

## **KENANGA AUD ALTERNATIVE INCOME FUND 3**

### **RESPONSIBILITY STATEMENT**

This Product Highlights Sheet has been reviewed and approved by the directors and/or authorized committee and/or persons approved by the Board of Kenanga Investors Berhad and they have collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements or omissions of other facts which would make any statement in the Product Highlights Sheet false or misleading.

### **STATEMENT OF DISCLAIMER**

The relevant information and document in relation to the Kenanga AUD Alternative Income Fund 3, including a copy of this Product Highlights Sheet has been lodged with the Securities Commission Malaysia under the Lodge and Launch Framework.

The lodgement of the relevant information and document in relation to the Kenanga AUD Alternative Income Fund 3, including this Product Highlights Sheet, should not be taken to indicate that the Securities Commission Malaysia recommends the Kenanga AUD Alternative Income Fund 3 or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Product Highlights Sheet.

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# **kenanga**

**Kenanga Investors**

This Product Highlights Sheet only highlights the key features and risks of this unlisted capital market product. Investors are advised to request, read and understand the disclosure documents before deciding to invest.

## PRODUCT HIGHLIGHTS SHEET

### Kenanga AUD Alternative Income Fund 3 (“KAAIF3” or the “Fund”)

#### BRIEF INFORMATION ABOUT THE PRODUCT

**1. What is this product about?**

The Fund seeks to provide income by investing in the Target Fund.

#### PRODUCT SUITABILITY

**2. Who is this product suitable for?**

The Fund is suitable for sophisticated investors who seek income, have a moderate risk appetite and have a short-term investment horizon.

#### KEY PRODUCT FEATURES

**3. What am I investing in?**

<b>Fund Type</b>	Income	
<b>Fund Category</b>	Mixed Assets (feeder)	
<b>Base Currency</b>	AUD	
<b>Class(es) of Units</b>	MYR Class and AUD Class	
<b>Launch Date</b>	18 February 2020	
<b>Offer Period</b>	Up to 45 days from the launch date of the information memorandum <b>Note: Units of the Fund will only be sold during the Offer Period.</b>	
<b>Offer Price</b>	MYR 1.0000 and AUD 1.0000	
<b>Commencement Date</b>	Means within two (2) Business Days after the end of the Offer Period or such earlier date as may be determined by us in the event we determine that it is in the best interest of the Unit Holders to commence investments for the Fund.	
<b>Maturity Date</b>	One (1) year from the Commencement Date.  Note: The NAV per Unit of the Fund as at the Maturity Date will be calculated by the 15 <sup>th</sup> day after the Maturity Date.  The redemption proceeds from the Target Fund will be converted to the currency denomination of the respective Classes of Units based on the prevailing conversion rate.	
<b>Investment Strategy</b>	The Fund will invest at least 95% of the Fund's NAV in the Class B Preferred Shares of the Target Fund, while any remaining NAV of the Fund will be invested in liquid assets.	
<b>Asset Allocation</b>	<ul style="list-style-type: none"> <li>▪ Minimum 95% of the NAV to be invested in the Class B Preferred Shares of the Target Fund; and</li> <li>▪ Up to 5% of the NAV to be invested in liquid assets comprising money market instruments and deposits with financial institutions.</li> </ul>	
<b>Performance Benchmark</b>	The Fund will be measured against an absolute return benchmark of 5.50% per annum in AUD.  This is not a guaranteed return and it is only a measurement of the Fund's performance. The Fund may or may not achieve 5.50% per annum in AUD but targets to achieve this growth by the Maturity Date.	
<b>Minimum Investment</b>	<b>Initial</b>	RM20,000 or such other amount as the Manager may prescribe from time to time.      AUD5,000 or such other amount as the Manager may prescribe from time to time.
<b>Minimum Investment (during the Offer Period only)</b>	<b>Additional</b>	RM5,000 or such other amount as the Manager may prescribe from time to time.      AUD1,000 or such other amount as the Manager may prescribe from time to time.
<b>Distribution Policy</b>	The Fund will distribute income as part of the maturity proceeds at the Maturity Date.	

#### 4. Who am I investing in?

<b>Manager</b>	Kenanga Investors Berhad ("Manager")
<b>Trustee</b>	RHB Trustees Berhad ("Trustee")
<b>Target Fund Investment Manager</b>	Lucerne Asset Management Pte Ltd, Singapore

#### 5. What are the possible outcomes of my investment

Unit prices for this Fund may go down as well as up. The Fund is exposed to a variety of risks by nature of the investment strategy of the Fund. As such, the Fund does not provide guarantee on the investment amount nor does it guarantee a fixed rate of return.

### KEY RISKS

#### 6. What are the key risks associated with this product?

##### General Risk related to the Fund

<b>Market Risks</b>	Market risks 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.
<b>Management Risks</b>	The performance of the Fund is affected by the experience, expertise and investment strategy of the Investment Manager of the Target Fund. A lack of experience, knowledge and expertise, as well as poor execution of the investment strategy of the Target Fund may affect the returns of the Fund and may result in a loss of the capital invested.
<b>Performance Risks</b>	The performance of the Fund depends on the investments of the Fund. If the investments of the Fund do not perform in accordance with expectations, there will be a negative impact on the performance of the Fund.
<b>Inflation Risks</b>	Inflation creates uncertainties over the future value of investments. There is a risk that the Fund may generate a return on investment lower than the inflation rate. This would reduce investors' purchasing power even though the nominal value of the investment in monetary terms has increased.
<b>Risk of Non-Compliance</b>	This risk refers to the possibility that the Manager may not follow the provisions set out in this Information Memorandum or the Deed or the laws, rules, Guidelines or internal operating policies which governs the Fund. Non-compliance may occur directly due to factors such as human error or system failure and can also occur indirectly due to amendment on the relevant regulatory frameworks, laws, rules and other legal practices affecting the Fund. This risk may result in operational disruptions and potential losses to the Fund.

##### Specific Risks related to the Fund

<b>Currency Risks</b>	<p>Also known as currency exchange risk, this risk arises from the change in price of one currency in relation to another. As such, there could be a potential risk of loss from fluctuating foreign exchange rates as long as there is a conversion from one currency to another currency. As the Fund is a multi-class fund with different currency classes, it will be exposed to currency risk. As such, investors should note that any gains or losses arising from the fluctuation in the relevant exchange rates may further increase or decrease the returns of the investment.</p> <p>At the Fund level, it will be exposed to non-AUD denominated assets e.g. subscriptions proceeds for MYR Class, and liabilities e.g. RM-based expenses of the Fund. These non-AUD denominated exposures are subject to the exchange rate fluctuations against AUD (base currency of the Fund).</p> <p>At the class level, the impact of the exchange rate movement between the base currency of the Fund and the currency of the MYR Class may result in an appreciation or depreciation of the Unit Holder's holdings when expressed in the currency of the MYR Class.</p> <p>There could also be a potential risk of loss in relation to the MYR Class from fluctuating foreign exchange rates when the redemption proceeds from the Target Fund is converted into MYR based on the prevailing conversion rate.</p>
<b>Country Risks</b>	As the Target Fund is domiciled in Cayman Islands, the Fund is subject to country risk. The Fund's investments in the Target Fund may be adversely affected by political instability as well as exchange controls, changes in taxation, foreign investment policies, restrictions on repatriation of investments and other restrictions and controls which may be imposed by the relevant authorities in Cayman Islands. This in turn may cause the NAV of the Fund to fall.
<b>Concentration Risks</b>	The Fund is exposed to concentration risk as it is investing wholly in one single collective investment scheme i.e. the Target Fund. Hence, the value of the Fund and its performance is fully dependent on the performance of the Target Fund.

<b>Target Fund Manager Risks</b>	As a feeder fund, the Fund invests directly into the Target Fund which is managed by the Investment Manager of the Target Fund. The Manager has no control over the investment techniques and strategies, operational controls and management of the Investment Manager of the Target Fund. In the event of any mismanagement of the Target Fund, the Fund, which invests substantially all of its assets into the Target Fund, would be affected adversely so as the performance of the Fund.
<b>Hold to Maturity Risks</b>	Unit Holders is exposed to this risk as Unit Holders are not allowed to redeem any of their Units after the end of the Offer Period until the Maturity Date.

The abovementioned risk factors should not be considered as an exhaustive list of risks. Investors should be aware that an investment in the Fund may be exposed to other risks from time to time. Investors are advised to read and understand the contents of the information memorandum and supplementary information memorandum, if any. If in doubt, please consult a professional adviser.

Note: If your investments are made through an institutional unit trust adviser (“Distributor”) which adopts the nominee system of ownership, you would not be deemed to be a unit holder under the deed and as a result, your rights as an investor may be limited. Accordingly, we will only recognize the Distributor as a unit holder of the fund and the Distributor shall be entitled to all the rights conferred to it under the deed.

## FEES AND CHARGES

### 1. What are the fees and charges involved?

The table below describes the charges that you may DIRECTLY incur when you buy or redeem Units of the Fund.

<b>Sales Charge</b>	Up to 1.00% of the Offer Price <i>Note: The sales charge is applicable to all Classes of Units.</i>
<b>Redemption Charge</b>	Nil
<b>Transfer Fee</b>	N/A
<b>Switching Fee</b>	N/A
<b>Other Charges</b>	There are no other charges (except charges levied by banks on remittance of money) payable directly by investors when purchasing or redeeming units of the Fund.

The table describes the fees that you may INDIRECTLY incur when you invest in Units of the Fund.

<b>Annual Management Fee</b>	Nil
<b>Annual Trustee Fee</b>	Up to 0.03% per annum of the NAV of the Fund

All fees and charges payable to the Manager and the Trustee are subject to goods and services tax that is imposed by the government or other authorities from time to time.

**YOU SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST CONSULTANT OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST CONSULTANT.**

## VALUATIONS AND EXITING FROM INVESTMENTS

### 2. How often are valuations available?

The Fund will be valued at least once a month. You may refer to [www.kenangainvestors.com.my](http://www.kenangainvestors.com.my) for the latest Unit price.

### 3. How do I exit from this investment and what are the risks and costs involved

Unit Holders may redeem their investments in the Fund only during the Offer Period by completing the prescribed redemption request form or such other manner as the Manager may accept and returning it to the Manager on or before the cut-off time of 4.00 p.m. on any Business Day during the Offer Period at the Offer Price.

Redemption proceeds will be paid to the Unit Holders within 10 days of receipt of the redemption request by the Manager.

Any redemption request received by the Manager after 4.00 p.m. on the last day of the Offer Period will not be accepted by the Manager. **No redemption of Units is allowed after the end of the Offer Period.**

The minimum redemption amount is 1,000 Units or such other amount as the Manager may prescribe from time to time.

## CONTACT INFORMATION

### Who do I contact for further information or to lodge a complaint?

#### 1. For internal dispute resolution, you may contact:

Kenanga Investors Berhad  
Company No. 199501024358 (353563-P)  
Level 13, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur

- |     |                               |   |  |
|-----|-------------------------------|---|--|
| (a) | General Line No               | : | 03-2172 3123   |
| (b) | Facsimile No                  | : | 03-2172 3133   |
| (c) | Customer Service Toll Free No | : | 1-800 88 3737  |
| (d) | Website                       | : | <a href="http://www.kenangainvestors.com.my">www.kenangainvestors.com.my</a>         |
| (e) | Email                         | : | <a href="mailto:investorservices@kenanga.com.my">investorservices@kenanga.com.my</a> |

#### 2. If you are dissatisfied with the outcome of the internal dispute resolution process, please refer your dispute to the Securities Industry Dispute Resolution Center ("SIDREC"):

- |     |               |   |  |
|-----|---------------|---|--|
| (a) | via phone to  | : | 03-2282 2280   |
| (b) | via fax to    | : | 03-2282 3855   |
| (c) | via email to  | : | <a href="mailto:info@sidrec.com.my">info@sidrec.com.my</a>   |
| (d) | via letter to | : | Securities Industry Dispute Resolution Center (SIDREC)<br>Unit A-9-1, Level 9, Tower A<br>Menara UOA Bangsar<br>No. 5, Jalan Bangsar Utama 1<br>59000 Kuala Lumpur |

#### 3. You can direct your complaint to the Securities Commission Malaysia ("SC") even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Investor Affairs & Complaints Department:

- |     |  |   |  |
|-----|--|---|--|
| (a) | via phone to Aduan Hotline at          | : | 03-6204 8999   |
| (b) | via fax to                             | : | 03-6204 8991   |
| (c) | via email to                           | : | <a href="mailto:aduan@seccom.com.my">aduan@seccom.com.my</a>   |
| (d) | via online complaint form available at | : | <a href="http://www.sc.com.my">www.sc.com.my</a>   |
| (e) | via letter to                          | : | Investor Affairs & Complaints Department<br>Securities Commission Malaysia<br>3 Persiaran Bukit Kiara<br>Bukit Kiara<br>50490 Kuala Lumpur |

#### 4. Federation of Investment Managers Malaysia (FIMM)'s Complaints Bureau:

- |     |  |   |   |
|-----|--|---|---|
| (a) | via phone to                           | : | 03-2092 3800  |
| (b) | via fax to                             | : | 03-2093 2700  |
| (c) | via email to                           | : | <a href="mailto:complaints@fimm.com.my">complaints@fimm.com.my</a>  |
| (d) | via online complaint form available at | : | <a href="http://www.fimm.com.my">www.fimm.com.my</a>  |
| (e) | via letter to                          | : | Legal, Secretarial & Regulatory Affairs<br>Federation of Investment Managers Malaysia<br>19-06-1, 6 <sup>th</sup> Floor Wisma Tune<br>No.19, Lorong Dungun<br>Damansara Heights<br>50490 Kuala Lumpur |

**APPENDIX : GLOSSARY**

<b>Business Day</b>	<p>In respect of the Fund, means a day on which Bursa Malaysia is open for trading.</p> <p>The Manager may however declare certain Business Days as non-Business Days if it is not a dealing day in the country of domicile of the Target Fund.</p> <p>Note: In respect of the Target Fund, dealing day has the same meaning as ascribed to it in the offering documents of the Target Fund and shall mean the first business day (any day on which the banks in Melbourne, Australia is open for business) of each month and such other day or days as the directors of the Principis Master Fund SPC may from time to time determine either generally or in any particular case.</p>
<b>Class B Preferred Shares</b>	<p>Means the Class B Preferred Shares of the Target Fund, being a non-voting, preferred, limited participating, redeemable share of the Target Fund with a par value of USD0.01 ranking in certain respects superior to a Participating Share.</p>
<b>Class(es) of Units</b>	<p>Means any class of Units representing similar interests in the assets of the Fund although a class of Units of the Fund may have different features from another class of Units of the same Fund and "Class" means any one class of Units.</p>
<b>Net Asset Value or NAV</b>	<p>Means the value of all the Fund's assets less the value of all the Fund's liabilities at the valuation point. Where the Fund has more than one class of Units, there shall be a NAV of the Fund attributable to each class of Units.</p>
<b>NAV per Unit</b>	<p>Means the Net Asset Value attributable to a Class of Units of the Fund at a particular valuation point divided by the number of Units in circulation of the Class of Units at that same valuation point.</p>
<b>Target Fund</b>	<p>Means the Principis Master Fund SPC - Lucerne Composite Master Fund SP.</p>
<b>Unit(s)</b>	<p>Refers to an undivided share in the beneficial interest and/or right in the Fund and a measurement of the interest and/or right of a Unit Holder in the Fund and means a unit issued for each Class of Units.</p>
<b>Unit Holder(s)</b>	<p>Refers to sophisticated investor(s) for the time being registered as the holder of Units in the Fund, including a jointholder.</p>