

FIRST SUPPLEMENTARY PROSPECTUS

This First Supplementary Prospectus dated 9 January 2024 must be read together with the Prospectus dated 10 February 2021 for:-

Fund
InterPac Dana Abadi

Date of Constitution
24 November 2020

Manager	:	Inter-Pacific Asset Management Sdn Bhd Registration No.: 199001013139 (204709-U)
Trustee	:	RHB Trustees Berhad Registration No.: 200201005356 (573019-U)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS FIRST SUPPLEMENTARY PROSPECTUS DATED 9 JANUARY 2024 WHICH IS TO BE READ TOGETHER WITH THE PROSPECTUS DATED 10 FEBRUARY 2021. 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 11 OF THE PROSPECTUS DATED 10 FEBRUARY 2021. PROSPECTIVE INVESTORS SHOULD ALSO NOTE THAT THE DISCLOSURE ON RISK FACTORS FOR THE FUND IN THE PROSPECTUS DATED 10 FEBRUARY 2021 HAS BEEN REVISED AND IS REFLECTED ON PAGE 5 OF THIS FIRST SUPPLEMENTARY PROSPECTUS.

Responsibility Statement

This First Supplementary Prospectus has been reviewed and approved by the directors of the Manager 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 First Supplementary Prospectus false or misleading.

Statements of Disclaimer

The Securities Commission Malaysia ("SC") has authorised the Fund and a copy of this First Supplementary Prospectus has been registered with the SC.

The authorisation of the Fund, and registration of this First Supplementary Prospectus, should not be taken to indicate that the SC recommends the Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in the Prospectus dated 10 February 2021 and this First Supplementary Prospectus.

The SC is not liable for any non-disclosure on the part of the Manager responsible for the Fund and takes no responsibility for the contents in this First Supplementary Prospectus. The SC makes no representation on the accuracy or completeness of this First Supplementary 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 First Supplementary Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this First Supplementary Prospectus or the conduct of any other person in relation to the Fund.

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

The InterPac Dana Abadi has been certified as Shariah-compliant by the Shariah adviser appointed for the Fund.

This First Supplementary Prospectus is dated 9 January 2024 and must be read together with the Prospectus dated 10 February 2021.

1. **Amendment to the Trustee's corporate information in "Chapter 1 – Corporate Directory" on page 1 of the Prospectus**

The telephone number of the registered office of the Trustee is hereby inserted immediately after the address of the registered office of the Trustee as follows:

Tel No : 03-9287 8888

2. **Amendment to the Shariah adviser's corporate information in "Chapter 1 – Corporate Directory" on page 1 of the Prospectus**

The website and e-mail address of the Shariah Adviser are hereby inserted immediately after the business office of the Shariah Adviser as follows:

Website : <http://amanieadvisors.com>
E-mail : contact@amanieadvisors.com

3. **Amendment to section 3.1 – The Fund Information in "Chapter 3 – Fund Information" on page 5 of the Prospectus**

- (i) The information on the deed is hereby deleted in its entirety and replaced with the following:

Deed Deed dated 24 November 2020
First Supplemental Deed dated 21 February 2023

- (ii) The third paragraph of the investment strategy is hereby deleted in its entirety and replaced with the following:

The Fund may participate in Islamic derivatives such as Islamic foreign currency forwards, Islamic cross currency swaps and other Islamic derivatives that are approved by the Shariah Adviser, when appropriate, to hedge the Fund's portfolio from any unexpected movement in interest rate and/or foreign currency. The Fund's exposure to Islamic derivatives for hedging will not exceed 100% of its NAV.

4. **Amendment to section 3.1 – The Fund Information in "Chapter 3 – Fund Information" on pages 6 – 8 of the Prospectus**

The information on the investment restrictions is hereby deleted in its entirety and replaced with the following:

**Investments
Limits and
Restrictions**

The Fund will be managed in accordance with the following investment limits and restrictions:

Exposure Limit

- The aggregate value of the Fund's investments in unlisted Shariah-compliant securities must not exceed 15% of the Fund's NAV, subject to a maximum limit of 10% of the Fund's NAV in a single issuer.

Investment Spread Limits

- The value of the Fund's investments in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV.

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- The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV ("single issuer limit"). In determining the single issuer limit, the value of the Fund's investments in instruments in the first bullet under "Exposure Limit" issued by the same issuer must be included in the calculation.
- The single issuer limit in the second bullet under "Investment Spread Limits" may be raised to 35% of the Fund's NAV if the issuing entity is, or the issue is guaranteed by, either a foreign government, foreign government agency, foreign central bank or supranational, that has a minimum long-term credit rating of investment grade (including gradation and subcategories) by an international rating agency. Where the single issuer limit is increased to 35% of the Fund's NAV, the single issuer aggregate limit in the sixth bullet under "Investment Spread Limits" may be raised, subject to the group limit in the eighth bullet under "Investment Spread Limits" not exceeding 35% of the Fund's NAV.
- The value of the Fund's placement in Islamic deposits with any single financial institution must not exceed 20% of the Fund's NAV. The single financial institution limit does not apply to placements of Islamic deposits arising from:
 - (a) subscription monies received prior to the commencement of investment by the Fund;
 - (b) liquidation of investment prior to the termination of the Fund, where the placement of Islamic deposits with various financial institutions would not be in the best interests of the Unit Holders; or
 - (c) moneys held for the settlement of redemption or other payment obligations, where the placement of Islamic deposits with various financial institutions would not be in the best interests of the Unit Holders.
- For investment in Islamic derivatives, the Fund's exposure to Islamic derivatives will be calculated based on commitment approach and the Fund's exposure to counterparty of over-the-counter Islamic derivatives will be calculated in the manner as disclosed in the section below under the heading "Use of Islamic derivatives".
- The aggregate value of the Fund's investments in, or exposure to, a single issuer through Shariah-compliant transferable securities, Islamic money market instruments, Islamic deposits, underlying assets of Islamic derivatives and counterparty exposure arising from the use of over-the-counter Islamic derivatives must not exceed 25% of the Fund's NAV ("single issuer aggregate limit"). In determining the single issuer aggregate limit, the value of the Fund's investments in instruments in the first bullet under "Exposure Limit" issued by the same issuer must be included in the calculation.

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- The value of the Fund's investments in units or shares of an Islamic collective investment scheme that complies with the Guidelines must not exceed 20% of the Fund's NAV.
- The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV ("group limit"). In determining the group limit, the value of the Fund's investments in instruments in the first bullet under "Exposure Limit" issued by the issuers within the same group of companies must be included in the calculation.

Investment Concentration Limits

- The Fund's investments in Shariah-compliant shares or Shariah-compliant securities equivalent to shares must not exceed 10% of the Shariah-compliant shares or Shariah-compliant securities equivalent to shares, as the case may be, issued by a single issuer.
- The Fund's investments in sukuk must not exceed 20% of the sukuk issued by any single issuer. This limit may be disregarded at the time of acquisition if at that time of acquisition the gross amount of sukuk in issue cannot be determined.
- The Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to Islamic money market instruments that do not have a pre-determined issue size.
- The Fund's investments in Islamic collective investment schemes must not exceed 25% of the units or shares in the Islamic collective investment schemes.

The above limits and restrictions shall be complied with at all times based on the most up-to-date value of the Fund's investments. Where the limit or restriction is breached as a result of any appreciation or depreciation in the value of the Fund's NAV, redemption of Units or payment made from the Fund, change in capital of a corporation in which the Fund has invested in or downgrade in or cessation of a credit rating, we will, within a reasonable period of not more than 3 months from the date of the breach take all necessary steps and actions to rectify the breach.

All the restrictions and limits stated above do not apply to Shariah-compliant instruments issued or guaranteed by the Malaysian government or BNM.

5. Amendment to "Chapter 3 – Fund Information" on page 8 of the Prospectus

The following new information on "Use of Islamic Derivatives" are hereby inserted immediately after Investment Limits and Restrictions:

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Use of Islamic Derivatives

Calculation of Global Exposure to Islamic Derivatives

The global exposure of the Fund is calculated based on commitment approach and is calculated as the sum of:

- (a) the absolute value of the exposure of each individual Islamic derivative not involved in netting or hedging arrangements;
- (b) the absolute value of the net exposure of each individual Islamic derivative after netting or hedging arrangements; and
- (c) the values of cash collateral received pursuant to the reduction of exposure to counterparties of over-the-counter ("OTC") Islamic derivatives.

Netting and hedging arrangements may be taken into account to reduce the Fund's exposure to Islamic derivatives.

Netting arrangements

The Fund may net positions between:

- (a) Islamic derivatives on the same underlying constituents, even if the maturity dates are different; or
- (b) Islamic derivatives and the same corresponding underlying constituents, if those underlying constituents are Shariah-compliant transferable securities, Islamic money market instruments, or units or shares in Islamic collective investment schemes.

Hedging arrangements

The marked-to-market value of Shariah-compliant transferable securities, Islamic money market instruments, or units or shares in Islamic collective investment schemes involved in hedging arrangements may be taken into account to reduce the exposure of the Fund to Islamic derivatives.

The hedging arrangement must:

- (a) not be aimed at generating a return;
- (b) result in an overall verifiable reduction of the risk of the Fund;
- (c) offset the general and specific risks linked to the underlying constituent being hedged;
- (d) relate to the same asset class being hedged; and
- (e) be able to meet its hedging objective in all market conditions.

Calculation of Exposure to Counterparty of OTC Islamic derivatives

The exposure to a counterparty of an OTC Islamic derivative must be measured based on the maximum potential loss that may be incurred by the Fund if the counterparty defaults and not on the basis of the notional value of the OTC Islamic derivative.

The total exposure to a single counterparty is calculated by summing the exposure arising from all OTC Islamic derivative transactions entered into with the same counterparty.

Subject to the aggregate limit under the “Investment Limits and Restrictions” section, the maximum exposure of the Fund to the counterparty, calculated based on the above method, must not exceed 10% of the Fund’s NAV.

6. Amendment to Specific Risks of the Fund in “Chapter 3 – Fund Information” on pages 11 to 13 of the Prospectus

- (i) The information on the liquidity risk is hereby deleted in its entirety and replaced with the following:

Liquidity Risk

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

- (ii) The following new information on suspension of redemption risk is hereby inserted after the performance fee risk:

Suspension of Redemption Risk

The redemption of units of the Fund may be suspended under exceptional circumstances, where the fair value of a material portion of the Fund’s assets cannot be reasonably determined. Upon suspension, the Fund will not be able to pay Unit Holders’ redemption proceeds in a timely manner and Unit Holders will be compelled to remain invested in the Fund for a longer period of time than the stipulated redemption timeline. Hence, Unit Holder’s investments will continue to be subjected to the risk factors inherent to the Fund. Please refer to Section 5.14 of this Prospectus for more information on suspension of dealing in Units.

7. Amendment to Risk Management Strategies in “Chapter 3 – Fund Information” on page 13 of the Prospectus

The following new information on liquidity risk management is hereby inserted after the fourth paragraph:

Liquidity Risk Management

We have established liquidity risk management policies to enable us to identify, monitor and manage the liquidity risk of the Fund in order to meet the redemption requests from the Unit Holders with minimal impact to the Fund as well as safeguarding the interests of the remaining Unit Holders. Such policies take into account, amongst others, the asset class of the Fund and the redemption patterns of the Fund. To manage the liquidity risk, we have put in place the following procedures:

- (a) The Fund may hold a maximum of 90% of its NAV in sukuk, Islamic money market instruments and Islamic deposits. This will allow the Fund to have sufficient buffer to meet the Unit Holders’ redemption request;
- (b) Regular review by the designated fund manager on the Fund’s investment portfolio including its liquidity profile;
- (c) Daily monitoring of the Fund’s net flows and periodic liquidity stress testing of the Fund’s assets against redemption requests during normal and adverse market conditions are performed as pre-emptive measures in tracking the Fund’s liquidity status. This will ensure that we are prepared and able to take the necessary action

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proactively to address any liquidity concerns, which would mitigate the potential risks in meeting Unit Holders' redemption requests; and

- (d) Suspension of redemption requests from the Unit Holders under exceptional circumstances where the market value or fair value of a material portion of the Fund's assets cannot be determined. During the suspension period, the redemption requests from the Unit Holders will be accepted but will not be processed. Such redemption requests will be processed on the next Business Day once the suspension is lifted. That said, the action to suspend redemption requests from the Unit Holders shall be exercised only as a last resort by the Manager having considered the best interests of Unit Holders.

8. Amendment to section 4.8 – Fund Expenses in “Chapter 4 – Fees, Charges and Expenses” on pages 27 – 28 of the Prospectus

- (i) The information in item (iv) is hereby deleted in its entirety and replaced with the following:
 - (iv) fees for the valuation of any investment of the Fund;
- (ii) The information in item (xiii) is hereby deleted in its entirety and replaced with the following:
 - (xiii) remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund, unless the Manager decides otherwise;
- (iii) The information in item (xvi) is hereby deleted in its entirety and replaced with the following:
 - (xvi) expenses and charges incurred in connection with the printing and postage for the annual or semi-annual report, tax certificates and other services associated with the administration of the Fund;

9. Amendment to Section 4.9 – Policy on Stockbroking Rebates and Soft Commissions in “Chapter 4 – Fees, Charges and Expenses” on page 28 of the Prospectus

The second paragraph of the information on the policy on stockbroking rebates and soft commissions is hereby deleted in its entirety and replaced with the following:

However, soft commissions provided by any broker or dealer may be retained by us if:

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

This First Supplementary Prospectus is dated 9 January 2024 and must be read together with the Prospectus dated 10 February 2021.

10. Amendment to Section 5.8 – Redemption of Units in “Chapter 5 – Transaction Information” on page 34 of the Prospectus

The first paragraph of the information on redemption of Units is hereby deleted in its entirety and replaced with the following:

You may redeem part or all of your Units by simply completing the transaction form and returning it to us. You shall be paid within 7 Business Days from the date the redemption request is received by us on any Business Day.

11. Amendment to section 5.12 – Notice of Cooling-off Period in “Chapter 5 – Transaction Information” on page 35 of the Prospectus

The third paragraph of the information on the notice of cooling-off period is hereby deleted in its entirety and replaced with the following:

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

- (a) if the NAV per Unit on the day the Units were first purchased is higher than the NAV per Unit at the point of exercise of the cooling-off right (“Market Price”), the Market Price at the point of cooling-off; or
- (b) if the Market Price is higher than the NAV per Unit on the day the Units were first purchased, the NAV per Unit on the day the Units were first purchased; and
- (c) the sales charge per Unit originally imposed on the day the Units were purchased,

and you will be refunded within 7 Business Days from our receipt of your notice to exercise your cooling-off right.

12. Amendment to “Chapter 5 – Transaction Information” on page 35 of the Prospectus

The following new information on “Suspension of Dealing in Units” is hereby inserted immediately after Section 5.13 Distribution of Income:

5.14 Suspension of Dealing in Units

The Manager may, in consultation with the Trustee and having considered the interests of the Unit Holders, suspend the dealing in Units due to exceptional circumstances, where there is good and sufficient reason to do so (e.g. where the market value or fair value of a material portion of a Fund’s assets cannot be determined).

The Manager will cease the suspension as soon as practicable after the aforesaid circumstances has ceased, and in any event within 21 days of commencement of suspension. The period of suspension may be extended if the Manager satisfies the Trustee that it is in the best interest of Unit Holders for the dealing in Units to remain suspended. Such suspension will be subject to weekly review by the Trustee.

Any redemption request received by the Manager during the suspension period will only be accepted and processed on the next Business Day after the cessation of suspension of the Fund. In such cases, Unit Holders will be compelled to remain invested in the Fund

for a longer period of time than the stipulated redemption timeline. Hence, their investments will continue to be subjected to the risk factors inherent to the Fund.

Where such suspension is triggered, the Manager will inform all Unit Holders in a timely and appropriate manner of its decision to suspend the dealing in Units.

13. Amendment to section 6.1 – Background Information in “Chapter 6 – The Manager” on page 36 of the Prospectus

The information on the background information of the Manager is hereby deleted in its entirety and replaced with the following:

Our corporate information, including our experience in operating unit trust funds is available on our website at <https://www.interpac-asset.com.my/about-us/>.

14. Amendment to section 6.2 – Functions, Duties and Responsibilities of the Manager in “Chapter 6 – The Manager” on page 36 of the Prospectus

The information on the third bullet is hereby deleted in its entirety and replaced with the following:

- issuing reports (semi-annual/annual report) to Unit Holders in a timely basis;

15. Amendment to section 6.3 – Board of Directors of the Manager in “Chapter 6 – The Manager” on page 36 of the Prospectus

The information on the board of directors is hereby deleted in its entirety and replaced with the following:

Our board of directors takes an active part in the activities and affairs of the company and the unit trust funds under our management. Our board of directors meet at such frequency as may be decided from time to time. Notwithstanding this, the frequency of the meeting shall be in accordance to the requirements of the relevant authorities and/or guidelines to ensure the objective of the Fund is achieved within the mandates set.

Board of Directors

The list of our board of directors is available on our website at <https://www.interpac-asset.com.my/about-us/>.

16. Amendment to section 6.4 – Role of the Investment Committee in “Chapter 6 – The Manager” on page 36 of the Prospectus

The information in this section is hereby deleted in its entirety.

17. Amendment to “Chapter 6 – The Manager” on page 37 of the Prospectus

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

Note: For more information and/or updated information about the Manager and the Shariah Adviser, please refer to our website at <https://www.interpac-asset.com.my>.

This First Supplementary Prospectus is dated 9 January 2024 and must be read together with the Prospectus dated 10 February 2021.

18. Amendment to section 8.1– Background Information in “Chapter 8 – The Shariah Adviser” on page 40 of the Prospectus

The information on the background information of the Shariah adviser is hereby deleted in its entirety and replaced with the following:

The information on Amanie Advisers Sdn Bhd is available on our website at <https://www.interpac-asset.com.my/about-us/>

19. Amendment to section 8.3– Profile of the Shariah Team in “Chapter 8 – The Shariah Adviser” on pages 41 - 42 of the Prospectus

The information on the profile of the Shariah team is hereby deleted in its entirety and replaced with the following:

The information on the profile of the Shariah team is available on our website at <https://www.interpac-asset.com.my/about-us/>

20. Amendment to section 9.1 – Unit Holders’ Rights and Liabilities in “Chapter 9 – Salient Terms of the Deed” on page 43 of the Prospectus

The information in item 4 of the Unit Holders’ Rights is hereby deleted in its entirety and replaced with the following:

- 4. to receive annual and semi-annual reports on the Fund; and

21. Amendment to section 9.4 – Expenses Permitted by the Deed in “Chapter 9 – Salient Terms of the Deed” on page 45 of the Prospectus

- (i) The information in item (iv) is hereby deleted in its entirety and replaced with the following:

- (iv) fees for the valuation of any investment of the Fund;

- (ii) The information in item (xiii) is hereby deleted in its entirety and replaced with the following:

- (xiii) remuneration and out of pocket expenses of the person(s) or members of a committee undertaking the oversight function of the Fund, unless the Manager decides otherwise;

- (iii) The information in item (xvi) is hereby deleted in its entirety and replaced with the following:

- (xvi) expenses and charges incurred in connection with the printing and postage for the annual or semi-annual report, tax certificates and other services associated with the administration of the Fund;

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22. Amendment to section 9.7 – Termination of the Fund in “Chapter 9 – Salient Terms of the Deed” on page 47 of the Prospectus

The following new paragraph is hereby inserted immediately after the first paragraph:

Subject to the provisions of the relevant laws, the Manager may, without having to obtain the prior approval of the Unit Holders, terminate the Fund if such termination:

- (a) is required by the relevant authorities; or
- (b) is in the best interests of Unit Holders and the Manager in consultation with the Trustee deems it to be uneconomical for the Manager to continue managing the Fund.

Notwithstanding the aforesaid, if the Fund is left with no Unit Holders, the Manager shall be entitled to terminate the Fund.

23. Amendment to section 9.8 – Unit Holders’ Meeting in “Chapter 9 – Salient Terms of the Deed” on page 47 of the Prospectus

The third paragraph of the information on Unit Holders’ meeting is hereby deleted in its entirety and replaced with the following:

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

24. Amendment to “Chapter 10 – Conflict of Interest and Related Party Transactions” on page 48 of the Prospectus

- (i) The second and third paragraph of the information on related party transactions is hereby deleted in its entirety and replaced with the following:

We, our directors and any of our delegates including the person(s) or members of a committee undertaking the oversight function of the Fund will at all times act in the best interest of the Unit Holders of the Fund and will not conduct ourselves/itself in any manner that will result in a conflict of interest or potential conflict of interest. In the unlikely event that any conflict of interest arises, such conflict shall be resolved such that the Fund is not disadvantaged.

In making an investment transaction for the Fund, we are obliged not to make improper use of our position in managing the Fund to gain, directly or indirectly, for our advantage, or for any other person or to cause detriment to the Unit Holders interests. If the interest of the directors or the person(s) or members of a committee undertaking the oversight function of the Fund conflict with the interests of the Fund, they will not be allowed to participate in the decision-making process in respect of the matter.

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- (ii) The information on dealing in securities by employees, directors and investment committee members is hereby deleted in its entirety and replaced with the following:

Dealing in Securities by Employees, Directors and Members of a Committee Undertaking the Oversight Function of the Fund

We have in place a policy contained in our rules of business conduct, which regulates our employees', directors' and members of a committee undertaking the oversight function of the Fund's securities dealings. An annual declaration, upon joining and as and when there are changes to interests or holdings of securities, are required of all employees, directors and members of a committee undertaking the oversight function of the Fund to ensure that there is no potential conflict of interest between their securities trading and the execution of their duties to the company.

- (iii) The information on details of the Manager's directors' and substantial shareholders' direct and indirect interest in other corporations carrying on a similar business is hereby deleted in its entirety.

25. Amendment to “Chapter 12 – Documents Available for Inspection” on page 52 of the Prospectus

The information in item (c) is hereby deleted in its entirety and replaced with the following:

- (c) the latest annual and semi-annual reports of the Fund;

PROSPECTUS

This Prospectus is dated 10 February 2021.

INTERPAC DANA ABADI

(constituted on 24 November 2020)

MANAGER:

Inter-Pacific Asset Management Sdn Bhd (199001013139 (204709-U))

TRUSTEE:

RHB Trustees Berhad (200201005356 (573019-U))

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 11.

RESPONSIBILITY STATEMENT

This Prospectus has been reviewed and approved by the directors of the Manager 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 ("SC") has authorized the Fund and a copy of this Prospectus has been registered with the SC.

The authorization of the Fund, and registration of this Prospectus, should not be taken to indicate that the SC recommends the said Fund or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus.

The SC is not liable for any non-disclosure on the part of the Manager responsible for the said Fund and takes no responsibility for the contents in this Prospectus. The SC 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 the prospectus or the conduct of any other person in relation to the Fund.

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

The InterPac Dana Abadi has been certified as Shariah-compliant by the Shariah adviser appointed for the Fund.

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(1) CORPORATE DIRECTORY

MANAGER	Inter-Pacific Asset Management Sdn Bhd (199001013139 (204709-U))
REGISTERED OFFICE	Lot 13-01A, Level 13, (East Wing), Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur Tel No: 03-2149 1999
BUSINESS OFFICE	West Wing, Level 13, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur Tel No: 03-2117 1888 Fax No: 03-2142 6029
WEBSITE	www.interpac-asset.com.my
E-MAIL	enquiry_ipam@interpac.com.my
TRUSTEE	RHB Trustees Berhad (200201005356 (573019-U))
REGISTERED OFFICE	Level 10 Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur
BUSINESS OFFICE	Level 11 Tower Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur Tel No: 03-9280 5933 Fax No: 03-9280 5934
WEBSITE	www.rhbgroup.com
E-MAIL	rhbtrustees@rhbgroup.com
SHARIAH ADVISER	Amanie Advisors Sdn Bhd (200501007003 (684050-H))
REGISTERED OFFICE	Unit 11-3A, 3 rd Mile Square, No. 151, Jalan Klang Lama Batu 3 ½, 58100 Kuala Lumpur
BUSINESS OFFICE	Level 13A-2 Menara Tokio Marine Life 189 Jalan Tun Razak 50400 Kuala Lumpur Tel No: 03-2161 0260 Fax No: 03-2161 0262

(2) DEFINITIONS

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

BNM	means Bank Negara Malaysia.
Bursa Malaysia	means the stock exchange managed or operated by Bursa Malaysia Securities Berhad.
Business Day	means a day on which Bursa Malaysia is open for trading.
CMSA	means the Capital Markets and Services Act 2007 as may be amended from time to time.
Deed	means the deed in respect of the Fund and any other supplemental deed that may be entered into between the Manager and the Trustee and registered with the SC.
FIMM	means the Federation of Investment Managers Malaysia.
Financial institution	means: (a) if the institution is in Malaysia: (i) licensed bank; (ii) licensed investment bank; or (iii) licensed Islamic bank; (b) if the institution is outside Malaysia, any institution that is licensed / registered / approved / authorised by the relevant banking regulator to provide financial services.
Fund	means the InterPac Dana Abadi.
Forward Pricing	means the Net Asset Value per Unit for the Fund as at the next valuation point after a purchase request or a redemption request is received by the Manager.
Guidelines	means the Guidelines on Unit Trust Funds issued by the SC and any other relevant guidelines issued by the SC.
High Water Mark	means the initial offer price or the NAV per Unit on the last Business Day of the previous Performance Period in respect of which a performance fee is last paid, whichever is the higher. For the avoidance of doubt, the High Water Mark as at the launch date will be the initial offer price of the Fund.
licensed bank	has the same meaning as prescribed under the Financial Services Act 2013.
Licensed investment bank	has the same meaning as prescribed under the Financial Services Act 2013.
Licensed Islamic bank	has the same meaning as prescribed under the Islamic Financial Services Act 2013.
LPD	means latest practicable date as at 30 October 2020.

Manager/ we / us / our	means Inter-Pacific Asset Management Sdn Bhd (199001013139 (204709-U)).
Net Asset Value (NAV)	means the total value of the Fund's assets minus its liabilities at the valuation point.
NAV per Unit	means the NAV after performance fee of the Fund as at the valuation point divided by the total number of Units in circulation of the Fund at the same valuation point.
Performance Period	means a period of 12 months from 1 January to 31 December every year coinciding with the start and the end of the Fund's financial year. However, the Fund's first financial year may be more or less than 12 months, depending on when the Fund is launched.
Prospectus	means the prospectus of this Fund.
Repurchase Price	means the price payable by the Manager to a Unit Holder pursuant to a redemption request by the Unit Holder and will be the NAV per Unit of the Fund. The repurchase price shall be exclusive of the repurchase charge (if any).
RM	means Ringgit Malaysia.
SACBNM	means the Shariah Advisory Council of Bank Negara Malaysia.
SACSC	means the Shariah Advisory Council of the Securities Commission Malaysia.
SC / Securities Commission	means the Securities Commission Malaysia.
Selling Price	means the price payable by an investor or a Unit Holder for the purchase of a Unit of the Fund and will be the NAV per Unit of the Fund. The selling price shall be exclusive of the sales charge.
Shariah	means Islamic law, originating from the <i>Qur'an</i> (the holy book of Islam), and its practices and explanations rendered by the Prophet Muhammad (<i>pbuh</i>) and <i>ijtihad of ulama'</i> (personal effort by qualified Shariah scholars to determine the true ruling of the divine law on matters whose revelations are not explicit).
Shariah Adviser	means Amanie Advisors Sdn Bhd (200501007003 (684050-H)) or the Shariah adviser for the time being for the Fund.
Trustee	means RHB Trustees Berhad (200201005356 (573019-U)) or the trustee for the time being for the Fund.
Unit	means a measurement of the right or interest of a Unit Holder in the Fund.
Unit Holders / you	means the person registered as the holder of a Unit or Units including persons jointly registered for the Fund.
US	means United States of America.
US Person(s)	means: <ul style="list-style-type: none"> (a) a US citizen (including those who hold dual citizenship or a green card holder); (b) a US resident alien for tax purposes; (c) a US partnership;

- (d) a US corporation;
- (e) any estate other than a non-US estate;
- (f) any trust if:
 - (i) a court within the US is able to exercise primary supervision over the administration of the trust; and
 - (ii) one or more US Persons have the authority to control all substantial decisions of the trust;
- (g) any other person that is not a non-US person; or
- (h) any definition as may be prescribed under the Foreign Account Tax Compliance Act, as may be amended from time to time.

(3) FUND INFORMATION

3.1 The Fund Information

Name of Fund	InterPac Dana Abadi
Fund Category	Mixed Asset (Islamic)
Fund Type	Growth
Initial Offer Price	RM 1.00
Initial Offer Period	21 days from the date of this Prospectus
Financial Year End	<p>31 December</p> <p><i>Note: The first financial year of the Fund shall commence on the launch date and end on a date which shall not exceed 18 months from the launch date. The launch date is the date on which sale of Units of the Fund may first be made and is the date of this Prospectus.</i></p>
Deed	Deed dated 24 November 2020
Investment Objective	<p>The Fund seeks to provide investors with capital appreciation over the medium to long term period by investing in a portfolio of investments that complies with Shariah requirements.</p> <p><i>Any material change to the investment objective of the Fund would require the Unit Holders' approval.</i></p>
Investment Strategy	<p>The Fund seeks to achieve its objective by investing in a diversified portfolio of Shariah-compliant securities primarily in the US market which relies on fundamental and technical research. The investments would range from Shariah-compliant equities, Shariah-compliant equity-related securities such as Shariah-compliant warrants and right issues, sukuk, Islamic money market instruments and placement of Islamic deposits. The Fund may also invest up to 20% of its NAV in Islamic collective investment schemes. For Islamic money market instruments and placement of Islamic deposits, investment allocation may be made in Malaysia market.</p> <p>The Fund may invest between 75% to 100% of its NAV in the US market.</p> <p>The Fund may participate in Islamic derivatives, when appropriate, to hedge the Fund's portfolio from any unexpected movement in interest rate and/or foreign currency. The Fund's exposure to Islamic derivatives for hedging will not exceed 100% of its NAV.</p> <p>We will actively manage the asset allocation of the Fund; however, the frequency of our trading activities will depend on market opportunities and the assessment</p>

	<p>of our fund managers on the market outlook, economic growth, interest rate trend and market liquidity conditions.</p> <p>Under normal market conditions, the Fund will likely hold a higher exposure in equities and/or fixed income securities. However, the Fund may reduce its exposure in equities and/or fixed income securities and increase its exposure in Islamic money market instruments and Islamic deposits when the risk reward environment turns less attractive.</p>
Asset Allocation	<ul style="list-style-type: none"> - 10%-90% of the Fund's NAV will be invested in Shariah-compliant equities and Shariah-compliant equity-related securities. - 10%-90% of the Fund's NAV will be invested in sukuk, Islamic money market instruments and Islamic deposits. - Up to 20% of the Fund's NAV may be invested in Islamic collective investment schemes.
Temporary Defensive Positions	<p>We may adopt temporary defensive positions to protect the Fund's investments to respond to adverse market, political or economic conditions which may be inconsistent with the Fund's principal investment strategy and asset allocation. In such adverse conditions, we may invest all the assets of the Fund in Islamic liquid assets such as placements in money market and deposits with financial institutions.</p>

OTHER INFORMATION

Distribution Policy	<p>Distribution is incidental. The Fund currently does not intend to make regular distribution.</p>
Performance Benchmark	<p>4% growth per annum in NAV per Unit.</p> <p><i>Note: The performance of the Fund is not guaranteed.</i></p>
Permitted Investments	<p>The Fund is permitted to invest in the following:</p> <ul style="list-style-type: none"> (a) Shariah-compliant equities and Shariah-compliant equity-related securities; (b) sukuk; (c) Islamic money market instruments; (d) Islamic deposits placed with financial institutions; (e) Islamic financial derivatives; (f) Islamic collective investment schemes; and (g) any other Shariah-compliant investment permitted by the Securities Commission which is in line with the objective of the Fund.
Investment Restrictions	<p>Exposure Limit</p> <ul style="list-style-type: none"> • The value of the Fund's investments in unlisted Shariah-compliant securities must not exceed 10% of the Fund's NAV.

Investment Spread Limits

- The value of the Fund's investments in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV.
- The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV.
- The value of the Fund's placement in Islamic deposits with any single financial institution must not exceed 20% of the Fund's NAV.
- For investments in Islamic derivatives:
 - (a) the exposure to the underlying assets must not exceed the investment spread limits stipulated in the Guidelines; and
 - (b) the value of the Fund's over-the-counter derivative transaction with any single counterparty must not exceed 10% of the Fund's NAV.
- The aggregate value of the Fund's investments in Shariah-compliant transferable securities, Islamic money market instruments and Islamic deposits issued by or placed with, as the case may be, any single issuer/financial institution must not exceed 25% of the Fund's NAV.
- The value of the Fund's investments in units/shares of any Islamic collective investment scheme must not exceed 20% of the Fund's NAV.
- The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any group of companies must not exceed 20% of the Fund's NAV.

Investment Concentration Limits

- The Fund's investments in Shariah-compliant transferable securities (other than sukuk) must not exceed 10% of the securities issued by any single issuer.
- The Fund's investments in sukuk must not exceed 20% of the sukuk issued by any single issuer.
- The Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer.

Note: The limit in this paragraph does not apply to Islamic money market instruments that do not have a pre-determined issue size.

- The Fund's investments in Islamic collective investment schemes must not exceed 25% of the units/shares in any one Islamic collective investment scheme.

The above limits and restrictions shall 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 any limit or restriction is permitted where the limit or restriction is breached through the appreciation or depreciation of the NAV of the Fund, whether as a result of an appreciation or depreciation in value of the Fund's NAV, or as a result of redemption of Units or payment made out of the Fund. We will not make any further acquisition when the relevant limit or restriction is breached and we will, within a reasonable period of not more than 3 months from the date of the breach, take all necessary steps and actions to rectify the breach.

	<p>All the restrictions and limits stated above do not apply to instruments issued or guaranteed by the Malaysian government or BNM.</p>
Financing and Securities Lending	<p>The Fund may not obtain cash financing or borrow other assets in connection with its activities. However, the Fund may obtain cash financing on a temporary basis for the purpose of meeting redemption requests for Units and for short term bridging requirements subject to the following:</p> <ul style="list-style-type: none"> (a) the Fund's cash financing is only on a temporary basis and that financing is not persistent; (b) the financing period shall not exceed one month; (c) the aggregate financing of the Fund shall not exceed 10% of the Fund's NAV at the time the financing is incurred; and (d) the Fund may only obtain financing from Islamic financial institutions. <p>The Fund must seek Islamic financing for the above requirements.</p> <p>The Fund may participate in the lending of securities within the meaning of the Securities Borrowing and Lending Guidelines issued by the SC.</p>
Shariah Investment Guidelines	<p>The following are the Shariah Investment Guidelines for the Fund, which the Manager, is to strictly adhere to on a continuous basis. At all times the Fund shall invest in investment instruments that are allowed under Shariah principles and shall not invest in investment instruments that are prohibited by Shariah principles based on the parameters of the applicable Shariah Advisory Council and the Shariah Adviser.</p> <p>A. Investments</p> <p>1. Investment in Foreign Markets</p> <p>The Fund shall invest in securities listed under the list of Shariah-compliant securities issued by:</p> <ul style="list-style-type: none"> • IdealRatings Shariah screening solutions based on AAOIFI Shariah standards. <p>Any foreign securities which are not under the list of Shariah-compliant securities issued by IdealRatings Shariah screening solutions shall be determined in accordance with the ruling issued by the Shariah Adviser as follows:</p> <p>(1) The five-per cent benchmark is applicable to the following businesses/activities</p> <ul style="list-style-type: none"> • Adult entertainment • Alcohol • Cinema • Defense & weapons • Financial services (insurance, conventional banking, conventional financial institutions, mortgage, etc) • Gambling • Gold and silver hedging • Interest-bearing investments • Music • Pork • Tobacco

(2) Financial screening activities:

- Total sum of non-permissible income should not exceed 5% of the total income generated by the company.
- Total sum of the interest-bearing cash investments should not exceed 30% of the preceding 12-months average market capitalization.
- Total sum of interest-bearing debts should not exceed 30% of the preceding 12-months average market capitalization.
- No investment in fixed income preferred shares is allowed.

Should any of the above deductions fail to meet the benchmarks, the Shariah Adviser will not accord Shariah-compliant status for the companies.

2. Shariah-compliant Equities and Shariah-compliant Equity-related Securities

The Fund will invest in Shariah-compliant equity and Shariah-compliant equity-related securities which comply with AAOIFI Shariah Standards and/or approved by Shariah Adviser.

3. Sukuk

Sukuk are certificates that provide evidence of an investment into an underlying asset or a project which is typically an income generating asset or project. The Fund will only invest in sukuk which is endorsed by the SACSC or approved by the Shariah adviser.

4. Islamic money market instruments

For investment in money market, the Fund may acquire any Islamic money market instruments based on the data available at:

- Bond Info Hub (www.bondinfo.bnm.gov.my)
- Fully Automated System for issuing/tendering (<https://fast.bnm.gov.my>)

The Fund may also invest into any other Islamic money market instruments deemed Shariah-compliant by the SACBNM or the Shariah Adviser.

5. Investment in deposits

The Fund is also prohibited from investing in interest-bearing deposits and recognizing any interest income.

6. Islamic financial derivatives

The Fund may participate in any Islamic financial derivative instruments (for hedging purposes only) subject to Shariah Adviser's prior approval.

7. Islamic collective investment schemes

The Fund shall invest in foreign Islamic collective investment schemes investing predominantly in Shariah-compliant equities and must be approved by the Shariah Adviser upon review of the necessary and relevant documentation.

8. Any other investments

For avoidance of doubt, the documents relating to the Shariah liquidity management instrument should be submitted for prior approval by the Shariah Adviser. Where the Shariah Adviser request a change to the Shariah Investment Guidelines, it shall give the Manager a reasonable period of time to effect such change in the Prospectus in accordance with the requirements of any applicable law and regulation.

B. Cleansing Process for the Fund

Reclassification of Shariah status of the Fund's investment

Equities which were earlier classified as Shariah-compliant equities may subsequently be reclassified as Shariah non-compliant due to certain reasons such as changes in the companies' operations.

If at the time the announcement/review is made, the value of the equities held exceeds or is equal to the investment cost, such Shariah non-compliant equities will be liquidated. The Fund may keep any dividends received up to the date of the announcement/review and capital gains arising from the disposal of the Shariah non-compliant equities made at the time of the announcement/review. However, any dividends received and excess capital gains made from the disposal after the announcement/review day at a market price that is higher than the closing price on the announcement/review day will be channeled to *Baitulmal* and/or any other charitable bodies as advised by the Shariah Adviser.

If the market price of the said Shariah non-compliant equities is below the investment cost at the time the announcement/review is made, the Fund may hold the Shariah non-compliant equities and keep dividends received during the holding period until the total amount of dividends received and the market value of the Shariah non-compliant equities held equal the investment cost. At this stage, the Fund will dispose of the said Shariah non-compliant equities.

Shariah non-compliant investments

If the Manager mistakenly invests in Shariah non-compliant securities, the Manager must dispose of any Shariah non-compliant securities within one month of becoming aware of the status of such securities. Any gain made in the form of capital gain or dividend received before or after the disposal of these securities must be channelled to *Baitulmal* and/or charitable bodies approved by the Shariah Adviser. The Fund has a right to retain only the investment costs, which may include brokerage fee and other transaction costs.

C. Payment of Zakat

This refers to the purification by way of payment of zakat by Muslims. The Fund do not pay zakat on behalf of Muslim Unit Holders. Thus, Muslim Unit Holders are advised to pay zakat on their own.

The investment portfolio of the Fund will comprise instruments that have been classified as Shariah-compliant by the SACSC and, where applicable the SACBNM. For instruments that are not classified as Shariah-compliant by the SACSC and, where applicable the SACBNM, the status of the instruments has been determined in accordance with the ruling issued by the Shariah Adviser.

3.2 Risk Factors

General Risks of Investing in the Fund

Market Risk

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

Inflation Risk

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

Manager's Risk

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

Loan Financing Risk

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

Risk of Non-Compliance

This is the risk that we may not follow the provisions set out in this Prospectus or the Deed or the law, rules or guidelines that governs the Fund or our own internal procedures whether by oversight or by omission. This risk may also occur indirectly due to legal risk, which is a risk of circumstances from the imposition and/or amendment on the relevant regulatory frameworks, laws, rules, and other legal practices affecting the Fund. An act of non-compliance or mismanagement of the Fund may lead to operational disruptions which could potentially be detrimental to the Fund. We aim to mitigate this risk by placing stringent internal policies and procedures and compliance monitoring processes to ensure that the Fund is in compliance with the relevant fund regulations or Guidelines.

Returns Are Not Guaranteed

There is no guarantee of any income distribution or capital appreciation. Unlike fixed deposits which carry a specific rate of return, the Fund does not provide a fixed rate of return.

Specific Risks of the Fund

Specific Stock Risk

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

Liquidity Risk

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

Credit/Default Risk

Credit risk relates to the creditworthiness of the issuers of the sukuk and Islamic money market instruments or financial institutions which the Fund places its Islamic deposits with, and their expected ability to make timely payment of profit and/or principal. Any adverse situations faced by the issuer or financial institution may impact the value as well as liquidity of the sukuk, Islamic money market

instruments and Islamic deposits. In the case of rated sukuk and Islamic money market instruments, this may lead to a credit downgrade.

Default risk relates to the risk that an issuer of a sukuk or Islamic money market instrument or a financial institution which the Fund places its Islamic deposits with either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the sukuk, Islamic money market instruments and Islamic deposits. If the financial institution which the Fund places its Islamic deposits with becomes insolvent, the Fund may suffer capital losses with regards to the capital invested and profit foregone. This could affect the value of the Fund as 10%-90% of the NAV of the Fund may be invested in sukuk, Islamic money market instruments and Islamic deposits.

Interest Rate Risk

Interest rate risk refers to the impact of interest rate changes on the valuation of sukuk, Islamic money market instruments and Islamic deposit. When interest rates rise, sukuk and Islamic money market instruments prices generally decline and this may lower the market value of the Fund's investment in sukuk and Islamic money market instruments. The reverse may apply when interest rates fall. However, when interest rates fall, the Fund's future placements in Islamic deposits would be reinvested at lower profit rates, which in turn will reduce the potential returns of the Fund.

In order to mitigate interest rate risk, we will need to manage the fixed income portfolio taking into account the profit rate and time to maturity of the sukuk, Islamic money market instrument and Islamic deposit.

Currency Risk

As the investments of the Fund may be denominated in USD, any fluctuation in the exchange rate between the base currency of the Fund and USD may have an impact on the value of these investments. Investors should be aware that if the USD depreciates against the base currency of the Fund, this will have an adverse effect on the NAV of the Fund in the base currency of the Fund and vice versa. Investors should note that any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

Country Risk

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

Shariah-compliant Equity-related Securities Risk

The Fund may also invest in Shariah-compliant equity-related securities equivalent to shares such as Shariah-compliant warrants and right issues. The prices of Shariah-compliant warrants and right issues are typically linked to the underlying stocks. However, the prices and performance of such Shariah-compliant warrants and rights issues will generally fluctuate more than the underlying stocks because of the greater volatility of the warrants and rights issues markets. Generally, as the Shariah-compliant warrants and rights issues have limited lives, they will depreciate in value as they approach their maturity dates, assuming that all other factors remain unchanged. Warrants and rights issues that are not exercised at maturity become worthless and negatively affect the NAV of the Fund.

Investment in Islamic Collective Investment Schemes

Investing in Islamic collective investment schemes may be more costly to the Fund than if the Fund had invested in the underlying investments directly as the Fund will indirectly be paying the fees and expenses of the Islamic collective investment schemes. The Fund's investments in Islamic collective investment schemes may subject the Fund to additional risk (such as risks associated with the investment manager of the Islamic collective investment schemes) than if the Fund would have invested directly in the underlying investments of the Islamic collective investment schemes. Examples of risks associated with the investment manager of the Islamic collective investment schemes include but are not limited to the risk of non-adherence to the investment objective and investment strategy of the Islamic collective investment schemes, the relevant laws or guidelines due to factors such as human error or weaknesses in operational process and systems, and the risk that the Islamic collective investment schemes may underperform their benchmark due to poor investment decisions by the

investment manager of the Islamic collective investment schemes. Another risk of investing in Islamic collective investment schemes is the possibility that the Fund may buy an investment through the Islamic collective investment schemes to maintain its position in that investment which the Islamic collective investment schemes subsequently sell. If this happens, the Fund may have to buy more of that investment to maintain its position and investors in the Fund would indirectly bear the costs of these transactions. Also, the Fund and the Islamic collective investment schemes may hold common portfolio securities, thereby reducing the diversification benefits to the Fund.

Islamic Derivatives Risk

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

Reclassification of Shariah Status Risk

This risk refers to the risk that the currently held Shariah-compliant equities and Shariah-compliant equity-related securities 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 such equities and equity-related securities. There may be opportunity loss to the Fund due to the Fund not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant equities and equity-related securities. The value of the Fund also may be adversely affected in the event of a disposal of Shariah non-compliant equities and equity-related securities at a price lower than the investment cost. Please refer to the "Shariah Investment Guidelines" for details on the treatment of gains and losses as a result of the reclassification of Shariah non-compliant equities.

Performance Fee Risk

Performance fee may encourage the fund manager to take excessive risks. In addition, the performance fee may be computed based on computation of NAV that include unrealised gain that may not be subsequently realised. Please refer to Section 4.6 for calculation methodology and other relevant risks associated with performance fee.

Risk Management Strategies

The Manager engaged in stringent fundamental and financial analysis on companies that the Fund intends to invest and/or have invested in. This is to mitigate the risk of the Fund investing into companies that may subsequently face financial difficulties and/or experience business failures.

The Manager ensures compliance and adherence to the authorised investments and restrictions stipulated under Sections 3.4 and 3.6 respectively of this Prospectus, and those imposed by the SC. This is to ensure that there are no breaches to any laws, regulations and guidelines. In addition, this will also ensure that the Fund will not have concentration risk to a particular company or group of companies.

During the period when the Manager believes that they are systemic risks in the equity market, the Manager has the discretion to allocate up to 100% of the Fund's equity investment into other asset classes such as fixed income securities, money market instruments, and deposits with financial institutions.

The Manager may adopt temporary defensive positions as disclosed in the above section under the heading "Temporary Defensive Positions".

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

(4) FEES, CHARGES AND EXPENSES

The following describes the fees and charges that you may **directly** incur when buying or redeeming Units:

4.1 Sales Charge

Distribution Channels	Maximum Sales Charge
Manager	Up to 5.00% of the NAV per Unit
Institutional Unit Trust Advisers ("IUTA")	
Corporate Unit Trust Advisers ("CUTA")	
Unit Trust Consultants ("UTC")	

Notes:

- (1) *We reserve the right to waive or reduce the sales charge from time to time at our absolute discretion.*
- (2) *You may negotiate for a lower sales charge with the different distribution channels.*

Illustration - Computation of sales charge

Example:

If you wish to invest RM10,000.00 in the Fund which imposes a sales charge of 5.00% of the NAV per Unit, the total amount of sales charge will be:

$$5.00\% \times \text{RM}10,000.00 = \text{RM}500.00$$

Note: For the purpose of calculating the sales charge, the calculation will be based on the NAV per Unit of the Fund which has not been rounded up.

4.2 Repurchase Charge

We do not intend to impose any repurchase charge.

4.3 Transfer Fee

RM5.00 for each transfer.

Note:

We reserve the right to waive or reduce the transfer fee from time to time at our absolute discretion.

4.4 Switching Fee

We do not intend to impose any switching fee.

The following describes the fees and expenses that you may **indirectly** incur when investing in the Fund:

4.5 Management Fee

1.50% per annum of the NAV of the Fund. The management fee is calculated and accrued daily and is paid monthly to us.

Illustration – Computation of management fee

Example:

Assuming that the NAV of the Fund is RM10,000,000 for that day, the accrued management fee for the Fund for that day would be:

$$\frac{\text{RM10,000,000} \times 1.50\%}{365 \text{ days}} = \text{RM410.96 per day}$$

4.6 Performance Fee

The Manager will earn a 20% performance fee on the appreciation in the NAV per Unit (before performance fee) over and above the High Water Mark during a particular Performance Period. The performance fee is calculated and readjusted on a daily basis. Although the calculation is on a daily basis, the performance fee is only payable to the Manager at the end of each Performance Period:

- (a) if there is an appreciation in the NAV per Unit (before performance fee) over and above the High Water Mark at the end of the particular Performance Period; and
- (b) if the Manager receives a redemption request at a time when the NAV per Unit (before performance fee) is higher than the High Water Mark, during the Performance Period; the performance fee is chargeable to the redeeming Unit Holder regardless of the Fund's performance at the end of the particular Performance Period.

If the Fund's performance (NAV per Unit before performance fee) exceeds the High Water Mark on any particular day, the applicable performance fee for the day will be accrued and accounted as a liability of the Fund in computing the NAV per Unit on that day, and this will reduce the NAV per Unit for that day. Correspondingly, if the Fund's performance (NAV per Unit before performance fee) does not exceed the High Water Mark on any particular day, there is no performance fee charged. Performance fee which has been accrued and accounted as liability of the Fund on the previous day will be reversed (i.e. reverted to zero) except for the performance fee charged on redeemed units. This is to ensure that no performance fee will be charged to a unit holder realising his/her units on a day when the Fund's performance does not exceed the High Water Mark. The performance fee (if any) accrued as at the end of each Performance Period shall be paid to the Manager as soon as practicable following the end of a Performance Period out of the Fund.

Performance fee equalisation is not adopted. As such, the performance fee payable in respect of units held may not correspond to the actual performance of those units. The performance fee is not determined on the Fund's performance from the point of subscription for units by investors. It is possible for a unit holder to incur performance fee on his or her units even though the return on his or her units is negative. For example, if the unit holder redeems his or her units at a lower NAV per Unit than when he or she subscribed for such units and the NAV per Unit exceeds the High Water Mark on the date of redemption, performance fee is chargeable to such units.

Determining the High Water Mark

At the beginning of a Performance Period, the Manager will determine the High Water Mark.

The High Water Mark will be either:

- (a) the initial offer price; or
- (b) the NAV per Unit on the last Business Day of the previous Performance Period in respect of which a performance fee is last paid,

whichever is the higher.

Illustration on calculation of Performance Fee with High Water Mark (HWM)

Performance fee:	20% of profit
Management fee:	1.50% p.a
Trustee's fee:	0.07% p.a
Audit fee:	RM8,000 p.a.
Tax agent fee:	RM3,000 p.a

Year 1	
HWM:	RM1.00

Day 1 - There is no subscription or redemption

	<u>RM</u>
Assets	
Investment	-
Bank	100,000.00
Other Assets	
Amount due from Manager	-
Total Assets	<u>100,000.00</u>
Liabilities	
Management fee payable	-
Trustee's fee payable	-
Audit fee payable	21.92
Tax agent fee payable	8.22
Amount due to Manager	-
Total Liabilities	<u>30.14</u>
Gross Asset Value ("GAV")	99,969.86
Management fee for the day	4.11
Trustee's fee for the day	0.19
Net Asset Value ("NAV") before performance fee	<u>99,965.56</u>
Performance fee	-
Net Asset Value ("NAV") after performance fee	<u>99,965.56</u>
Total Units in Circulation	100,000.00
NAV per unit before performance fee	RM 0.9997
NAV per unit after performance fee	RM 0.9997

There is no performance fee charged as the NAV per unit (before performance fee) is below HWM

Day 2 - There is no subscription or redemption

	RM
Assets	
Investment	60,000.00
Bank	50,000.00
Other Assets	
Amount due from Manager	-
Total Assets	110,000.00
Liabilities	
Management fee payable	4.11
Trustee's fee payable	0.19
Audit fee payable	43.84
Tax agent fee payable	16.44
Amount due to Manager	-
Total Liabilities	64.57
Gross Asset Value ("GAV")	109,935.43
Management fee for the day	4.52
Trustee's fee for the day	0.21
Net Asset Value ("NAV") before performance fee	109,930.70
Performance fee	1,986.00
Net Asset Value ("NAV") after performance fee	107,944.70
Total Units in Circulation	100,000.00
NAV per unit before performance fee	RM 1.0993
NAV per unit after performance fee	RM 1.0794

Performance fee	RM
NAV before performance fee	1.0993
HWM	1.0000
	0.0993
Performance fee charged for the day (RM0.0993 x 20% x 100,000 units)	1,986.00

There is performance fee charged as the NAV per unit (before performance fee) is above HWM

Day 3 - There are subscriptions of RM10,000 but no redemptions

	RM
Assets	
Investment	120,000.00
Bank	10,000.00
Other Assets	
Amount due from Manager	-
Total Assets	130,000.00
Liabilities	
Management fee payable	8.63
Trustee's fee payable	0.40
Audit fee payable	65.75
Tax agent fee payable	24.66
Amount due to Manager	-
Total Liabilities	99.44
Gross Asset Value ("GAV")	129,900.56
Management fee for the day	5.34
Trustee's fee for the day	0.25
Net Asset Value ("NAV") before performance fee	129,894.97
Performance fee	5,978.00
Net Asset Value ("NAV") after performance fee	123,916.97
Total Units in Circulation	100,000.00
NAV per unit before performance fee	RM 1.2989
NAV per unit after performance fee	RM 1.2392
NAV after performance fee	RM 123,916.97
Subscription request	RM 10,000.00
NAV after incorporating subscription	RM 133,916.97
No. of additional units subscribed (RM10,000/RM1.2392)	8,069.72
Total Units in Circulation after subscription	108,069.72
NAV per unit after incorporating subscription	1.2392

Performance fee	RM
NAV before performance fee	1.2989
HWM	1.0000
	0.2989
Performance fee charged for the day (RM0.2989 x 20% x 100,000 units)	5,978.00

There is performance fee charged as the NAV per unit (before performance fee) is above HWM

Day 4 - There are redemptions of 15,000 units but no subscriptions

	RM
Assets	
Investment	140,000.00
Bank	10,000.00
Other Assets	
Amount due from Manager*	10,000.00
Total Assets	160,000.00
Liabilities	
Management fee payable	13.96
Trustee's fee payable	0.65
Audit fee payable	87.67
Tax agent fee payable	32.88
Amount due to Manager	-
Total Liabilities	135.16
Gross Asset Value ("GAV")	159,864.84
Management fee for the day	6.57
Trustee's fee for the day	0.31
Net Asset Value ("NAV") before performance fee	159,857.96
Performance fee	10,357.40
Net Asset Value ("NAV") after performance fee	149,500.56
Total Units in Circulation	108,069.72
NAV per unit before performance fee	RM 1.4792
NAV per unit after performance fee	RM 1.3834
NAV after performance fee	RM 149,500.56
Redemption request (15,000 units x RM1.3834)	-RM 20,751.00
NAV after incorporating redemptions	RM 128,749.56
No. of units redeemed	15,000.00
Total Units in Circulation after redemptions	93,069.72
NAV per unit after incorporating redemptions	1.3834
Performance fee due to the Manager in relation to redeemed units (RM0.4792 x 20% x 15,000 units)	1,437.60
(To be accrued and will only be crystallised at the end of performance period)	

Performance fee	RM
NAV before performance fee	1.4792
HWM	1.0000
	0.4792
Performance fee charged for the day (RM0.4792 x 20% x 108,069.72 units)	10,357.40

There is performance fee charged as the NAV per unit (before performance fee) is above HWM

* Arising from subscription of units on Day 3 that has yet to be paid into the Fund.

Day 5 - There are subscriptions of RM30,000 and redemptions of 20,000 units

	RM
Assets	
Investment	80,000.00
Bank	10,000.00
Other Assets	
Amount due from Manager*	10,000.00
Total Assets	100,000.00
Liabilities	
Management fee payable	20.53
Trustee's fee payable	0.96
Audit fee payable	109.59
Tax agent fee payable	41.10
Amount due to Manager - Redemptions	20,751.00
Amount due to Manager - Performance fee	1,437.60
Total Liabilities	22,360.78
Gross Asset Value ("GAV")	77,639.22
Management fee for the day	3.19
Trustee's fee for the day	0.15
Net Asset Value ("NAV") before performance fee	77,635.88
Performance fee	-
Net Asset Value ("NAV") after performance fee	77,635.88
Total Units in Circulation	93,069.72
NAV per unit before performance fee	RM 0.8342
NAV per unit after performance fee	RM 0.8342
NAV after performance fee	RM 77,635.88
Subscription request	RM 30,000.00
Redemption request (20,000 units x RM0.8342)	-RM 16,684.00
NAV after incorporating subscriptions & redemptions	RM 90,951.88
No. of additional units subscribed (RM30,000/RM0.8342)	35,962.60
No. of units redeemed	20,000.00
Total Units in Circulation after subscriptions & redemptions	109,032.32
NAV per unit after incorporating subscriptions & redemptions	0.8342

Performance fee	RM
NAV before performance fee	0.8342
HWM	1.0000
-	0.1658
Performance fee charged for the day	-

There is no performance fee charged as the NAV per unit (before performance fee) is below HWM

* Arising from subscription of units on Day 3 that has yet to be paid into the Fund.

Day 365 - There is no subscription or redemption

	RM
Assets	
Investment	155,000.00
Bank	5,000.00
Other Assets	
Amount due from Manager	-
Total Assets	160,000.00
Liabilities	
Management fee payable	1,500.00
Trustee's fee payable	70.00
Audit fee payable	8,000.00
Tax agent fee payable	3,000.00
Amount due to Manager - Redemptions	-
Amount due to Manager - Performance fee	1,437.60
Total Liabilities	14,007.60
Gross Asset Value ("GAV")	145,992.40
Management fee for the day	6.00
Trustee's fee for the day	0.28
Net Asset Value ("NAV") before performance fee	145,986.12
Performance fee	7,390.21
Net Asset Value ("NAV") after performance fee	138,595.91
Total Units in Circulation	109,032.32
NAV per unit before performance fee	RM 1.3389
NAV per unit after performance fee	RM 1.2711

Performance fee	RM
NAV before performance fee	1.3389
HWM	1.0000
	0.3389
Performance fee charged for the day (RM0.3389 x 20% x 109,032.32 units)	7,390.21

There is performance fee charged as the NAV per unit (before performance fee) is above HWM

Total performance fee to be crystallised: RM1,437.60 + RM7,390.21 = RM8,827.81

New HWM for next performance period: RM1.2711

Assumptions: There has been no subscription or redemption request from Day 6 to Day 365

Year 2	
HWM:	RM1.2711

Day 1 - There are redemptions of 30,000 units but no subscriptions

	RM
Assets	
Investment	170,000.00
Bank	5,000.00
Other Assets	
Amount due from Manager	-
Total Assets	175,000.00
Liabilities	
Management fee payable**	1,506.00
Trustee's fee payable**	70.28
Audit fee payable**	8,021.92
Tax agent fee payable**	3,008.22
Amount due to Manager - Redemptions	-
Amount due to Manager - Performance fee**	8,827.81
Total Liabilities	21,434.23
Gross Asset Value ("GAV")	153,565.77
Management fee for the day	6.31
Trustee's fee for the day	0.29
Net Asset Value ("NAV") before performance fee	153,559.17
Performance fee	2,994.03
Net Asset Value ("NAV") after performance fee	150,565.14
Total Units in Circulation	109,032.32
NAV per unit before performance fee	RM 1.4084
NAV per unit after performance fee	RM 1.3809
NAV after performance fee	RM 150,565.14
Redemption request (30,000 units x RM1.3809)	-RM 41,427.00
NAV after incorporating redemptions	RM 109,138.14
No. of units redeemed	30,000.00
Total Units in Circulation after redemptions	79,032.32
NAV per unit after incorporating redemptions	1.3809
Performance fee due to the Manager in relation to redeemed units (RM0.1373 x 20% x 30,000 units)	823.80
(To be accrued and will only be crystallised at the end of performance period)	

Performance fee	RM
NAV before performance fee	1.4084
HWM	1.2711
	0.1373
Performance fee charged for the day (RM0.1373 x 20% x 109,032.32 units)	2,994.03

There is performance fee charged as the NAV per unit (before performance fee) is above HWM

** Inclusive of amount brought forward from the last financial year and has yet to be paid out of the Fund.

Day 365 - There is no subscription or redemption

	RM
Assets	
Investment	100,000.00
Bank	1,000.00
Other Assets	
Amount due from Manager	-
Total Assets	101,000.00
Liabilities	
Management fee payable	1,550.00
Trustee's fee payable	75.00
Audit fee payable	8,000.00
Tax agent fee payable	3,000.00
Amount due to Manager - Redemptions	-
Amount due to Manager - Performance fee	823.80
Total Liabilities	13,448.80
Gross Asset Value ("GAV")	87,551.20
Management fee for the day	3.60
Trustee's fee for the day	0.17
Net Asset Value ("NAV") before performance fee	87,547.43
Performance fee	-
Net Asset Value ("NAV") after performance fee	87,547.43
Total Units in Circulation	79,032.32
NAV per unit before performance fee	RM 1.1077
NAV per unit after performance fee	RM 1.1077

Performance fee	RM
NAV before performance fee	1.1077
HWM	1.2711
-	0.1634
Performance fee charged for the day	-

There is no performance fee charged as the NAV per unit (before performance fee) is below HWM

Total performance fee to be crystallised: RM823.80

HWM for next performance period: RM1.2711

Assumptions: There has been no subscription or redemption request from Day 2 to Day 365

Year 3	
HWM:	RM1.2711

Day 1 - There are subscriptions of RM50,000 but no redemptions

	RM
Assets	
Investment	120,000.00
Bank	1,000.00
Other Assets	
Amount due from Manager	-
Total Assets	121,000.00
Liabilities	
Management fee payable**	1,553.60
Trustee's fee payable**	75.17
Audit fee payable**	8,021.92
Tax agent fee payable**	3,008.22
Amount due to Manager - Redemptions	-
Amount due to Manager - Performance fee**	823.80
Total Liabilities	13,482.70
Gross Asset Value ("GAV")	107,517.30
Management fee for the day	4.42
Trustee's fee for the day	0.21
Net Asset Value ("NAV") before performance fee	107,512.67
Performance fee	1,411.52
Net Asset Value ("NAV") after performance fee	106,101.16
Total Units in Circulation	79,032.32
NAV per unit before performance fee	RM 1.3604
NAV per unit after performance fee	RM 1.3425
NAV after performance fee	RM 106,101.16
Subscription request	RM 50,000.00
NAV after incorporating subscription	RM 156,101.16
No. of additional units subscribed (RM50,000/RM1.3425)	37,243.95
Total Units in Circulation after subscription	116,276.27
NAV per unit after incorporating subscription	1.3425

Performance fee	RM
NAV before performance fee	1.3604
HWM	1.2711
	0.0893
Performance fee charged for the day (RM0.0893 x 20% x 79,032.32 units)	1,411.52

There is performance fee charged as the NAV per unit (before performance fee) is above HWM

** Inclusive of amount brought forward from the last financial year and has yet to be paid out of the Fund.

Day 365 - There is no subscription or redemption

	RM
Assets	
Investment	158,000.00
Bank	2,537.00
Other Assets	
Amount due from Manager	-
Total Assets	160,537.00
Liabilities	
Management fee payable	1,650.00
Trustee's fee payable	82.00
Audit fee payable	8,000.00
Tax agent fee payable	3,000.00
Amount due to Manager - Redemptions	-
Amount due to Manager - Performance fee	-
Total Liabilities	12,732.00
Gross Asset Value ("GAV")	147,805.00
Management fee for the day	6.07
Trustee's fee for the day	0.28
Net Asset Value ("NAV") before performance fee	147,798.64
Performance fee	-
Net Asset Value ("NAV") after performance fee	147,798.64
Total Units in Circulation	116,276.27
NAV per unit before performance fee	RM 1.2711
NAV per unit after performance fee	RM 1.2711

Performance fee	RM
NAV before performance fee	1.2711
HWM	1.2711
	-
Performance fee charged for the day	-

There is no performance fee charged as the NAV per unit (before performance fee) is equal to HWM

Total performance fee to be crystallised: Nil

HWM for next performance period: RM1.2711

Assumptions: There has been no subscription or redemption request from Day 2 to Day 365

4.7 Trustee Fee

0.07% per annum of the NAV of the Fund (excluding foreign custodian fees and charges). The trustee fee is calculated and accrued daily and is paid monthly to the Trustee.

Illustration – Computation of trustee fee

Example:

Assuming that the NAV of the Fund is RM10,000,000 for that day, the accrued trustee fee for the Fund for that day would be:

$$\frac{\text{RM10,000,000} \times 0.07\%}{365 \text{ days}} = \text{RM19.18 per day}$$

4.8 Fund Expenses

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

- (i) commissions or fees paid to brokers or dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes (if any);
- (ii) taxes and other duties charged on the Fund by the government and/or other authorities;
- (iii) costs, fees and expenses properly incurred by the auditors appointed for the Fund;
- (iv) costs, fees and expenses incurred for the valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- (v) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- (vi) costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- (vii) costs, commissions, fees and expenses of the sale, purchase, takaful and any other dealing of any asset of the Fund;
- (viii) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- (ix) costs, fees and expenses incurred in engaging any adviser for the benefit of the Fund;
- (x) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- (xi) costs, fees and expenses incurred in the termination of the Fund or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;
- (xii) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed by the Fund);
- (xiii) remuneration and out of pocket expenses of the independent members of the investment

committee of the Fund, unless the Manager decides otherwise;

- (xiv) costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority;
- (xv) (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign assets of the Fund;
- (xvi) expenses and charges incurred in connection with the printing and postage for the annual or interim report, tax certificates and other services associated with the administration of the Fund;
- (xvii) all costs and expenses associated with the distributions declared pursuant to the Deed and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer; and
- (xviii) any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred under sub-paragraphs (i) to (xvii) above.

4.9 Policy on Stockbroking Rebates and Soft Commissions

We, the Trustee or its delegate should not retain any rebate from, or otherwise share in any commission with, any broker or dealer in consideration for directing dealings in the investments of the Fund.

However, soft commissions may be retained by us if:

- (i) the goods and services are of demonstrable benefit to Unit Holders and in the form of research and advisory services that assist in the decision making process relating to the investments of the Fund; and
- (ii) any dealing with the broker or dealer is executed on terms which are the most favourable for the Fund.

4.10 Tax

Unit Holders and/or the Fund, as the case may be, will bear the applicable tax which may be imposed by the government or other authorities from time to time in addition to the applicable fees, charges and expenses stated in the Prospectus.

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

(5) TRANSACTION INFORMATION

5.1 Bases of Valuation of Investments

Listed Shariah-compliant equities

Listed Shariah-compliant equities are valued each day based on market price.

However, if:

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

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

Unlisted Shariah-compliant equities

Unlisted Shariah-compliant equities are valued at arm's length fair value as determined in good faith by the Manager.

Sukuk

Sukuk are valued each day based on the price quoted by a bond pricing agency ("BPA") registered by the SC.

Where we are of the view that the price quoted by the BPA for a specific sukuk differs from the "market price" by more than 20 basis points, we may use the "market price" provided that we comply with the requirements of the Guidelines.

Foreign sukuk are valued each day based on the average indicative yield quoted by 3 independent and reputable institutions.

Islamic money market instruments

Islamic money market instruments are valued each day based on the price quoted by a BPA registered by the SC. Any Islamic money market instruments which are not quoted by BPA will be valued at market yields based on the remaining days to maturity.

For investments in foreign Islamic money market instruments, such investments are valued each day based on the average indicative yield quoted by 3 independent and reputable institutions.

Islamic deposits

Islamic deposits placed with financial institutions are valued each day by reference to the value of such investments and the profits accrued thereon for the relevant period.

Islamic collective investment schemes

Unlisted Islamic collective investment schemes are valued each day based on the last published repurchase price.

Listed Islamic collective investment schemes are valued each day based on the market price.

Any other Shariah-compliant investments

Fair value as determined in good faith by us, on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee.

5.2 Valuation Point

The Fund is valued once every Business Day after the close of the market in which the portfolio of the Fund is invested for the relevant day but not later than the end of next Business Day.

5.3 Computation of NAV and NAV per Unit

The NAV of the Fund is determined by deducting the value of the Fund's liabilities from the value of the Fund's assets, at a valuation point.

Please note that the example below is for illustration only:

	Fund (RM)
Market Value of Investments	100,500,000.00
Add: Other assets (including cash) & income	200,000.00
Less: Liabilities	100,000.00
NAV before deducting management fee, trustee fee and performance fee for the day	100,600,000.00
Less: Management fee for the day (1.5% x RM100,600,000/365 days)	4,134.25
Less: Trustee fee for the day (0.07% x RM100,600,000/365 days)	192.93
Total NAV before performance fee (after deducting management fee and trustee fee)	100,595,672.82
Less: Performance fee for the day [RM0.0060 x 20% x 100,000,000 units]	120,000.00
Total NAV (after deducting management fee, trustee fee and performance fee)	100,475,672.82
Total Units in Circulation	100,000,000
NAV per Unit before performance fee (RM)	1.0060
NAV per Unit after performance fee (RM)	1.0048

Assuming the High Water Mark is RM1.00. The NAV per Unit of the Fund will be rounded up to 4 decimal places for the purposes of publication of the NAV per Unit.

5.4 Pricing of Units

Single Pricing Policy

We adopt a single pricing policy in calculating your application for and redemption of Units. Single pricing equates to sales and repurchases quoted and transacted on a single price (i.e. the initial offer price during the initial offer period and the NAV per Unit after the initial offer period).

The NAV per Unit is valued daily at the next valuation point on a forward pricing basis.

Policy on Rounding Adjustment

In calculating your investments with us, the Units allocated to you will be calculated based on the NAV per Unit which is also the Selling Price and Repurchase Price of the Fund that has been rounded to 4 decimal places. When you invest in the Fund, the investment amount payable by you will be rounded to 2 decimal places. We will allocate Units in your account by rounding off to the nearest 2 decimal places.

Selling Price of Units

The Selling Price of a Unit is the NAV per Unit as at the next valuation point after the request to purchase Units is received by us (Forward Pricing). The sales charge is payable by you in addition to the Selling Price for the Units purchased.

Calculation of Selling Price

Illustration – Sale of Units

Example:

If you wish to invest RM10,000.00 in the Fund, and if the sales charge is 5.00% of the NAV per Unit of the Fund, the total amount to be paid by you and the number of Units issued to you will be as follows:

Sales charge payable by you = $5.00\% \times \text{RM}10,000.00 = \underline{\text{RM}500.00}$

The total amount to be paid by you for your investment will therefore be:

RM10,000.00 + RM500.00

= **RM10,500.00**

If the NAV per Unit for the Fund is RM1.0000, the number of Units that will be issued to you will be:

RM10,000.00 divided by RM1.0000 = **10,000.00 Units**

Calculation of Repurchase Price

Illustration – Redemption of Units

Example:

If you wish to redeem 10,000.00 Units from the Fund, and if the NAV per Unit for the Fund is RM1.0000 and no repurchase charge is imposed on the Unit Holders, the total amount to be paid to you will be as follows:

= $10,000.00 \text{ Units} \times \text{RM}1.0000$

= **RM10,000.00**

Repurchase charge payable by you = $0.00\% \times 10,000.00 = \underline{\text{RM}0.00}$

Therefore, you will receive **RM10,000.00** as redemption proceeds.

5.5 Incorrect Pricing

We shall take immediate action to rectify any incorrect valuation and pricing of the Fund and/or the Units and to notify the Trustee and the relevant authorities of the same unless the Trustee considers the incorrect valuation and pricing of the Fund and/or the Units is of minimal significance. An incorrect valuation and pricing of the Fund and/or the Units shall result in a reimbursement of moneys unless the Trustee considers that such incorrect valuation and pricing of the Fund and/or the Units is of minimal significance.

The Trustee shall not consider an incorrect valuation and pricing of the Fund and/or the Units to be of minimal significance if the error involves a discrepancy of 0.5% or more of the NAV per Unit unless the total impact on your account is less than RM10.00. An incorrect valuation and pricing not considered to be of minimal significance by the Trustee shall result in reimbursement of moneys in the following manner:

- (a) if there is an over valuation and pricing in relation to the purchase and creation of Units, the Fund shall reimburse you;
- (b) if there is an over valuation and pricing in relation to the redemption of Units, we shall reimburse the Fund;
- (c) if there is an under valuation and pricing in relation to the purchase and creation of Units, we shall reimburse the Fund; and
- (d) if there is an under valuation and pricing in relation to the redemption of Units, the Fund shall reimburse you or former Unit Holder.

TRANSACTION DETAILS

5.6 Minimum Initial Investment, Minimum Additional Investment, Minimum Units For Redemption And Minimum Holdings To Maintain An Account

Minimum initial investment*	RM1,000
Minimum additional investment*	RM100
Minimum Units for redemption*	1,000 Units
Minimum holdings to maintain an account*	1,000 Units

* or such other lower or higher amount or number of Units, as the case may be, as we may at our discretion deem appropriate.

Investors are recognised as Unit Holders only after they have been registered in the Unit Holders' register. The registration takes effect from the date we receive and accept the application to purchase Units from you together with the payment thereof.

5.7 Application for Units

You may apply for Units of the Fund by submitting to us an account opening and transaction forms together with the evidence of payment on any Business Day.

For new investor, in addition to the account opening and transaction forms, you must also satisfy the following eligibility requirements and provide us with the following duly completed forms and documents:

Individual investor

Eligibility requirements:

- The applicant must be at least 18 years old and not a bankrupt.
- For joint applicants, the principal holder must be at least 18 years old

Forms and documents:

- i) Individual Applicant
 - Malaysian (NRIC/MyKad)
 - Non-Malaysian/Foreigner (International passport)

- ii) Joint Applicant (If any)
 - Malaysian (NRIC/MyKad)
 - Non-Malaysian/Foreigner (International passport)
 - Minor, Age 12 and below (Birth Certificate/MyKid)
- iii) Suitability assessment form
- iv) Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) - Self Certification Form
- v) Personal Data Protection Act Notice

Corporate investor

Eligibility requirements:

- The applicant must be a company, co-operative society, sole proprietor, institution or partnership.

Forms and documents:

- i) A certified true copy of the board resolution approving the investments in the Fund together with a list of authorised personnel and their specimen signatures to effect any instruction or transactions in respect of the Fund
- ii) A certified true copy of all the authorised personnel
- iii) A certified true copy of Forms 24, 44 and 49*
- iv) A certified true copy of the memorandum and articles of association*
- v) A certified true copy of the certificate of incorporation* or business registration/licence (Form 8 or 9, 13 and 20)*
- vi) A certified true copy of the latest form of annual return*
- vii) Suitability assessment form
- viii) Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) - Self Certification Form
- ix) Personal Data Protection Act Notice
- x) any other approvals necessary from the relevant authorities.

** or any other equivalent documentation issued by the authorities.*

We reserve the right to request additional documents before we process your application for Units.

We reserve the right to reject any application without providing any reason. We may also reject any application that is not complete and/or not accompanied by the required documents and those applications will only be processed upon the documentation being satisfactorily completed.

Distribution Channels

Please refer to section 14 of the Prospectus for details on where you can purchase and redeem Units of the Fund.

Payment Methods

Payment for subscription of Units may be made to “**Inter-Pacific Asset Management Sdn Bhd (Clients’ Trust Account)**” in the following manner:

- (a) by telegraphic transfer or online transfer into our bank account. You must include your name in the transaction description for our reference; or
- (b) by cheque. You must write your name, identity card number or business registration number at the back of the cheque; or

- (c) by any other mode of payment*, including, but not limited to bank draft, money order or online payment gateways, that we and/or the relevant authorities may approve from time to time.

* payment by cash or cash deposit machine will not be accepted.

Any charges, fees and expenses incurred in facilitating any of the above mode of payment shall be borne by you. Such mode of payment is subject to further limit(s), restriction(s) and/or terms and conditions that we and/or the relevant authorities may impose from time to time.

You are advised not to send your application together with cash via mail.

You are advised not to make payment in cash when purchasing Units of the Fund via any individual agent.

5.8 Redemption of Units

You may redeem part or all of your Units by simply completing the transaction form and returning it to us. You shall be paid within 10 days from the date the redemption request is received by us on any Business Day.

For partial redemption, the Unit holdings after the redemption must not be less than 1,000 Units or such other number of Units as we may at our discretion deem appropriate. If the Units in your account are less than the minimum Unit holdings after a redemption request is made, all Units held by you in the Fund will be redeemed automatically.

Other than the above conditions and the minimum Units for redemption requirements, there are no restrictions in terms of frequency of redemption for the Fund.

5.9 Transfer of Units

You are allowed to transfer your Units by completing a transfer form which is signed by both the transferor and the transferee and returning it to us on any Business Day.

If the transferee is an individual, he must be at least 18 years of age at the time of the transfer. The minimum number of Units for a transfer is 1,000 Units or such other number of Units as we may at our discretion deem appropriate. Both transferor and transferee must maintain the minimum Unit holdings after the transfer is made.

Transfer of ownership from the account of the deceased Unit Holder to his/her personal representative will only be undertaken through the process of estate administration and death claims procedures.

5.10 Switching between Funds

You are permitted to switch from and to other funds managed by us by completing a transaction form and returning it to us on any Business Day.

Switching will be made at the prevailing NAV per Unit of the Fund to be switched from on a Business Day when the switching request is received and accepted by us, subject to availability and any terms and conditions imposed by the intended fund to be switched to, if any.

There is no restriction on the frequency of switching; however, the minimum number of Units to be switched for the Fund is 1,000 Units or such other number of Units as we may at our discretion deem appropriate. If the Units in your account are less than the minimum Unit holdings after a switching application is made, all Units held by you in the Fund will be redeemed

automatically.

Switching from Shariah-compliant unit trust funds to conventional unit trust funds is discouraged, especially for Muslim Unit Holders.

5.11 Dealing Cut-Off Time for Investment, Redemption, Transfer and Switching of Units

The dealing cut-off time shall be at **4.00 p.m.** on a Business Day.

Any application received before the cut-off time on a Business Day will be processed on the same Business Day based on the Forward Pricing of the Fund.

Any application received after the cut-off time on a Business Day will be treated as having been received on the next Business Day and will be processed on the next Business Day based on the next Forward Pricing of the Fund.

The above is in accordance with the standards issued by FIMM on the dealing cut-off time.

5.12 Notice of Cooling-off Period

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

- (i) our staff; and
- (ii) persons registered with a body approved by the SC to deal in unit trusts.

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

The refund for every Unit held by you pursuant to your exercise of your cooling-off right shall be the sum of:

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

and you will be refunded within 10 days of our receipt of your notice to exercise your cooling-off right.

5.13 Distribution of Income

Distribution is incidental.

Mode of Distribution

Any distribution of income will be automatically reinvested into additional Units in the Fund.

We will create such Units based on the NAV per Unit on the ex-income distribution date (i.e., the income declaration date) at no cost to Unit Holders.

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

(6) THE MANAGER

6.1 Background Information

We, Inter-Pacific Asset Management Sdn Bhd (IPAM), are a wholly owned subsidiary of Inter-Pacific Securities Sdn Bhd. We were incorporated in Malaysia on 24 September 1990.

Our principal business is the management of unit trust funds and portfolio management. We started our unit trust business since 25 July 2007 with the launch of 3 unit trust funds initially.

6.2 Functions, Duties and Responsibilities of the Manager

Our general functions, duties and responsibilities include, but not limited to, the following:

- managing the Fund in line with the Fund's objective as set out in the Deed;
- administering the sales/redemption transactions;
- issuing reports (interim/annual report) to Unit Holders in a timely basis;
- ensuring timely distribution of income, if any, to Unit Holders; and
- maintaining proper records of the Fund.

6.3 Directors of the Manager

Our board of directors takes an active part in the activities and affairs of the company and the unit trust funds under our management. Our board of directors meet at such frequency as may be decided from time to time. Notwithstanding this, the frequency of the meeting shall be in accordance to the requirements of the relevant authorities and/or guidelines to ensure the objective of the Fund is achieved within the mandates set.

Board of Directors

Abdul Halim Bin Haji Noordin (Independent Director)

Tan Mun Choy (Non-Independent Director)

Norulhadi Bin Md Shariff (Independent Director)

Nazzrul Azman Bin Din (Non-Independent Director)

Note: Please refer to our website at <https://www.interpac-asset.com.my> for information on the profile of our board of directors. Please note that there may be changes to the composition and/or profile of the board of directors from time to time, and please refer to our website for the updated information.

6.4 Role of the Investment Committee

The investment committee of the Fund is responsible for setting and determining the investment policies, objectives, guidelines and strategy of the Fund. The investment committee meets at such frequency as may be decided from time to time. Notwithstanding this, the frequency of the meeting shall be in accordance to the requirements of the relevant authorities and/or guidelines to discuss investment strategies, to monitor, measure and evaluate the fund manager's performance, asset allocation and stock selection as well as review and monitor the portfolio performance against benchmarks and compliance issues. They will also ensure that the investment management of the Fund complies with the provisions of the Deed, the CMSA, Guidelines, securities law and our internal investment restrictions and policies.

Note: Please refer to our website at <https://www.interpac-asset.com.my> for further information in relation to our investment committee.

6.5 Designated Fund Manager

The profiles of the designated fund manager for the Fund are as follows:

Dato' Dr. Nazri Khan

Being an Economic graduate from Manchester University, UK and PhD holder from Multimedia University, Dato' Dr. Nazri Khan is the former Senior Vice President (Investment) of fund management company, Phillip Capital Management and former Chief Investment Officer of private equity specialist, Widuri Capital Sdn Berhad. Prior to that, he was the Head of Retail Research in Affin Hwang Investment Bank. He is a proponent of ultra-growth investing style and specializes in the Syariah global stock market in particular the USA stocks. He is currently the Chairman of Malaysian Association of Technical Analysts (MATA) which had successfully hosted the World Conference of International Federation Technical Analysts (IFTA) in Kuala Lumpur Convention Center and attended by former Prime Minister of Malaysia, Tun Dr Mahathir Mohamed in October 2018.

He is a holder of capital markets services representative's licence for fund management.

6.6 Material Litigation

As at LPD, there is no material litigation or arbitration, including any pending or threatened, and there are no facts likely to give rise to any proceedings which might materially affect our business or financial position or any of our delegates.

Note: For more information and/or updated information about the Manager, the investment committee members and the Shariah Adviser, please refer to our website at <https://www.interpac-asset.com.my>

(7) THE TRUSTEE

7.1 Background Information

RHB Trustees Berhad was incorporated in Malaysia under the Companies Act, 1965 on 6 March 2002. It is registered as a trust company under the Trust Companies Act, 1949 and is also registered with the SC to conduct unit trust business. The principal activity of RHB Trustees Berhad is providing retail and corporate trustee services. RHB Trustees Berhad has been in the trustee business since 2002.

7.2 Experience in Trustee Business

RHB Trustees Berhad undertakes all types of trustee business allowed under the Trust Companies Act, 1949, ranging from corporate trustee services to retail services. RHB Trustees Berhad offers corporate trustee services such as trustee for real estate investment trusts (REITs), unit trust funds and custodian services. Its retail services include estate planning services (will writing, custodian and executor/trustee services) and private trustee services (private purpose trust, investment trust, charitable trust, insurance trust, business succession trust, estate administration trust, custodian and stakeholder services).

7.3 Duties and Responsibilities of the Trustee

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

- a) acting as trustee and safeguarding the rights and interests of the Unit Holders;
- b) holding the assets of the Fund for the benefit of the Unit Holders; and
- c) exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of the Fund.

The Trustee has covenanted in the Deed that it will exercise all due diligence and vigilance in carrying out its functions and duties, and in safeguarding the rights and interests of Unit Holders.

7.4 Trustee's Delegate

RHB Trustees Berhad has appointed Standard Chartered Bank Malaysia Berhad ("SCBMB") as custodian of the quoted and unquoted investments of the Fund. The assets are held in the name of the Fund through the custodian's wholly owned subsidiary and nominee company, Cartaban Nominees (Tempatan) Sdn Bhd. The assets are also automatically registered into the name of the Fund. SCBMB was incorporated on 29 February 1984 in Malaysia under the Companies Act 1965 (now known as Companies Act 2016) as a public company and is an indirect subsidiary of Standard Chartered PLC (the holding company of a global banking group). SCBMB was granted a license on 1 July 1994 under the Banking and Financial Institutions Act 1989 (now known as the Financial Services Act 2013). SCBMB has been providing custody services for more than 20 years and has been providing sub-custody services to local investors in Malaysia since 1995.

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

- 1. safekeep, reconcile and maintain assets holdings records of Fund against the Trustee's instructions;
- 2. act as agents for money market placement where applicable against the Trustee's instructions;

3. act as settlement agent for shares and monies to counterparties against the Trustee's instruction;
4. disseminate listed companies' announcements to and follow through for corporate actions instructions from the Trustee;
5. compile, prepare and submit holdings report to the Trustee and beneficial owners where relevant;
6. other ad-hoc payments for work done for the Fund against the Trustee's instructions;
7. to act as sub-custodian for the selected cross-border investment of the Fund including the opening of cash and custody accounts and to hold in safe keeping the assets of the Fund such as equities, bonds, and other assets;
8. to act as paying agent for the selected cross-border investment which include trade settlement and fund transfer services; and
9. to provide corporate action information or entitlements arising from the above underlying assets and to provide regular reporting on the activities of the invested portfolios.

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

7.5 Litigation and Arbitration

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

(8) THE SHARIAH ADVISER

8.1 Background Information

Amanie Advisors Sdn Bhd ("Amanie") is a Shariah advisory, consultancy, training and research and development boutique for institutional and corporate clientele focusing on Islamic financial services. Amanie is a registered Shariah adviser with the SC. It has been established with the aim of addressing the global needs for experts' and Shariah scholars' pro-active input. This will ultimately allow the players in the industry to manage and achieve their business and financial goals in accordance with the Shariah principles. Amanie also focuses on organizational aspect of the development of human capital in Islamic finance worldwide through providing updated quality learning embracing both local and global issues on Islamic financial products and services.

The company is led by Datuk Dr. Mohd Daud Bakar and teamed by an active and established panel of consultants covering every aspect related to the Islamic banking and finance industry both in Malaysia and the global market. Currently the team comprises of eight (8) full-time consultants who represent dynamic and experienced professionals with a mixture of corporate finance, accounting, product development, Shariah law and education.

Amanie meets the Manager every quarter to address Shariah advisory matters pertaining to the Fund. Amanie also review the Fund's investment on a monthly basis to ensure compliance with Shariah principles or any other relevant principles at all times. Since 2005, Amanie has acquired fourteen (14) years of experience in the advisory role of unit trusts with more than 200 funds locally and globally. As at 29 February 2020, Amanie acts as Shariah adviser to 102 Islamic funds.

8.2 Duties and Responsibilities of the Shariah Adviser

As the appointed Shariah Adviser for the Fund, the roles and responsibilities of Amanie include:

- Ensuring that the Fund is managed and administered in accordance with the Shariah principles;
- Perform Shariah assessment/evaluation on constituents of the benchmark index as and when requested by the Manager;
- Providing expertise and guidance for the Fund 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;
- Consulting the SC who may consult the SACSC should there be any ambiguity or uncertainty as to an investment, instrument, system, procedure and/or process;
- Scrutinising the Fund's compliance report as provided by the compliance officer, transaction report provided by or duly approved by the Trustee and any other report deemed necessary for the purpose of ensuring the Fund's investments are in line with the Shariah principles;
- Preparing a report to be included in the Fund's annual reports certifying whether the Fund has been managed and administered in accordance with the Shariah principles;
- Ensuring that the Fund complies with any guideline, ruling or decision issued by the SC, including resolutions issued by the SACSC with regard to Shariah matters; and
- Vetting and advising on the promotional materials of the Fund.

8.3 Profile of the Shariah Team

The designated persons responsible for Shariah matters relating to the Fund are:

DATUK DR MOHD DAUD BAKAR

Shariah Adviser/ Executive Chairman

Datuk Dr. Mohd Daud Bakar is the Founder and Executive Chairman of Amanie Group. One of its flagship companies namely Amanie Advisors, is operating in few cities globally. He has recently being appointed as the Chairman of the Shariah Advisory Council (SAC) of the Astana International Financial Centre (AIFC), Kazakhstan. He also serves as the Chairman of the SAC at the Central Bank of Malaysia, the Securities Commission of Malaysia, the Labuan Financial Services Authority, the First Abu Dhabi Bank and Permodalan Nasional Berhad.

Datuk Dr Daud is also a Shariah board member of various global financial institutions, including the National Bank of Oman (Oman), Amundi Asset Management (France), Bank of London and Middle East (London), BNP Paribas Najma (Bahrain), Natixis Bank (Dubai), Oasis Asset Management (South Africa), Noor Islamic Bank (Dubai), Morgan Stanley (Dubai), Sedco Capital (Saudi and Luxembourg) and Dow Jones Islamic Market Index (New York) amongst many others.

In July 2019, he has just been appointed as the 8th President of the International Islamic University of Malaysia (IIUM) due to his vast skill and experience serving the university. His last post there was as the Deputy Vice-Chancellor before.

In the corporate world, Datuk sits as a Board Director at Sime Darby Property Berhad and a member of the PNB Investment Committee. He was recently appointed as a Chairman to Malaysia Islamic Economic Development Foundation (YaPEIM). He is also the third Chair Professor in Islamic Banking and Finance of Yayasan Tun Ismail Mohamed Ali Berdaftar (YTI) PNB at Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia (USIM). In addition, he is the co-founder of Experts Analytics Centre Sdn Bhd and MyFinb.

In 2016, he received the “Award of Excellence for Outstanding Contribution for Shariah Leadership & Advisory” at London Sukuk Summit Awards and “Shariah Adviser Award” at The Asset Triple A Islamic Finance Award. In 2014, he received the “Most Outstanding Individual” award by His Majesty, the King of Malaysia, in conjunction with the national-level Prophet Muhammad’s birthday.

Under his leadership, Amanie Advisors received the “Islamic Economy Knowledge Infrastructure Award” at the Global Islamic Economy Summit, Dubai 2015, by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, Oct 2015.

He received his first degree in Shariah from University of Kuwait in 1988 and obtained his PhD from University of St. Andrews, United Kingdom in 1993. In 2002, he completed his external Bachelor of Jurisprudence at University of Malaya.

SUHAIDA MAHPOT

Chief Executive Officer

Suhaida Mahpot is the Chief Executive Officer for Amanie Advisors in Kuala Lumpur office. She joined Amanie in 2008 and was amongst the pioneers in the company. She is a specialist in sukuk advisory and has been partnering with Datuk Dr Mohd Daud Bakar for the last 10 years to advise numerous sukuk locally and internationally.

One of the sukuk advised by her has been awarded as Best Securitisation Sukuk at the Asset Triple A Islamic Finance Award. Apart from sukuk advisory, her primary focus is on Shariah governance, structuring, enhancement and conversion exercises, establishment of Islamic financial entities as well as development of Islamic products. She holds a Bachelor of Economics (Islamic Economic & Finance) from International Islamic University Malaysia, and currently pursuing MSc in Islamic Finance with INCEIF. Her career in banking & financial

industry started as a trainee under Capital Market Graduated Trainee Scheme organized by the ASC.

Prior to joining Amanie, she worked with Affin Investment Bank Bhd since 2006 as an executive for debt & capital markets department. She completed various project financing deals using private debt securities instruments ranging from infrastructure & utilities, real estate, plantation and many others.

MUHAMMAD HAFIZUDDIN ABD HAMID

Assistant Consultant

Muhammad Hafizuddin is an Assistant Consultant at Amanie Advisors Kuala Lumpur, Malaysia. He graduated with a Bachelor of Business Administration (HONS) Islamic Banking from Universiti Teknologi Mara (UiTM).

Previously, he was internship trainee where he was exposed to the financial and Shariah advisory services such as Shariah stock screening, monitoring and compliance review to various clients including financial institutions and global asset management companies. He then started his career in Amanie Advisors Sdn Bhd in December 2018.

(9) SALIENT TERMS OF THE DEED

9.1 Unit Holders' Rights and Liabilities

Unit Holders' Rights

A Unit Holder has the right, amongst others:

1. to receive distributions, if any, of the Fund;
2. to participate in any increase in the value of the Units of the Fund;
3. to call for Unit Holders' meetings and to vote for the removal of the Trustee or the Manager through special resolution;
4. to receive annual and interim reports of the Fund; and
5. to exercise such other rights and privileges as provided for in the Deed.

A Unit Holder would not, however, have the right to require the transfer to the Unit Holder of the Fund's assets. Neither would a Unit Holder have the right to interfere with or to question the exercise by the Trustee (or the Manager on the Trustee's behalf) of the rights of the Trustee as the registered owner of the Fund's assets.

Unit Holders' Liabilities

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

9.2 Maximum Fees and Charges Permitted by the Deed

Maximum Sales Charge	Maximum Repurchase Charge	Maximum Management Fee	Maximum Trustee Fee
6.00% of the NAV per Unit	3.00% of the NAV per Unit	3.00% of the NAV of the Fund	0.07% of the NAV of the Fund (excluding foreign custodian fees and charges)

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

9.3 Procedures to Increase the Direct and Indirect Fees and Charges

Sales Charge

A higher sales charge than that disclosed in the Prospectus may only be imposed if:

- (a) the Manager has notified the Trustee in writing of and the effective date for the higher charge;
- (b) a supplemental/replacement prospectus in respect of the Fund setting out the higher charge is registered, lodged and issued; and

- (c) such time as may be prescribed by any relevant law has elapsed since the effective date of the supplemental/replacement prospectus.

Repurchase Charge

A higher repurchase charge than that disclosed in the Prospectus may only be imposed if:

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

Management Fee

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

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

Trustee Fee

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

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

9.4 Expenses Permitted by the Deed

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

- (i) commissions or fees paid to brokers or dealers in effecting dealings in the investments of the Fund, shown on the contract notes or confirmation notes (if any);
- (ii) taxes and other duties charged on the Fund by the government and/or other authorities;
- (iii) costs, fees and expenses properly incurred by the auditors appointed for the Fund;

- (iv) costs, fees and expenses incurred for the valuation of any investment of the Fund by independent valuers for the benefit of the Fund;
- (v) costs, fees and expenses incurred for any modification of the Deed save where such modification is for the benefit of the Manager and/or the Trustee;
- (vi) costs, fees and expenses incurred for any meeting of the Unit Holders save where such meeting is convened for the benefit of the Manager and/or the Trustee;
- (vii) costs, commissions, fees and expenses of the sale, purchase, takaful and any other dealing of any asset of the Fund;
- (viii) costs, fees and expenses incurred in engaging any specialist approved by the Trustee for investigating or evaluating any proposed investment of the Fund;
- (ix) costs, fees and expenses incurred in engaging any adviser for the benefit of the Fund;
- (x) costs, fees and expenses incurred in the preparation and audit of the taxation, returns and accounts of the Fund;
- (xi) costs, fees and expenses incurred in the termination of the Fund or the removal of the Trustee or the Manager and the appointment of a new trustee or management company;
- (xii) costs, fees and expenses incurred in relation to any arbitration or other proceedings concerning the Fund or any asset of the Fund, including proceedings against the Trustee or the Manager by the other for the benefit of the Fund (save to the extent that legal costs incurred for the defence of either of them are ordered by the court not to be reimbursed by the Fund);
- (xiii) remuneration and out of pocket expenses of the independent members of the investment committee of the Fund, unless the Manager decides otherwise;
- (xiv) costs, fees and expenses deemed by the Manager to have been incurred in connection with any change or the need to comply with any change or introduction of any law, regulation or requirement (whether or not having the force of law) of any governmental or regulatory authority;
- (xv) (where the custodial function is delegated by the Trustee) charges and fees paid to sub-custodians taking into custody any foreign assets of the Fund;
- (xvi) expenses and charges incurred in connection with the printing and postage for the annual or interim report, tax certificates and other services associated with the administration of the Fund;
- (xvii) all costs and expenses associated with the distributions declared pursuant to the Deed and the payment of such distribution including without limitation fees, costs and/or expenses for the revalidation or reissuance of any distribution cheque or warrant or telegraphic transfer; and
- (xviii) any tax now or hereafter imposed by law or required to be paid in connection with any costs, fees and expenses incurred under sub-paragraphs (i) to (xvii) above.

9.5 Retirement, Removal and Replacement of the Manager

The Manager shall have the power to retire in favour of some other corporation and as necessary under any relevant law upon giving to the Trustee three (3) months' notice in writing of its desire so to do, or such shorter period as the Manager and the Trustee may agree upon, and subject to the fulfilment of the conditions as stated in the Deed.

Subject to the provisions of any relevant law, the Trustee shall take all reasonable steps to remove the Manager:

- (a) if the Manager 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 interest of the Unit Holders for the Trustee to do so after the Trustee has given notice to the Manager of that opinion and the reasons for that opinion, and has considered any representations made by the Manager in respect of that opinion, and after consultation with the relevant authorities and with the approval of the Unit Holders by way of a special resolution;
- (b) unless expressly directed otherwise by the relevant authorities, if the Manager is in breach of any of its obligations or duties under the Deed or the relevant laws, or has ceased to be eligible to be a management company under the relevant laws; or
- (c) if the Manager has gone into liquidation, except for the purpose of amalgamation or reconstruction or some similar purpose, or has had a receiver appointed or has ceased to carry on business;

and the Manager shall not accept any extra payment or benefit in relation to such removal.

In any of the events set out above, the Manager shall upon receipt of a written notice from the Trustee cease to be the management company of the Fund by the mere fact of the Manager's receipt of the notice. The Trustee shall, at the same time, by writing appoint some other corporation already approved by the relevant authorities to be the management company of the Fund; such corporation shall have entered into such deed or deeds as the Trustee may consider to be necessary or desirable to secure the due performance of its duties as management company for the Fund.

9.6 Retirement, Removal and Replacement of the Trustee

The Trustee may retire upon giving three (3) months' notice to the Manager of its desire so to do (or such other shorter period as the Manager and the Trustee may agree) and may by deed appoint in its stead a new trustee approved by the relevant authorities and under any relevant law.

The Trustee may be removed and such corporation may be appointed as the replacement trustee of the Fund by special resolution of the Unit Holders at a duly convened Unit Holders' meeting.

The Manager shall take all reasonable steps to replace the Trustee as soon as practicable after becoming aware that:

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

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

9.7 Termination of the Fund

The Fund may be terminated or wound up should the following occur:-

- (a) the SC's authorisation is withdrawn; or
- (b) a special resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund.

9.8 Unit Holders' Meeting

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

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

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

(10) CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

Related Party Transactions

Save as disclosed below, there are no existing or proposed related party transactions involving the Fund, us as the manager, the Trustee and/or persons connected to them as at LPD:

Party involved in the transaction	Name of Related Party	Nature of Transaction	Nature of relationship
The Manager	Inter – Pacific Securities Sdn Bhd (IPS)	Company ownership	Inter-Pacific Asset Management Sdn Bhd is a wholly owned subsidiary of Inter-Pacific Securities Sdn Bhd, which is a member of the Berjaya Corporation group of companies.
The Fund	Inter-Pacific Securities Sdn Bhd (IPS)	Equity trades	Broker: IPS provides stock broking services for the Fund.

We, our directors and any of our delegates including the investment committee members will at all times act in the best interest of the Unit Holders of the Fund and will not conduct ourselves/itself in any manner that will result in a conflict of interest or potential conflict of interest. In the unlikely event that any conflict of interest arises, such conflict shall be resolved such that the Fund is not disadvantaged.

In making an investment transaction for the Fund, we are obliged not to make improper use of our position in managing the Fund to gain, directly or indirectly, for our advantage, or for any other person or to cause detriment to the Unit Holders interests. If the interest of the directors or the investment committee members conflict with the interests of the Fund, they will not be allowed to participate in the decision-making process in respect of the matter.

Subject to any legal requirement/ prohibition, any related corporation of the Trustee or Manager, or any officers or directors of the Manager, the Trustee or the related corporation of the Trustee or Manager, may invest in the Fund. Our directors and the directors of the Trustee will receive no payments from the Fund other than distributions that they may receive as a result of investment in the Fund.

Dealing in Securities by Employees, Directors and Investment Committee Members

We have in place a policy contained in our rules of business conduct, which regulates our employees', directors' and investment committee members' securities dealings. An annual declaration, upon joining and as and when there are changes to interests or holdings of securities, are required of all employees, directors and investment committee members to ensure that there is no potential conflict of interest between their securities trading and the execution of their duties to the company.

Details Of The Manager's Directors' and Substantial Shareholders' Direct And Indirect Interest In Other Corporations Carrying On A Similar Business

As at the LPD, our directors do not have any direct and indirect interest in other corporations carrying on a similar business.

As at the LPD, Inter-Pacific Securities Sdn Bhd, our sole shareholder, does not have any direct or indirect interests in other corporations carrying on a similar business.

Other Declarations

The Shariah Adviser, solicitors and tax adviser confirm that there are no existing or potential conflicts of interest in their respective capacity as advisors for us.

(11) ADDITIONAL INFORMATION

(a) Official Receipt and Statement of Investment

Each time you purchase Units or conduct any other transaction for the Fund, a confirmation advice is sent out to you. A computer generated statement will also be issued to provide you with a record of each and every transaction made in the account so that you may confirm the status and accuracy of your transactions, as well as to provide you with an updated record of your investment account(s) with us.

(b) Keeping Track of the Daily Prices of Units

We will publish the Fund's daily NAV per Unit on the Manager's website at <https://www.interpac-asset.com.my>.

(c) Financial Reports

You will be informed of the Fund's performance through the audited annual reports and half-yearly unaudited reports. The reports will be sent to you within 2 months after the close of the financial year end or interim period.

(d) Changing account details

You are required to inform us in writing on any changes to your account details. The account details will amongst other things include the following:

- (i) your address; and
- (ii) signing instructions.

(e) Unclaimed Monies

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

(f) Customer Information Service

Unit Holders can seek assistance on any issue relating to the Fund through general telephone line at **03-2117 1888** and our fax line at **03-2142 6029** during office hours.

Alternatively, you can contact:

(i) Complaints Bureau, FIMM via:

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

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

- Tel No: 03 – 2282 2280
- Fax No: 03 – 2282 3855
- email: info@sidrec.com.my

- Letter: Securities Industry Dispute Resolution Center
Unit A-9-1
Level 9, Tower A
Menara UOA Bangsar
No. 5, Jalan Bangsar Utama 1
59000 Kuala Lumpur.
- (iii) **Consumer & Investor Office, Securities Commission Malaysia via:**
 - Tel No: 03 – 6204 8999 (*Aduan hotline*)
 - Fax No: 03 – 6204 8991
 - email: aduan@seccom.com.my
 - Online complaint form : www.sc.com.my
 - Letter: Consumer & Investor Office
Securities Commission Malaysia
No. 3 Persiaran Bukit Kiara
Bukit Kiara, 50490 Kuala Lumpur.

(g) Consents

- (i) The Trustee and Shariah Adviser have given their consent for the inclusion of their names in the manner and form in which such names appears in this Prospectus and have not subsequently withdrawn such consent prior to the date of this Prospectus.
- (ii) The Tax Adviser have given its consent to the inclusion of its name and the Tax Adviser's Letter on Taxation of the Fund and Unit Holders in the form and context in which it appears in this Prospectus and has not withdrawn such consent prior to the date of this Prospectus.

The Fund's annual report is available upon request.

(12) DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office or such other place as the SC may determine, during our normal business hours:

- (a) the Deed;
- (b) the current prospectus and supplementary or replacement prospectus, if any;
- (c) the latest annual and interim reports for the Fund;
- (d) any material contracts or documents referred to in this Prospectus and, in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts;
- (e) the audited financial statements of the Manager and the Fund (where applicable) for the current financial year and the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement;
- (f) all reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in this Prospectus;
- (g) writ and relevant cause papers for all current material litigation and arbitration disclosed in this Prospectus (if any); and
- (h) all consent given by experts or persons named in this Prospectus.

(13) TAXATION ADVISER'S LETTER



Ernst & Young Tax Consultants Sdn. Bhd.
179793-K
SST ID: W10-1808-31044478
Level 23A Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
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Taxation adviser's letter in respect of the taxation
of the unit trust fund and the unit holders
(prepared for inclusion in this First Prospectus)

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

30 October 2020

The Board of Directors
Inter-Pacific Asset Management Sdn Bhd
West Wing, Level 13
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur

Dear Sirs

Taxation of the unit trust fund and unit holders

This letter has been prepared for inclusion in this First Prospectus in connection with the offer of units in the unit trust known as InterPac Dana Abadi (hereinafter referred to as "the Fund").

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

Taxation of the Fund

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

Subject to certain exemptions, the income of the Fund comprising profits and other investment income derived from or accruing in Malaysia after deducting tax allowable expenses, is subject to Malaysian income tax at the rate of 24% with effect from the year of assessment 2016.

Under Section 2(7) of the MITA, any reference to interest 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 *Syariah*.

The effect of this is that any gains or profits received (hereinafter referred to as “profits”) and expenses incurred, in lieu of interest, in transactions conducted in accordance with the principles of *Syariah*, will be accorded the same tax treatment as if they were interest.

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

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

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

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

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

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

B is gross income consisting of dividend¹, interest and rent chargeable to tax for that basis period; and

C is the aggregate of the gross income consisting of dividend¹ and interest (whether such dividend or interest is exempt or not) and rent, and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period,

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

¹ Pursuant to Section 15 of the Finance Act 2011, with effect from the year of assessment 2011, dividend income is deemed to include income distributed by a unit trust which includes distributions from Real Estate Investment Trusts.



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Exempt income

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

- **Malaysian sourced dividends**

All Malaysian-sourced dividends should be exempt from income tax.

- **Malaysian sourced interest (profits)**

- (i) interest from securities or bonds issued or guaranteed by the Government of Malaysia;
- (ii) interest from debentures or *sukuk*, other than convertible loan stock, approved or authorized by, or lodged with, the Securities Commission;
- (iii) interest from Bon Simpanan Malaysia issued by Bank Negara Malaysia;
- (iv) interest derived from Malaysia and paid or credited by banks licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013²;
- (v) interest derived from Malaysia and paid or credited by any development financial institution prescribed under the Development Financial Institutions Act 2002²;
- (vi) interest from *sukuk* originating from Malaysia, other than convertible loan stock, issued in any currency other than Ringgit and approved or authorized by, or lodged with, the Securities Commission or approved by the Labuan Financial Services Authority (LFSA)³; and
- (vii) interest which is specifically exempted by way of statutory orders or any other specific exemption provided by the Minister.

² Effective from 1 January 2019, the income tax exemption for a unit trust fund, pursuant to Paragraph 35A, Schedule 6 of the Income Tax Act shall not apply to a wholesale fund which is a money market fund.

³ Effective from the year of assessment 2017, the exemption shall not apply to interest paid or credited to a company in the same group or interest paid or credited to a bank licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013; or a development financial institution prescribed under the Development Financial Institutions Act 2002.



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- **Discount**

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

Foreign sourced income

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

Gains from the realisation of investments

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

Implementation of Sales and Service Tax ("SST")

Sales and Service Tax ("SST") was re-introduced effective 1 September 2018. Sales Tax of 10% (most common rate) or 5% is charged by Malaysian manufacturers of taxable goods or upon importation into Malaysia of such taxable goods, unless specifically exempted under the Sales Tax (Goods Exempted From Tax) Order 2018. Service Tax at the rate of 6% is charged on certain prescribed taxable services performed by taxable persons as stipulated under Service Tax Regulations 2018. The input tax recovery mechanism under the previous GST regime does not apply to SST. Therefore, any SST incurred is not recoverable and will form a cost element for businesses.

Based on the Service Tax Regulations 2018, a unit trust fund is neither regarded as a taxable person nor as providing taxable services and is therefore not liable for SST registration. Where the Fund incurs expenses such as management fees, the management services provided by asset and fund managers are specifically excluded from the scope of Service Tax. As for other fees, such as trustee fees and other administrative charges, these may be subject to 6% service tax provided they fall within the scope of service tax (i.e. are provided by a "taxable person", who exceeds the required annual threshold (in most cases RM 500,000 per annum) and the services qualify as "taxable services").



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Taxation of unit holders

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

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

1. taxable distributions; and
2. non-taxable and exempt distributions.

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

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

1. Taxable distributions

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

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

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

2. Non-taxable and exempt distributions

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

Rates of tax

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

Unit holders	Malaysian income tax rates
<p>Malaysian tax resident:</p> <ul style="list-style-type: none"> Individual and non-corporate unit holders (such as associations and societies) Co-operatives⁴ Trust bodies 	<ul style="list-style-type: none"> Progressive tax rates ranging from 0% to 30% Progressive tax rates ranging from 0% to 24% 24%

⁴ Pursuant to Paragraph 12(1), Schedule 6 of the MITA, the income of any co-operative society—
(a) in respect of a period of five years commencing from the date of registration of such co-operative society; and
(b) thereafter where the members' Fund [as defined in Paragraph 12(2)] of such co-operative society as at the first day of the basis period for the year of assessment is less than seven hundred and fifty thousand ringgit, is exempt from tax.

Unit holders	Malaysian income tax rates
<ul style="list-style-type: none"> Corporate unit holders <ul style="list-style-type: none"> (i) A company with paid up capital in respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment) and gross income from a source or sources consisting of a business not exceeding RM50 million for the basis period for the year of assessment^{5 6} (ii) Companies other than (i) above 	<ul style="list-style-type: none"> First RM600,000 of chargeable income @ 17% Chargeable income in excess of RM600,000 @ 24% 24%
Non-Malaysian tax resident (Note 1): <ul style="list-style-type: none"> Individual and non-corporate unit holders Corporate unit holders and trust bodies 	<ul style="list-style-type: none"> 30% 24%

Note 1:

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

⁵ A company would not be eligible for the 17% tax rate on the first RM600,000 of chargeable income if:-

- more than 50% of the paid up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- the company owns directly or indirectly more than 50% of the paid up capital in respect of the ordinary shares of a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
- more than 50% of the paid up capital in respect of the ordinary shares of the company and a related company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.

⁶ The above excludes a business trust and a company which is established for the issuance of asset-backed securities in a securitization transaction approved by the Securities Commission.



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Gains from sale of units

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

Unit splits and reinvestment of distributions

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

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



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

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

Yours faithfully
Ernst & Young Tax Consultants Sdn Bhd



Bernard Yap
Partner

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

(14) DIRECTORY

Inter-Pacific Asset Management Sdn Bhd

West Wing, Level 13,
Berjaya Times Square,
No 1 Jalan Imbi,
55100 Kuala Lumpur

Telephone Number

03-2117 1888 (General Line)

Fax Number

03-2142 6029

LIST OF DISTRIBUTION CHANNELS

Kindly contact us for more details on the list of our institutional unit trust advisers, corporate unit trust advisers and unit trust consultants.