems and foreign investment policies which may be detrimental to the management of the Target Fund.

(3) Currency risk*

Since the Fund is denominated in RM and the Fund invests in Class B Participating Shares of the Target Fund which is denominated in USD, investors should be aware that if the RM appreciates against the USD, this will have an adverse effect on the NAV of the Fund and vice versa. Investors should note that any gains or losses arising from the movement of the USD against the RM may therefore increase or decrease the capital gains of the investment. Nevertheless, investors should realise that currency risk is considered as one of the major risks to foreign currency denominated investments due to the volatile nature of the foreign exchange market. In order to manage currency risk, the Manager may employ currency hedging strategies** in attempt to fully or partially hedge the foreign currency exposure into RM.

Note:
** Please refer to item (9) of Section 5.3 Risks of the Target Fund for more information pertaining to the risk of foreign currency markets.*

*** "hedging strategies" will expose the Fund to hedging risk as set out in item (6) of Section 5.2 Specific Risks of the Fund.*

(4) Concentration risk

The Fund is a feeder fund which invests in a single collective investment scheme. As such, the performance of the Target Fund will have a mirror effect on the performance of the Fund as any adverse effect on the Target Fund will inevitably affect the Fund as well. As the Fund invests between 95% - 98% of its NAV in the Target Fund, it is subject to concentration risk as the performance of the Target Fund would have a significant impact on the performance of the Fund.

(5) Investment Manager risk*

The Fund invests into a collective investment scheme managed by the Investment Manager, i.e. the Target Fund. Therefore, the Investment Manager has absolute discretion over the Target Fund's investment technique, operational controls and management. In the event of mismanagement of the Target Fund, the NAV of the Fund, which invest into the Target Fund would be affected negatively. Although the probability of such occurrence is minimal, should the situation arise, the Manager reserves the right to seek an alternative collective investment scheme that is consistent with the objective of this Fund to replace the Target Fund, subject to the approval of the Unit Holders.

Note:
** Please refer to item (20) of Section 5.3 Risks of the Target Fund for more information pertaining to the risk of relying on the Investment Manager.*

(6) Hedging risk

The Manager will use derivatives to hedge the Fund's portfolio from certain anticipated losses such as those resulting from unfavourable exchange rate and interest rate movements. However, every hedge comes with a cost. In a move to mitigate the risk of uncertainty of exchange rate and interest rate movements, the Fund is now exposed to the risk of opportunity loss. Once hedged, the Fund cannot take full advantage of favourable exchange rate and interest rate movements. If the exposure which the Fund is hedging against makes money, the act of hedging would have typically reduced the potential returns of the Fund. On the other hand, if the exposure which the Fund is hedging against losses money, the act of hedging would have reduced the loss, if successfully hedged.

(7) Risk relating to payment of redemption proceeds

This risk will arise if the Target Fund is suspended or the Target Fund receives redemption requests aggregating to more than 20% (or such other percentage as the Directors may determine) of the Class B Participating Shares of the Target Fund in issue or of all the Participating Shares in issue*. Should any of the above events occur, the Manager may not be able to pay the redemption proceeds to the Unit Holders within the specified time period i.e. 15 calendar days from the Manager's receipt of the redemption request before the cut-off time of 4.00 p.m. on a Monday. However, the Manager will pay the redemption proceeds to the Unit Holders within 15 calendar days after the receipt of the redemption proceeds by the Manager from the Target Fund. The Target Fund will strive to pay the Manager within the shortest possible time frame. However, there is no specific time frame which has been set currently.

Note:
** Please refer to Section 4.11(a) Redemption of Shares of the Target Fund for details relating to the limitations on redemptions imposed at the Target Fund level.*

(8) Termination Risk

In the event the NAV of the Fund falls below USD100,000 (or its equivalent in RM) or where the Manager determines that it is in the best interests of the Unit Holders, the Manager may, in its sole opinion and without first obtaining the consent of the Unit Holders, terminate the trust and wind up the Fund. The termination of the Fund by the Manager shall be in accordance with the provisions of the Deed.

Upon the termination of the Fund by the Manager, the Manager shall as soon as practicable, notify the existing Unit Holders in writing of the following options:

(a) to receive the net cash proceeds derived from the sale of all the investment and assets of the Fund less any payment for liabilities of the Fund and any cash produce available for distribution (if any), in proportion to the number of Units held by the Unit Holders respectively; or

(b) to switch to any other funds managed by the Manager upon such terms and conditions as shall be set out in the written notification; or

(c) to choose any other alternative as may be proposed by the Manager.

(9) Risk of suspension relating to Target Fund*

During the period when the Target Fund is suspended, the Investment Manager will not accept any subscriptions and/or redemptions and the calculation of the Target Fund's net asset value will be suspended. Due to the above reason, the Manager and Trustee may also suspend the sale and/or redemption of Units of the Fund without the consent of the Unit Holders for the same period the Target Fund is suspended or such other period as may be prescribed by any relevant law. The Manager will inform the Unit Holders of such suspension in the event it occurs and the Trustee shall notify SC of the suspension immediately in writing in accordance with the provisions in the Deed.

All suspended applications for Units and requests for redemption shall be deemed to have been received on the first Business Day after the lifting of the suspension provided always that the Manager may permit a withdrawal of such applications or requests at any time after the commencement of the suspension and before the lifting of the suspension.

Note:
** Please refer to Section 4.11(b) Redemption of Shares of the Target Fund for details relating to the suspension of the issue and redemption of the Class B Participating Shares of the Target Fund.*

(10) Risk of changes relating to Target Fund

The Target Fund's investment objective, style and strategy may be developed and changed over time, potentially exposing the Target Fund to additional and different risk factors. This poses a risk whereby the investment objective, style and strategy of the Target Fund may no longer be suitable or fit for those of the Fund. To mitigate the risk, the Manager may choose to replace the Target Fund with another collective investment scheme that is consistent with the investment objective, style and strategy of the Fund.

5.3 Risks of the Target Fund

(1) Investment concentration

As the Target Fund's investment strategies do not mandate diversification, the Target Fund may have all or a high percentage of its assets invested in only a few securities. Such lack of diversification could result in either large gains or losses depending on the

performance of one or a few companies in which the Target Fund may be invested. Accordingly, the investment portfolio of the Target Fund may be subject to more rapid change in value* than would be the case if the Target Fund were required to maintain a wide diversification among companies, securities or types of securities.

Note:
** "more rapid change in value" means that the portfolio will be more volatile.*

(2) Derivatives

Subject to applicable laws, the Target Fund's investments may include derivatives such as swaps, warrants (which are included as part of a debt issuance), options and futures. The risk of investing in swaps, warrants (which are included as part of a debt issuance), options and futures depends on the terms attached to them and on the volatility of the financial markets on which they are traded. Because over-the-counter derivatives - such as swaps, forwards and options - are customised transactions, they often assemble risks in complex ways. This can make the measurement and control of these risks more difficult and create the possibility of unexpected loss. As the viability of exercising warrants (which are included as part of a debt issuance) and/or options depends on the market prices of the securities to which they relate, it may be the case that the Investment Manager from time to time considers it not viable to exercise certain warrants (which are included as part of a debt issuance) and/or options held by the Target Fund within the prescribed period, in which case any costs incurred in obtaining the warrants (which are included as part of a debt issuance) and/or options will not be recoverable. The prices of futures and other derivatives contracts are volatile and may be influenced, among other things, by actual and expected changes in the underlying security or securities index or in interest rates and currency exchange rates, which are in turn affected by fiscal and monetary policies and national and international political and economic events. To the extent that derivatives instruments are purchased on margin, it should be noted that they inherently involve much greater risks compared to a non-margined purchase of the underlying security. Due to the relatively low margin deposits* required to effect such derivatives instruments, derivatives instruments purchased on margin generally involves a high degree of risk. As a result, a relatively small price movement in a futures or derivatives contract may result in an immediate and substantial loss, or gain, to the Target Fund.

Note:
** "relatively low margin deposits" means low margin deposits compared to the notional value of the derivative contract. For derivatives contracts, a margin has to be deposited. The margin is lower than the notional value of the contracts.*

The primary risk with derivative investments is that their use may amplify a gain or loss, potentially earning or losing substantially more money than the actual cost of the derivative instrument. Derivatives involve special risks, including: (1) the risk that interest rates, securities prices, futures markets and currency markets will not move in the direction that the Investment Manager anticipates; (2) imperfect correlation between the price of derivative instruments and movements in the prices of the securities, interest rates or currencies being hedged; (3) the fact that skills needed to use these strategies are different than those needed to select portfolio securities; (4) the possible absence of a liquid secondary market for any particular instrument and possible exchange imposed price fluctuation limits, either of which may make it difficult or impossible to close out a position* when desired; (5) the risk that adverse price movements in an instrument can result in a loss substantially greater than the Target Fund's initial investment in that instrument (in some cases, the potential loss is unlimited); (6) particularly in the case of privately negotiated instruments, the risk that the counterparty will not perform its obligations, which could leave the Target Fund worse off than if it had not entered into the position; and (7) the inability to close out certain hedged positions to avoid adverse tax consequences.

Note:
** "close out a position" means to exit a position.*

Operational Risk for Derivatives. Operational risk is the risk of losses occurring because of inadequate systems and control, human error, or management failure. These risks also exist in securities and credit businesses. The complexity of derivatives, however, requires special emphasis on maintaining adequate human and systems controls to validate and monitor the transactions and positions of dealers. The main types of internal controls, depending upon the level of derivatives and the sophistication of the brokers or dealers, may include the following:

- Oversight of informed and involved senior management.
- Documentation of policies, procedures, establishing limits and exceptions, credit controls and management reports.
- Independent risk management function (analogous to credit review and asset/liability committees) that provides senior management validation of results and utilizations of limits.
- Independent internal audits that verify adherence to the firm's policies and procedures.
- A back office with the technology and systems for handling confirmations, documentation, payments and accounting.
- A system of independent checks and balances throughout the transaction process, from front-office initiation of a trade to final payment settlement.

Since the Investment Manager has only a limited operating history, exposure to any operational weakness of the Manager's business systems may be pronounced.

Forward Contract. A forward contract obligates one party to buy, and the other party to sell, a specific underlying contract at a specific price, amount, and date in the future. Forward contracts create credit exposure. Since the value of the contract is conveyed only at maturity, the parties are exposed to the risk of default during the life of the contract. The credit risk is two-sided. Only the party for whom the contract has a positive mark-to-market value* can suffer a loss; but, since either party can ultimately end up in this situation, each party must evaluate the creditworthiness of its counterparty. Investors in the Target Fund (such as the Fund) are exposed to the risk of any credit default, resulting from either failure on the part of the Target Fund or that of the counterparty to any forward contract with the Target Fund.

Note:
** "positive mark-to-market value" means an unrealized profit when comparing current market price to the cost of purchasing the security.*

Swaps, Options and Other Hedging Positions. The Target Fund may use swaps, which are types of derivatives, and other hedging positions to increase total return. A swap is a contract under which two parties agree to make periodic payments to each other based on specified interest rates, an index or the value of some other instruments, applied to a stated amount or notional amount. The Target Fund may also become a party to various other customised derivative instruments entitling the counterparty to certain payments on the gain or loss on the value of an underlying or referenced instrument.

Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk.

Futures Contracts. If the Target Fund purchases or sells a futures contract over the exchange, the Target Fund may sustain a total loss of the initial margin funds* and any additional funds that the Target Fund deposits with the holder of a capital markets services licence to establish or maintain the Target Fund's position. If the market moves

against the Target Fund's position, the Target Fund may be called upon by the licence holder to deposit a substantial amount of additional margin funds** on short notice in order to maintain its position. If the Target Fund does not provide the required funds within the specified time, its position may be liquidated at a loss, and the Target Fund will be liable for any resulting deficit in its account. The high degree of leverage that is often obtainable in futures contracts can work against the Target Fund and may potentially lead to large losses. The placement of contingent orders*** such as a 'stop-loss' or 'stop limit' order, by Target Fund or a holder of a capital markets services licence authorised by the Target Fund (such as the Investment Manager), will not necessarily limit the Target Fund's losses to the intended amounts, since market conditions may make it difficult or impossible to execute such orders.

Note:
** "initial margin funds" means the percentage of the purchase price of securities (that can be purchased on margin) that the investor (such as the Fund) must pay for with his or her own cash.*
*** "additional margin funds" means a broker's demand on an investor (such as the Fund) using margin to deposit additional money so that the margin account is brought up to the minimum maintenance margin.*
**** "contingent orders" are orders put in place to be applied during difficult market events, such as stop loss orders. These orders may not be fully executed in difficult market conditions.*

(3) Fixed income securities

The Target Fund may invest in fixed income securities which may be unrated by a credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated fixed income securities. The Target Fund may invest in fixed income securities which rank junior* to other outstanding securities and obligations of the issuer, all or a significant portion of the senior tranche of the other outstanding securities and obligations of the issuer may be secured on substantially all of that issuer's assets. The Target Fund may invest in fixed income securities which are not protected by financial covenants or limitations on additional indebtedness. The Target Fund will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk from fixed income securities involves uncertainty because credit-rating agencies throughout the world have different standards, making comparisons across countries difficult. Also, the market for credit spreads** is often inefficient and illiquid, making it difficult to value financial instruments.

Note:
** "rank junior" means it is junior to senior obligations and secured obligations of the issuer. In the event of default, first senior obligations will be paid, and then junior obligations will be paid.*
*** "credit spreads" means the difference in yield between treasury securities and non-treasury securities due to the difference in their credit quality.*

(4) Potential loss of investment

No guarantee or representation is made that the Target Fund's investment objective, style and strategy will be successful. The value of the Class B Participating Shares of the Target Fund and the return derived from them can fluctuate. As is true of any investment, there is a risk that an investment in the Target Fund will be lost entirely or in part. The Target Fund should represent only a portion of an investor's (such as the Fund) portfolio management strategy.

(5) Leverage

The Target Fund may borrow additional amounts to meet redemption requests. Arising from adverse financial market conditions (including where there is an ensuing credit crunch), the Target Fund may only be able to effect borrowing (if any and if available) at a higher cost to the Target Fund. The Target Fund may also pledge its assets as collateral security for the repayment of such borrowing. In the circumstances, the higher cost of

borrowing to the Target Fund may result in decrease in the net asset value of the Target Fund. The shareholders of the Target Fund (such as the Fund) will bear the risk of any subsequent decline in the value of the Target Fund's investments.

(6) Investment strategy

Successful implementation of the Investment Manager's strategy requires accurate assessments of general economic conditions, the prospects of individual companies or industries, and the future behaviour of other financial market participants. Even with the most careful analysis, the direction of the financial markets is often driven by unforeseeable economic, political and other events and the reaction of market participants to these events. There can be no assurance that the Investment Manager's strategy will be successful and an unsuccessful strategy may result in significant losses to the Target Fund.

(7) Investments in publicly traded securities

Some of the markets in which the Target Fund may invest are emerging markets, and consequently tend to be substantially smaller, less liquid, less regulated and more volatile than major securities markets, such as those in more developed economies.

(8) Investments in fixed income securities issued by unlisted companies

Investments in fixed income securities issued by unlisted companies represent a higher risk as compared to investments in fixed income securities issued by listed companies. Unlisted companies generally do not have previous track records or business models, are subject to less regulation by authorities and may not have strong corporate governance procedures. There is also less transparency in their activities as well as a general lack of availability and access to more detailed financial information. In such event, the Target Fund may not be able to realise its investment in the fixed income securities issued by an unlisted company.

(9) Foreign currency markets

The Target Fund will have exposure to fluctuations in currency exchange rates where it holds currencies other than USD or invests directly or indirectly in securities denominated in currencies other than USD. The Target Fund invests in fixed income securities which are either denominated in USD or the local currencies of Asian or emerging markets, for example, Singapore Dollar. For the purpose of purchasing and hedging the currencies of the fixed income securities, the Target Fund actively manages and invests in currencies through forwards and non-deliverable forwards.

A change in value of any such currency against the USD will cause a corresponding change in the value of the Target Fund's securities that are denominated in such currency. Those changes may also affect the Target Fund's income. Certain countries maintain their currencies at artificial levels* relative to the USD. This type of system can lead to sudden and large adjustments in such currency, which can result in losses to investors (such as the Fund). Furthermore, some countries may also restrict conversion of their currencies into other currencies, including the USD, and for some currencies, there is no significant foreign exchange market.

Note:
** "artificial levels" means that the countries follow fixed exchange rates policy rather than market determined exchange rates.*

The Target Fund may, in part, seek to offset the risks associated with such exposure through the hedging of foreign exchange transactions. The markets* in which foreign exchange transactions are effected are highly volatile, highly specialised and highly

technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency.

Note:
** "markets" means Asian or emerging markets.*

(10) Currency exchange exposure and currency hedging

To the extent the Target Fund seeks to hedge its currency exposure, it may not always be practicable to do so. Moreover, hedging may not alleviate all currency risks. Furthermore, the Target Fund may incur costs in connection with conversions between various currencies. Currency exchange dealers realise a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer will normally offer to sell currency to the Target Fund at one rate, while offering a lesser rate of exchange should the Target Fund desire immediately to sell that currency to the dealer. The Target Fund conducts its currency exchange transactions either on a spot basis at the spot rate prevailing in the currency exchange market, or through entering into a number of different types of hedging transactions including, without limitation, forward, futures to purchase or sell currencies, and entering into foreign currency forwards.

To the extent the Target Fund enters into currency forward contracts (agreements to exchange one currency for another at a future date), these contracts involve a risk of loss if the Target Fund fails to predict accurately the direction of currency exchange rates. In addition, forward contracts are not guaranteed by an exchange or clearing house. Therefore, a default by the forward contract counterparty may result in a loss to the Target Fund for the value of unrealised profits on the contract or for the difference between the value of its commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate.

Techniques used to hedge currency exposure may reduce but will not eliminate the risk of loss due to unfavourable currency fluctuations and they tend to limit any potential gain that might result from favourable currency fluctuations.

There can be no guarantee that the instruments (such as forwards and non-deliverable forwards) used for hedging transactions suitable for hedging currency or market shifts will be available at the time the Target Fund wishes to use them, or will be able to be liquidated when the Target Fund wishes to do so. In addition, the Target Fund may choose not to enter into hedging transactions with respect to some or all of its positions.

(11) Emerging markets

The Target Fund will invest in assets in an emerging market. Investing in an emerging market involve additional risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (i) increased risk of nationalisation or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalisation of securities markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for USD; (viii) increased likelihood of governmental decisions to cease support of economic reform programmes or to impose centrally planned economies; (ix) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (x) less

extensive regulation of the securities markets; (xi) longer settlement periods for securities transactions and less reliable clearance and custody arrangements; and (xii) less protection through registration of assets.

(12) Event risks

Events such as moratorium and force majeure may cause disruptions to commerce, reduced economic activity, and continued volatility in markets throughout the world. Some of the assets in the Target Fund's portfolio may be adversely affected by declines in the securities markets and economic activity because of these factors. The Investment Manager cannot predict at this time the extent and timing of any decreased commercial and economic activity resulting from the above factors, or how any such decrease might affect the value of securities and other assets held by the Target Fund. The aforementioned factors could also result in incidents or circumstances that would disrupt the normal operations of the Investment Manager, the Administrator, the custodian, the prime broker(s) or any of the broker-dealers, which could also have negative effects on the investment performance of the Target Fund.

(13) Political & economic risks

The net asset value of the Target Fund may be affected by uncertainties such as political or diplomatic developments, social and religious instability, changes in government policies, imposition of confiscatory taxation and or withholding taxes on interest payments, changes in interest rates and other political and economic developments in law or regulations and, in particular, the risk of, and change in, legislation relating to the level of foreign ownership, including nationalisation and expropriation of assets.

(14) Repatriation of capital, dividends, interest and other income risks

It may not be possible for the Target Fund to repatriate capital, dividends, interest and other income from certain countries, or it may require government consent to do so. The Target Fund could be adversely affected by the introduction of the requirement for any such consent, or delays in or the failure to grant any such consent, for the repatriation of funds or by any official intervention affecting the process of settlement of transactions which may in turn affect the repatriation of funds. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions.

(15) Settlement, clearing and registration risks

Some of the countries in which the Target Fund may invest are undergoing rapid expansion. There can be no guarantee of the operation or performance of settlement, clearing and registration of transactions in some of these markets. Where organised securities markets and banking and telecommunications systems are underdeveloped, concerns inevitably arise in relation to settlement, clearing and registration of transactions in securities where these are acquired other than as direct investments. Furthermore, due to the local postal and banking systems in many less developed markets, no guarantee can be given that all entitlements attaching to quoted and over-the-counter traded securities acquired by the Target Fund, including those related to dividends, can be realised. Some markets currently dictate that a local prime broker receives monies for settlement by a number of days in advance of settlement, and that assets are not transferred until a number of days after settlement.

(16) Inflation

Some of the countries in which the Target Fund intends to invest have experienced extremely high rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have negative effects on the economies and

securities markets of certain emerging countries. Therefore, the performance of the Target Fund could be affected by rates of inflation in countries in which the Target Fund invests.

(17) Counterparty risk

The Target Fund will transact most of its investments through financial institutions including but not limited to brokers, dealers and banks. All purchases and sales of securities will carry counterparty risks until the transactions have settled. All financing transactions such as borrowing or lending of funds or securities will carry counterparty risks until such borrowing or lending has terminated and the relevant collateral is returned. All deposits of securities or cash with a custodian, bank or financial institution will carry counterparty risk. Upon default by a counterparty, the Target Fund may be forced to unwind certain transactions and the Target Fund may encounter delays and difficulties with respect to court procedures in seeking recovery of the Target Fund's assets.

(18) Risks related to valuation of the Target Fund's assets

The Target Fund's assets are generally valued based on quotes provided by exchanges, brokers and other third party sources. However, these values may not reflect the actual prices which would be realised upon a sale of a particular asset. In addition, the Target Fund may hold loans or privately placed securities for which no public market exists. Valuations of assets undertaken or provided by the Target Fund will be conclusive and binding on all Shareholders (such as the Fund).

The valuation or pricing of certain asset classes, particularly hard-to-price assets such as illiquid, unlisted and unquoted securities, may result in subjective prices being applied to the Administrator's calculations of the net asset value of the Target Fund. This could materially affect the net asset value of the Target Fund, the net asset value per Participating Share and the fees paid by the Shareholders (such as the Fund), particularly if the Directors', the Investment Manager's or their third party valuation agents' judgments regarding appropriate valuations or pricing should prove incorrect.

(19) Broker-dealer insolvency

The Target Fund's assets may be held in one or more accounts maintained for the Target Fund by its prime brokers or at other broker-dealers. There is a risk that any such prime brokers or broker-dealers (including any of their affiliates) may become insolvent. There is a possibility that the insolvency of a prime broker or broker-dealer may significantly impair the operational capabilities of the Target Fund and the Target Fund's assets. Although it is the intention of the Investment Manager to regularly monitor the financial condition of the prime brokers or broker-dealers, if any of the prime brokers or broker-dealers (or their respective affiliates) were to become insolvent under applicable laws, there is a risk that the recovery of the Target Fund's securities and other assets from such prime brokers or broker-dealers may become protracted and/or be of a value less than the value of the securities or assets originally entrusted to such prime brokers or broker-dealers.

(20) Reliance on Investment Manager

Shareholders (such as the Fund) have no right to participate in the management of the Target Fund or to make any decisions with respect to the investments to be made by the Target Fund. Consequently, they must rely on the Investment Manager with respect to the management and investment decisions of the Target Fund. In the event that Maybank Asset Management Singapore Pte. Ltd. cannot continue as investment manager, which might occur, for example, upon bankruptcy or dissolution, the Target Fund may have to be dissolved. Further, in the event that the key investment officers of the Investment

Manager cease to provide their investment expertise to the Investment Manager, the quality of the investment management services provided to the Target Fund may be adversely affected. In such cases, it might not be possible to realise the full value of the Target Fund's investments.

(21) Conflicts of interest

The Directors, the Administrator, the custodian, the prime broker(s) and the Investment Manager may from time to time act as directors, managers, administrators or custodians in relation to or otherwise be involved in other companies established by parties other than the Investment Manager that have similar objectives to those of the Target Fund. In such event should a conflict of interest arise, the Directors will endeavour to ensure that it is resolved fairly.

The Investment Manager may have a conflict of interest when allocating and/or recommending investment opportunities between the Target Fund and other clients. However, when making investments where a conflict of interest may arise, the Investment Manager will endeavour to act in a fair and equitable manner as between the Target Fund and other clients.

(22) Liquidity and realisation of investment

An investment in the Target Fund is suitable only for certain sophisticated investors (such as the Fund) who have no need for immediate liquidity in their investments. An investment in the Target Fund is a relatively illiquid investment, especially during severe market disruptions. As the redemption of the Class B Participating Shares of the Target Fund is subject to the restrictions set out in the section entitled "Redemptions" in the Placing Memorandum, an investor in the Target Fund (such as the Fund) may not be able to dispose of or realise his/her investment in the Target Fund at the time of his/her choosing.

No partial redemptions will be permitted if, immediately thereafter the value of a redeeming Shareholder's (such as the Fund) holding would be less than USD100,000 (or such other amount prescribed by the Directors from time to time either generally or in any particular case as the minimum value of the Class B Participating Shares of the Target Fund that may be held). The Class B Participating Shares of the Target Fund may not be redeemed when the calculation of the net asset value is suspended. Redemptions may be limited, if redemption requests are received for any Dealing Day aggregating more than 20% (or such other percentage as the Directors may determine) of the Class B Participating Shares of the Target Fund in issue or of all the Participating Shares in issue.

Further, the Directors do not presently intend to pay dividends or other distributions to Shareholders (such as the Fund) and the only avenue for the realisation of an investment in the Target Fund is through redemption of the Class B Participating Shares of the Target Fund or pursuant to liquidation of the Target Fund.

The Target Fund is not required to maintain sufficient cash holdings at all times to meet redemption requests from time to time. In the event that the Target Fund does not have sufficient cash to meet all redemption requests at a particular time, the Target Fund may have to liquidate assets at an inopportune time to fund redemptions and the Target Fund may not be able to realise the full value of such investments pursuant to such liquidation.

Note:
Investors should note that if the Fund's redemption request is postponed or suspended by the Target Fund, there may be a delay in the payment of proceeds to the Unit Holders and the Manager may also suspend the purchase and/or redemption of Units of the Fund as long as the Target Fund is suspended. Please refer to section 8.2 "Redemption of Units" for more information.

(23) Suspension of redemptions*

The redemption of the Class B Participating Shares of the Target Fund by Shareholders (such as the Fund) may be suspended by the Directors at any time in the event that certain circumstances, such as the restriction or suspension of dealings on any exchange, arise. For further details, please see the section entitled "Suspension of the Issue and Redemption of the Class B Participating Shares of the Target Fund " in Part II of the Placing Memorandum.

In such event, the Directors shall instruct the Administrator to cease accepting any redemption requests and may, at their discretion, cancel any redemption requests received prior to such suspension being imposed, and Shareholders (such as the Fund) may be required to re-submit their redemption requests upon the lifting of the suspension.

Note:
** Please refer to Section 4.11(b) Redemption of Shares of the Target Fund for details relating to the suspension of the issue and redemption of the Class B Participating Shares of the Target Fund.*

(24) Compulsory redemption of the Class B Participating Shares of the Target Fund*

The Directors may in their sole discretion, redeem some or all of the Class B Participating Shares of the Target Fund held by a Shareholder (such as the Fund) with or without cause, at any time upon prior written notice. Payment will be made in accordance with the procedure applicable to the Class B Participating Shares of the Target Fund that are redeemed at the request of the Shareholder (such as the Fund).

Such redemptions may occur at net asset value(s) that are not optimal for an investor (such as the Fund), relative to the net asset value(s) at which an investor (such as the Fund) subscribes into the Target Fund.

Note:
** Please refer to Section 4.11(c) Redemption of Shares of the Target Fund for details relating to the compulsory redemption of the Class B Participating Shares of the Target Fund.*

(25) Limitation of liability

The Target Fund's auditors may severely limit their liability under the terms of their engagement, which will limit the Target Fund's rights of possible recourse against the auditors.

(26) Possible indemnification obligations

The Target Fund is generally obliged to indemnify the Administrator, the custodian, the Investment Manager and possibly other parties under the various agreements entered into with such persons against any liability they or their respective affiliates may incur in connection with their relationship with the Target Fund.

(27) Possible adverse tax consequences

No assurance may be given that the manner in which the Target Fund will be managed and operated, or that the composition of its direct and indirect portfolio investments, will be tax efficient for any particular Shareholder (such as the Fund). The Target Fund does not intend to provide its Shareholders (such as the Fund) with information regarding the percentage ownership of its Participating Shares held by residents of any country. The Target Fund's books and records might be audited by the tax authorities of countries where the Target Fund's portfolio is managed, or where a portion of its direct and indirect portfolio investments are made, or where a particular Shareholder (such as the Fund) reside. Any such audits could subject the Target Fund to tax, interest and penalties, as well as incremental accounting and legal expenses. Should the Target Fund be required

to incur additional taxes or expenses as a result of the subscriptions made by any Shareholder (such as the Fund), or become subject to any record keeping or reporting obligations as a result of permitting any person to remain or be admitted as a Shareholder (such as the Fund) of the Target Fund, the Target Fund will seek reimbursement of the costs of such taxes, expenses or obligations from such person.

(28) Cross class liabilities

Although the Constitution requires the establishment of separate investment accounts for the Class B Participating Shares of the Target Fund and the attribution of assets and liabilities to the relevant investment account, if the liabilities of the Class B Participating Shares of the Target Fund exceed its assets, creditors of the Target Fund may have recourse to the assets attributable to the other classes of Participating Shares. As at the date of the Placing Memorandum, the Directors are not aware of any such existing or contingent liability.

Investors are advised to read and understand the contents of the Placing Memorandum. In the event of any discrepancy in the risks factors of the Target Fund as set out herein as compared to the risk factors of the Target Fund as set out in the Placing Memorandum, the disclosure stated in the Placing Memorandum shall prevail. Investors may obtain a copy of the Placing Memorandum from the Manager.

5.4 Risk Management Strategies and Techniques

Risk management is an integral part of the Manager's investment management process. In order to ensure that the Fund is managed in accordance with the Deed and the Guidelines, proper procedures and parameters are in place to manage the risks that are applicable to the Fund. Regular monitoring, reviews and reporting are also undertaken by the Manager to ensure that the Fund's investment objective is met.

It is important to note that events affecting the investments cannot always be foreseen. Therefore, it is not always possible to protect investments against all risks. Please note that the returns of the Fund are not guaranteed.

The investments of the Fund carry risks and investors are recommended to read the whole Info Memo to assess the risks of the Fund.

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

(6) FEES, CHARGES AND EXPENSES

It is important that investors fully understand the fees and charges associated with an investment in the Fund.

Before making any investment decision, the fees and charges must be considered to assess the pros and cons of investing in the Fund.

Fees/ Charges

The following describes the fees/ charges that investors may **directly** incur:

6.1 Sales Charge

Up to 3.00% of the NAV per Unit of the Fund will be imposed by the Manager.

6.2 Redemption Charge

The Manager will not impose a redemption charge.

6.3 Transfer Fee

Nil.

6.4 Switching Fee

Nil.

Fees and Expenses

The fees and expenses **indirectly** incurred by an investor when investing in the Fund are as follows:

6.5 Management Fee

The Manager is entitled to the management fee of up to 1.80% per annum of the NAV of the Fund, calculated and accrued weekly and payable monthly to the Manager.

Note: Currently the Target Fund charges a fee of 1.50% per annum of the net asset value of the Target Fund as a management fee. There will be no double charging of management fee. Management fee charged by the Target Fund will be paid from the portion of management fee received by the Manager.

Please note that the example below is for illustration only:

Assuming the NAV of the Fund (before deducting the management fee and trustee fee) for a particular day is RM30,000,000.00 with a management fee of 1.80%, then the accrued management fee for that day would be:-

$$\frac{\text{RM30,000,000.00} \times 1.80\%}{365 \text{ days}} = \text{RM1,479.45 per day}$$

6.6 Trustee Fee

The Trustee is entitled to a fee of up to 0.018% per annum of the NAV of the Fund, subject to a minimum fee of RM6,000.00 per annum. The trustee fee is calculated and accrued weekly and payable monthly to the Trustee.

Please note that the example below is for illustration only:

Assuming that the NAV of the Fund is RM30,000,000.00 for the day, the accrued trustee fee for that day would be:-

$$\frac{\text{RM30,000,000.00} \times 0.018\%}{\text{365 days}} = \text{RM14.79 per day}$$

6.7 Fund Expenses

Only expenses directly related and necessary in operating and administering the Fund as provided in the Deed may be paid out of the Fund. These include the following:

a) Tax and other duties charged on the Fund by the government and other authorities;
b) The fees and other expenses properly incurred by the auditor appointed for the Fund;
c) Fees for the valuation of any investments of the Fund by independent valuers;
d) Cost incurred for the modification of the Deed of the Fund other than those for the benefit of the Manager or Trustee;
e) 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;
f) Costs, fees and expenses incurred in connection with the printing and postage for the annual and quarterly reports, tax certificates, reinvestment statements and other services associated with the administration of the Fund; and
g) Any other fees/expenses permitted in the Deed.

These costs shall be factored into the computation of the NAV.

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

(7) TRANSACTION INFORMATION

7.1 Valuation Point

The Fund will be valued at 5.30 p.m. on the last Business Day of the week. The valuation of the Fund will be carried out in a fair and accurate manner.

For example, if the Manager receives an application for investment or redemption of Units on Monday (T), the valuation for the Fund will be carried out on the last Business Day of the week (T + 4).

The NAV per Unit will be available at 6.30 p.m. on the following week on Friday (T + 11). However, if Friday is not a Business Day, the NAV per Unit will be available at 6.30 p.m. on the subsequent Business Day. The Unit price of the Fund would also be made available upon request by the Unit Holders.

7.2 Computation of NAV

The NAV of the Fund is determined by deducting the value of the Fund's liabilities from the value of the Fund's assets, as at the valuation point. For the purpose of computing the management fee and trustee fee, the NAV of the Fund should be inclusive of the management fee and the trustee fee for the relevant week.

An illustration on how NAV per Unit is calculated (on a Business Day) is as follows:

Example		
NAV	**=**	**RM 25,023,711.32**
Units in circulation	**=**	**25,000,000**
NAV/Units in circulation	**=**	**RM 25,023,711.32**
		25,000,000
NAV per Unit		**RM 1.0009**

Note : RM 1.0009 (rounded to nearest 4 decimal places for publication purposes)

7.3 Pricing of Units

Forward Pricing

The selling and redemption transactions are executed at Forward Pricing.

Selling Price

Based on the single pricing regime, the Selling Price per Unit is the NAV per Unit of the Fund. Any sales charge payable by the Unit Holder would be calculated as a percentage of the Selling Price per Unit of the Fund.

(a) During Initial Offer Period

During the Initial Offer Period, the Selling Price per Unit shall be RM1.0000 which is the initial offer price. A sales charge of 3.00% will be computed separately based on the investment amount.

Illustration:

If a Unit Holder purchased 5,000,000 Units during the Initial Offer Period, total amount payable by the Unit Holder are as follows:

Investment amount (5,000,000 Units X RM1.0000)	=	RM 5,000,000.00
Add: Sales charge @ 3.00%	=	RM 150,000.00
Total amount paid by the Unit Holder	=	RM 5,150,000.00

(b) After Initial Offer Period

After the Initial Offer Period, the Selling Price per Unit shall be the NAV of a Unit as at the next valuation point after an application of Unit is received by the Manager. A sales charge of 3.00% will be computed separately based on the investment amount.

Illustration:

If a Unit Holder makes an investment of RM5,000,000.00 at the Selling Price per Unit of RM1.0229 (which is the Fund's NAV of a Unit as at the next valuation point), total amount payable by the Unit Holder are as follows:

Investment amount	=	RM 5,000,000.00
Add: sales charge @ 3.00%	=	RM 150,000.00
Total amount paid by the Unit Holder	=	RM 5,150,000.00

The Unit Holder will be allotted with Units calculated as follows:

Units computed is calculated as	RM5,000,000.00 RM 1.0229	=	4,888,063.3493 Units
		=	4,888,063.35 Units*

**Units computed are rounded to the nearest 2 decimal places.*

Redemption Price

The Redemption Price of a Unit of the Fund is the NAV per Unit of the Fund as at the next valuation point after the redemption request is received by the Manager.

(a) During Initial Offer Period

During the Initial Offer Period, the Redemption Price shall be RM1.0000 which is the initial offer price.

(b) After Initial Offer Period

After the Initial Offer Period, the Redemption Price shall be the NAV per Unit as at the next valuation point after the redemption request is received by the Manager.

Illustration:

If a Unit Holder redeems 100,000 Units any time after the Initial Offer Period, assuming the NAV per Unit as at the next valuation point is RM1.0229, the Unit Holder would receive redemption proceeds of RM102,290.00 as follows:

Redemption proceeds:	100,000 Units x RM 1.0229	=	RM102,290.00

7.4 Error in Pricing

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

(a) if there is an over pricing in relation to the purchase and creation of Units, the Fund shall reimburse the Unit Holder;

(b) if there is an over pricing in relation to the redemption of Units, the Manager shall reimburse the Fund;

(c) if there is an under pricing in relation to the purchase and creation of Units, the Manager shall reimburse the Fund; and

(d) if there is an under pricing in relation to the redemption of Units, the Fund shall reimburse the Unit Holder or former Unit Holder.

The Manager retains the discretion whether or not to reimburse if the error is below 0.5% of the NAV per Unit or where the total impact on an individual account is less than RM10.00 in absolute amount as the reprocessing costs might be greater than the adjustment amount.

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

(8) TRANSACTION DETAILS

8.1 Making an Investment

The minimum initial investment and minimum additional investment of the Fund is as follows:-

Fund	Minimum Initial Investment	Minimum Additional Investment
MBWF	RM20,000.00 or such other amount as may be decided by the Manager from time to time.	RM5,000.00 or such other amount as may be decided by the Manager from time to time.

Processing of application

For any purchase application received via fax notification by the Manager as well as cleared funds received **on or before the cut off time of 4.00 p.m. on a Monday**, the Units would be created based on the NAV per Unit as at the next valuation point after the request for purchase of Units is received and accepted by the Manager. Any application received or deemed to have been received after this cut-off time would be considered as being transacted on the following Monday.

8.2 Redemption of Units

For any redemption application received or deemed to have been received via fax notification by the Manager **on or before 4.00 p.m. on a Monday**, the Units would be cancelled based on the NAV per Unit as at the next valuation point after the request for redemption of Units is received and accepted by the Manager. Any redemption application received or deemed to have been received after this cut-off time would be considered as being transacted on the following Monday.

Minimum redemption and restriction on frequency of redemption

There is no restriction on the number of times and Units a Unit Holder can redeem.

For partial redemption, the minimum balance of Units remaining in the Fund must always be twenty thousand (20,000) Units or any other amount as may be determined by the Manager. If the remaining balance of Units is less than 20,000 Units or any other amount as may be determined by the Manager due to redemption request, the Manager has the right to redeem the entire investment/close the account of any Unit Holder and forward all the proceeds to the respective Unit Holder without prior notice.

Minimum Units Held	20,000 Units or such other amount as may be determined by the Manager from time to time.

Payment of redemption proceeds

Redemption proceeds will be paid within fifteen (15) calendar days from the Manager's receipt of a redemption request before the cut-off time of 4.00 p.m. on a Monday. In the event the payment day is not a Business Day, the redemption proceeds will be paid to Unit Holders on the following Business Day.

The Manager shall remit the redemption proceeds to the Unit Holder's segregated personal or corporate banking account.

Unit Holders should note that the time taken to pay the redemption proceeds to the Unit Holders (i.e. 15 calendar days) may be extended or delayed if:

(i) the Target Fund is suspended*; or
(ii) the Target Fund receives redemption requests aggregating to more than 20% (or such other percentage as the Directors may determine) of the Class B Participating Shares of the Target Fund in issue or of all the Participating Shares in issue.

Should any of the above events occur, the Manager may not be able to pay the redemption proceeds to the Unit Holders within 15 calendar days. However, the Manager will pay the redemption proceeds to the Unit Holders within 15 calendar days after the receipt of the redemption proceeds by the Manager from the Target Fund.

Note:
**During the period when the Target Fund is suspended, the Investment Manager will not accept any subscriptions and/or redemptions and the calculation of the Target Fund's net asset value will be suspended. In accordance with the provisions in the Deed, the Manager may also suspend the purchase and/or redemption of Units of the Fund as long as the Target Fund is suspended.*

8.3 Cut-Off Time for Purchase and Redemption of Units

The cut-off time for purchase and redemption of Units shall be at **4.00 p.m.** on Monday every week. If Monday is not a Business Day, the cut-off time for purchase and redemption of Units shall be at **4.00 p.m.** on the preceding Business Day (i.e. Friday which is a Business Day).

Any applications received before the cut-off time on a Monday of the relevant week will be processed based on the Forward Pricing of the Fund.

Any applications received after the cut-off time on a Monday of the relevant week will be treated as having been received the following week on Monday and will be processed the following week on Monday based on the next Forward Pricing of the Fund.

8.4 Transfer Ownership of Units

Transfer of ownership of Units is not allowed for this Fund.

8.5 Switching between Funds

Unit Holders are not permitted to switch from and to other funds managed by the Manager.

Investors who invest through an institutional unit trust adviser, please note that a different cut off time may be imposed by the institutional unit trust adviser.

Investors should also take note on the definition of Business Day.

8.6 Income Distribution Policy and Distribution Mode

Income distribution policy

The Fund is not expected to distribute income. However, incidental distribution can be declared whenever appropriate.

Distribution mode

Distribution, if any, would be re-invested or paid to Unit Holders via cheque or credited into the Unit Holders' bank accounts. Unit Holders are required to indicate their preference in the unit application form upon purchase. In the event that there is no indication of Unit Holder's preference in the unit application form, the Manager shall re-invest all the distributions received by the Unit Holders. There is no incidental cost associated with the re-investment.

For the purpose of calculation, any amount invested by a Unit Holder at any time, shall be entitled for distribution whereby the difference in days and price will be calculated and accounted via distribution equalization.

Distribution will be re-invested or paid to the Unit Holders within ten (10) Business Days from the ex-distribution date (the "income payment date"). Reinvestment of Units will be based on the NAV per Unit on the income payment date.

The source of income, if any, for the purpose of distribution shall be derived from the realized income and/or gain.

8.7 Notice of Cooling-off Period

A cooling-off right refers to the right of the Unit Holder to obtain a refund of his investment in the Fund if he/she so requests within the cooling-off period. A cooling-off right is only given to an investor, **other than those listed below**, who is investing in any of the Manager's funds **for the first time**:

(i) a corporation or institution;
(ii) a staff of the Manager; and
(iii) persons registered with a body approved by the SC to deal in unit trusts.

The cooling-off period shall be for a total of six (6) Business Days commencing from the date the application for Units is received by the Manager.

The refund for every Unit held by the investor pursuant to the exercise of his/her cooling-off right shall be the sum of:

(a) the NAV per Unit on the day the Units were first purchased; and
(b) the sales charge per Unit originally imposed on the day the Units were first purchased.

Unit Holders shall be refunded within ten (10) days from receipt of the cooling-off application.

Investors are advised not to make payment in cash when purchasing Units of the Fund via any institutional/retail agent.

8.8 Unclaimed Monies

Any monies **other than** unclaimed income distribution payable to Unit Holders which remain unclaimed for one (1) year will be handled in accordance with the requirements of the Unclaimed Moneys Act, 1965.

In the event any income distribution payable to Unit Holders in the form of cheques is not presented for payment by the date which falls six (6) months from the date of issuance of the said cheques, the Unit Holder shall be deemed to have authorised the Manager to reinvest the moneys represented by the cheques in additional Units at the NAV per Unit at such date as may be determined by the Manager provided always that the Unit Holder still has an account with the Manager.

8.9 Anti-Money Laundering Policies and Procedures

The Manager has established this set of policies and procedures to prevent money laundering activities and to report transactions if it appears to be suspicious, in compliance with the provisions of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act, 2001 ("AMLA"). In view of these, the Manager has the duty to ensure the following are strictly adhered to:-

i) Compliance with laws: the Manager shall ensure that laws and regulations are adhered, the business is conducted in conformity with high ethical standards and that service is not provided where there is good reason to suppose that transactions are associated with money laundering activities;

ii) Co-operation with law enforcement agencies: The Manager shall co-operate fully with law enforcement agencies. This includes taking appropriate measures such as disclosure of information by us to the Financial Intelligence and Enforcement Department of Bank Negara Malaysia;

iii) Policies, procedures and training: The Manager shall adopt policies consistent with the principles set out under the AMLA and ensure that the staff is informed of these policies and provide adequate training to such staff on matter provided under the AMLA; and

iv) Know your customer: The Manager shall obtain satisfactory evidence of the customer's identity and have effective procedure for verifying the bona fides of the customer.

8.10 Goods and Services Tax

All fees and charges payable to the Manager and the Trustee are subject to goods and services tax ("GST") as may be imposed by the government or other authorities from time to time. Where GST is applicable to the extent that services is provided to the Fund and/or the Unit Holders, the amount of GST payable on any related fee, charge and/or expense will be borne by the Unit Holder and/or the Fund, as the case may be, in addition to the applicable fees, charges and expenses stated in the Info Memo.

(9) THE MANAGER

9.1 Background Information

The Manager is a member of Malayan Banking Berhad Group ("Maybank Group"). The Manager was established on 5 March 1997 following the corporatization of the Investment Department of Maybank Investment Bank Berhad ("MIB"). MIB, which was incorporated on 28 September 1973, is the investment banking arm of the Maybank Group. The Manager is wholly-owned by Maybank Asset Management Group Berhad, a wholly-owned subsidiary of Maybank. The Manager is a holder of a Capital Markets Services Licence under the Act.

The Manager has over 30 years of experience including the period prior to its corporatization at MIB in managing investments ranging from equities, fixed income securities, money market instruments to unit trust funds and wholesale funds mainly on behalf of corporations, institutions, insurance and takaful companies and individuals. As at LPD, the Manager's total assets under management is approximately RM13.542 billion which includes eighteen (18) wholesale funds and nine (9) unit trust funds.

As at LPD, Maybank AM has staff strength of fifty-two (52) personnel comprising fifty-one (51) executives and one (1) non-executive.

9.2 Functions, Duties and Responsibilities of the Manager

The general functions, duties and responsibilities of the Manager include, but not limited to, the following:

- carrying out and conducting business in a proper and diligent manner and be responsible for daily sales and management of the Fund and the general administration of the Fund in accordance with the Deed, the Act and the relevant guidelines and other applicable laws at all times and acceptable and efficacious business practices within the industry;
- observing high standards of integrity and fair dealing in managing the Fund to the best and exclusive interest of the Unit Holders; and
- acting with due care, skill and diligence in managing the Fund and effectively employ the resources and procedures necessary for the proper performance of the Fund.

9.3 Board of Directors of the Manager

The Manager has an experienced Board of Directors with background in the financial markets. They are responsible for overseeing the activities of the Manager and the establishment of the Fund's policies. Board meetings are held at least four (4) times annually or more frequently should the circumstances require.

Board of directors

Datuk Mohaiyani Shamsudin
Datuk Karownakaran @ Karunakaran a/l Ramasamy
Loh Lee Soon
Nor' Azamin bin Salleh
Badrul Hisyam bin Abu Bakar
Mohd Shariff bin Sulaiman

9.4 Key Personnel of the Manager

The profiles of the Manager's key personnel are as follows:

Badrul Hisyam bin Abu Bakar

Badrul Hisyam bin Abu Bakar was appointed as non-independent executive director of Maybank AM on 7 November 2013. He was appointed as the Chief Executive Officer/ Managing Director of Maybank AM on 3 January 2014.

Badrul Hisyam bin Abu Bakar joined Maybank AM on 1 December 2010. He graduated from New York University, United States of America with a Bachelor of Science, majoring in finance and economics in 1996. He brings with him more than 17 years' experience working in numerous asset management companies such as HLG Asset Management Sdn Bhd, Commerce Asset Fund Managers Sdn Bhd, Avenue Asset Management Sdn Bhd, Tune Money Capital Sdn Bhd and BIMB Investment Management Berhad. Prior to joining Maybank AM, he was the chief investment officer of BIMB Investment Management Sdn Bhd. He is a holder of CMSRL.

Abdul Razak bin Ahmad

Abdul Razak bin Ahmad joined Maybank AM in November 2014 as Chief Investment Officer. Prior to this, he was Chief Executive Officer/Executive Director of a local asset management company where he served for over 4 years. He has more than twenty years' experience in the financial industry, mainly asset management, unit trust business, corporate banking and treasury. He has held senior management positions and directorships in three investment management organizations in Malaysia. He holds a Bachelor Degree of Science majoring in Business Administration (Finance) Magna Cum Laude from University of Southwestern Louisiana, USA. He is a holder of CMSRL for fund management and investment advice from the SC. He is also a Certified Financial Planner (CFP).

Fatimatul Zainulha Mohamed Isa

Fatimatul, Head of Compliance, joined Maybank AM in June 2013. As the Head of Compliance, Fatimatul is responsible for compliance matters, maintenance of high standards of business conduct and internal controls within Maybank AM. She is also responsible in the role of a liaison between regulators and Maybank AM.

Fatimatul brings with her over 17 years of extensive experience in the securities and asset management industries. She started her career as a dealer with Credit Agricole W.I Carr Indosuez Securities and forayed into asset management as an equity portfolio executive in the investment department of RHB Asset Management Berhad. She moved into the area of compliance as a manager at KAF Seagroatt & Campbell. After which she moved to BIMB Investment Management Berhad as the compliance officer overseeing the Shariah-compliant unit trust funds.

She holds a degree in law (LLB Hons) from Manchester Metropolitan University, England. She is a registered compliance officer with the SC. She has attended courses on Shariah namely on "Fundamental & Shariah" and "Shariah Compliance Audit in Islamic Bank Revised" with Islamic Banking & Finance Institute Malaysia (IBFIM) to equip herself on Shariah knowledge.

Christopher Geh Chong Beng

Christopher Geh, Regional Head of Sales and Marketing, joined Maybank AM on 2 May 2012.

After graduating in 2001, he worked in the USA with numerous global companies such as Bank of America and Amazon.com in the areas of accounting and finance.

He returned to Malaysia in 2002 and worked with SBB Mutual, Hwang DBS, Prudential Fund Management, AmInvestment Services and RHB Investment Services, specializing in strategic initiatives, product development and distribution.

He oversees the regional strategy in areas of distribution and marketing for the company. In this capacity, Christopher is responsible for leading, managing and developing the operational sales plan for the team. This includes the implementation of new strategic initiatives across the region.

He graduated with a Bachelor of Business Administration majoring in finance from Seattle University, USA. He is a holder of CMSRL.

Wan Khatijah Wan Ahmad

Wan Khatijah Wan Ahmad has been appointed as Head of Fund Accounting and Operations, Maybank AM with effect from 20 March 2013.

She has more than fifteen years of experience in leading financial institutions such as AIA Shared Services Sdn Bhd, CIMB Trustee Berhad and Prudential Assurance Malaysia Berhad, Wan Khatijah has gained extensive experience in the areas of investment operations, fund valuation and investment system implementation and integration.

She started at Commerce Asset Fund Managers Sdn Bhd as a Fund Accountant and was promoted to operations manager where she was responsible for the fund accounting and operations department. During her tenure as a manager at CIMB Trustee Berhad, she was managing operational matters for 25 unit trust funds and 3 real estate investment trust funds.

She graduated from Hull University, England with a BSc in Accounting.

9.5 Fund Management Team And Key Member of the Fund Management Team

The Manager's fund management team comprises the following:

- Hetty Marini Syed Ahmad alias Tun Ngah
- Abdul Razak bin Ahmad

The fund management team formulates, establishes and implements investment strategies and policies. The fund management team will continually review and monitor the success of these strategies and policies using predetermined benchmarks towards achieving a proper performance for the Fund. The fund management team will also ensure investment guidelines and regulations are complied with. The fund management team will meet at least once a month or more should the need arise.

The profile of the key member of the fund management team is as follows:

Hetty Marini Syed Ahmad alias Tun Ngah

Hetty Marini has about eight (8) years of investment experience in fixed income with four (4) years as a fixed income fund manager and the prior to that she was a credit analyst since joining Maybank AM in 2007. Prior to joining Maybank AM Group, she spent nearly four (4) years with the UEM Group in various subsidiaries having joined the group upon completing her studies as she was a Renong scholar. She holds a Bachelor of Commerce majoring in Finance from University of Queensland and an M.B.A. from University Malaya.

She has been a CMSRL holder since 2009 and a Pasaran Kewangan Malaysia Certificate license holder since 2012. She is the **designated fund manager of the Fund.**

9.6 Manager's delegate

The Manager has delegated its back office functions (i.e. the fund accounting and valuation function, clearing and settlement and maintenance of the register of Unit Holders) to Malayan Banking Berhad ("**MBB**"). MBB was incorporated in Malaysia on 31 May 1960 and has been offering registrar and transfer agency services since late 2007. In 2013, MBB expanded its suite of services to include fund accounting and valuation services.

(10) THE TRUSTEE

10.1 Background of the Trustee

SCBMB Trustee Berhad ("STB") (Company no: 1005793-T), a company incorporated in Malaysia under the Companies Act 1965 on 13 June 2012 and registered as a trust company under the Trust Companies Act 1949. Its business address is at Level 13A, Menara Standard Chartered, 30 Jalan Sultan Ismail, 50250 Kuala Lumpur.

10.2 Board of Directors

Khoo Leng Kee (Chief executive officer)
Mabel Lau Kit Cheng
Peter T Nagle
Prasad A/L S Vijayasundram
Arulnathan A/L M Michael Dass

10.3 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 authorized under the Act. STB has suitably qualified and experienced staff in the administration of unit trust funds that have sound knowledge of all relevant laws.

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.

10.4 Trustee's Financial Position

The Trustee has an authorised capital of RM1,000,000 and an issued and paid-up capital of RM500,000.

	Financial Year Ended 31 December		
	2012 (RM'000) Audited	2013 (RM'000) Audited	2014 (RM'000) Audited
Paid-up Share Capital	500	500	500
Shareholders' Fund	106	103	74
Profit/Loss Before Tax	(514)	(4)	(30)
Loss for the period	(394)	(3)	(29)

10.5 Trustee's Statement of Responsibility

The Trustee has given its willingness to assume the position as trustee of the Fund and all its obligations in accordance with the Deed, the laws and all relevant guidelines.

10.6 Trustee's Duties and Responsibilities

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 Manager by ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, the laws and all relevant guidelines.

10.7 Trustee's Disclosure of Material Litigation

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

10.8 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 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 the Companies Act 1965 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 license 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 twenty (20) years and has been providing sub-custody services to local investors in Malaysia since 1995. The custodian acts only in accordance with instructions from the Trustee.

10.9 Related Party Transaction/Conflict of Interest

The Fund may invest in products and services offered by a related party of the Trustee as follows:

1. Where the Fund invests in instruments offered by a related party of the Trustee (e.g money market placement, derivatives etc);
2. Where the Fund is being distributed by the related party of the Trustee as an institutional unit trust adviser;
3. Where the assets of the Fund are being custodised by the related party of the Trustee (Trustee's delegate); and
4. Where the Fund obtains financing from the related party of the Trustee (as permitted under the relevant guidelines).

Any related party transaction is to be made on terms which are best available to the Fund and which are not less favourable to the Fund than an arms-length transaction between independent parties.

(11) SALIENT TERMS OF THE DEED

11.1 Unit Holders' Rights and Liabilities

Unit Holders' Rights

A Unit Holder has the right, amongst others:

1. to receive distributions of income (if any);
2. to participate in any increase in the value of the Units;
3. to call for Unit Holders' meetings and to vote for the removal of the Trustee through a special resolution;
4. to receive annual and quarterly reports on that Fund; and
5. to enjoy such other rights and privileges as are provided for in the Deed.

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

Unit Holders' Liabilities

1. No Unit Holder is liable for any amount in excess of the purchase price paid for the Units as determined pursuant to the Deed at the time the Units were purchased.

2. A Unit Holder shall not be under any obligation to indemnify the Manager and/or the Trustee in the event that the liabilities incurred by the Manager and/or the Trustee in the name of or on behalf of the Fund pursuant to and/or in the performance of the provisions of the Deed exceed the value of the assets of the Fund, and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund.

11.2 Termination of the Fund

The Fund may be terminated or wound up should a special resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund.

Notwithstanding the above, the Manager may also, in its sole opinion and without first obtaining the consent of the Unit Holders, terminate the trust and wind up the Fund in the event the NAV of the Fund falls below USD100,000 (or its equivalent in RM) or where the Manager determines that it is in the best interests of the Unit Holders.

Upon the termination of the Fund by the Manager, the Manager shall as soon as practicable, notify the existing Unit Holders in writing of the following options:

(a) to receive the net cash proceeds derived from the sale of all the investment and assets of the Fund less any payment for liabilities of the Fund and any cash produce available for distribution (if any), in proportion to the number of Units held by the Unit Holders respectively; or

(b) to switch to any other funds managed by the Manager upon such terms and conditions as shall be set out in the written notification; or

(c) to choose any other alternative as may be proposed by the Manager.

11.3 Power to Call for a Meeting

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

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

(a) Requiring the retirement or removal of the Manager;

(b) Requiring the retirement or removal of the Trustee;

(c) Considering the most recent financial statements of the Fund;

(d) Giving to the Trustee such directions as the meeting thinks proper; or

(e) Considering any matter in relation to the Deed,

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

Every question arising at any meeting shall be decided in the first instance by a show of hands unless a poll is demanded or if it be a question which under the deed requires a special resolution, in which case a poll shall be taken. On a show of hands every Unit Holder who is present or by proxy shall have one vote.

The quorum for a meeting of Unit Holders of the Fund is five (5) Unit Holders, whether present in person or by proxy, provided always that if the Fund has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund shall be two (2) Unit Holders, whether present in person or by proxy; if the meeting has been convened for the purpose of voting on a special resolution, the Unit Holders present in person or by proxy must hold in aggregate at least twenty five per centum (25%) of the Units in circulation of the Fund at the time of the meeting.

Please be advised that the Manager only recognises the rights attached to a registered Unit Holder. If Units are purchased through an institutional unit trust adviser or using a nominee, the Units may not be registered in the name of the investor in the Manager's register of Unit Holders, and thus not a registered Unit Holder.

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

(12) COMMUNICATION WITH UNIT HOLDERS

12.1 Statement of Accounts

A Unit Holder's statement showing details of the amount invested in the Fund shall be made available to the Unit Holders on a monthly basis, twenty one (21) days after every month's end.

12.2 Unit Price

Unit Holders will be able to obtain the Unit price of the Fund from www.maybank2u.com.my.

12.3 Financial Reports

The Manager will provide Unit Holders with an annual report within two (2) months of the Fund's financial year-end and quarterly reports within two (2) months of the end of the period covered. A financial statement audited by the Fund's appointed auditors will be included in the annual report. The Trustee will prepare a report to Unit Holders in the annual report stating its opinion on the conduct of the Manager, in particular whether the Manager had managed the Fund in accordance with the limitation on its investment powers as set out in the Deed and whether the Manager had acted in accordance with the Deed and Guidelines.

The quarterly and annual reports shall provide Unit Holders with a regular snapshot of the key risk factors faced by the Fund and the Fund's investment outlook for that reporting period. They are to contain, inter alia, the Fund's financial performance, market outlook, changes in key investment team, details on portfolio exposure and information on the Fund performance and volatility, whichever is applicable.

12.4 Customer Information Service

Unit Holders can seek assistance on any issue relating to the Fund, from the Manager's client servicing personnel at Maybank AM's office at 03 – 2297 7888 (ext. 7806/ 7923) from 8.45 a.m. to 5.45 p.m. from Monday to Thursday and from 8.45 a.m. to 4.45 p.m. on Friday. Alternatively, Unit Holders may e-mail their enquiries to mamcs@maybank.com.my.

Alternatively, Unit Holders can contact:

(i) Complaints Bureau, FIMM via:

- Email: legalcomp@fimm.com.my
- Online complaint form: www.fimm.com.my
- Letter: Complaints Bureau
  Legal, Secretarial & Regulatory Affairs
  Federation of Investment Managers Malaysia
  19-06-1, 6th Floor Wisma Tune
  No. 19, Lorong Dungun, Damansara Heights
  50490 Kuala Lumpur.

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

- Tel No: 03 – 2282 2280
- Fax No: 03 – 2282 3855
- Email: info@sidrec.com.my
- Letter: Securities Industry Dispute Resolution Center
  Unit A-9-1
  Level 9, Tower A
  Menara UOA Bangsar
  No. 5, Jalan Bangsar Utama 1
  59000 Kuala Lumpur.

(iii) Investor Affairs & Complaints Department, Securities Commission Malaysia via:

- Tel No: 03 – 6204 8999 (*Aduan hotline*)
- Fax No: 03 – 6204 8991
- Email: aduan@seccom.com.my
- Online complaint form : www.sc.com.my
- Letter: Investor Affairs & Complaints Department
  Securities Commission Malaysia
  No. 3 Persiaran Bukit Kiara
  Bukit Kiara, 50490 Kuala Lumpur.

(13) TAX ADVISER'S LETTER

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Ernst & Young Tax Consultants Sdn. Bhd.
179793-K
(GST Reg No: 000021962752)
Level 23A Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 7043
ey.com

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

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

13 July 2015

The Board of Directors
Maybank Asset Management Sdn Bhd
Level 12, Tower C
Dataran Maybank
No 1 Jalan Maarof
59000 Kuala Lumpur

Dear Sirs

Taxation of the unit trust and unit holders

This letter has been prepared for inclusion in this Information Memorandum in connection with the offer of units in Maybank Bluewaterz Total Return Fund (hereinafter referred to as "the Fund").

The purpose of this letter is to provide prospective unit holders with an overview of the impact of taxation on the Fund and the unit holders.

Taxation of the Fund

The taxation of the Fund is subject to the provisions of the Malaysian Income Tax Act 1967 (MITA), particularly Sections 61 and 63B.

Subject to certain exemptions, the income of the Fund comprising interest and other investment income derived from or accruing in Malaysia after deducting tax allowable expenses, is subject to Malaysian income tax, which is currently imposed at the rate of 25%[1].

[1] Pursuant to Section 20 of the Finance (No. 2) Act 2014, with effect from the year of assessment 2016, the income tax rate will be reduced to 24%.

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The Board of Directors
Maybank Asset Management Sdn Bhd
13 July 2015

Tax allowable expenses would comprise expenses falling under Section 33(1) and Section 63B of the MITA. Section 33(1) permits a deduction for expenses that are wholly and exclusively incurred in the production of gross income. In addition, Section 63B allows unit trusts a deduction for a portion of other expenses (referred to as 'permitted expenses') not directly related to the production of income, as explained below.

"Permitted expenses"' refer to the following expenses incurred by the Fund which are not deductible under Section 33(1) of the MITA:

- the manager's remuneration,
- maintenance of the register of unit holders,
- share registration expenses,
- secretarial, audit and accounting fees, telephone charges, printing and stationery costs and postage.

These expenses are given a partial deduction under Section 63B of the MITA, based on the following formula:

$$A \times \frac{B}{4C}$$

where A is the total of the permitted expenses incurred for that basis period;

B is gross income consisting of dividend[2], interest and rent chargeable to tax for that basis period; and

C is the aggregate of the gross income consisting of dividend[2] and interest (whether such dividend or interest is exempt or not) and rent, and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period,

provided that the amount of deduction to be made shall not be less than 10% of the total permitted expenses incurred for that basis period.

[2] Pursuant to Section 15 of the Finance Act 2011, with effect from the year of assessment 2011, dividend income is deemed to include income distributed by a unit trust which includes distributions from Real Estate Investment Trusts.

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13 July 2015

Exempt income

The following income of the Fund is exempt from income tax:

- **Malaysian sourced dividends**

  Tax exempt dividends received from investments in companies which had previously enjoyed or are currently enjoying certain tax incentives provided under the relevant legislation.

  Any dividends paid, credited or distributed to any person where the company paying such dividends is not entitled to deduct tax under Section 108 of the MITA (commonly referred to as single tier dividends).

- **Malaysian sourced interest**

  (i) interest from securities or bonds issued or guaranteed by the Government of Malaysia;

  (ii) interest from debentures or Islamic securities, (other than convertible loan stock) approved by the Securities Commission;

  (iii) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia;

  (iv) interest derived from Malaysia and paid or credited by banks or financial institutions licensed under the Banking and Financial Institutions Act 1989 or the Islamic Banking Act 1983[3];

  (v) interest derived from Malaysia and paid or credited by any development financial institution regulated under the Development Financial Institutions Act 2002[4];

[3] The Banking and Financial Institutions Act 1989 and the Islamic Banking Act 1983 were repealed and replaced with the Financial Services Act 2013 and the Islamic Financial Services Act 2013, respectively, with effect from 30 June 2013. Pursuant to Section 272(h) of the Financial Services Act 2013 and Section 283(h) of the Islamic Financial Services Act 2013, any reference to the Banking and Financial Institutions Act 1989 and the Islamic Banking Act 1983 in any written law shall generally be construed as a reference to the Financial Services Act 2013 or the Islamic Financial Services Act 2013, respectively.

[4] Pursuant to Section 22(c) of the Finance (No. 2) Act 2014, with effect from the year of assessment 2015, the interest will be exempted from tax.

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(vi) interest from Islamic securities originating from Malaysia, other than convertible loan stock issued in any currency other than Ringgit and approved by the Securities Commission or the Labuan Offshore Financial Services Authority (LOFSA)[5]

(vii) interest received from bonds or securities issued by Pengurusan Danaharta Nasional Berhad; and

(viii) interest derived from bonds (other than convertible loan stock) paid or credited by any company listed on the Malaysian Exchange of Securities Dealing and Automated Quotation Berhad (MESDAQ)[6].

- **Discount**

  Tax exemption is given on discount paid or credited to any unit trust in respect of investments as specified in items (i), (ii) and (iii) above.

Foreign sourced income

Dividends, interest and other income derived from sources outside Malaysia and received in Malaysia by a resident unit trust is exempt from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

Gains from the realisation of investments

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

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[5] Pursuant to Section 4 of the Finance Act 2011, with effect from 11 February 2010, any reference in the MITA to 'LOFSA' shall be construed as a reference to Labuan Financial Services Authority (LFSA).

[6] MESDAQ was replaced by FTSE Bursa Malaysia ACE with effect from 3 August 2009, therefore any interest derived from bonds (other than convertible loan stock) paid or credited by any company listed on the MESDAQ should still qualify for an exemption up to 2 August 2009. However, from 3 August 2009 and up to the date of this letter, there is no new gazette order issued to exempt interest derived from bonds paid or credited by a company listed in the new FTSE Bursa Malaysia ACE.

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The Board of Directors
Maybank Asset Management Sdn Bhd
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Goods and Services Tax (GST)

On 1 April 2015, GST was implemented at the standard rate of 6% to replace the existing sales tax and service tax systems. Based on the Goods and Services Tax Act 2014 which was gazetted on 19 June 2014, the Fund, being a collective investment vehicle, will be making exempt supplies. Hence, the Fund is not required to be registered for GST purposes. The Fund will incur expenses such as management fees, trustee fees and other administrative charges which will be subject to 6% GST. The 6% input tax which may be incurred on such expenses will generally not be claimable by the Fund.

Taxation of unit holders

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

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

1. taxable distributions; and

2. non-taxable and exempt distributions.

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

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

1. **Taxable distributions**

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

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

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

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2. Non-taxable and exempt distributions

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

Rates of tax

The Malaysian income tax chargeable on the unit holders would depend on their tax residence status and whether they are individuals, corporations or trust bodies. The relevant income tax rates are as follows:

Unit holders	Malaysian income tax rates
Malaysian tax resident:	
• Individual and non-corporate unit holders (such as associations and societies)	• Progressive tax rates ranging from 0% to 26%[8]
• Co-operatives[7]	• Progressive tax rates ranging from 0% to 25%[9]
• Trust bodies	• 25%[1]

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

[8] Pursuant to Section 20 of the Finance (No. 2) Act 2014, with effect from the year of assessment 2015, the top Malaysian income tax rate for resident individuals will be reduced from 26% to 25%.

[9] Pursuant to Section 20 of the Finance (No. 2) Act 2014, with effect from the year of assessment 2015, the top Malaysian income tax rate for co-operatives will be reduced from 25% to 24%.

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Unit holders	Malaysian income tax rates
• Corporate unit holders (i) A company with paid up capital in respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment) [10]	• First RM500,000 of chargeable income @ 20%[11] • Chargeable income in excess of RM500,000 @ 25%[10]
(ii) Companies other than (i) above	• 25%[1]
Non-Malaysian tax resident (Note):	
• Individual and non-corporate unit holders	• 26%[12]
• Corporate unit holders and trust bodies	• 25%[1]

Note:
Non-resident unit holders may be subject to tax in their respective countries depending on the provisions of the tax legislation in the respective countries and any existing double taxation arrangements with Malaysia.

[10] A company would not be eligible for the 20% tax rate on the first RM500,000 of chargeable income if:-
(a) more than 50% of the paid up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
(b) the company owns directly or indirectly more than 50% of the paid up capital in respect of the ordinary shares of a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
(c) more than 50% of the paid up capital in respect of the ordinary shares of the company and a related company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.

[11] Pursuant to Section 20 of the Finance (No. 2) Act 2014, with effect from the year of assessment 2016, the income tax rate will be reduced to 19% on chargeable income up to RM500,000 and 24% on the remaining chargeable income.

[12] Pursuant to Section 20 of the Finance (No. 2) Act 2014, with effect from the year of assessment 2015, the income tax rate for non-resident individuals will be reduced from 26% to 25%.

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Gains from sale of units

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

Unit splits and reinvestment of distributions

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

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

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We hereby confirm that, as at the date of this letter, the statements made in this report correctly reflect our understanding of the tax position under current Malaysian tax legislation and the related interpretation and practice thereof, all of which are subject to change, possibly on a retrospective basis. We have not been retained (unless specifically instructed hereafter), nor are we obligated to monitor or update the statements for future conditions that may affect these statements.

The statements made in this letter are not intended to be a complete analysis of the tax consequences relating to an investor in the Fund. As the particular circumstances of each investor may differ, we recommend that investors obtain independent advice on the tax issues associated with an investment in the Fund.

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The Board of Directors
Maybank Asset Management Sdn Bhd
13 July 2015

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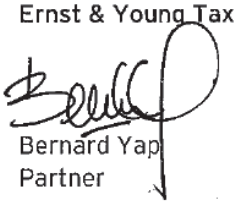
Yours faithfully
Ernst & Young Tax Consultants Sdn Bhd



Bernard Yap
Partner

Ernst & Young Tax Consultants Sdn Bhd has given its consent to the inclusion of the Taxation Adviser's Letter in the form and context in which it appears in this Information Memorandum and has not withdrawn such consent before the date of issue of this Information Memorandum.

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Maybank Asset Management Sdn. Bhd. (421779-M)
Level 12, Tower C, Dataran Maybank,
No.1, Jalan Maarof, 59000 Kuala Lumpur, Malaysia
Telephone +603 2297 7888
Facsimile +603 2715 0071
www.maybank-am.com