

PROSPECTUS

RHB DANA HIKMAH

MANAGER

RHB Islamic International Asset Management Berhad (879478-A)
(A member of RHB Banking Group)

TRUSTEE

HSBC (Malaysia) Trustee Berhad (1281-T)
(A member of the HSBC Group)

This prospectus is dated 5 April 2018

Constitution Date of the Fund : 19 February 2018

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

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

RHB Group    

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RHB  **Asset Management**

Responsibility Statement

This prospectus has been reviewed and approved by the directors of RHB Islamic International Asset Management Berhad and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in this prospectus false or misleading.

Statements of Disclaimer

The Securities Commission Malaysia has authorised RHB Dana Hikmah (“the Fund”) and a copy of this prospectus has been registered with the Securities Commission Malaysia.

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

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

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

Additional Statements

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

The Fund has been certified as Shariah-compliant by the Shariah Adviser appointed for the Fund, i.e. RHB Islamic Bank Berhad.

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DEFINITIONS

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

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| Bursa Malaysia | The stock exchange managed or operated by Bursa Malaysia Securities Berhad. |
| Business Day | A day (other than Saturdays, Sundays and public holidays) in which Bursa Malaysia is open for trading or banks in Kuala Lumpur are open for business. |
| Deed | The deed dated 19 February 2018 and any other supplemental deeds that may be registered with the Securities Commission from time to time. |
| Eligible Market | A market which is regulated by a regulatory authority, operates regularly, is open to the public and has adequate liquidity for the purposes of the Fund. A non-exhaustive list of Eligible Markets includes stock exchanges, derivative exchanges, over-the-counter markets for sukuk and Islamic money markets instruments. |
| FBM EMAS Shariah Index | FTSE Bursa Malaysia EMAS Shariah Index. |
| FIMM | Federation of Investment Managers Malaysia. |
| Fund | RHB Dana Hikmah. |
| GST | Goods and Services Tax. |
| Islamic Deposits | These are any Islamic deposits with licensed financial institutions that are not embedded with or linked to financial derivative instruments (structured deposits). |
| Latest Practicable Date | 31 December 2017. |
| Manager/Management Company | RHB Islamic International Asset Management Berhad. |
| Net Asset Value (NAV) | The net asset value of the Fund is determined by deducting the value of all the Fund's liabilities from the value of all the Fund's assets, at the valuation point. |
| Net Asset Value per Unit | The Net Asset Value divided by the total number of Units in circulation at the valuation point. |
| Quran | The miraculous words of Allah revealed to the Prophet Muhammad (Peace and Blessing be Upon Him) in Arabic language which begins with <i>Surah</i> (Chapter) <i>al-Fatihah</i> and ends with <i>Surah an-Nas</i> . |
| Repurchase Price | The price (before deducting any repurchase charge) payable by the Manager to a Unit Holder pursuant to the repurchase of a Unit. The Repurchase Price shall be the Net Asset Value per Unit as at the next valuation point of the relevant Business Day |

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| | <p>(“forward pricing”) after the complete repurchase request is received by the Manager. A repurchase charge will be computed separately based on the withdrawal amount/repurchase amount. The implementation of GST is effective from 1 April 2015 at the rate of 6% and the repurchase charge payable (if any) is exclusive of GST.</p> |
| RM or Ringgit Malaysia | The lawful currency of Malaysia. |
| SACSC | The Shariah Advisory Council of the SC. |
| Securities Commission (SC) | Securities Commission Malaysia. |
| SC Guidelines | Guidelines on Unit Trust Funds. |
| Selling Price | <p>The price (before adding any sales charge) payable by an investor or a Unit Holder for the purchase of a Unit. The Selling Price shall be the Net Asset Value per Unit as at the next valuation point of the Fund’s relevant Business Day (“forward pricing”) after the application for Units is received by the Manager. A sales charge, if any, will be computed separately based on the investment amount / purchase amount, net of bank charges (if any). The implementation of GST is effective from 1 April 2015 at the rate of 6% and the sales charge payable (if any) is exclusive of GST.</p> |
| Shariah | <p>Islamic law comprising the whole body of rulings pertaining to human conducts derived from the primary and secondary sources of the Shariah. The primary sources are the <i>Quran</i> and the <i>Sunnah</i>, while the secondary sources consist of; among others <i>Ijma’</i> (consensus), <i>Qiyas</i> (analogy), <i>Maslahah</i> (beneficial), <i>Istihsan</i> (juristic preference), <i>Istishab</i> (presumption of continuity), <i>‘Uruf</i> (custom) and <i>Sadd Zara’ie</i> (blocking the mean).</p> |
| Shariah Adviser | RHB Islamic Bank Berhad. |
| Sunnah | <p>Anything which is attributed to the Prophet Muhammad (Peace and Blessing be Upon Him) comprising his saying, acts, tacit approval and attributes.</p> |
| Trustee | HSBC (Malaysia) Trustee Berhad. |
| Unit(s) | Unit(s) of the Fund and includes fractions of a unit of the Fund. |
| Unit Holder(s) | <p>The person(s) for the time being registered under the provisions of the Deed as the holder(s) of Units and person(s) jointly so registered.</p> |

CORPORATE DIRECTORY

MANAGER

RHB Islamic International Asset Management Berhad

REGISTERED & PRINCIPAL OFFICE

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1. FUND INFORMATION

1.1 Basic Information

1.1.1 Name of the Fund

RHB Dana Hikmah.

1.1.2 Fund Category

Equity fund (Shariah-compliant).

1.1.3 Initial Offer Price

RM0.5000 per Unit.

1.1.4 Initial Offer Period

5 April 2018 – 25 April 2018 (21 days).

1.1.5 Financial Year End

30 April.

1.2 Investment Objective, Strategy and Policies

1.2.1 Investment Objective

The Fund aims to provide investors with capital growth and income[^] over medium to long term* by investing in a concentrated portfolio of Shariah-compliant stocks.

Note: [^] Income (if any) is in the form of Units.

* “medium to long term” in this context refers to a period of between 3 – 7 years.

Any material change to the investment objective of this Fund requires the Unit Holders’ approval.

1.2.2 Investment Strategy

The Fund aims to achieve its investment objective through investments in a concentrated portfolio of Shariah-compliant stocks (15-25 Shariah-compliant stocks). Hence, the Manager will adopt a highly disciplined approach in Shariah-compliant stock selection to identify companies that focus on shareholder value in the form of sustainable dividend returns combined with the prospects of significant share price growth. The Manager may also invest in undervalued or recovery Shariah-compliant stocks which have the potential to adopt a strong dividend payout policy. In its Shariah-compliant stock selection, the Manager is not restricted to any industry or sector and the Manager may select Shariah-compliant stocks of companies of any market capitalization.

The Manager employs rigorous research to determine the Shariah-compliant securities to be included in the investment portfolio. The Manager believes long term investment performance can be achieved by employing a rigorous research process that enables it to identify companies that generate superior cash flows as well as companies that are undervalued. When making investments, the Manager may invest up to 30% of Net Asset Value in foreign markets. The

Fund will invest in Shariah-compliant securities of companies listed in Asia Pacific markets (including but without limitation, China, Hong Kong, India, Indonesia, South Korea, the Philippines, Singapore, Taiwan, Thailand, Australia, New Zealand, Japan) and Shariah-compliant securities of Asia Pacific companies[#] listed in such other markets which are deemed appropriate by the Manager.

[#] These are companies with revenues derived from Asia Pacific countries and/or have business operations located in the Asia Pacific countries.

This Fund's portfolio will be structured as follows:

70% to 98% of Net Asset Value - Investments in Shariah-compliant equities.

The balance of the Net Asset Value shall be invested in Shariah-compliant liquid assets including Islamic money market instruments, Islamic Deposits and collective investment schemes investing in Islamic money market instruments and/or Islamic Deposits.

Hence, the Fund will generally have a Shariah-compliant equity exposure of 70% to 98% of its Net Asset Value to generate returns to the Fund. However, the Manager may lower the Shariah-compliant equity exposure of the Fund in favour of liquid assets which include Islamic money market instruments and Islamic Deposits in order to help achieve the benchmark return and/or to help preserve capital. Accordingly, the Fund's exposure to liquid assets may increase up to 30% of the Net Asset Value.

The Manager may take temporary defensive positions that may be inconsistent with the Fund's principal strategy in attempting to respond to adverse economic, political or any other market conditions. In such circumstances, the Manager may reallocate the Fund's Shariah-compliant equity investments into other asset classes such as Islamic money market instruments and Islamic Deposits, which are defensive in nature. In its reallocation, the level of Shariah-compliant equity investments would normally not be below 20% of the Net Asset Value.

Although the Fund is actively managed, how active or the frequency of its trading strategy will depend on market opportunities. The risk management strategies and techniques employed by the Manager include diversification of the Fund's investments in terms of its exposure to various industries, sectors and asset classes and/or type of investments (i.e. Shariah-compliant equity, Islamic money market instruments and Islamic Deposits). Islamic financial derivatives may also be used for currency hedging purposes where appropriate**.

** The Fund's foreign currency exposure may be hedged against the Malaysian Ringgit, if deemed appropriate.

Generally, the assets of the Fund will be invested over a medium to long term period with disposal of the investments when necessary to control risk as well as to optimise capital gains. This is especially so when the full growth potential of an investment is deemed to have been reduced over a prolonged rise in equity values and the alternative asset type may present attractive valuations.

The Fund also complies with the permitted investments and restrictions imposed by the Securities Commission. Adherence to the permitted investments and restrictions also helps the Manager to risk-manage the Fund's portfolio in terms of diversification. Moreover, the Manager in making its investment decisions shall at all times comply with the investment restrictions of the Fund and requirements as set out in the deed of the Fund.

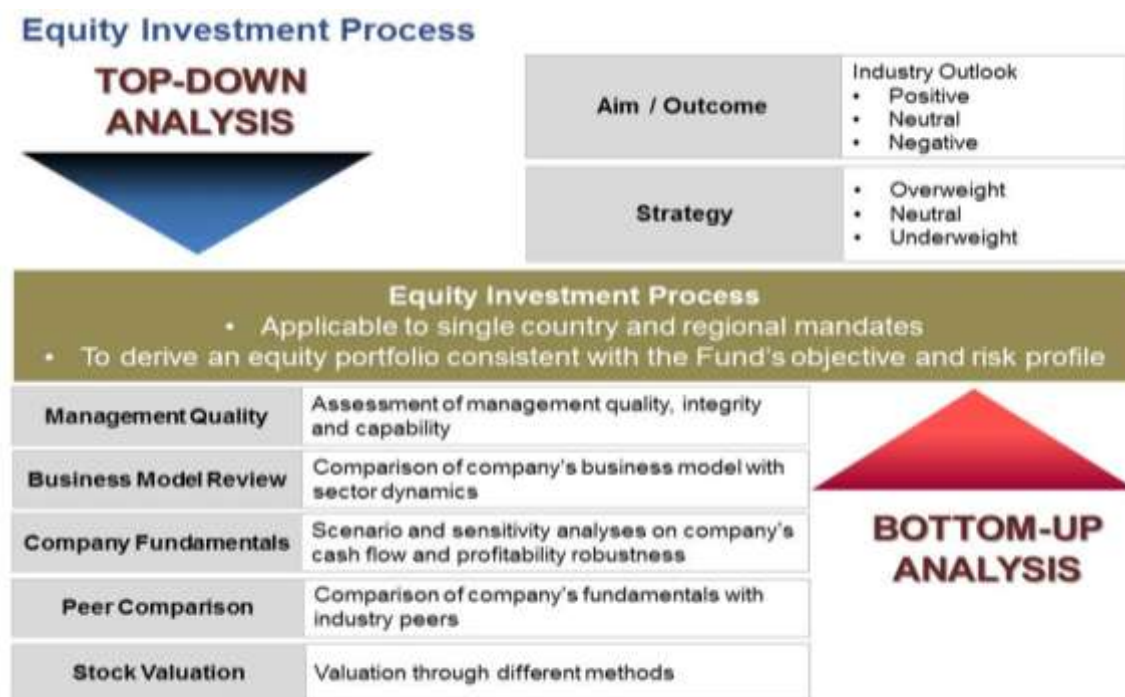
The performance of the Fund is benchmarked against the FBM EMAS Shariah Index. To obtain the latest information on the FBM Emas Shariah Index, investors may refer to Bursa

Malaysia website (www.bursamalaysia.com). Investors should note that, the risk profile of the Fund is different from the risk profile of the benchmark.

1.2.3 Investment Approach

The Manager's investment approach when making investments in the various assets will evolve around the following principles:-

Equities



Liquid assets

- 1) Interest / Profit Rate Anticipation – Forecast changes in interest / profit rates and yield curve shapes.
- 2) Market Timing – Time market entry to enhance yield.
- 3) Relative Return Analysis – Best risk-return trade-off within the financial institutions of same credit ratings.

To ensure compliance with Shariah requirements, the Fund is restricted to Islamic Deposits that complies with Shariah principles and prohibited from investing in conventional money market instruments.

1.2.4 Investment in Unlisted Shariah-compliant Securities

The Manager will only make such investments that are consistent with the objective and enhance the performance of this Fund. The Fund's investments in unlisted Shariah-compliant securities (if any) shall always be subject to the restriction stipulated in section 1.3 (a). However, the exposure to investments in unlisted Shariah-compliant securities shall not include Shariah-compliant equities not listed for trading in a stock market of a stock exchange but have been approved for such listing and offered directly to the Fund by the issuer.

1.2.5 Islamic Collective Investment Schemes

The Manager will only make such investments that are consistent with the objective and enhance the performance of this Fund. In addition, the Manager will only make such investments if the target fund is registered or authorized or approved by the relevant regulatory authority in its home jurisdiction as the case may be and which operates within the general investment principles of the SC Guidelines issued by the Securities Commission. The Fund's Shariah-compliant investments in Islamic collective investment schemes (if any) shall always be made subject to the restrictions stipulated in section 1.3 (g) and (k).

1.2.6 Islamic Financial Derivatives

The Manager may participate in Islamic financial derivatives such as currency forwards, swaps or any other categories of financial derivatives which are structured in Shariah-compliant manner, permitted by the relevant authorities from time to time for hedging purposes, when appropriate. The Fund's participation in Islamic financial derivatives is to hedge the portfolio from exposure to foreign currency volatility. Hence, the benefit of any upside of currency movements is limited. The purpose is to protect the value of the portfolio. When participating in such instruments, the Manager will monitor the derivative valuation and credit ratings of the financial institutions as counterparty to the instruments, where applicable and take appropriate actions to mitigate any risk associated with such instruments. This may extend to unwinding of the derivative instruments in the event where there is a need to terminate current position due to reversal in market movement, redemptions in Units or upon downgrade of the credit ratings of the financial institutions. The Fund's holding in Islamic financial derivatives (if any) shall always be subject to the restrictions stipulated in section 1.3 (f) and (h).

1.2.7 Foreign Shariah-compliant Securities

The Manager may invest up to 30% of Net Asset Value in Shariah-compliant securities of companies listed in Asia Pacific markets (including but without limitation, China, Hong Kong, India, Indonesia, South Korea, the Philippines, Singapore, Taiwan, Thailand, Australia, New Zealand, and Japan) and Shariah-compliant securities of Asia Pacific companies[#] that are listed in such other markets which are deemed appropriate by the Manager.

[#] These are companies with revenues derived from Asia Pacific countries and/or have business operations located in the Asia Pacific countries.

1.2.8 Shariah-compliant Liquid Assets

The Manager in structuring the Fund's portfolio will endeavour to maintain a minimum Shariah-compliant liquid assets level of 2% of Net Asset Value for the purpose of meeting redemptions and to enable the proper and efficient management of the Fund. However, this does not preclude the Manager from lowering or raising the Shariah-compliant liquid assets level from the stipulated level to allow the Manager to manage investment risk when circumstances warrant it.

This Fund shall not source for financing in connection with its activities or provide financing on any of its cash or investments unless permitted by the SC Guidelines and any practice notes issued by the Securities Commission from time to time or other relevant laws or regulations pertaining to unit trust funds. As permitted by the SC Guidelines, the Fund may obtain Islamic financing facility on a temporary basis (i.e. not more than one (1) month) from financial institutions to meet redemption requests. Such financing shall not exceed ten (10) per cent of Net Asset Value at the time the financing facility is incurred.

1.2.9 Distribution Policy

Subject to the availability of income, the Fund will declare distributions semi-annually.

1.3 Permitted Investments and Restrictions

This Fund may invest or participate in Shariah-compliant securities of and securities relating to^ companies listed on Bursa Malaysia or any other market considered as an Eligible Market, unlisted Shariah-compliant equities or equity related securities^ that are traded in or under the rules of an Eligible Market, Islamic collective investment schemes, Islamic financial derivatives for hedging purposes only, Shariah-compliant liquid assets (including Islamic money market instruments and Islamic Deposits) and any other Shariah-compliant investments permitted by the SACSC and/or the Shariah Adviser from time to time. Consequently, all investments for this Fund are to be designated as Shariah-compliant and in this regard, the Shariah Adviser will advise on the selection of investments to ensure compliance with Shariah requirements.

^ With respect to Shariah-compliant equity related securities such as Shariah-compliant warrants and convertibles, the Fund will only invest in Shariah-compliant warrants and convertibles that are capable of being converted into new shares.

The acquisition of such permitted investments is subject to the following restrictions:

- a) The value of the Fund's investments in unlisted Shariah-compliant securities must not exceed ten (10) per cent of the Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time.
- b) The value of the Fund's investments in Shariah-compliant ordinary shares issued by any single issuer must not exceed ten (10) per cent of the Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time.
- c) The value of the Fund's investments in transferable Shariah-compliant securities (i.e. Shariah-compliant equities and Shariah-compliant warrants that are capable of being converted into shares) and Islamic money market instruments issued by any single issuer must not exceed fifteen (15) per cent of the Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time.
- d) The value of the Fund's placement in Islamic Deposits with any single financial institution must not exceed twenty (20) per cent of the Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time.
- e) The value of the Fund's investments in transferable Shariah-compliant securities and Islamic money market instruments issued by any group of companies must not exceed twenty (20) per cent of the Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time.
- f) The aggregate value of the Fund's investments in transferable Shariah-compliant securities, Islamic money market instruments, Islamic Deposits and over-the-counter ("OTC") Islamic financial derivatives issued by or placed with, as the case may be, any single issuer/institution must not exceed twenty five (25) per cent of the Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time.
- g) The value of the Fund's investments in Units/shares of any Islamic collective investment scheme must not exceed twenty (20) per cent of the Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time.

- h) The value of the Fund's OTC Islamic financial derivatives transactions with any single counter-party must not exceed ten (10) per cent of the Net Asset Value, or any other limit as may be prescribed by the Securities Commission from time to time; and the Fund's exposure to the underlying assets (vide the Islamic financial derivatives) must not exceed the Fund's investment spread limits as stipulated in (b), (c), (d), (e), (f) and (g) above. In addition, the Fund's exposure owing to its Islamic financial derivatives position must not exceed the Net Asset Value. Notwithstanding anything stated herein, the Fund's exposure to Islamic financial derivatives will always be limited to the Fund's exposure to the relevant risks.
- i) The Fund's investments in transferable Shariah-compliant securities (other than sukuk) must not exceed ten (10) per cent of the Shariah-compliant securities issued by any single issuer, or any other limit as may be prescribed by the Securities Commission from time to time.
- j) The Fund's investments in Islamic money market instruments must not exceed ten (10) per cent of the instruments issued by any single issuer, or any other limit as may be prescribed by the Securities Commission from time to time. Such limit does not apply to Islamic money market instruments that do not have a pre-determined issue size.
- k) The Fund's investments in Islamic collective investment schemes must not exceed twenty five (25) per cent of the Units/shares in any one Islamic collective investment scheme, or any other limit as may be prescribed by the Securities Commission from time to time.

The limits and restrictions mentioned herein must be complied with at all times based on the most up-to-date value of the Fund's investments. However, a 5% allowance in excess of the limits or restrictions is permitted where the limit or restriction is breached through an appreciation or depreciation of the Net Asset Value (whether as a result of an appreciation or depreciation of the investment or as a result of repurchase of Units or payment made from the Fund). The Manager will not make any further acquisitions to which the relevant limit is breached, and the Manager will within a reasonable period of not more than three (3) months from the date of the breach take all necessary steps and actions to rectify the breach. Such limits and restrictions however, do not apply to Shariah-compliant securities that are issued or guaranteed by the government or Bank Negara Malaysia.

1.4 Shariah Methodology and Shariah Investment Guidelines

In addition to the investment approach stated above, the Fund's investments in Shariah-compliant securities and instruments are also screened to ensure that they meet stipulated financial filters and are not involved in activities prohibited under Shariah. The prohibited core activities that must be avoided includes:

- a) Financial services based on *riba* (interest);
- b) Gambling and gaming activities;
- c) Production, processing and sale of alcoholic beverages and non-halal food or related products;
- d) Conventional insurance activities;
- e) Entertainment activities that are non-permissible according to Shariah;
- f) Manufacture or sale of tobacco-based products or related products;
- g) Stockbroking or share trading in Shariah non-compliant securities;
- h) Weapons and defence;
- i) Other activities considered non-permissible according to the Shariah; and/or
- j) Any further restriction as determined from time to time by the SACSC and/or the Shariah Adviser for Malaysian investments, and as determined from time to time by the Shariah Adviser for investments in foreign markets.

In screening the investment activity of the Fund, the Shariah Adviser will ensure that at all times the investments of the Fund would be restricted to Shariah-compliant securities and instruments.

For investments in listed securities on Bursa Malaysia, the Fund will only invest in securities listed on the SACSC's list of Shariah-compliant securities. For securities and instruments that are not classified as Shariah-compliant by the SACSC or the Shariah Advisory Council of Bank Negara Malaysia, the Shariah Adviser will determine whether the securities are Shariah-compliant for investment by the Fund in accordance to the following Shariah methodology and Shariah investment guidelines.

Shariah Investment Guidelines adopted by the Shariah Adviser

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

1. Investment in Malaysia

Equity:

Reference for investment in local securities is based on the list of Shariah-compliant securities issued by the SACSC twice yearly on the last Friday of May and November which is readily available at the Securities Commission's website.

However, for the Shariah status of Initial Public Offering ("IPO") companies that have yet to be determined by the SACSC, the Shariah Adviser adopted the following analysis in determining the Shariah status of these companies. The status determined by the Shariah Adviser is taken on a temporary basis until the Shariah status of the particular IPO company is determined in the subsequent release of the "List of Shariah-compliant Securities" issued by SACSC.

Quantitative Analysis

The Shariah Adviser adopts a two-tier quantitative approach which applies the business activity benchmark and the financial ratio benchmark in determining the Shariah status of the securities. Hence, the securities will be classified as Shariah-compliant if they are within the business activity benchmark and the financial ratio benchmark. If any of these benchmarks are exceeded, the Shariah Adviser will not accord a Shariah-compliant status for such equities.

Business activities benchmark

The contribution of Shariah non-compliant activities to the overall revenue and profit before taxation of the company will be computed and compared against the relevant business activities benchmark as follows:

(a) The 5% benchmark would be applicable to the following business activities:

- (i) Conventional banking;
- (ii) Conventional insurance;
- (iii) Gambling;
- (iv) Liquor and liquor-related activities;
- (v) Pork and pork-related activities;
- (vi) Non-halal food and beverages;
- (vii) Shariah non-compliant entertainment;

- (viii) Interest income from conventional accounts and instruments (including dividends from investment in Shariah non-compliant instruments and interest income awarded arising from a judgement by a court or arbitrator);
- (ix) Tobacco and tobacco-related activities; and
- (x) Other activities deemed non-compliant according to Shariah.

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

- (b) The 20% benchmark would be applicable to the following activities:

- (i) Share trading;
- (ii) Stockbroking business;
- (iii) Rental received from Shariah non-compliant activities; and
- (iv) Other activities deemed non-compliant according to Shariah.

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

Financial ratio benchmarks

For the financial ratios benchmark, the Shariah Adviser takes into account the following:

- (a) Cash over total assets must be lower than 33%

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

- (b) Debt over total assets must be lower than 33%

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

Qualitative Analysis

Companies which have passed the quantitative test will be further subjected to qualitative screening before the equities of such companies can be classified as Shariah-compliant. In this analysis, the Shariah Adviser will look into aspects of general public perception of the companies' image, core businesses which are considered important and *maslahah* (beneficial) to the Muslim *ummah* (nation) and the country, the non-permissible elements are very small and involve matters like *umum balwa* (common plight and difficult to avoid), '*uruf*' (custom) and rights of the non-Muslim community which are accepted under the Shariah.

Islamic money market instruments:

The selection of these instruments for investments will be based on the instruments' lists readily available at the website of Bank Negara Malaysia.

2. Investment in foreign markets

Equity:

Quantitative Analysis

The Shariah Adviser takes into account the following parameters of FTSE Shariah screening methodology in determining the Shariah status of the listed companies.

- 1) Shariah non-compliant income of the companies arising from the following non-permitted business activities must not exceed certain designated thresholds*:
 - a) Conventional financial (non-Islamic banking, finance, insurance, etc);
 - b) Alcohol;
 - c) Pork related products and non-halal food production, packaging and processing or any other activity related to pork and non-halal food;
 - d) Entertainment (casinos, gambling, cinema, music, pornography and hotels);
 - e) Tobacco; and
 - f) Weapons, arms and defence manufacturing.

* In accordance with FTSE Shariah screening methodology, a five per cent threshold would be applied. The thresholds may vary in accordance with the development of Islamic finance. Should any of the parameters fail to satisfy the thresholds, the Shariah Adviser will not accord a Shariah-compliant status for such companies.

- 2) After companies have been screened by their business sector activity, the remaining companies are further examined on their finances to ensure that these companies are Shariah-compliant. Only companies that meet the following financial ratios will be classified as Shariah-compliant:
 - a) Cash and interest bearing items are less than 33.333% of total assets;
 - b) Total debts is less than 33.333% of total assets;
 - c) Total interest and non-compliant activities income should not exceed 5% of total revenue; and
 - d) Total account receivables and cash are less than 50% of total assets.

Qualitative Analysis

Companies which have passed the above quantitative test will be further subjected to qualitative screening before the equities of such companies can be classified as Shariah-compliant. In this secondary analysis, the Shariah Adviser will look into aspects of the general public perception of the respective companies' image, core businesses which are considered important and *maslahah* (beneficial) to the Muslim *ummah* (nation) and the country, the non-permissible elements are very small and involve matters such as *umum balwa* (common plight and difficult to avoid), *'uruf* (custom) and rights of the non-Muslim community which are accepted by the Shariah.

Shariah non-compliant investments

Should there be a breach, the following rules on divestment of Shariah non-compliant investments apply:

a) Wrong investment

If the Manager mistakenly invests the Fund in Shariah non-compliant securities, the Manager needs to dispose of these Shariah non-compliant securities within one (1) month upon becoming aware of the status of the securities. Any gain made in the form of capital gain or dividend received during or after the disposal of the securities has to be channelled to *baitulmal* or charitable bodies as advised by the Shariah Adviser. The

Fund has a right to retain only the original investment cost. However, if the investment sustained a loss, the Manager is to reimburse the Fund the original investment cost.

Note: original investment cost may include brokerage cost or other related transaction cost.

b) Reclassification of Shariah status of the Fund's investment

This refers to those securities which were earlier classified as Shariah-compliant securities but due to certain reasons, such as changes in the companies' operations, are subsequently reclassified as Shariah non-compliant. In this regard, if on the date the securities being reclassified as Shariah non-compliant, the value of the securities held exceeds the original investment cost, the Fund must liquidate such Shariah non-compliant securities held by it. Any dividends received up to the date the securities being reclassified as Shariah non-compliant and capital gains arising from the disposal of Shariah non-compliant securities on such date can be kept by the investors. However, any dividends received and excess capital gains from the disposal of Shariah non-compliant securities after such date should be channelled to *baitulmal* or charitable bodies as advised by the Shariah Adviser.

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

In addition, during the holding period, the Fund is allowed to subscribe for:

- (i) any issue of new securities by a company whose Shariah non-compliant securities are held by the Fund, for example rights issues, bonus issues, special issues and warrants that are capable of being converted into shares (excluding securities whose nature is Shariah non-compliant e.g. irredeemable convertible unsecured loan stock (ICULS)); and
- (ii) securities of other companies offered by the company whose Shariah non-compliant securities are held by the Fund,

on condition that they expedite the disposal of the Shariah non-compliant securities. For securities of other companies {as stated in (ii) above}, they must be Shariah-compliant securities.

2. RISK FACTORS

2.1 General Risks of Investing in the Fund

General Risks

a) Management risk

This refers to the expertise of the Manager in the day-to-day management of the Fund. Lack of expertise of the fund manager may adversely affect the returns from the Fund's investments and consequently, the Unit Holder's investment. The selection of the Fund's investments is a subjective process. The assets of the Fund selected by the Manager may perform better or worse than the overall market or as compared to other similar funds in the market.

b) Redemption risk

The ability of the Fund to honour requests for redemption in a timely manner is subject to the Fund's holding of adequate liquid assets and/or its ability to source financing on a temporary basis as permitted by the relevant laws. The Fund may seek an Islamic financing facility to meet the above requests. In the event there is insufficient liquid assets, the Manager may have to liquidate the Fund's investments at an unfavourable price.

c) Loan / financing risk

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

- i) the ability to service the loan repayments or financing instalment and the effect of increase in interest or profit rates on the loan repayments or financing instalments; and
- ii) (in a case where Units are used as collateral to the loan or financing facility) the ability to provide additional collateral should unit prices fall beyond a certain level, failing which, the investors' Units may be sold off to realise the proceeds towards settlement of the outstanding loan or financing facility taken.

[Please see the Unit Trust Loan Financing Risk Disclosure Statement in the application form. Should Muslim investors wish to finance the acquisitions of Islamic unit trust funds, they are advised to obtain one that is Shariah-compliant in nature.]

d) Risk of non-compliance

The risk arises should the Manager not follow the provisions set out in the Deed or the law that governs the Fund or its own internal procedures whether due to the Manager's oversight, or if the Manager acts fraudulently or dishonestly. Such non-compliance may result in the Fund being mismanaged and may affect the Unit Holders' investments should the rectification of the non-compliance negatively affect the Unit Holder's investments in the Fund.

e) Returns are not guaranteed

There is no guarantee on the investment returns to Unit Holders.

Investments Risks**a) Counterparty and issuer risk**

This risk refers to the possibility that the issuer of an Islamic money market instrument or the Islamic Deposits will not be able to make timely payments of profit and/or principal repayment when it becomes due. This may lead to a default in the payment of principal and/or profit and ultimately a reduction in the value of the Fund.

b) Market risk

Market risk is a risk that arises when the prices of investments in the marketplace are affected by circumstances such as political or economic events. These circumstances may be a local or global event that can affect the markets where the Fund is invested in and subsequently, the value of the Fund's investments.

2.2 Specific Risks when Investing in this Fund**a) Liquidity risk**

This risk refers to the ease with which the Fund's investment can be sold at a favourable price. Should the Fund's investment become illiquid, it may be sold at an unfavourable price which may then lower the value of the Fund's investments and subsequently the value of Unit Holders' investments.

b) Particular security risk

The fluctuation in the performance of each individual security that the Fund invests in will affect the price of the Units. Not all companies issuing these securities are successful. The success and failure of the companies will cause its securities value to rise or fall. Valued collectively, the performance of individual securities will cause the Fund's unit price to rise or fall accordingly.

c) Equity risk

The performance of the equities held by the Fund is also dependent on company specific factors like the company's business situation. If the company-specific factors deteriorate, the price of the specific equity may drop significantly and permanently. Such event could possibly occur even in a positive equity market trend. The risk will be managed via portfolio diversification of the Fund's investments in terms of its exposure to equity from various industries, sectors and countries. In addition, where necessary, exposure to a particular equity will also be reduced in the event of an anticipated weakness in that particular equity.

d) Reclassification of Shariah status risk

This risk refers to the risk that the currently held Shariah-compliant equities in the Fund may be reclassified as Shariah non-compliant in the periodic review of the equities by the SACSC, the Shariah Adviser or the Shariah boards of the relevant Islamic indices. If this occurs, the Manager will take the necessary steps to dispose of such equities in accordance with the Fund's Shariah investment guidelines.

Please refer to Section 1.4 on the Fund's Shariah methodology on the treatment of gains and losses as a result of the reclassification of Shariah non-compliant investments.

e) Concentration risk

The Fund holds fewer Shariah-compliant stocks (i.e. 15-25 stocks) than a typical portfolio of Shariah-compliant stocks. As such, a decline in the performance of any of the securities in the Fund's concentrated portfolio may cause the Fund's overall value to decline to a greater degree than if the Fund was exposed to a less concentrated portfolio. The Fund may therefore be subject to a higher level of risk than a portfolio with more securities or a more diversified exposure.

f) Foreign investment risks such as currency risk and country risk

Currency risk is associated with investments that are quoted in foreign currency denomination. When a security is denominated in a currency which fluctuates unfavorably against the Fund's currency (i.e. Ringgit Malaysia), the investment in the Fund may face currency loss in addition to the capital gains or losses. This may lead to a lower NAV.

As the Fund will be investing in foreign markets, the foreign investments portion of the Fund may be affected by risks specific to the country that the Fund invests in. Such risks include changes in the country's economic fundamentals, social and political stability, currency movements and foreign investments policies. These factors may impact the prices of the securities that the Fund invests in and ultimately lower the NAV. Further, there are countries which may require prior approvals before investments can be made in such countries. For example, if and when the Fund invests in countries such as China, Taiwan, South Korea and India, such countries require the application of an investment licence or registration of an investor code before investments can be made in these countries. As such, if investments in such countries are undertaken, there may be a risk that such registration or licence may be revoked or not renewed by the relevant authority and the Fund's investments in these countries may be affected. The effect on the Fund's investments will depend on the regulatory requirements of the respective countries. For example, if a country requires the Fund to obtain an investment licence which is subject to renewal and if such investment licence is not renewed in a timely manner, this may result in the Fund's investment account in that country being frozen by the regulator resulting in investment activities for the Fund in that country being suspended. To mitigate this, the Manager will monitor closely the adherence of investment regulatory requirements in such countries.

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

3. VALUATION OF ASSETS

The assets of the Fund must be valued at least once every Business Day, except during the Fund's initial offer period. As certain foreign markets in which the Fund may invest in have different time zones from that of Malaysia, the valuation of the Fund for a Business Day will be conducted by 5:00 p.m. (or such other time as may be determined by the Manager from time to time) on the following day in which the Manager is open for business.

Accordingly, the price of the Fund for a particular Business Day will not be published in the major newspapers on the next day but will instead be published the next following day (i.e. price will be two (2) days old). This will be specifically indicated in the major newspapers.

Illustration

When markets close for trading on 19 March 2018 (Monday), the valuation date will be the next day in which the Manager is open for business, i.e. 20 March 2018 (Tuesday). Thus, the major newspapers' publication date for the price as at 19 March 2018 (Monday) will be on 21 March 2018 (Wednesday).

Investors may obtain the most current computed price by contacting the Manager directly at 03-9205 8000 [please refer to section 5.5 (g) (Availability of Information on Investment)].

In undertaking any of the Fund's investments, the Manager will ensure that all the assets of the Fund will be valued appropriately, that is, at market value, failing which, such assets will be valued at fair value and at all times in compliance with the relevant laws (including approved accounting standards).

Accordingly, where applicable:

- (i) Listed local and foreign Shariah-compliant securities will be valued daily based on the last done market price or such other basis as may be prescribed by the relevant laws from time to time including approved accounting standards.

However, if:-

- (a) a valuation based on the market price does not represent the fair value of the Shariah-compliant securities, for example during abnormal market conditions; or
- (b) no market price is available, including in the event of a suspension in the quotation of Shariah-compliant securities for a period exceeding fourteen (14) days, or such shorter period as agreed by the Trustee,

then the Shariah-compliant securities would be valued at fair value, as determined in good faith by the Manager based on the methods or bases approved by the Trustee after appropriate technical consultation.

- (ii) Investments in unlisted Shariah-compliant securities will be valued at the cost price of each investment until the securities of the investee companies are successfully listed on a recognised stock exchange, upon which quoted prices will be available and valuation will be based on the last done market price or such other basis as may be prescribed by the relevant laws from time to time including approved accounting standards.
- (iii) Islamic collective investment schemes which are quoted on an approved exchange shall be valued in the same manner as listed securities as described above. When investing in unlisted Islamic collective investment schemes, the value shall be determined by reference to that manager's last published repurchase price per Unit for that unlisted Islamic collective investment scheme.
- (iv) Islamic financial derivatives positions will be 'marked-to-market' at the close of each trading day.
- (v) Islamic Deposits will be valued each day by reference to the principal value of such investments and the profits accrued thereon for the relevant period.
- (vi) Islamic money market instruments will be valued each day based on the accretion of discount or amortisation of premium on a yield to maturity basis.
- (vii) Foreign exchange translation of foreign investments for a particular Business Day is determined based on bid rate quoted by Bloomberg or Reuters at 4:00 p.m. (United Kingdom time) or such other time as may be prescribed from time to time by the relevant laws.

4. FEES, CHARGES AND EXPENSES

The cost to the investor of investing in the Fund is as follows:

4.1 Charges

The charges directly incurred by an investor when purchasing or redeeming Units are as follows:

(a) Sales Charge

The Manager will impose a sales charge which can be levied on an investor's investment amount / purchase amount, net of bank charges (if any) by the Manager's various distributors as follows:

| Distributor | % of investment amount |
|---|-------------------------------|
| Corporate Unit Trust Adviser (CUTA) | Up to 5.50%. |
| Institutional Unit Trust Adviser (IUTA) | Up to 5.50%. |
| Tied (Retail) Agent | Up to 5.50%. |
| Direct Sales (Direct Investment with the Manager) | Up to 5.50%. |

An investor can expect differing sales charge to be levied when buying Units from the various distribution channels and within each distribution channel, subject to the

maximum sales charge stipulated above. This is due to the different levels of services provided by each distribution channel and/or the size of the investment undertaken.

Illustration

If an investor purchased 20,000 Units at the Selling Price of RM0.5000 from a distributor which levies a sales charge of 5.50%, he would have paid a sum of RM10,583.00 which is made up of:-

| | |
|---|--------------------|
| Investment amount (20,000 Units x RM0.5000) | RM10,000.00 |
| Add: Sales charge at 5.50% | RM550.00 |
| GST ¹ (6% of RM550.00) | RM33.00 |
| Total amount paid by the investor | <u>RM10,583.00</u> |

The investor will be allotted with 20,000 Units calculated as follows:

| |
|---------------------|
| <u>RM10,000.00</u> |
| <u>RM0.5000*</u> |
| = 20,000.00 Units** |

Note: ¹ The implementation of GST is effective from 1 April 2015 at the rate of 6% and the fees or charges payable is exclusive of GST.

* Unit price is rounded to the nearest 4 decimal places.

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

From the sales charge received from investors, the Manager pays no more than the entire sales charge as mentioned above as selling commission to its distributors for the Fund.

(b) Repurchase Charge

The Manager will not impose any repurchase charge on investors redeeming their investments.

(c) Other Charges

(i) Switching of Units

This is considered as a withdrawal of investment from the Fund and an investment into any of the unit trust funds under the management of the Manager that allows switching of Units. However, no switching is allowed during the Fund's initial offer period. A switching fee will be imposed on Unit Holders switching between funds under management (that allow switching). A switching fee¹ of RM25.00 will be imposed and deducted from the redemption amount of the Units to be switched for a switch between funds that impose a similar sales charge or a switch to a fund that impose a lower sales charge. Unit Holders switching to a fund that imposes a higher sales charge will pay the difference in sales charge which is deductible from the redemption amount of the Units to be switched.

The Manager however, reserves the right to vary this fee or to vary the terms of the switching facility.

Units to be switched into shall be purchased at the Net Asset Value per Unit of that fund as at the next valuation point of the fund's relevant business day after the form of request to switch is received by the Manager ("forward pricing").

Illustration

If a Unit Holder switches 5,000 Units in **Dana Hikmah** at the Repurchase Price of RM0.5779 and wishes to invest in **another unit trust fund under the management of the Manager** (which has a higher sales charge of 6.50% at the selling price of RM0.4801).

| | | |
|---|---|---------------------------------------|
| Proceeds from switch (5,000 Units x RM0.5779) | = | RM 2,889.50 |
| Less : switching fee of 1.00% (6.50% - 5.50%) | = | RM28.90 |
| GST ¹ (6% of RM28.90) | | RM1.73 |
| Net proceeds from switch: | = | <u>RM 2,858.87</u> |
| Proceeds from Dana Hikmah invested in another unit trust fund managed by the Manager: | | <u>RM 2,858.87</u> <u>RM0.4801</u> |
| Units allotted to the investors (in the other unit trust fund managed by the Manager, that allow switching) | = | 5,954.74 Units** |

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

¹ The implementation of GST is effective from 1 April 2015 at the rate of 6% and the fees or charges payable is exclusive of GST.

(ii) Transfer of Units

The Manager charges a transfer fee¹ of RM5.00 for each transfer.

Note: ¹ The implementation of GST is effective from 1 April 2015 at the rate of 6% and the fees or charges payable is exclusive of GST.

(iii) Any bank charges imposed by the relevant banks / financial institutions will be borne by the Unit Holders.**4.2 Fees and Expenses**

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

(a) Management Fee

The Manager is entitled to the following applicable management fee¹ of one point eight per cent (1.80%) per annum of the Net Asset Value calculated on a daily basis, before deducting the Manager's and Trustee's fees for that particular day:

Illustration

Assuming that the Net Asset Value (before deducting the Manager's fee and Trustee's fee) for a particular day is RM100,000,000.00 and the annual management fee is at the rate of one point eight per cent (1.80%) per annum, the calculation of the management fee of the Fund is as follows:

| | | |
|--|---|------------|
| $\frac{\text{RM100,000,000.00} \times 1.80\%}{365 \text{ days}^*}$ | = | RM4,931.51 |
| Add: GST ¹ (6% of RM4,931.51) | = | RM295.89 |
| Total management fee payable for that particular day | = | RM5,227.40 |

* Note: In the event of a leap year, the annual management fee will be divided by 366 days.

¹ The implementation of GST is effective from 1 April 2015 at the rate of 6% and the fees or charges payable is exclusive of GST.

(b) Trustee's Fee

The Trustee is entitled to a trustee fee¹ of zero point zero six per cent (0.06%) per annum of the Net Asset Value calculated on a daily basis before deducting the Manager's and Trustee's fees for that particular day (excluding foreign custodian fees and charges).

Illustration

Assuming that the Net Asset Value (before deducting the Manager's fee and Trustee's fee) for a particular day is RM100,000,000.00 and the trustee fee is at the rate of zero point zero six per cent (0.06%) per annum, the calculation of the trustee fee of the Fund is as follows:

| | | |
|--|---|----------|
| $\frac{\text{RM100,000,000.00} \times 0.06\%}{365 \text{ days}^*}$ | = | RM164.38 |
| Add: GST ¹ (6% of RM164.38) | = | RM9.86 |
| Total trustee fee payable for that particular day | = | RM174.24 |

* Note: In the event of a leap year, the annual trustee fee will be divided by 366 days.

¹ The implementation of GST is effective from 1 April 2015 at the rate of 6% and the fees or charges payable is exclusive of GST.

(c) Other Expenses Directly Related to the Fund

In administering the Fund, there are expenses directly related to the Fund. These expenses include the cost of the auditors' fees and other relevant professional fees, foreign custodial charges, cost of distribution of interim and annual reports, tax certificates, reinvestment statements and other notices to Unit Holders. In addition, there are expenses that are directly related and necessary to the business of the Fund as set out in the Deed, such as commissions or fees paid to brokers, other transaction costs and taxes, if any, that are also paid out of the Fund.

All formation and issue expenses of the Fund pursuant to this prospectus will be borne by the Manager.

4.3 Reduction or Waiver of Fees and Charges

The Manager may, for any reason at any time, waive or reduce the amount of its management fee only or other charges directly payable by the Unit Holder and/or investor in respect of the Fund, either generally (for all Unit Holders and/or investors) or specifically (for any particular Unit Holder and/or investors) and for any period or periods of time at its absolute discretion.

4.4 Policy on Rebates and Soft Commissions

It is the Manager's policy to credit all rebates to the account of the Fund.

However, goods and services ("soft commissions") provided by any broker or dealer may be retained by the Manager if the goods and services are of demonstrable benefit to the Unit Holders and in the form of research and advisory services that assist in the decision making process relating to the Fund's investments, such as research materials and computer software,

which are incidental to the investment management activities of the Fund and any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund.

4.5 Goods and Services Tax

All fees and charges payable to the Manager and the Trustee are subject to any applicable taxes and/or duties (including but not limited to GST) as may be imposed by the government from time to time.

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

5. TRANSACTION INFORMATION

5.1 Pricing

The Manager adopts a single pricing policy, i.e. the Selling Price and the Repurchase Price is the Net Asset Value per Unit. However, the Selling Price and the Repurchase Price is fixed at the initial offer price during the Fund's initial offer period.

5.2 Computation of Purchase of Units

(i) During the Fund's initial offer period

During the Fund's initial offer period, the Selling Price is fixed at the initial offer price of RM0.5000 per Unit. A sales charge will be computed separately based on the investment amount/purchase amount, net of bank charges (if any).

Illustration

If an investor purchased 20,000 Units during the Fund's initial offer period from a distributor which levies a sales charge of 5.50%, he would have paid a sum of RM10,583.00 which is made up of:-

| | |
|---|---|
| Investment amount (20,000 Units x RM0.5000) | RM10,000.00 |
| Add: Sales charge @ 5.50% | RM550.00 |
| GST ¹ (6% of RM550.00) | RM33.00 |
| Total amount paid by the investor | <u>RM10,583.00</u> |
| The investor will be allotted with Units calculated as follows: | <u>RM10,000.00</u> RM0.5000 = 20,000.00 Units** |

Note: ¹ The implementation of GST is effective from 1 April 2015 at the rate of 6% and the fees or charges payable is exclusive of GST.

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

(ii) After the Fund's initial offer period

After the Fund's initial offer period, the Selling Price shall be the Net Asset Value per Unit as at the next valuation point of the Fund's relevant Business Day after the request for Units is received by the Manager ("forward pricing"). A sales charge will be computed separately based on the investment amount / purchase amount, net of bank charges (if any).

Illustration

The Net Asset Value per Unit as at the next valuation point of the Fund is computed as follows:-

| | |
|---------------------------|--|
| Daily Net Asset Value | RM158,472,829.58 |
| Units in Circulation | 274,200,000 |
| Net Asset Value of a Unit | <u>RM158,472,829.58</u> <u>274,200,000</u> = RM0.5779* |

* Unit price is rounded to the nearest 4 decimal places.

If an investor invests RM10,000, and purchased Units at the Selling Price of RM0.5779 (which is the Net Asset Value per Unit as at the next valuation point); and a distributor levies a sales charge of 5.50%, he would have paid a sum of RM10,583.00, which is made up of:-

| | |
|---|---|
| Investment amount | RM10,000.00 |
| Add: Sales charge @ 5.50% | RM550.00 |
| GST ¹ (6% of RM550.00) | RM33.00 |
| Total amount paid by the investor | <u>RM10,583.00</u> |
| The investor will be allotted with Units calculated as follows: | <u>RM10,000.00</u> <u>RM0.5779</u> = 17,304.03 Units ** |

Note: ¹ The implementation of GST is effective from 1 April 2015 at the rate of 6% and the fees or charges payable is exclusive of GST.

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

5.3 Computation of Redemption of Units

(i) During the Fund's initial offer period

During the Fund's initial offer period, the Repurchase Price is fixed at the initial offer price of RM0.5000 per Unit. Any bank charges incurred will be borne by the Unit Holders.

(ii) After the Fund's initial offer period

After the Fund's initial offer period, the Repurchase Price shall be the Net Asset Value per Unit as at the next valuation point of the Fund's relevant Business Day after the request for Units is received by the Manager ("forward pricing"). The Manager does not charge any repurchase charge for this Fund. Any bank charges incurred will be borne by the Unit Holders.

Illustration

If an investor makes a redemption of 17,304.03 Units at the Repurchase Price of RM0.5779 (which is the Net Asset Value per Unit as at the next valuation point), he would receive proceeds of redemption of RM10,000.00 as follows:

| | |
|--|--------------------|
| Redemption amount (17,304.03 Units x RM0.5779) | RM10,000.00 |
| Less: repurchase charge | Nil |
| Net amount payable to the investor | <u>RM10,000.00</u> |

5.4 Pricing Error Policy

The Manager shall ensure that the Fund and the Units are correctly valued and priced according to the Deed and all relevant laws. Where there is an error in the valuation of the Fund, any incorrect pricing of Units which is deemed to be significant will involve the reimbursement of money in the following manner:

- (a) by the Manager to the Fund, and/or to the Unit Holders and/or to the former Unit Holders; or
- (b) by the Fund to the Manager.

However, reimbursement of money shall only apply if the error is at or above the significant threshold of 0.5% of the Net Asset Value per Unit and the amount to be reimbursed is equivalent to RM10.00 or more.

5.5 Transaction Details**(a) How to Purchase and Redeem Units**

When purchasing Units, investors must forward the following:

- 1) completed account application form and purchase/switch form;
- 2) necessary remittance; and
- 3) relevant supporting documents such as a photocopy of their identity card (for an individual applicant) or certified true copies of the certificate of incorporation or registration, memorandum and articles of association or constitution or by-laws, and relevant resolutions (for a corporate applicant)

to the Manager's registered/principal office or any of its branch offices, or to any of its participating institutional unit trust advisers (IUTAs) or any other authorized distributors before their respective cut-off times.

The minimum initial investment of the Fund is RM500 and the minimum additional investment is RM100. However, the Manager may from time to time accept such other amount as it deems fit and appropriate.

Similarly, Units can be redeemed by forwarding the completed form of request to repurchase to the Manager's registered/principal office or any of its branch offices, or to any of its participating IUTAs or any other authorized distributors on any day other than Saturdays, Sundays and public holidays before their respective cut-off times. All redemption requests will be processed in accordance with the redemption conditions for the Fund. Redemption monies will be paid within ten (10) days after receipt by the Manager of the request to repurchase.

For partial redemption, the balance of Units after the redemption must be at least one hundred (100) Units or such other lower quantity as the Manager may from time to time accept (the "minimum investment balance"). There are no restrictions on the number of Units a Unit Holder can redeem out of his investments or the frequency of redemptions in a year. However, the Manager shall not be bound to comply with any request for redemption of Units if the balance of Units held after the redemption is less than the minimum investment balance.

(b) Cooling-off Period

The cooling-off right refers to the right of an individual investor to obtain a refund of his investment if he so requests within the cooling-off period. The cooling-off right is only

given to an individual investor, other than those listed below, who is investing in any unit trust fund managed by the Manager for the first time:

- (i) a staff of the Manager; and
- (ii) persons registered with a body approved by SC to deal in unit trust funds.

The refund to the investor pursuant to the exercise of his cooling-off right shall not be less than the sum of:

- a) the Selling Price on the day the Units were purchased; and
- b) the sales charge originally imposed on the day the Units were purchased.

The cooling-off period shall be within six (6) business days[#] which shall be effective from the date of receipt of the application by the Manager.

[#] These are the working days when the Manager is open for business.

The cooling-off right allows investors the opportunity to reverse an investment decision which could have been unduly influenced by certain external elements or factors.

Withdrawal proceeds will only be paid to the investors once the Manager has received cleared funds for the original investment. For investors who paid by cheque, the refund will be made upon presentation and clearance of the cheque by the respective banks / financial institutions.

(c) Where Units can be Purchased or Redeemed

Units can be purchased or redeemed at the Manager's registered/principal office or any of its branch offices or from any of its participating IUTAs or any other authorized distributors. For further information, please call us at 03-9205 8000 at any time during our office hours: Mondays through Fridays from 9.00 a.m. – 5.00 p.m. Alternatively, investors may e-mail their enquiries to rhbiiam.enquiry@rhbgroup.com.

Application forms, redemption forms and the prospectus are also available from these distributors.

(d) How to Switch between Funds

Investors may switch between unit trust funds managed by the Manager that allow switching of Units by forwarding the completed form of request to switch to the Manager's registered/principal office or any of its branch offices, or to any of its participating IUTAs or any other authorized distributors before their respective cut-off times. The minimum amount for a switch into another fund is RM1,000.00. There are no restrictions as to the number of switches a Unit Holder may perform or the frequency of switching. The Manager however, reserves the right to vary these terms.

(e) How to Transfer Ownership of Units

Where allowed, investors may transfer their holdings of Units to another investor by forwarding the completed form of transfer to the Manager's registered/principal office or any of its branch offices, or to any of its participating IUTAs or any other authorized distributors before their respective cut-off times.

If the transferee is a new investor, he must also forward the following:

- 1) completed application form; and

- 2) relevant supporting documents such as a photocopy of his identity card (for an individual applicant) or certified true copies of the certificate of incorporation or registration, memorandum and articles of association or constitution or by-laws, and relevant resolutions (for a corporate applicant).

However, the Manager may decline to register any partial transfer of Units if the registration would result in the transferor or the transferee holding less than one hundred (100) Units or such other lower quantity as the Manager may from time to time accept (the minimum investment balance). The Manager may also refuse an entry of transfer during the fourteen (14) days preceding an income distribution date.

(f) Unclaimed Monies

All money payable to a Unit Holder may be paid by telegraphic transfer or electronic payments or cheques. In the event any moneys payable to Unit Holders (if payment was made by cheque, the cheque is not presented for payment by the date which falls six (6) months from the date of the cheques), the Unit Holder may request the Manager to arrange for the monies to be paid by telegraphic transfer or electronic payments or by a replacement cheque to the Unit Holder. However, after the lapse of one (1) year from the date of the cheque or any moneys payable to Unit Holders which remain unclaimed for such period of time, the Manager shall file and pay the unrepresented payments to the Registrar of Unclaimed Moneys. Thereafter, the Unit Holders are to claim such monies from the Registrar of Unclaimed Moneys.

(g) Availability of Information on Investment

After purchasing Units, the value of the investment can be monitored easily as the unit price is published daily in major newspapers. The Manager will ensure the accuracy of the price to the major newspapers for publication. The Manager, however, will not be held liable for any error or omission in the price published as this is beyond the Manager's control. In the event of any conflict between the price published and the price computed by the Manager, the Manager's computed price shall prevail.

Unit Holders will receive an unaudited half year report and an audited annual report of the Fund from the Manager within two (2) months after the end of the financial period/financial year end that the report covers. The Manager may also issue updates either quarterly or semi-annually, on the performance of the Fund as and when appropriate.

Customers or investors may call us at 03-9205 8000 at any time during our office hours: Mondays through Fridays from 9.00 a.m. – 5.00 p.m. Alternatively, investors may e-mail their enquiries to rhbiiam.enquiry@rhbgroupp.com.

Investors may also refer to FIMM for any queries/concerns regarding their investments in unit trust funds.

Investors must not make payment in cash to any individual agent when purchasing Units.

The Fund's annual report is available upon request.

(h) Dealing Hours

9:00 a.m. to 4:00 p.m. (Malaysia time) on any Business Day or such later time as the Manager may determine provided always that complete applications for the Fund are received before the next valuation point.

5.6 Mode of Distribution

Distribution, if any, after deduction of taxation and expenses (i.e. net distributions), will be reinvested to purchase additional Units based on the Net Asset Value per Unit as at the second Business Day when Units are quoted ex-entitlement. Allotment of such Units shall be within two (2) weeks thereafter.

No sales charge will be imposed for any reinvestment of distribution into the Fund.

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

5.7 Additional Information

(a) Zakat for the Fund

The Fund does not pay *zakat* on behalf of Unit Holders who are Muslim individuals and Islamic legal entities since doing so would not satisfy completely their *zakat* obligations. Such investors are thus advised to pay on their own behalf.

6. SALIENT TERMS OF THE DEED

The Deed dated 19 February 2018 and any other supplemental deeds that may be registered with the Securities Commission from time to time.

6.1 Rights and Liabilities of Unit Holders

6.1.1 Recognition of Unit Holders

An investor is only recognised as a Unit Holder when his/her name appears in the register as a Unit Holder of Units in which he/she has invested.

Accordingly, only investors whose applications for Units are successfully processed are recognised as Unit Holders.

6.1.2 Rights of Unit Holders

Unit Holders shall have the right in respect of the Fund in which they hold Units, amongst others, to the following:

- (a) to receive distributions of the Fund (if any), participate in any increase in the value of the Units and to enjoy such other rights and privileges as set out in the Deed;
- (b) to call for Unit Holders' meetings, and to vote for the removal of the Trustee or the Manager through a special resolution as provided for in the Deed;
- (c) to exercise the cooling-off right, if applicable; and
- (d) to receive annual reports, interim reports or any other reports of the Fund.

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

6.1.3 Liabilities of Unit Holders

The liability of Unit Holders shall be limited to their investment participation in the Fund. Unit Holders shall not be liable to indemnify the Trustee or the Manager against any liabilities whatsoever arising in respect of their duties and obligations as trustee and manager of the Fund. Any claims against the Fund shall be entirely restricted to the Fund.

6.2 Fees, Charges, and Expenses Permitted By the Deed

6.2.1 Sales Charge and Repurchase Charge

The Manager may impose a sales charge and a repurchase charge for the sale and repurchase of Units according to such rates and conditions disclosed in this prospectus. The maximum charges allowable by the Deed and the actual charges paid by Unit Holders are as follows:

| | | |
|-------------------|------------------------|--|
| Sales Charge | Maximum Allowable Rate | 10% of the investment amount /purchase amount, net of bank charges (if any). |
| | Actual Rate Charged | Up to 5.50% of the investment amount/ purchase amount, net of bank charges (if any). |
| Repurchase Charge | Maximum Allowable Rate | 5.00% of the withdrawal amount / repurchase amount. |
| | Actual Rate Charged | Nil. |

6.2.2 Annual Management Fee

According to the Deed, the maximum annual management fee the Manager is permitted to charge to the Fund is at the maximum rate below:

| |
|-------------------------------|
| Maximum Allowable Rate |
| 2.50% of the Net Asset Value. |

The Trustee shall ensure that the annual management fee charged is reasonable having regard to:

- (a) the roles, duties and responsibilities of the Manager;
- (b) the interests of the Unit Holders;
- (c) the nature, quality and extent of the services provided by the Manager;
- (d) the amount of the management fee in relation to the size and composition of the investments of the Fund;
- (e) the success of the Manager in meeting the objective of the Fund;
- (f) the investment performance of the Fund in question; and
- (g) the maximum rate (stipulated above).

6.2.3 Annual Trustee Fee

According to the Deed, the maximum annual trustee fee the Trustee is permitted to charge to the Fund is at the maximum rate:

| Maximum Allowable Rate |
|--|
| 0.15% of the Net Asset Value (excluding foreign custodian fees and charges). |

In addition to the annual trustee fee, the Trustee may be paid by the Fund any expense properly incurred by the Trustee in the performance of its duties and responsibilities and for taking into custody any foreign assets of the Fund. Such custodian fee is determined in consultation with the Manager and shall not exceed the relevant prevailing market rate.

6.2.4 Increase in Fees and Charges

Any increase in the actual sales charge, actual repurchase charge, annual management fees and annual trustee fees above the level disclosed in this prospectus (but below the maximum rate prescribed in the Deed) can be made by way of a supplementary prospectus or replacement prospectus. However, any increase in the sales charge, repurchase charge, annual management fee and annual trustee fee above the maximum rate prescribed in the Deed can only be made by way of a supplemental deed which will require Unit Holders' approval before the issuance of a supplemental deed and a supplementary prospectus or replacement prospectus.

6.2.5 Other Permitted Expenses of the Fund

Only the expenses which are directly related and necessary to the business of the Fund may be charged to the Fund.

The expenses directly incurred by and charged to the Fund include but are not limited to commissions or fees paid to brokers; charges and fees paid to foreign sub-custodian; tax and other duties charged on the Fund by the government and other authorities; costs, fees and expenses properly incurred by the auditor appointed for the Fund; and other expenses allowed under the Deed.

Expenses associated with the management and administration of the Fund, such as general overheads and cost for services expected to be provided by the Manager shall not be charged to the Fund.

Expenses relating to the issue of this prospectus may not be charged to the Fund, where the Manager imposes a sales charge. Accordingly, the Manager has borne all costs relating to the issuance of this prospectus.

6.3 Removal, Replacement, and Retirement of the Manager and Trustee

6.3.1 Removal or Replacement of the Manager

The Manager may be removed or replaced by the Trustee on the grounds that the Manager:

- (i) has gone into liquidation, except for the purpose of amalgamation or reconstruction or some similar purpose; or
- (ii) has had a receiver appointed; or
- (iii) has ceased to carry on business; or
- (iv) is in breach of any of its obligations or duties under the Deed or the relevant laws; or
- (v) has ceased to be eligible to be a management company under the relevant laws; or
- (vi) has failed or neglected to carry out its duties to the satisfaction of the Trustee and the Trustee considers that it would be in the interests of Unit Holders for the Trustee to remove or replace the Manager after the Trustee has given notice to the Manager of that opinion and the reasons for that opinion, and the Trustee has considered any representations made by the Manager in respect of that opinion, and after consultation

with the relevant authorities and with the approval of the Unit Holders by way of a special resolution.

The Manager may also be removed or be required to retire by the Unit Holders if a special resolution is passed at a meeting of the Unit Holders.

6.3.2 Retirement of the Manager

The Manager shall have the power to retire in favour of some other corporation and as necessary under any relevant law upon giving the Trustee twelve (12) months' notice in writing of its desire to do so, or such lesser time as the Manager and the Trustee may agree upon, provided such retirement is carried out in accordance with the relevant laws and the terms and conditions under the Deed.

6.3.3 Removal or Replacement of the Trustee

The Trustee may be removed or replaced by the Manager if:

- (i) the Trustee has ceased to exist; or
- (ii) the Trustee has not been validly appointed; or
- (iii) the Trustee was not eligible to be appointed or to act as trustee under any relevant law; or
- (iv) the Trustee has failed or refused to act as trustee in accordance with the provisions or covenants of the Deed or any relevant law; or
- (v) a receiver has been appointed over the whole or a substantial part of the assets or undertaking of the Trustee and has not ceased to act under that appointment; or
- (vi) a petition has been presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared insolvent); or
- (vii) the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 or any relevant law; or
- (viii) a special resolution is duly passed in accordance with the provisions of the Deed that the Trustee be removed in a meeting of Unit Holders.

6.3.4 Retirement of the Trustee

The Trustee may retire by giving at least twelve (12) months' written notice to the Manager of its desire to do so, or such period as the Manager and the Trustee shall agree, and may by deed appoint in its stead a new trustee approved by the relevant authorities and under any relevant law.

6.4 Termination of the Fund

The Fund is of unlimited duration and shall continue until terminated:

- (a) by the Manager at any time in its absolute discretion subject to compliance with the relevant laws, which may include but is not limited to the following situations:
 - (i) where authorisation for the Fund's establishment is revoked by the Securities Commission at any time.
 - (ii) where an approved transfer scheme as defined under the relevant laws has resulted in the Fund being left with no asset.

- (b) by the Trustee if a Unit Holders meeting is summoned by the Trustee to pass a special resolution in order to terminate and wind-up the Fund and thereafter the Trustee must obtain an order from the court to confirm the said special resolution.
- (c) by the Unit Holders if a Unit Holders meeting is summoned by the Unit Holders to pass a special resolution to terminate and wind-up the Fund.

6.5 Unit Holders Meeting (“Meeting”)

A Meeting may be summoned by the Unit Holders, the Trustee or the Manager in accordance with the provisions of the Deed and any relevant laws. Any such Meeting will be conducted in accordance with the provisions of Deed and any relevant laws.

6.5.1 Quorum

The quorum required for a Meeting shall be five (5) Unit Holders whether present in person or by proxy. However if the purpose of the Meeting is to pass a special resolution such as to remove the Manager and/or the Trustee, then the quorum shall be five (5) Unit Holders whether present in person or by proxy who must hold in aggregate at least 25% of the Units in circulation at the time of the Meeting.

Where the Fund has only five (5) or less Unit Holders, the quorum required for a meeting shall be two (2) Unit Holders whether present in person or by proxy. But if the Meeting is convened to pass a special resolution such as to remove the Manager and/or the Trustee then the Unit Holders whether present in person or by proxy must hold in aggregate at least 25% of the Units in circulation at the time of the Meeting.

6.5.2 Manner of Voting and Resolution

Every Unit Holder entitled to attend the Meeting and to vote, may do so personally or by proxy. At a Meeting, every resolution of the Meeting shall be decided by a show of hands unless a poll is demanded or if the Meeting is to determine on a matter of special resolution, in which case a poll should be taken. On a show of hands every Unit Holder who is present in person or by proxy shall have one vote.

A poll may be demanded on any resolution. If a poll is taken or demanded, every vote held by every Unit Holder who is present in person or by proxy shall be proportionate to the number or to the value of Units held by the Unit Holder. The Manager may attend any Meeting but must not exercise the voting rights for the Units it or its nominees hold in any Unit Holders’ Meeting, regardless of the party who requested for the Meeting and the matters that are laid before the Meeting.

A poll may be demanded by the chairman of the Meeting, the Trustee, the Manager or by Unit Holders holding (or representing by proxy) between them not less than one-tenth (1/10) of the total number of Units then in issue.

Unless a poll is so demanded, a declaration by the chairman of the Meeting of the result of the resolution shall be conclusive evidence of the fact whether in favour of or against such resolution.

All resolutions presented at the Meeting shall be passed by a simple majority except for special resolutions which require majority in number representing at least three-fourths (3/4) of the value of Units held by the Unit Holders voting. Resolutions passed at the Meeting shall bind all Unit Holders whether or not they were present at the Meeting.

7. THE MANAGEMENT AND ADMINISTRATION OF THE FUND**7.1 The Manager**

The Manager, RHB Islamic International Asset Management Berhad, a wholly-owned subsidiary of RHB Asset Management Sdn Bhd (“RHBAM”), is a holder of a Capital Markets Services Licence to carry out Islamic fund management activities and a Restricted Dealing Licence to deal in unit trusts issued under the Capital Markets and Services Act 2007. RHBAM, which in turn is a wholly-owned subsidiary of RHB Investment Bank Berhad, is a holder of a Capital Markets Services Licence to carry out fund management activities and a Restricted Dealing Licence to deal in unit trusts issued under the Capital Markets and Services Act 2007. The Manager was incorporated on 17 November 2009 and commenced operations on 23 December 2009.

7.2 Board of Directors

The board of directors of the Manager takes an active part in the affairs of the Manager and the unit trust funds under its management. The board of directors of the Manager meets at least once every three (3) months to receive recommendations and reports on investment activities from the investment committee, set policies and guidelines of the Manager and to review performance, financial and audit reports of the Manager. Additional meetings shall also be convened, should the need arises.

The board of directors of the Manager are as follows:

1. Mr Patrick Chin Yoke Chung (Non-independent non-executive chairman)
2. Mr Chin Yoong Kheong (Independent non-executive director)
3. Datuk Nozirah binti Bahari (Independent non-executive director)
4. Ms Choo Shan (Independent non-executive director)
5. Puan Sharizad binti Juma’at (Non-independent executive director)

7.3 Functions of the Manager

The Manager is responsible for the day-to-day administration of the Fund in accordance with the provisions of the Deed. The main roles, duties and responsibilities of the Manager include:

- Selecting and managing investments of the Fund;
- Executing, supervising and valuing investments of the Fund;
- Arrangement of sale and repurchase of Units;
- Keeping of proper records of the Fund;
- Issuing the Fund’s interim and annual reports to Unit Holders;
- Distribution of income to Unit Holders (if any); and
- Marketing the Fund to potential investors.

7.4 The Investment Committee**Functions of the Investment Committee**

Members of the investment committee meet once every three (3) months or as and when the need arises in performing the following functions:-

- Reviews the investment policies and guidelines of the Fund;
- Reviews the performance and portfolio of the Fund;
- Reviews the performance of the stock market and its outlook; and
- Reviews and approves the strategies recommended by the fund managers.

7.5 The Investment Team

The investment team is jointly responsible for the overall investment decisions made on behalf of the Fund. The key member of the investment team is as follows:

Designated fund manager of the Fund is Encik Nik Hazim Nik Mohamed.

Encik Nik Hazim Nik Mohamed (“Encik Nik”) is the chief investment officer of RHB Islamic International Asset Management Berhad (“RHBIIAM”). He joined RHBIIAM as the head of equity on 12 October 2015 carrying over 20 years of investment experience and was appointed as the chief investment officer of RHBIIAM on 12 July 2016. He holds a Capital Markets and Services Representative license specializing in fund management. Encik Nik was previously the head of investment at Kenanga Islamic Investors Berhad and has been with the Kenanga Group for almost 7 years. He was trusted to manage and oversee investments in unit trust funds and private mandate portfolios. Prior to this, Encik Nik was with Permodalan Nasional Berhad (“PNB”) for 14 years and was involved in various aspects of PNB’s fund management operations. During his stint in PNB, he was also the head of fund management at PNB’s Singapore Unit Trust Limited and he managed geographically diverse funds for proprietary accounts and later on, unit trust funds quoted in Singapore. Encik Nik also managed Malaysian centric unit trust funds for PNB and had two years of experience as head of product development for Amanah Mutual Berhad (“AMB”). AMB is a fully-owned subsidiary of PNB.

The designated fund manager of the Fund is supported by a team of experienced fund managers who are responsible to actively manage the Fund in accordance with the investment objective of the Fund and the provision of the Deed. The investment team shall have discretionary authority over the investments of the Fund subject to the rules and guidelines issued by the relevant authorities.

7.6 Manager’s Disclosure of Material Litigation and Arbitration

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

7.7 The Shariah Adviser**Background Information**

RHB Islamic Bank Berhad (“RHB Islamic Bank”) is the Shariah Adviser to the Fund. RHB Islamic Bank, a wholly-owned subsidiary of RHB Bank Berhad, was incorporated on 2 February 2005 and officially commenced its operations on March 2005. RHB Banking Group was the first commercial banking group to have a full-fledged Islamic bank in Malaysia that was transformed from an Islamic banking window when it first commenced its operations.

RHB Islamic Bank focuses on customising innovative Shariah-compliant products and services to meet each client’s requirements. Products and services are offered to both Muslims and non-Muslims for personal banking and businesses. These include savings and current accounts, investment accounts, treasury - trade/guarantee products and services, capital market products and electronic payment/gateway solutions. RHB Islamic Bank also offers customised financing solutions and capital markets advisory services.

Being a bank licensed under the Islamic Financial Services Act 2013, RHB Islamic Bank is also a recognised Shariah Adviser by the Securities Commission to advice on sukuk issuance, Islamic investment funds and all other approved Islamic capital market instruments.

Roles and Responsibilities of the Shariah Adviser

The Shariah Adviser conducts monthly review of the Fund's property to ensure compliance with Shariah principle and will hold a meeting at least once in every two (2) months or more to discuss any Shariah issue that may arise from the operation of the Fund.

In line with the SC Guidelines, the roles and responsibilities of the Shariah Adviser are:

- (a) To ensure that the Fund is managed and administered in accordance with Shariah principles;
- (b) To provide expertise and guidance in all matters relating to Shariah principles including on the Fund's deed and prospectus, its structure and investment process, and other operational and administrative matters;
- (c) To consult with Securities Commission where there is any ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process;
- (d) To act with due care, skill and diligence in carrying out its duties and responsibilities;
- (e) To review the Fund's compliance reports as provided by compliance officer, and investment transaction reports provided by, or duly approved by, the Trustee to ensure that the Fund's investments are in line with Shariah principles;
- (f) To prepare a report to be included in the Fund's interim and annual reports certifying whether the Fund has been managed and administered in accordance with Shariah principles for the respective periods concerned.

Members of RHB Islamic Bank's Shariah Committee

The members of RHB Islamic Bank's Shariah committee are the designated persons responsible for the Shariah matters of the Fund.

(a) Dr. Ghazali Jaapar (Chairman)

Dr. Ghazali Jaapar ("Dr Ghazali") is currently serving as assistant professor of Ahmad Ibrahim Kulliyah of Laws, International Islamic University Malaysia (IIUM). Prior to that, he was a director of Harun M. Hashim Law Centre, IIUM.

Dr. Ghazali started his career as a lecturer in 2007 at Ahmad Ibrahim Kulliyah of Laws, IIUM and is still attached with the university, teaching several subjects such as Islamic legal system and Usul al-Fiqh for LLB course (Undergraduate), *Siyasah Syar'iyah* for LLM (Administration of Islamic Law) students and Islamic legal maxims for Certificate in Islamic law (Bank Negara and Standard & Chartered). Dr. Ghazali also serves as Shariah Committee of HSBC Amanah Takaful.

His areas of expertise are Islamic legal system, principles of Islamic jurisprudence (*Usul al-Fiqh*), Islamic legal maxims, *Siyasah Shar'iyah* (Shariah-oriented policy). He had written numerous journals and articles and presented papers in various forums and seminars.

(b) Assoc. Prof. Dr. Amir Shaharuddin

Assoc. Prof. Dr. Amir Shaharuddin ("Assoc. Prof. Dr. Amir") is currently dean faculty of Economic & Muamalat, Islamic Science University of Malaysia (USIM) since December 2013. He was the first recipient of Scholar of Residence in Islamic Finance

award, jointly initiated by Securities Commission and Oxford Centre for Islamic Studies (OCIS).

Assoc. Prof. Dr. Amir started his career as a tutor in 2003 at Faculty of Economic & Muamalat, USIM, Negeri Sembilan and is still attached with the university as a senior lecturer, teaching several subjects such as Islamic financial institutions and markets, principles and practice of Islamic banking, *Halaqah* studies, credit management, *Qawaid Fiqhiyyah* and Islamic capital market. He also serves as Shariah Committee of Malaysian Airport Consultancy Berhad and Malaysian Electronic Payment System (MEPS).

He has published numerous articles in refereed journals including Journal of Muamalat and Islamic Finance Research (JMIFR), Arab Law Quarterly Jurnal Syariah and International Shariah Research Academy (ISRA) International Journal of Islamic Finance. He has written various journals and articles in Islamic banking & finance, *zakat*, Islamic law principles of Islamic jurisprudence (*Usul al-Fiqh*), Islamic legal maxims and *Siyasah Shar'iyah* (Shariah-oriented policy) for forums and seminars. He has also presented academic papers in various international seminars such as in Indonesia, Bahrain, United Kingdom and Italy.

(c) Encik Wan Abdul Rahim Kamil Wan Mohamed Ali

Encik Wan Abdul Rahim Kamil Wan Mohamed Ali (“Encik Wan Abdul Rahim”) possesses extensive experience in Islamic banking and has been actively involved in various areas of operations including corporate financing and syndication, debt capital market and corporate advisory.

Encik Wan Abdul Rahim started his career in corporate finance department with Aseambankers (Malaysia) Berhad in 1977 before moving to Bank Islam Malaysia Berhad in 1983 under various capacities. He was the chief executive officer of ABRAR Discounts Berhad from 1994 to 2006. Since then he has been an Islamic capital market consultant and trainer to various bodies. He is also a regular trainer and speaker for various seminars and in-house training workshops organized by Bank Negara Malaysia (BNM), Securities Industries Development Corporation (SIDC), Islamic Banking and Finance Institute Malaysia (IBFIM) and other event organizers, both locally and internationally.

He pioneered the development of the Islamic capital market in Malaysia and has innovated the development of several benchmark capital market securities through securitization of Islamic contracts. He has been awarded as “Outstanding Leadership in Islamic Finance” by London Sukuk 2011 organized by ICG Events and UK Trade and Industry Ministry in London, United Kingdom.

Encik Wan Abdul Rahim has been a member of the following:

- 1) Task Force on Islamic Banking and Takaful for Labuan Offshore Financial Services Authority (LOFSA) Malaysia;
- 2) Islamic Capital Markets Working Group (ICMWG) – Securities Commission;
- 3) Market and Product Development Committee under the International Islamic Financial Market (IIFM), Bahrain representing LOFSA;
- 4) Private Debt Securities Task Force of the Islamic Banking & Finance Institute Malaysia (IBFIM), a body under BNM;
- 5) Islamic Banking Committee, Majlis Tindakan Ekonomi Negara (MTEN) under the Prime Minister’s Department.

He has also written various articles and presentations on the subjects of sukuk, corporate governance in Shariah, rating of Islamic financial institutions, Islamic factoring, Islamic asset backed securities, Islamic gold dinar and securitization.

(d) Encik Mohd Fadhly Md Yusoff

Encik Mohd Fadhly Md Yusoff (“Encik Mohd Fadhly”) has more than 13 years of experience in Islamic capital market during his tenure as a manager at Islamic capital market department of Securities Commission from 1995 to 2008 where he was involved in Shariah compliance supervision in relation to submissions for the issuances of sukuk, structured products, collective investment schemes and Islamic real estate investment trusts (REITs). In addition, he has also undertaken in-depth research for the development of new Islamic capital market instruments as well as providing technical inputs for the preparation of various guidelines issued by the Securities Commission.

Currently, Encik Mohd Fadhly also serves as a Shariah committee member of Sun Life Malaysia Takaful Bhd, Opus Asset Management Sdn Bhd, Apex Investment Services Berhad, National Farmers Organization (NAFAS) as well as an external Shariah adviser for University Tenaga Nasional.

He has actively participated in various industry development initiatives namely the International Organization of Securities Commission (IOSCO) Task Force on Islamic Capital Market, Islamic Financial Services Board’s (IFSB) Governance of Islamic Investment Funds Working Group, technical member for the publication of *Resolutions of the Securities Commission Shariah Advisory Council* and Islamic Capital Market educational / promotional programs.

(e) Puan Shabnam Mohamad Mokhtar

Puan Shabnam Mohamad Mokhtar (“Puan Shabnam”) is presently the vice president of SHAPE® Knowledge Services; an Islamic finance consulting firm based in Kuwait. Puan Shabnam spearheads research and development activities including financial analysis, strategic & business plan formulation, design and implementation of customized survey, research and training for different clients at SHAPE®. Formerly, she was heading the capital markets research for the International Shariah Research Academy (ISRA), an institution established by the Central Bank of Malaysia.

She has conducted various training programs on Islamic banking, sukuk & Islamic capital market products, risk management and financial reporting for clients in the ASEAN region, Gulf Cooperation Council (GCC) and the European market.

She has also contributed chapters in *Housing the Nation* (Cagamas 2013), *Managing Fund Flows, Risks and Derivatives: Applications in Islamic Institutions* (Sweet & Maxwell 2012), *Islamic Financial System: Principles & Operations Market* (ISRA, 2011), *Sukuk* (Sweet & Maxwell 2009), and *Partnership Accounting, Principles and Practice* (McGraw Hill). She served as a member of the Shariah Board of Malaysian Ratings Corporation (MARC) from 2010 to 2014.

7.8 Other Information

Further information on the Manager, the investment committee of the Fund and the Shariah Adviser is provided in the Manager’s website at **www.rhbgroup.com**.

8. THE TRUSTEE OF THE FUND

The Trustee is HSBC (Malaysia) Trustee Berhad (Company No. 1281-T), a company incorporated in Malaysia since 1937 and registered as a trust company under the Trust Companies Act 1949, with its registered address at 13th Floor, Bangunan HSBC, South Tower, No. 2, Leboh Ampang, 50100 Kuala Lumpur.

8.1 Experience in Trustee Business

Since 1993, the Trustee has acquired experience in the administration of trusts and has been appointed as trustee for unit trust funds, exchange traded funds, wholesale funds and funds under private retirement schemes.

8.2 Duties and Responsibilities of the Trustee

The Trustee's main functions are to act as trustee and custodian of the assets of the Fund and to safeguard the interests of Unit Holders of the Fund. In performing these functions, the Trustee has to exercise all due care, diligence and vigilance and is required to act in accordance with the provisions of the Deed, Capital Markets and Services Act 2007 and the SC Guidelines. Apart from being the legal owner of the Fund's assets, the Trustee is also responsible for ensuring that the Manager performs its duties and obligations in accordance with the provisions of the Deed, Capital Markets and Services Act 2007 and the SC Guidelines. In respect of monies paid by an investor for the application of Units, the Trustee's responsibility arises when the monies are received in the relevant account of the Trustee for the Fund and in respect of redemption, the Trustee's responsibility is discharged once it has paid the redemption amount to the Manager.

8.3 Trustee's Statement of Responsibility

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

8.4 Trustee's Disclosure of Material Litigation

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

8.5 Trustee's Delegate

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

The Trustee shall be responsible for the acts and omissions of its delegate as though they were its own acts and omissions.

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

Particulars of the Trustee's Delegates

For foreign asset:

The Hongkong And Shanghai Banking Corporation Limited
6/F, Tower 1,
HSBC Centre,
1 Sham Mong Road, Hong Kong.
Telephone No: (852)2288 6111

For local asset:

The Hongkong And Shanghai Banking Corporation Limited (As Custodian) and assets held through HSBC Nominees (Tempatan) Sdn Bhd (Co. No. 258854-D)
No 2 Leboh Ampang
50100 Kuala Lumpur
Telephone No: (603)2075 3000 Fax No: (603)2179 6488

8.6 Anti-Money Laundering and Anti-Terrorism Financing Provisions

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

8.7 Statement of Disclaimer

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

8.8 Consent to Disclosure

The Trustee shall be entitled to process, transfer, release and disclose from time to time any information relating to the Fund, Manager and Unit Holders for purposes of performing its duties and obligations in accordance to the Deed, the Capital Markets and Services Act 2007, SC Guidelines and any other legal and/or regulatory obligations such as conducting financial crime risk management, to the Trustee's parent company, subsidiaries, associate companies, affiliates, delegates, service providers, agents and any governing or regulatory authority, whether within or outside Malaysia (who may also subsequently process, transfer, release and disclose such information for any of the above mentioned purposes) on the basis that the recipients shall continue to maintain the confidentiality of information disclosed, as required by law, regulation or directive, or in relation to any legal action, or to any court, regulatory agency, government body or authority.

9. RELATED-PARTY TRANSACTION AND CONFLICT OF INTEREST

The directors and officers of the Manager, and members of the investment committee should avoid any conflict of interest arising, and if any conflict arises, should ensure that the Fund is not disadvantaged by the transaction concerned. Any transaction carried out by or on behalf of the Fund should be executed on terms which are the best available for the Fund and which are no less favourable to the Fund than an arm's length transaction between independent parties. In the event the interest of any

directors and employees of the Manager, and members of the investment committee is directly or indirectly involved, he or she would abstain from being involved with any decision making process of the said transaction.

No fees other than the ones set out in this prospectus have been paid to any promoter of the Fund, or the Trustee (either to become a trustee or for other services in connection with the Fund), or the Manager for any purpose or as allowed by regulations or approved by the authorities.

Interests in the Fund and employees' securities dealings

Subject to the paragraph below and any legal and regulatory requirement, any officers or directors of the Manager, Trustee or any of their respective related corporations, may invest in the Fund. Such officers or directors will receive no payments from the Fund other than usual income distributions that they may receive as a result of investment in the Fund.

The Manager has in place a policy contained in its rules of business conduct, which regulates its employees' securities dealings. A monthly declaration of securities trading is required of all employees to ensure that there is no potential conflict of interest between the employees' securities trading and the execution of the employees' duties to the Manager and customers of the Manager.

The Fund may also invest in related companies and/or instruments issued by related companies of the Manager and/or deposit money in financial institutions related to the Manager. All related party transaction will be transacted at arm's length and are established on terms and conditions that are stipulated in the applicable regulations of the respective stock exchanges and/or other applicable laws and market convention.

Cross trades

The Fund may conduct cross trades with another fund under the management of the Manager provided that:

- 1) the sale and purchase decisions are in the best interest of both funds;
- 2) transactions are executed on arm's length and fair value basis;
- 3) reason for such transactions is documented prior to execution; and
- 4) transaction is executed through a dealer/financial institution.

Cross trades between staff personal account and the Fund's account(s), and cross trades between proprietary accounts and the Fund's account(s) are prohibited.

HSBC (Malaysia) Trustee Berhad

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

- 1) Where the Fund invests in instruments offered by the related party of the Trustee (e.g placement of monies, etc);
- 2) Where the Fund is being distributed by the related party of the Trustee as Institutional Unit Trust Adviser (IUTA);
- 3) Where the assets of the Fund are being custodised by the related party of the Trustee both as sub-custodian and/or global custodian of the Fund (Trustee's delegate); and
- 4) Where the Fund obtains financing as permitted under the SC Guidelines, from the related party of the Trustee.

The Trustee has in place policies and procedures to deal with conflict of interest, if any. The Trustee will not make improper use of its position as the owner of the Fund's assets to gain, directly or indirectly, any advantage or cause detriment to the interests of Unit Holders. Any related party

transaction is to be made on terms which are best available to the Fund and which are not less favourable to the Fund than an arm's length transaction between independent parties.

Subject to the above and any local regulations, the Trustee and/or its related group of companies may deal with each other, the Fund or any Unit Holder or enter into any contract or transaction with each other, the Fund or any Unit Holder or retain for its own benefit any profits or benefits derived from any such contract or transaction or act in the same or similar capacity in relation to any other scheme.

Other confirmations

Messrs. Wei Chien & Partners has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the solicitors for the Manager.

KPMG Tax Services Sdn Bhd has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the tax adviser for the Fund.

10. TAX ADVISER'S LETTER ON THE TAXATION OF THE FUND AND UNIT HOLDERS

(Prepared for inclusion in this prospectus)

Private and confidential

KPMG Tax Services Sdn. Bhd.
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

The Board of Directors
RHB Islamic International Asset Management Berhad
Level 8, Tower 2 & 3
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur

31 December 2017

Dear Sirs

Re: Taxation of the Fund and Unit Holders

This letter has been prepared for inclusion in this first prospectus of RHB Dana Hikmah in connection with the offer of Units in the RHB Dana Hikmah ("the Fund"):-

Taxation of the Fund

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

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

Gains from the realisation of investments by the Fund will not be subject to income tax.

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

Gains or profit earned by the Fund from the following are exempt from tax:-

- any savings certificates issued by the Government of Malaysia; or
- securities or bonds issued or guaranteed by the Government of Malaysia; or
- debentures or sukuk, other than convertible loan stock, approved or authorised by, or lodged with, the Securities Commission; or
- Bon Simpanan Malaysia issued by the Central Bank of Malaysia; or
- a bank or financial institution licensed under the Financial Services Act 2013 or Islamic Financial Services Act 2013¹; or

- any development financial institution regulated under the Development Financial Institutions Act 2002¹; or
- Sukuk originating from Malaysia, other than convertible loan stocks, issued in any currency other than Ringgit and approved or authorised by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority²; or
- A Sukuk Wakala, other than a convertible loan stock, issued in any currency by Wakala Global Sukuk Berhad; or
- A Sukuk Wakala issued in accordance with the principle of Wakala Bil Istithmar with the nominal value of up to one billion and five hundred million United States Dollars, other than a convertible loan stock, issued by the Malaysia Sovereign Sukuk Berhad (with effect from YA 2015); or
- A Sukuk Wakala issued in accordance with the principle of Wakala with the nominal value up to one billion and five hundred million United States Dollars, other than convertible loan stock, issued by the Malaysia Sukuk Global Berhad (formerly known as 1Malaysia Sukuk Global Berhad) (with effect from YA 2016).

The Fund may receive dividends, interest and other income from investments outside Malaysia. Income derived from sources outside Malaysia and received in Malaysia 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.

Any income received by the Fund from a Sukuk Issue which has been issued by the Malaysia Global Sukuk Inc will be exempt from tax.

Any income received by the Fund from a Sukuk Ijarah, other than convertible loan stock, issued in any currency by 1Malaysia Sukuk Global Berhad will be exempt from tax.

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

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

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

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

Real Property Gains Tax ("RPGT")

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

Note 1: Effective from YA 2017, in the case of a wholesale fund which is a money market fund, the exemption shall only apply to a wholesale fund which complies with criteria as set out in the relevant guidelines of the Securities Commission.

Note 2: Effective from YA 2017, income tax exemption shall not apply to interest paid or credited to a company in the same group, licensed banks and prescribed development financial institutions.

Goods and Services Tax (“GST”)

GST has been implemented with effect from 1 April 2015 to replace the Sales Tax and Service Tax. The prevailing GST rate is 6%.

The issue, holding or redemption of any unit under a trust fund is regarded as an exempt supply. The investment activities of the Fund such as buying and selling of securities are exempt supplies and thus not subject to GST. Thus, if the Fund is just making such exempt supplies, it is not required to be registered for GST.

However, certain expenses incurred by the Fund such as fund manager’s fees, trustee fees and professional fees will be subject to GST at a standard rate if the service providers are registered persons. If the Fund only makes exempt supplies, any input tax incurred by the Fund for the aforementioned expenses are not claimable.

Taxation of Unit Holders

Unit Holders are taxed on an amount equivalent to their share of the total taxable income of the Fund, to the extent that this is distributed to them. The income distribution from the Fund may carry with it applicable tax credits proportionate to each Unit Holder’s share of the total taxable income in respect of the tax paid by the Fund. Unit Holders will be entitled to utilise the tax credit as a set-off against the tax payable by them. Any excess over their tax liability will be refunded to the Unit Holders. No other withholding tax will be imposed on the income distribution of the Fund.

Corporate Unit Holders, resident or non resident in Malaysia, would be taxed at the corporate tax rate of 24% (effective from YA 2016) on distributions of income from the Fund to the extent of an amount equivalent to their share of the total taxable income of the Fund. Corporate Unit Holders in Malaysia with paid-up capital in the form of ordinary shares of RM2.5 million and below will be subject to a tax rate of 18% (effective from YA 2017) on chargeable income of up to RM500,000. For chargeable income in excess of RM500,000, the tax rate of 24% is still applicable.

However, the said tax rate of 18% on chargeable income of up to RM500,000 would not apply if more than 50% of the paid up capital in respect of ordinary shares of that corporate Unit Holder is directly or indirectly owned by a related company which has a paid up capital exceeding RM2.5 million in respect of ordinary shares, or vice versa, or more than 50% of the paid up capital in respect of ordinary shares of both companies are directly or indirectly owned by another company.

Pursuant to Income Tax (Exemption) (No. 2) Order 2017 [P.U.(A) 117], a tax exemption equivalent to a reduction in the prevailing corporate tax rate from 1% to 4% will be effectively given for YA 2017 and YA 2018 based on percentage increase in the chargeable business income for the relevant YA as compared to the immediately preceding YA, subject to meeting the stipulated conditions.

Individuals and other non-corporate Unit Holders who are resident in Malaysia will be subject to income tax at scale rates. The scale tax rates range from 0% to 28% with effect from YA 2016.

Individuals and other non-corporate Unit Holders who are not resident in Malaysia, for tax purposes, will be subject to Malaysian income tax at the rate of 28% with effect from YA 2016. Non resident Unit Holders may also be subject to tax in their respective jurisdictions and depending on the provisions of the relevant tax legislation and any double tax treaties with Malaysia, the Malaysian tax suffered may be creditable in the foreign tax jurisdictions.

The distribution of single-tier Malaysian dividends and other tax exempt income by the Fund will not be subject to tax in the hands of the Unit Holders in Malaysia. Distribution of foreign income will also be exempt in the hands of the Unit Holders.

Units split by the Fund will be exempt from tax in Malaysia in the hands of the Unit Holders.

Any gains realised by the Unit Holders (other than financial institutions, insurance companies and those dealing in securities) from the transfers or redemptions of the Units are generally treated as capital gains which are not subject to income tax in Malaysia. However, certain Unit Holders may be subject to income tax in Malaysia on such gains, due to specific circumstances of the Unit Holders.

The following gains or income received by the Unit Holders are not subject to GST:-

- the distribution of income from the Fund to the Unit Holders which may comprise of dividends, interest income and gain from realisation of investments;
- distribution of foreign income from the Fund;
- Unit split by the Fund and reinvestment of distribution; and
- gain made from selling or redemption of Units.

Any fee based charges in relation to buying of the units and transferring of units should generally be subject to GST if the supplier is GST registered.

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

Yours faithfully



Ong Guan Heng
Executive Director

KPMG Tax Services Sdn Bhd

11. EXPERTS' REPORT

There are no experts' reports in respect of this Fund as no experts (i.e. any party providing advice to the Manager) apart from the tax adviser were appointed for the Fund.

12. APPROVALS AND CONDITIONS

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

There are no waivers or exemptions granted by the Securities Commission for the Fund as none has been sought for.

13. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof, where applicable, may be inspected by Unit Holders without charge at the registered/principal office of the Manager or such other place as the Securities Commission may determine:

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

DIRECTORY OF OUTLETS FOR PURCHASE AND SALE OF UNITS

For information on the participating distributors, please contact:

RHB Islamic International Asset Management Berhad's Registered/Principal Office.
(Kindly refer to the Corporate Directory for details.)

Or call us at 03-9205 8000 at any time during our office hours: Mondays through Fridays from 9.00 a.m. – 5.00 p.m. or e-mail your enquiries to **rhbiiam.enquiry@rhbgroup.com**.

APPLICATION FORM

BORANG PERMOHONAN

(INDIVIDUAL / CORPORATE)

IN COMPLIANCE WITH THE CAPITAL MARKETS AND SERVICES ACT 2007, THIS APPLICATION FORM MUST ONLY BE CIRCULATED WITH THE RELEVANT PROSPECTUS AND SUPPLEMENTARY PROSPECTUS (IF ANY) THAT HAS BEEN REGISTERED WITH THE SECURITIES COMMISSION ("PROSPECTUS"). APPLICANTS SHOULD READ AND UNDERSTAND THE PROSPECTUS AND THE NOTES BELOW BEFORE COMPLETING THIS APPLICATION FORM.

1. Minimum Initial/Subsequent Investment

Application for the initial/subsequent investment must be at the minimum stated amount in the Prospectus and shall be based on the Net Asset Value per unit on the following day in major newspapers by RHB ISLAMIC INTERNATIONAL ASSET MANAGEMENT BERHAD ("The Manager").

2. First Applicant

- Applicant must be 18 years old and above.
- A photocopy of the Identity Card must be forwarded to the Manager.

3. Second Applicant

- Applicant may be a minor.
- If 18 years and above, he/she is required to sign the Application Form.
- A photocopy of the Identity Card or Birth Certificate must be forwarded to the Manager.

4. For Muslim Investors Only

Applicants may wish to make the declaration of beneficiary for the administration of their investments upon death provided each applicant makes a common declaration i.e. a declaration of Hibah or a declaration of Wasi.

5. Corporate/Non-corporate Organisation Applicant

- For a corporation, the common seal or the company's stamp will have to be affixed. Corporation filling the application form under the hand of the official must state the capacity of that official.
- Certified copies of the Certificate of Incorporation or Registration together with a certified copy of the Memorandum and Articles of Association or Constitution or By-Laws and certified copies of the relevant resolutions should be forwarded together with the Application Form.

6. Payment

Cheques, bank drafts or cashiers/money orders must be made payable to "RHB ISLAMIC INTERNATIONAL ASSET MANAGEMENT BERHAD" and crossed "ACCOUNT PAYEE ONLY". Please write your name/company's name, NRIC/Passport number/Certificate of Incorporation number on the back of all cheques, bank drafts or cashiers/money orders. Payment by outstation cheques should include a bank commission.

7. Payment Instruction for Repurchase Transaction

For joint investment, Applicants must state to whom payment will be made. If not, all payments will be made in the name of the **Principal Holder and Jointholder**. Please note that any changes in payee instruction will require the written instruction of **all** Holders aged 18 years old and above.

8. Unit Certificate

- Investments in the units of the Fund managed by the Manager are scripless, that is, no unit certificates will be issued. Only Receipt(s) will be issued (within 14 days) to investors as confirmation of their investment.

9. Rights Of The Manager

- The Manager reserves the right to accept or reject any application in whole or in part thereof without assigning reasons in respect thereof.

Should you require further information, please contact our office, or contact us at:

RHB ISLAMIC INTERNATIONAL ASSET MANAGEMENT BERHAD
Level 8, Tower 2 & 3, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.
Tel: 603-9205 8000 Fax: 603-9205 8107

**UNIT TRUST LOAN FINANCING
RISK DISCLOSURE STATEMENT**

Investing in a Unit Trust Fund with Borrowed Money / Financing Is More Risky than
Investing with Your Own Savings

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

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

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

ACKNOWLEDGEMENT OF RECEIPT OF RISK DISCLOSURE STATEMENT

I acknowledge that I have received a copy of this Unit Trust Loan / Financing Risk Disclosure Statement and understand its contents.

Signature : _____

Full Name : _____

Date : _____

6. DECLARATION FOR PERSONAL DATA PROTECTION ACT 2010

- I/We shall fully comply with the provisions of the Personal Data Protection Act 2010 ("the Act") applicable to the processing of personal data as defined in the Act and specifically, that all necessary consents have been obtained from individuals whose personal data may be disclosed to the Manager or its representatives ("Disclosed Data") in respect of such disclosure to and processing by the Manager and its representatives and that I/We will always furnish the Manager or its representatives with up-to-date Disclosed Data.
- I/We shall procure any third party that processes Disclosed Data for or on behalf of me/us to agree in writing to the same terms that I/We agree in line with the Act and in this declaration.
- I/We shall immediately notify the Manager in the event of any claim or complaint from any data subject of Disclosed Data and/or where there has been an event of non-compliance with the Act by me/us, whether discovered by me/us or forming the subject of an investigation and/or action by the relevant authorities.
- I/We shall indemnify RHB Banking Group against all proceedings, costs, expenses, liabilities or damages arising from my/our failure to comply with the Act with respect to Disclosed Data and the terms of this declaration. The remedies available to the Manager contained in this clause are without prejudice to and in addition to any warranties, indemnities, remedy or other rights provided by law or any prior agreement.
- Based on the above declaration, I/We undertake that this declaration shall not be assigned without the Manager's prior written consent; will be binding upon my/our servants, agents, personal representatives, assigns and successor-at-law; will inure to the benefit of the Manager and its successors and assigns; and shall supersede all prior representations, negotiations, arrangements, understandings or agreements and all other communication between the Manager and me/us in connection with the processing and disclosure of Disclosed Data to the Manager.

No delay or omission by the Manager in exercising any right under this declaration will operate as a waiver of that or any other right. The covenants set out in this declaration are separate and severable and enforceable accordingly and whilst the restrictions are considered by the parties to be reasonable in all the circumstances as at the date hereof, it is acknowledged that restrictions of such a nature may be invalid because of changing of the circumstances or other unforeseen reasons and accordingly, if any restrictions shall be adjudged to be void or ineffective for whatever reason but would be adjudged to be valid and effective if part of the wording thereof were deleted or the periods thereof reduced, such modifications shall be applied as may be necessary to make them valid and effective.

FOR INDIVIDUAL APPLICANT

.....
Signature of 1st Applicant

Date:

.....
Signature of 2nd Applicant

Date:

OPENING ACCOUNT FORM (CORPORATE)

In compliance with the Capital Markets and Services Act 2007, this form should not be circulated unless accompanied by the relevant master prospectus(es)/prospectus(es) and its supplementary(ies) if any. This form is to be completed by investors who wish to invest in the fund for which RHB Islamic International Asset Management Berhad act as the manager. You are advised to read it carefully as you shall be bound to the General Terms and Conditions enclosed with this form upon our acceptance of your application. Kindly complete this form in **BLOCK LETTER** and **BLACK INK** only. Incomplete application form and/or required documents submitted may cause the delay or rejection to your application.

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1. PARTICULARS OF CORPORATE APPLICANT

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☐ For Investment☐ For Wealth Accumulation☐ Others

Please specify

Internal Sources

☐ Sale of Property

☐ Sale of Investment

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[illegible]

3. DECLARATION FOR PERSONAL DATA PROTECTION ACT 2010

- I/We shall fully comply with the provisions of the Personal Data Protection Act 2010 ("the Act") applicable to the processing of personal data as defined in the Act and specifically, that all necessary consents have been obtained from individuals whose personal data may be disclosed to the Manager or its representatives ("Disclosed Data") in respect of such disclosure to and processing by the Manager and its representatives and that I/We will always furnish the Manager or its representatives with up-to-date Disclosed Data.
- I/We shall procure any third party that processes Disclosed Data for or on behalf of me/us to agree in writing to the same terms that I/We agree in line with the Act and in this declaration.
- I/We shall immediately notify the Manager in the event of any claim or complaint from any data subject of Disclosed Data and/or where there has been an event of non-compliance with the Act by me/us, whether discovered by me/us or forming the subject of an investigation and/or action by the relevant authorities.
- I/We shall indemnify RHB Banking Group against all proceedings, costs, expenses, liabilities or damages arising from my/our failure to comply with the Act with respect to Disclosed Data and the terms of this declaration. The remedies available to the Manager contained in this clause are without prejudice to and in addition to any warranties, indemnities, remedy or other rights provided by law or any prior agreement.
- Based on the above declaration, I/We undertake that this declaration shall not be assigned without the Manager's prior written consent; will be binding upon my/our servants, agents, personal representatives, assigns and successor-at-law; will inure to the benefit of the Manager and its successors and assigns; and shall supersede all prior representations, negotiations, arrangements, understandings or agreements and all other communication between the Manager and me/us in connection with the processing and disclosure of Disclosed Data to the Manager.

No delay or omission by the Manager in exercising any right under this declaration will operate as a waiver of that or any other right. The covenants set out in this declaration are separate and severable and enforceable accordingly and whilst the restrictions are considered by the parties to be reasonable in all the circumstances as at the date hereof, it is acknowledged that restrictions of such a nature may be invalid because of changing of the circumstances or other unforeseen reasons and accordingly, if any restrictions shall be adjudged to be void or ineffective for whatever reason but would be adjudged to be valid and effective if part of the wording thereof were deleted or the periods thereof reduced, such modifications shall be applied as may be necessary to make them valid and effective.

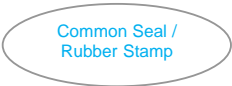
FOR CORPORATE APPLICANT

.....
Signature and Designation

.....
Signature and Designation

.....
Signature and Designation

Date: _____



TO: RHB ISLAMIC INTERNATIONAL ASSET MANAGEMENT BHD (879478-A) ("THE MANAGER")

TRANSACTIONS FORM
(INDIVIDUAL / CORPORATE)

GENERAL DECLARATION

IN COMPLIANCE WITH THE CAPITAL MARKETS AND SERVICES ACT 2007, THIS FORM SHOULD NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE RELEVANT MASTER PROSPECTUSES/ PROSPECTUSES AND ITS SUPPLEMENTARY(IES) IF ANY. I/WE MAY HAVE PROVIDED AND MAY, FROM TIME TO TIME, PROVIDE PERSONAL INFORMATION ("DATA") TO THE MANAGER AND / OR ANY OF ITS AGENTS. I/WE SHALL ALSO NOTIFY THE MANAGER IN WRITING OF ANY CHANGE TO THE DATA. I/WE ACKNOWLEDGE AND ACCEPT THAT THE DATA AND MY/OUR INVESTMENT DATA MAY BE USED OR PROCESSED BY THE MANAGER AND / OR ITS AGENTS WITHIN OR OUTSIDE MALAYSIA FOR THE PURPOSES OF THE PROVISION OF ANY SERVICES RELATED TO THE FUND AND / OR MY/ OUR INVESTMENTS. I/WE HAVE READ AND FULLY UNDERSTOOD ALL THE NOTES AND THE TERMS AND CONDITIONS IN THIS FORM AND THE PROSPECTUS AND ITS SUPPLEMENTARY (IES), (IF ANY) OF THE FUND / FUNDS AND I/WE WISH TO INVEST IN THE FUND / FUNDS STATED HEREIN AND AGREE TO BE BOUND BY THE AFOREMENTIONED NOTES, TERMS AND CONDITIONS. I/WE AM/ARE ALSO AWARE OF THE FEES AND CHARGES DIRECTLY AND INDIRECTLY INCURRED WHEN INVESTING IN EACH/ANY FUND. I/WE HEREBY DECLARE THAT I/WE AM/ARE THE BENEFICIAL OWNER(S) OF THIS INVESTMENT AND THIS APPLICATION IS NOT FUNDED BY GAINS FROM ANY UNLAWFUL ACTIVITIES.

* COMPULSORY FIELDS

Please tick (✓) if this is staff application.

☐

1. UNITHOLDER(S) DETAILS

| | | | | |
|--------------------|----------------------|--|---|----------------------|
| I/We (1st Holder)* | <input type="text"/> | NRIC No: / Passport No: / Co. Reg No: * | 1 | <input type="text"/> |
| (2nd Holder)* | <input type="text"/> | NRIC No: / Passport No: / Co. Reg No: * | 2 | <input type="text"/> |
| of account no.* | <input type="text"/> | hereby authorise OUIFMB to update the following request: | | |

2. SUBSCRIPTION INVESTMENT DETAILS

Please tick (✓) one. Investment Type *: ☐ Initial Investment ☐ Additional Investment Plan Type*: ☐ Cash Plan

| | | |
|----------------------|---|---|
| FUND NAME | INVESTMENT AMOUNT | SALES CHARGE |
| <input type="text"/> | <input type="text"/> - <input type="text"/> | <input type="text"/> - <input type="text"/> % |
| <input type="text"/> | <input type="text"/> - <input type="text"/> | <input type="text"/> - <input type="text"/> % |

3. PAYMENT MODE

| | | |
|---|--|---|
| <input type="checkbox"/> Personal / Corporate Cheque. <input type="checkbox"/> By Banker Draft / Money Order / Telegraphic Transfer. | Cheque/Banker Draft/Money Order / TT Bank Name and Number | Amount (RM) |
| | <input type="text"/> | <input type="text"/> - <input type="text"/> |
| | <input type="text"/> | <input type="text"/> - <input type="text"/> |

4. COOLING OFF PERIOD / REDEMPTION / SWITCHING / REDEEM & REINVEST DETAILS

Please tick (✓) one.

| | | |
|--|--|---|
| <input type="checkbox"/> COOLING-OFF PERIOD | <input type="checkbox"/> SWITCHING | Fees / Charges |
| <input type="checkbox"/> REDEMPTION | <input type="checkbox"/> REDEEM & REINVEST | Redemption Fee <input type="text"/> % <input type="checkbox"/> Switching Fee : <input type="text"/> |
| Please Specify Full or Partial of Redemption / Switching / Redeem & Reinvest | | Sales Charge <input type="text"/> % Difference in Sales Charge <input type="text"/> % |
| <input type="checkbox"/> Full <input type="checkbox"/> Partial | FUND NAME <input type="text"/> | UNITS TO REDEEM / SWITCH / REDEEM & REINVEST <input type="text"/> - <input type="text"/> |
| | | PROCEEDS OF SWITCH / REDEEM & REINVESTED INTO FUND NAME <input type="text"/> |
| | | Reinvestment date: <input type="text"/> |

5. PAYMENT INSTRUCTION FOR REDEMPTION TRANSACTION

We would like to request the redemption cheque to be issued in the name of: (For Joint Holders Account Only)

☐ Principal Holder Only ☐ Both Holders

Please tick (✓) one.

6. BANKING INSTRUCTION

Please deposit / TT my /our redemption proceeds to my / our account at (I/We will bear the TT charge) :

Please tick (✓) one.

| | | | | |
|---|------------------------------------|--|--|---|
| <input type="checkbox"/> CHEQUE | <input type="checkbox"/> MEPS GIRO | <input type="checkbox"/> Interbank Transfer (RENTAS) | <input type="checkbox"/> Foreign Currency TT | Bank/TT charge: RM <input type="text"/> |
| Account Name : <input type="text"/> | | | | |
| Account Number : <input type="text"/> | | | | |
| Beneficiary Bank (please indicate whether it is Islamic or conventional) : <input type="text"/> | | | | |
| Beneficiary SWIFT: <input type="text"/> Agent/Correspondence Bank : <input type="text"/> Agent/Correspondence SWIFT: <input type="text"/> | | | | |
| IBAN No: <input type="text"/> Routing No: <input type="text"/> ABA No: <input type="text"/> | | | | |
| <input type="checkbox"/> Please forward my/our cheque to my/our correspondence address by: <input type="checkbox"/> ordinary mail OR <input type="checkbox"/> courier (I / We will bear the courier charge) Courier charges: <input type="text"/> | | | | |

NOTES

- If full, all units in the account shall be redeemed / switched / redeemed & reinvested.
- For partial redemption / switch / redeem & reinvest, you are required to adhere to the minimum investment balance of the respective funds.
- If the switching is allowed, the minimum amount to switch out is RM1,000.00 . A switching fee of RM25.00 or difference in Sales Charge between switching funds, where applicable, on the amount to be switched shall be imposed and netted off from the value to be switched.
- In effecting a **Redeem & Reinvest** transaction, investors have to pay the applicable Sales Charge on the Fund to be invested.
- The Manager reserves the right to reject forms which are incomplete, unclear and/or altered without the signature of the authorised signatory. Amendments using correction fluid are strictly prohibited.

INDEMNITY

I/WE HEREBY INDEMNIFY THE MANAGER AND ANY OF ITS AGENTS AGAINST ANY LOSSES, COSTS AND EXPENSES WHICH MAY BE INCURRED BY ANY OR ALL OF THEM ARISING EITHER DIRECTLY OR INDIRECTLY IN CONNECTION WITH MY/OUR MAINTAINING AN ACCOUNT WITH THE MANAGER OR, IN CONNECTION WITH ANY INSTRUCTIONS/ CONFIRMATION GIVEN IN ANY FORMAT MADE BY OR ON BEHALF OF ME/US, UNLESS DUE TO THE WILFUL DEFAULT OR NEGLIGENCE OF THE MANAGER OR ITS AGENTS.

FOR INDIVIDUAL APPLICANT

SIGNATURE OF 1st APPLICANT
Date :

SIGNATURE OF 2nd APPLICANT
Date :

FOR CORPORATE APPLICANT (TO AFFIX COMMON SEAL / COMPANY RUBBER STAMP)

SIGNATURE & DESIGNATION
Date:

SIGNATURE & DESIGNATION
Date:

SIGNATURE & DESIGNATION
Date:

For Office Use Only

Price Date : UTC Signature :
UTC Name :

UTC Code:
Branch Code:



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