

# Kenanga

**Kenanga Investors**

**INFORMATION MEMORANDUM  
IN RESPECT OF THE  
KENANGA AUD ALTERNATIVE INCOME  
FUND 3**

Manager:

**Kenanga Investors Berhad**  
(Registration No. 199501024358 (353563-P))

Trustee:

**RHB Trustees Berhad**  
(Registration No. 200201005356 (573019-U))

This Information Memorandum is dated 18 February 2020.

This Fund is open for sale during the Offer Period Only.

Investors are advised to read and understand the contents of this Information Memorandum. If in doubt, please consult a professional adviser before subscribing to Units of the Kenanga AUD Alternative Income Fund 3.

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## **RESPONSIBILITY STATEMENTS AND STATEMENTS OF DISCLAIMER**

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

The Securities Commission Malaysia will not be liable for any non-disclosure on the part of Kenanga Investors Berhad and takes no responsibility for the contents of this Information Memorandum, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon the whole or any part of the content of this Information Memorandum.

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

### **Additional Statements**

Sophisticated 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 the Information Memorandum that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Information Memorandum or the conduct of any other person in relation to the Fund.

No Units will be issued or sold based on this Information Memorandum after the Offer Period.

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.

## DEFINITION

<b>AUD</b>	Means Australian Dollar, the lawful currency of Australia.
<b>AUD Class</b>	Means a class of Units of the Fund which is denominated in AUD.
<b>Base Currency</b>	Means the base currency of the Fund i.e. AUD.
<b>BNM</b>	Refers to Bank Negara Malaysia.
<b>Bursa Malaysia</b>	Means the stock exchange managed and operated by Bursa Malaysia Securities Berhad.
<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 Company may from time to time determine either generally or in any particular case.</p>
<b>Class B Preferred Shares</b>	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.
<b>Class(es) of Units</b>	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.
<b>CMSA</b>	Means the Capital Markets and Services Act 2007.
<b>Company</b>	Means the Principis Master Fund SPC.
<b>Companies Law</b>	Means the Companies Law (as amended) of the Cayman Islands.
<b>Deed</b>	Means the deed entered into between the Manager and the Trustee dated 10 February 2020 in respect of the Fund, including any supplemental deeds thereto.

<b>deposit(s)</b>	Has the same meaning as defined in the Financial Services Act 2013.
<b>FATCA</b>	<p>One or more of the following, as the context requires:</p> <ol style="list-style-type: none"> <li>1. sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 and any associated legislation, regulations or guidance, commonly referred to as the U.S. Foreign Account Tax Compliance Act, the Common Reporting Standard issued by the Organisation for Economic Cooperation and Development, or similar legislation, regulations or guidance enacted in any other jurisdiction which seeks to implement equivalent tax reporting and/or withholding tax regimes;</li> <li>2. any intergovernmental agreement, treaty or any other arrangement between the Cayman Islands and the U.S. or any other jurisdiction (including between any government bodies in each relevant jurisdiction), entered into to facilitate, implement, comply with or supplement the legislation, regulations or guidance described in paragraph (1); and</li> <li>3. any legislation, regulations or guidance implemented in the Cayman Islands to give effect to the matters outlined in the preceding paragraphs.</li> </ol>
<b>financial institution</b>	<p>Means:</p> <ol style="list-style-type: none"> <li>(a) if the institution is in Malaysia: <ol style="list-style-type: none"> <li>(i) licensed bank;</li> <li>(ii) licensed investment bank; or</li> <li>(iii) licensed Islamic bank;</li> </ol> </li> <li>(b) if the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services.</li> </ol>
<b>Fund</b>	Means the Kenanga AUD Alternative Income Fund 3.
<b>Guidelines</b>	Means the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC and any other relevant guidelines issued by the SC.
<b>Information Memorandum</b>	Refers to the information memorandum of this Fund, including any supplemental information memorandum thereto.
<b>Investment Advisor of the Target Fund</b>	Refers to Lucerne Services Pty Ltd, Australia.
<b>Investment Manager of the Target Fund</b>	Refers to Lucerne Asset Management Pte Ltd, Singapore.
<b>Manager / KIB</b>	Means Kenanga Investors Berhad (Registration No. 199501024358 ((353563-P))).
<b>Management Fee</b>	Is a percentage of the NAV of the Fund that is paid to the

	Manager for managing the Fund.
<b>MYR Class</b>	Means a class of Units of the Fund which is denominated in MYR.
<b>Net Asset Value or NAV</b>	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.
<b>NAV per Unit</b>	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.
<b>Offer Period</b>	In respect of a Class of Units, means the period when the Manager invites potential investors to participate in the Fund by subscribing for that Class of Units in the Fund. During this period, Units are created, cancelled, sold and repurchased at the Offer Price.
<b>Offer Price</b>	Means the price payable by an applicant for a Unit during the Offer Period.
<b>Offering Documents of the Target Fund</b>	Means the amended and restated confidential private placement memorandum dated 29 November 2018 (as the same may be amended or supplemented from time to time) and the accompanying amended and restated supplement dated 1 January 2019 relating to the Target Fund, the Memorandum and Articles of Association of the Company and the subscription documents (subscription form and any additional information required to be submitted to apply for Shares) relating to the Target Fund.
<b>Participating Share</b>	Means a non-voting, participating, redeemable share of the Target Fund with a par value of USD0.01.
<b>Preferred Share</b>	Means 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.
<b>Realisation Event</b>	means as determined by the directors of the Company, in their sole discretion, the crystallisation of a specific event or circumstance which allows the Investment Manager of the Target Fund to liquidate or reclassify a Special Investment and to convert Special Investment Shares to the relevant Class of shares, including: <ul style="list-style-type: none"> <li>(a) the sale of a Special Investment for cash and receipt thereof; or</li> <li>(b) the exchange of a Special Investment for marketable securities; or</li> <li>(c) at the discretion of the directors of the Company, and if market quotations have become readily available for securities of the same class as a</li> </ul>



- Special Investment, the occurrence of all events necessary to permit the Target Fund to make public resale of such Special Investment in the principal market for which such quotations are available; or
- (d) a determination by the directors of the Company or the Investment Manager of the Target Fund that a change in circumstances and/or market conditions have resulted in the Special Investment having a readily accessible market value.

**Redemption Day of the Target Fund**

In respect of the Target Fund, the first business day (any day on which the banks in Melbourne, Australia are open for business) of each month and or such other day or days as the directors of the Company may from time to time determine either generally or in any particular case.

**RM or Ringgit Malaysia or MYR**

Means Ringgit Malaysia, the lawful currency of Malaysia.

**Securities Commission or SC**

Means the Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993.

**Segregated Portfolio Company or SPC**

Means an exempted company registered under Section 213(1) of the Companies Law.

**Share(s)**

In respect of the Target Fund, means a Participating Share(s) and/or a Preferred Share(s), as applicable.

**Shareholder(s)**

In respect of the Target Fund, means the holder(s) of one or more Shares;

**Sophisticated Investor**

Refers to: -

1. an individual whose total net personal assets, or total net joint assets with his or her spouse, exceeds RM3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence;
2. an individual who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies per annum in the preceding 12 months;
3. an individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies per annum in the preceding 12 months;
4. a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts;
5. a partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies;
6. a unit trust scheme or prescribed investment scheme;
7. a private retirement scheme;
8. a closed-end fund approved by the SC;
9. a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding RM10 million or

- its equivalent in foreign currencies;
10. a corporation that is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the CMSA and has assets under management exceeding ten million ringgit or its equivalent in foreign currencies;
  11. a statutory body established by an Act of Parliament or an enactment of any State;
  12. a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax;
  13. Central Bank of Malaysia established under the Central Bank of Malaysia Act 2009;
  14. a holder of a capital markets services license or an executive director or a chief executive officer of a holder of a capital markets services license;
  15. a licensed bank as defined in the Financial Services Act 2013;
  16. a licensed Islamic bank as defined in the Islamic Financial Services Act 2013;
  17. a licensed insurer as defined in the Financial Services Act 2013;
  18. a licensed takaful operator as defined in the Islamic Financial Services Act 2013;
  19. a Labuan bank as defined under the Labuan Financial Services and Securities Act 2010;
  20. an Islamic bank licensee or takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010;
  21. an insurance licensee as defined in the Labuan Financial Services and Securities Act 2010;
  22. a takaful licensee as defined in the Labuan Islamic Financial Services and Securities Act 2010;
  23. Any other investor as may be defined by the Securities Commission from time to time.

**Special Investment**

In respect of the Target Fund, means any investment by the Target Fund that the directors of the Company or the Investment Manager of the Target Fund determine either lacks a readily assessable market value or should be held until the resolution of a special event or circumstance.

**Special Investment Shares**

In respect of the Target Fund, means a class of Shares issued by the Target Fund attributable to a Special Investment upon a determination by the Target Fund or the Investment Manager of the Target Fund that an investment by the Target Fund may be classified as a Special Investment.

**Special Resolution**

Means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed and carried by a majority of not less than three-fourths of the Unit Holders present and voting at the meeting in person or by proxy; for the avoidance of doubt, “three-fourths of the Unit Holders present and voting at the meeting in person or by proxy” means three-fourths of the votes cast by the Unit Holders

present and voting; for the purposes of terminating the Fund or a Class, “**Special Resolution**” means a resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed by a majority in number representing at least three-fourths of the value of the Units held by the Unit Holders present and voting at the meeting in person or by proxy.

<b>Target Fund</b>	Means the Principis Master Fund SPC - Lucerne Composite Master Fund SP.
<b>Trustee</b>	Means RHB Trustees Berhad (Registration No. 200201005356 (573019-U)) or the trustee for the time being for the Fund.
<b>Trustee Fee</b>	Is a percentage of the NAV of the Fund that is paid to the Trustee for acting as the trustee for the Fund.
<b>Unit(s)</b>	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.
<b>Unit Holder(s)</b>	Refers to Sophisticated Investor(s) for the time being registered as the holder of Units in the Fund, including a jointholder.
<b>USD</b>	US Dollar, the lawful currency of the United States of America.

## CHAPTER 1: KEY DATA

This section contains a summary of the salient information about the Fund.

Classes of Units	MYR Class	AUD Class
<b>Name of Fund</b>	Kenanga AUD Alternative Income Fund 3.	
<b>Fund Type</b>	Income	
<b>Fund Category</b>	Mixed Assets (feeder)	
<b>Offer Period</b>	Up to 45 days from the launch date of this Information Memorandum  <b>Note: Units of the Fund will only be sold during the Offer Period.</b>	
<b>Offer Price</b>	MYR 1.0000	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 Objective</b>	The Fund seeks to provide income* by investing in the Target Fund.  <i>Any material changes to the investment objective of the Fund would require the approval of Unit Holders.</i>  <i>* Income will be distributed as part of the maturity proceeds at the end of the maturity of the Fund.</i>	
<b>Investment Policy and 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>	The Fund's portfolio will be structured as follows: <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> </ul>	

	<ul style="list-style-type: none"> <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>Principal Risks Associated with the Fund</b>	<ul style="list-style-type: none"> <li>▪ Currency risks</li> <li>▪ Country risks</li> <li>▪ Concentration risks</li> <li>▪ Target fund manager risks</li> <li>▪ Hold to maturity risks</li> </ul>	
<b>Principal Risks Associated with the Target Fund</b>	<ul style="list-style-type: none"> <li>▪ Market risks</li> <li>▪ Exchange rate risks</li> <li>▪ Leverage risks</li> <li>▪ Liquidity risks</li> <li>▪ Short selling risks</li> <li>▪ Diversification risks</li> <li>▪ Derivatives risk</li> <li>▪ Counterparty risks</li> <li>▪ Insolvency risks</li> <li>▪ Cyber security risks</li> </ul>	
<b>Benchmark</b>	<p>The Fund will be measured against an absolute return benchmark of 5.50% per annum in AUD.</p> <p>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.</p> <p><i>Note:</i>  <i>The risk profile of the Fund is not the same as the risk profile of the performance benchmark.</i></p>	
<b>Base Currency</b>	AUD	
<b>Investors' Profile</b>	<p>The Fund is suitable for Sophisticated Investors who:-</p> <ul style="list-style-type: none"> <li>▪ seek income;</li> <li>▪ have a moderate risk appetite; and</li> <li>▪ have a short-term investment horizon.</li> </ul>	
<b>Financial Year</b>	The financial year shall commence on the date of this Information Memorandum and end on the Maturity Date.	
<b>Transaction Information</b>		
<b>Minimum Initial Investment</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 Additional Investment (during the Offer Period only)</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>Minimum Redemption Amount (during the Offer Period only)</b>	1,000 Units or such other amount as the Manager may prescribe from time to time.
<b>Conditions for Redemption</b>	<p>Unit Holders may redeem their investments in the Fund only during the Offer Period and the redemption price will be the Offer Price.</p> <p>Unit Holders may only redeem their investments in the Fund 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. 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.</p> <p>No redemption of Units is allowed after the end of the Offer Period.</p>
<b>Payment of Redemption Proceeds</b>	Redemption proceeds pursuant to any redemption made during the Offer Period will be paid to the Unit Holders within 10 days of receipt of the redemption request by the Manager.
<b>Transfer Facility</b>	Transfer facility is not available for the Fund.
<b>Switching Facility</b>	Switching facility is not available for the Fund.
<b>Fees and Charges</b>	
<b><i>Expenses directly incurred by Unit Holders</i></b>	
<b>Sales Charge</b>	<p>Up to 1.00% of the Offer Price.</p> <p><i>Note:</i> <i>The sales charge is applicable to all classes of Units.</i></p>
<b>Redemption Charge</b>	Nil.
<b><i>Expenses indirectly incurred by Unit Holders.</i></b>	
<b>Management Fee</b>	The Manager does not intend to charge any management fee.
<b>Trustee Fee</b>	Up to 0.03% per annum of the NAV of the Fund. The Trustee Fee is calculated daily and payable monthly.
<b>Other Expenses</b>	Only expenses directly incurred by the Fund will be charged to the Fund. These expenses relate primarily to the administration of the Fund. These expenses include auditor's fees and other relevant professional fees, foreign custodial charges (if applicable), cost of distribution of quarterly or annual reports, tax certificates and other notices to Unit Holders. In addition, there are fees and expenses that are directly related and necessary to the business of the Fund, such as commissions paid to brokers or

	dealers and taxes that are also paid out of the Fund.
<b>Other Information</b>	
<b>Reports</b>	<p>Unit Holders will receive the following statements and reports in a financial year:</p> <ul style="list-style-type: none"> <li>- Monthly statements of account which shows the balance of Unit Holders' investments and all transactions made during the month, distribution details and investment value;</li> <li>- Quarterly reports containing information of the Fund, a report on the Fund's performance and financial statements for the accounting period. The quarterly reports will be dispatched to all Unit Holders within 2 months from the close of each financial quarter; and</li> <li>- An annual report containing information of the Fund, a report on the Fund's performance, audited financial statements for the accounting period and auditor's report. The annual report will be dispatched to all Unit Holders within 2 months from the close of the financial year of the Fund.</li> </ul>
<b>Distribution Policy</b>	The Fund will distribute income as part of the maturity proceeds at the Maturity Date.
<b>Information about the Target Fund</b>	
<b>Name of the Target Fund</b>	Principis Master Fund SPC - Lucerne Composite Master Fund SP
<b>Investment Manager of the Target Fund</b>	Lucerne Asset Management Pte Ltd, Singapore
<b>Regulatory Authority of the Target Fund</b>	Cayman Islands Monetary Authority
<b>Regulatory Authority of the Investment Manager</b>	Monetary Authority of Singapore
<b>Date of Establishment of the Target Fund</b>	1 July 2016
<b>Class of Shares that the Fund is investing in</b>	<p>Class B Preferred Shares</p> <p><i>Note: Unit Holders should be aware that the Class B Preferred Shares carry no right to vote in the Target Fund, are without any pre-emptive right and only have certain rights upon the winding up of the Target Fund. The Class B Preferred Shares may be</i></p>

	<i>redeemed by the Shareholders in accordance with the provisions of the Offering Documents of the Target Fund.</i>
<b>Base Currency of the Target Fund</b>	AUD

**ALL FEES AND CHARGES PAYABLE TO THE MANAGER AND THE TRUSTEE ARE SUBJECT TO ANY APPLICABLE TAX WHICH MAY BE IMPOSED BY THE GOVERNMENT OR OTHER AUTHORITIES FROM TIME TO TIME.**

**SOPHISTICATED INVESTORS ARE ADVISED TO READ THE INFORMATION MEMORANDUM AND OBTAIN PROFESSIONAL ADVICE BEFORE SUBSCRIBING TO THE UNITS OF THE FUND.**

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH INVESTORS SHOULD CONSIDER, PLEASE REFER TO THE “RISK FACTORS” SECTION COMMENCING ON PAGE 6.**

**AS THIS IS A FEEDER FUND, THE MANAGER HAS PROVIDED SOPHISTICATED INVESTORS WITH INFORMATION ON THE TARGET FUND BASED ON THE OFFERING DOCUMENTS OF THE TARGET FUND. YOU MAY OBTAIN A COPY OF THE LATEST OFFERING DOCUMENTS OF THE TARGET FUND FROM THE MANAGER.**

<p><b>INVESTORS SHOULD ALSO BE AWARE THAT THE MANAGER MAY FROM TIME TO TIME INTRODUCE ADDITIONAL CLASS(ES) TO THE FUND BY WAY OF REPLACEMENT OR SUPPLEMENTARY INFORMATION MEMORANDUM. A NOTIFICATION WILL BE SENT TO ALL UNIT HOLDERS PRIOR TO THE LAUNCH OF THE ADDITIONAL CLASS(ES). UNIT HOLDERS’ APPROVAL IS NOT REQUIRED IF THE LAUNCH OF ADDITIONAL CLASS(ES) DOES NOT PREJUDICE THE INTERESTS OF THE EXISTING UNIT HOLDERS.</b></p>
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## CHAPTER 2: RISK FACTORS

### 2.1 General Risks of Investing in the Fund

Below are some of the general risks which Unit Holders should be aware of when investing in the Fund.

**Market Risks** – 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.

**Management Risks** – 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.

**Performance Risks** – 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.

**Inflation Risks** – 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.

**Risk of Non-compliance** – 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.

### 2.2 Specific Risks related to the Fund

The specific risks affecting investments in this Fund may include but are not limited to:

**Currency Risks** – 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.

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).

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.

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.

**Country Risks** - 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.

**Concentration Risks** – 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.

**Target Fund Manager Risks** – 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.

**Hold to Maturity Risks** – 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.

### 2.3 Specific Risks related to the Target Fund

**Market Risks** – Any investment made in a specific group of securities is exposed to the universal risks of the securities market. There can be no guarantee that losses equivalent to or greater than the overall market will not be incurred as a result of investing in such securities.

**Exchange Rate Risks** – A portion of the Target Fund's assets may be invested in securities and other investments denominated in currencies other than the denominated base currency of the Target Fund (AUD). The value of such investments may be affected favourably or unfavourably by fluctuations in exchange currencies. In addition, prospective investors of the Target Fund whose assets and liabilities are primarily denominated in currencies other than the currency of investment should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the currency of investment and such other currency.

**Leverage Risks** – The Target Fund may leverage its capital because the Investment Manager of the Target Fund believes that the use of leverage may enable the Target Fund to achieve a higher rate of return. Accordingly, the Target Fund may pledge or charge its securities in order to borrow additional funds for investment purposes. The Target Fund may also leverage its investment return with derivatives and short sales.

The amount of borrowings which the Target Fund may have outstanding at any time may be substantial in relation to its capital. Leverage can magnify both the gains and losses and Shareholders may experience increased volatility in the value of their investments.

**Liquidity Risks** – Under certain conditions, the liquidity of a particular market or security may be restricted, thus affecting the performance of the Target Fund. Lack of liquidity or market depth can affect the valuation of the Target Fund's assets as it looks to realise securities at quoted prices.

**Short Selling Risks** – The Investment Manager of the Target Fund may engage in short selling. Selling securities short creates the risk of losing an amount greater than the initial investment, and can also involve borrowing and other costs which may reduce profits or create losses in particular positions.

**Diversification Risks** – The Investment Manager of the Target Fund intends to seek to diversify the Target Fund's investments as it deems appropriate and consistent with the Target Fund's investment objective. If the Target Fund's investments are concentrated in a small number of investments, the Target Fund will be subject to a greater level of volatility. Also, the use of a single Investment Manager of the Target Fund applying generally similar trading programs could mean lack of diversification and, consequently, higher risk.

**Derivatives Risks** – Derivatives, such as options, futures and swaps, may be used by the Target Fund for hedging and non-hedging purposes such as:

- to manage particular risks;
- to implement an investment strategy in a cost-efficient manner;
- as a substitute for direct investment in securities; or
- to reduce risk or gain exposure to other types of investments when appropriate.

The risks of using derivatives might include: the value of the derivative failing to move in line with the underlying asset, potential illiquidity of the derivative, the possibility that the derivative position is difficult or costly to reverse, the derivative not performing as expected and counterparty risk.

**Counterparty Risks** – Counterparty risk is the risk of loss caused by another party defaulting on its financial obligations either because they become insolvent or cannot otherwise meet their obligations to the Target Fund. A party defaulting on its obligations could subject the Target Fund to substantial losses because the Target Fund will still be required to fulfil its obligations on any transactions which were to have substantially offset other contracts.

**Insolvency Risks** – The default or insolvency or other business failure of any issuer of securities held by the Target Fund or a fund or other collective investment scheme in which the Target Fund invests or of any counterparty of the Target Fund or a fund or other collective investment scheme in which the Target Fund invests could have an adverse effect on the Target Fund's performance and its ability to achieve its investment objectives.

**Cybersecurity Risks** - With the increased use of technologies such as the internet to conduct business, the Target Fund is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining

unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the Investment Manager of the Target Fund’s and other service providers (including, but not limited to, the Target Fund accountants, custodians, transfer agents and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the Target Fund’s ability to value its securities or other investments, impediments to trading, the inability of Shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which the Target Fund invests, counterparties with which the Target Fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for Shareholders) and other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While the Target Fund’s service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Target Fund cannot control the cyber security plans and systems put in place by its service providers or any other third parties whose operations may affect the Target Fund or its Shareholders. The Target Fund and its Shareholders could be negatively impacted as a result.

## **2.4 Risk Management**

The risk management role of the Manager is mainly concerned with mitigating risks associated with managing a feeder fund.

***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.***

***YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF AN INVESTMENT. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THIS INFORMATION MEMORANDUM AND, IF NECESSARY, CONSULT YOUR ADVISER(S) BEFORE MAKING AN INVESTMENT DECISION.***

## CHAPTER 3: FUND INFORMATION

### 3.1 Investment Objective

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

*Any material change to the investment objective of the Fund would require the approval of Unit Holders.*

*\* Income will be distributed as part of the maturity proceeds at the end of the maturity of the Fund.*

### 3.2 Investment Policy and Strategy

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.

As the Fund is a feeder fund, it will stay invested in the Target Fund in so far as the Target Fund's investment objective and strategies will enable the Fund to meet its investment objective. Nevertheless, the Manager may take temporary defensive position which may be inconsistent with the Fund's strategy by reducing its investment into the Target Fund and increase liquidity level of the Fund during adverse market conditions to safeguard the Unit Holders' interest.

If and when the Manager considers the investment in the Target Fund is no longer meeting the objective of the Fund, the Manager may choose to replace the Target Fund with another collective investment scheme which objective is in line with the objective of the Fund. The Manager will seek the Unit Holders' approval before any such changes are made.

### 3.3 Asset Allocation

The asset allocation of the Fund is as follows:

- Minimum 95% of the NAV to be invested in the Class B Preferred Shares of the Target Fund; and
- Up to 5% of the NAV to be invested in liquid assets comprising money market instruments and deposits with financial institutions.

### 3.4 Benchmark

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.

*Note:*

*The risk profile of the Fund is not the same as the risk profile of the performance benchmark.*

### 3.5 Permitted Investments

Unless otherwise prohibited by the relevant authorities or any relevant law and provided always that there are no inconsistencies with the objective of the Fund, the Fund may invest in the following:

- The Target Fund or a collective investment scheme which is in line with the objective of the Fund;
- Money market instruments;
- Malaysian and foreign currencies deposits with financial institutions; and
- Any other form of investments as may be determined by the Manager from time to time that is in line with the Fund's objective.

### 3.6 Investment Restrictions and Limits

The Fund is not subject to any investment restrictions and limits.

### 3.7 Bases of Valuation of the Assets of the Fund

<b>Investment Instruments</b>	<b>Valuation Basis</b>
Unlisted collective investment schemes (i.e.: the Target Fund)	Investments in unlisted collective investment schemes will be valued, based on the last published redemption price.  The Target Fund's prices are provided to the Manager by the Investment Manager of the Target Fund on a monthly basis.
Malaysian and foreign currencies deposits	Deposits placed with financial institutions are valued by reference to the value of such investments and the interest accrued thereon for the relevant period.
Money market instruments	Money market instruments will be valued using the accrual method. For investments in commercial papers, such investments are valued daily at the price quoted by a bond pricing agency registered with the SC.
Foreign exchange rate conversion	Where the value of an asset of the Fund is denominated in a foreign currency (if any), the assets are translated on a daily basis using the bid foreign exchange rate quoted by either Reuters or Bloomberg, at United Kingdom time 4.00 p.m. the same day.
Any other instruments	Fair value as determined in good faith by the Manager, on methods or bases which have been verified by the auditors of the Fund and approved by the Trustee.

## CHAPTER 4: INFORMATION ON THE TARGET FUND

### 4.1 Structure of the Target Fund

Lucerne Composite Master Fund SP (“**Target Fund**”) is a segregated portfolio of Principis Master Fund SPC (“**Company**”).

The Company is an open-ended exempted company registered as a Segregated Portfolio Company under the laws of the Cayman Islands on 27 April 2016 and is registered as a mutual fund with the Cayman Islands Monetary Authority pursuant to section 4(3) of the Mutual Funds Law of the Cayman Islands.

The Company may establish and offer unlimited number of segregated portfolios from time to time, as determined by the directors of the Company, in their sole discretion, without notice to and without obtaining any approval of the Shareholders of the Company and/or the Shareholders of the segregated portfolios (including the Target Fund).

The directors of the Company are responsible for, amongst other things, creating new segregated portfolios and classes of shares thereof, appointing service providers to each segregated portfolio as they deem necessary, supervising and directing all service providers and reviewing any conflict of interest that exist or may arise.

The directors have delegated the day-to-day management of the Target Fund’s investment to Lucerne Asset Management Pte Ltd, the Investment Manager of the Target Fund, and the day-to-day administration of the Target Fund to Apex Fund Services Ltd, (“**Administrator**”).

### 4.2 Regulatory Authority of the Target Fund

Cayman Islands Monetary Authority.

### 4.3 The Investment Manager and Investment Advisor of the Target Fund

#### Investment Manager of the Target Fund

Lucerne Asset Management Pte Ltd, a company incorporated pursuant to the laws of Singapore on 24 June 2016, has been appointed as the investment manager to the Target Fund pursuant to the terms of an amended and restated investment management agreement entered into between the Company and the Investment Manager of the Target Fund (“**Investment Management Agreement**”).

The Investment Manager of the Target Fund has been appointed to manage the Target Fund and its investments subject to the overall supervision of the directors of the Company, to recommend to the directors of the Company on an ongoing basis the investment, realisation and reinvestment of the assets of the Target Fund and supervise the implementation of the investment objective and strategies of the Target Fund subject to any investment restrictions (if any). The Investment Manager of the Target Fund may delegate the whole or any of its powers, duties, discretions and functions to any other person, firm or company in accordance with the Investment Management Agreement, including but not limited to an investment advisor. To the extent such duties, powers, discretions and functions are delegated to an investment advisor, such investment advisor will be responsible for its appointed segregated portfolio.

The Investment Manager of the Target Fund is regulated by the Monetary Authority of Singapore.

#### Investment Advisor of the Target Fund

Lucerne Services Pty Ltd, a company incorporated pursuant to the laws of Australia on 24 June 2015, has been appointed by the Investment Manager of the Target Fund to provide investment advisory services on the terms and conditions of a services agreement.

The duties of the Investment Advisor of the Target Fund include the following:

- (a) conducting trading activities on the Australian Stock Exchange in accordance with the instructions of the Investment Manager of the Target Fund and the investment strategy;
- (b) researching, identifying and assessing opportunities;
- (c) general administrative functions associated with the investment activities of the Target Fund; and
- (d) certain reporting and record keeping obligations.

The Investment Manager of the Target Fund shall be responsible for payment of fees to the Investment Advisor of the Target Fund.

#### **4.4 Investment Objectives and Strategies of the Target Fund**

The investment objective of the Target Fund is to achieve long-term, consistent income and capital appreciation, without regard to equity indices. To achieve this, the Target Fund will implement the investment strategy detailed below.

The investment strategy of the Target Fund is to invest in a diversified portfolio of assets and securities, including, but not limited to, those companies which have high earnings growth potential, strategic value, misunderstood economics or some other anomalous feature.

Amongst other things, diversification is sought across geographies, sectors, capital structure and market capitalisation.

Generally speaking, the Investment Manager of the Target Fund intends to maintain three main sources of return, namely: global long/short equities, fixed income (both traditional and alternative) and derivative overlays\*.

Equity analysis is conducted using a fundamentals approach, combining both traditional “value” as well as “growth” investing techniques. Where possible, a “buy and hold” approach using high quality companies is favoured on the long side over heavy trading. The short portfolio can include companies with clear headwinds (preferably structural over cyclical), poor economics, questionable management and/or extreme valuations.

A key feature of the Target Fund, is its ability to both originate and participate in primary market transactions. It is the belief of the Investment Manager of the Target Fund that improved risk/reward scenarios (for both the investor and investee) can be actively sought out in this manner, versus what would ordinarily be achieved on the secondary market. This is put into practice using both equity and debt securities.



*\* "Derivative overlays" is more aptly described as a "hedging overlay". It is a book of securities (mostly derivatives) used to balance excessive equity market, currency and commodity risk within the overall investment portfolio of the Target Fund. Due to its nature as a hedge, the return profile of this part of the portfolio typically has low or negative correlation with the rest of the portfolio of the Target Fund.*

#### **4.5 Investment Restrictions**

The implementation of the investment strategy of the Target Fund is not subject to any investment restrictions.

#### **4.6 Term and Maturity Date of the Class B Preferred Shares of the Target Fund**

The Class B Preferred Shares are being offered on the basis that the Shareholders will hold the Class B Preferred Shares for a period of twelve (12) months commencing on the date of issuance of the Class B Preferred Shares and ending on the twelfth month anniversary (the "**Term**").

Any Class B Preferred Share in issue on the expiry of the Term (such day being the "**Class B Maturity Date**") shall, subject to compliance with applicable laws, be compulsorily redeemed by the directors of the Company on the Class B Maturity Date (or if the Class B Maturity Date is not a business day, the business day falling immediately after the Class B Maturity Date), unless the directors of the Company determine otherwise in their discretion.

#### **4.7 Class B Preferred Shares**

The Shareholders of the Class B Preferred Shares shall not participate in the profits attributable to the assets of the Target Fund other than the right to receive the Class B Issue Price (as defined in Section 4.11 below) plus any accrued and unpaid Class B Coupon (less expenses).

The Shareholders of the Class B Preferred Shares shall however participate in the losses attributable to the assets of the Target Fund in accordance with the Class B First Loss Protection Programme (as described in Section 4.8 below).

The profits attributable to the assets of the Target Fund shall be allocated to the Shareholders of the Participating Shares of each class in issue of the Target Fund on a pro rata basis and shall be subject to adjustment in accordance with the Class B First Loss Protection Programme. The net asset value of the Participating Shares of each class in issue of the Target Fund shall be increased by the net profits attributable to the assets of the Target Fund and shall be adjusted in accordance with the Class B First Loss Protection Programme (to the extent applicable). The investment accounts of the Shareholders of the Participating Shares of the relevant class in issue of the Target Fund shall be adjusted accordingly.

The directors of the Company shall consult with the Investment Manager of the Target Fund and the Administrator to determine the adjustments required for the purposes of the Class B First Loss Protection Programme and to determine the net asset value of the Class B Preferred Shares and the Participating Shares of each class in issue of the Target Fund. The directors of the Company shall have discretion to determine the methodology used and the amendments required in relation to the valuations. The calculations of the Administrator in relation to such adjustments and valuations shall require the final approval of the directors of

the Company, and once approved by the directors of the Company, shall be final and binding on Shareholders.

#### **4.8 First Loss Protection Programme**

The Shareholders of the Class B Preferred Shares shall benefit from a first loss protection programme as described below ("**Class B First Loss Protection Programme**").

At the time an investor subscribes for Class B Preferred Shares, twenty five per cent (25%) of the aggregate Class B Issue Price will be allocated to a notional reserve account called the "**Class B First Loss Protection Reserve**". On each valuation day, net profits attributable to the assets of the Target Fund (after payment of accrued and unpaid Class B Coupon less expenses) shall be notionally allocated to the Class B First Loss Protection Reserve. For the avoidance of doubt, amounts allocated to the Class B First Loss Protection Reserve are at risk in the Company and may be invested by the Company in accordance with the Offering Documents of the Target Fund.

Losses to the assets of the Target Fund shall be attributed solely to the Shareholders of the Participating Shares and notionally taken out of the Class B First Loss Protection Reserve until the balance is zero. This will reduce the net asset value of the Participating Shares of each class in issue of the Target Fund until such time as the Class B First Loss Limit (as defined below) has been reached.

Once the Class B First Loss Limit has been reached, the Shareholders of the Class B Preferred Shares and the Shareholders of the Participating Shares of each class in issue of the Target Fund shall share any further losses in excess of the Class B First Loss Limit on a pro rata basis.

The maximum amount of losses attributable solely to the Shareholders of the Participating Shares under the Class B First Loss Protection Programme (the "**Class B First Loss Limit**") (and that can accordingly be absorbed by the Participating Shares of each class in issue of the Target Fund pro rata) shall be the aggregate of:

- (i) twenty five per cent (25%) of the Class B Issue Price of the Class B Preferred Shares in issue; and
- (ii) net profits attributable to the assets of the Target Fund (after payment of the Class B Coupon and expenses) for the Term.

The directors of the Company shall consult with the Investment Manager of the Target Fund and the Administrator to determine the adjustments required for the purposes of the Class B First Loss Protection Programme and to determine the net asset value of the Class B Preferred Shares and the Participating Shares of each class in issue of the Target Fund. The directors of the Company shall have discretion to determine the methodology used and the amendments required in relation to the valuations. The calculations of the Administrator in relation to such adjustments and valuations shall require the final approval of the directors of the Company, and once approved by the directors of the Company, shall be final and binding on Shareholders.

In the event the Class B First Loss Limit has been reached, the Shareholders of the Class B Preferred Shares shall have priority over any further profits attributable to the assets of the Target Fund made by the Company, ranking ahead of the Participating Shares, until such time as the net asset value of the Class B Preferred Shares shall be equal to the Class B Issue Price plus any accrued but unpaid Class B Coupon less

expenses.

Following the above, the Shareholders of the Participating Shares shall only be entitled to participate in any further profits attributable to the assets of the Target Fund made by the Company.

#### **4.9 Leverage Cap**

The Target Fund shall not undertake any additional borrowing if the Loan to Value Ratio ("**LVR**") exceeds 60% (the "**First LVR Threshold**").

If the LVR exceeds 65% (the "**Second LVR Threshold**"), the directors of the Company shall take steps to (subject always to their fiduciary duties to the Target Fund and compliance with applicable laws):

- (a) effect a compulsory redemption of the requisite number of a Shareholders' Class B Preferred Shares (on a pro rata basis) to reduce the Target Fund's LVR below the Second LVR Threshold; and/or
- (b) sell some or all of the assets of the Target Fund until the LVR is below the Second LVR Threshold.

The timing of any such compulsory redemption and/or asset sale shall be determined by the directors of the Company in their discretion.

The LVR shall be calculated in accordance with the following formula:

$$\frac{\text{Net Debt} + (\text{Issue Price} \times \text{number of Preferred Shares of any class of the Target Fund})}{\text{Total Assets}}$$

For the purpose of the formula above:

- (a) "**Net Debt**" means all liabilities reflected in the most recent available unaudited balance sheet prepared by the Administrator less the cash balance; and
- (b) "**Total Assets**" means all assets reflected in the most recent available unaudited balance sheet prepared by the Administrator.

The LVR shall be calculated by the directors of the Company or their agents and shall be final and binding.

#### **4.10 Determination of Net Asset Value and Net Asset Value per Share of the Target Fund**

The net asset value of the Target Fund and the net asset value per Share shall be calculated, in the base currency of the Target Fund, by the directors of the Company (or such other person as the directors of the Company may appoint for such purpose from time to time, including without limitation the Administrator) as at close of business on the relevant valuation day (or at such other times as the directors of the Company (or such other persons as aforesaid) may determine).

The valuation day of the Target Fund shall be the the day upon which the net asset value is calculated, being the last business day of each month, or such other day or days as the directors of the Company may from time to time determine either generally or in any particular case.

The net asset value of the Target Fund will be equivalent to all the assets less all the liabilities of the Target Fund as at the valuation day.

The net asset value per Share of any class of the Target Fund is determined by dividing the value of the assets of the Target Fund attributable to the Shares of the relevant class less all liabilities attributable to the Shares of such class by the number of such Shares as at the relevant valuation day.

In particular, the net asset value of the Class B Preferred Shares shall be determined in accordance with the terms of the Offering Documents of the Target Fund. Prior to reaching the Class B First Loss Limit, the net asset value of each Class B Preferred Share shall be equal to the Class B Issue Price plus any accrued but unpaid Class B Coupon less expenses.

Once the Class B First Loss Limit has been reached, the net asset value of each Class B Preferred Share shall be equal to the Class B Issue Price plus any accrued but unpaid Class B Coupon less expenses and less any losses attributable to the assets of the Target Fund that have been allocated to the Class B Preferred Shares in accordance with the Class B First Loss Protection Programme.

The value of the assets of the Target Fund and the method of valuation of such assets shall be determined by the directors of the Company or a duly authorised agent (who may, if applicable, consult with and rely in good faith on the advice of the Investment Manager of the Target Fund). The assets of the Target Fund shall be deemed to include:

1. all investments owned or contracted to be acquired and all unrealised gains (or losses) on such investments;
2. all cash on hand, on loan or on deposit including accrued interest thereon;
3. all bills and demand notes and amounts receivable (including proceeds of investments sold but not delivered);
4. all interest on any interest bearing investments except to the extent that the same is included or reflected in the principal amount of such investments; and
5. all other assets of every kind and nature, including, without limitation, prepaid expenses.

The liabilities of the Target Fund shall be deemed to include:

1. all loans, bills and accounts payable;
2. any accrued management fees (if any) payable to the Investment Manager of the Target Fund;
3. all accrued and payable administrative expenses (including all fees payable to any service provider and any agent), and any allowance for estimated annual audit fees, directors' fees, legal fees and other fees, and any additional fees payable to the Investment Manager of the Target Fund;
4. all known liabilities, present and future, including, without limitation, all matured contractual obligations for payments of money or property;
5. an appropriate provision for taxes due and future taxes to be assessed; and
6. all other liabilities attributable to the Target Fund of whatsoever kind and nature for which reserves are determined to be required by the directors of the Company.

In the event that any amount is not payable until some future time after the valuation day, the directors of the Company (who may consult with and rely on the advice of the Investment

Manager of the Target Fund) shall make such allowance as is considered appropriate to reflect the true current value thereof.

The directors of the Company shall determine which accounting principles shall apply to the calculation of the net asset value of the Target Fund. To the extent that the directors of the Company have not determined otherwise, or to the extent feasible, expenses, fees and other liabilities will be accrued in accordance with International Financial Reporting Standard ("**IFRS**"). Reserves (whether or not in accordance with IFRS) may be established for estimated or accrued expenses, liabilities or contingencies.

In the event that the directors of the Company determine that the valuation of any investments or other property pursuant to the provisions hereof does not fairly represent market value, the directors of the Company (or any duly authorised agent) may value such investments or other property as they reasonably determine and will set forth the basis of such valuation in writing in the Company's records attributable to the Target Fund.

The directors of the Company may request that the auditors review the methodology of valuation adopted in respect of the Target Fund at such times as may, in the view of the directors of the Company, be appropriate and the directors of the Company may, following such review, adopt such other basis for valuation as the auditors may recommend. The directors of the Company may make such modifications to the means of calculating the net asset value of the Target Fund as they may from time to time consider reasonable to ensure that such changes accord with good accounting practice.

All valuations will be binding on all persons and in no event shall the directors of the Company, the Administrator or the Investment Manager of the Target Fund incur any individual liability or responsibility for any determination made or other action taken or omitted by them in the absence of manifest error or bad faith.

Prospective investors of the Target Fund should be aware that situations involving uncertainties as to the valuation of positions could have an adverse effect on the net assets attributable to the Target Fund if the Investment Manager of the Target Fund's judgements (subject to approval by the directors of the Company) regarding appropriate valuations should prove incorrect.

#### **4.11 Coupon**

The Target Fund will pay a cash coupon as a dividend ("**Class B Coupon**") in respect of each Class B Preferred Share in issue. The Class B Coupon shall be equal to 7.00% per annum of the Class B Issue Price and shall accrue as at each valuation day in respect of each calendar month and shall be paid in respect of each Quarter on each Payment Date.

The following definitions shall apply to this Chapter 4:

- (a) the issue price shall be the subscription price paid by the investor of the Target Fund to the Target Fund in respect of its subscription for a Class B Preferred Share ("**Class B Issue Price**");
- (b) a quarter shall be the period commencing on the dealing day\*\* in respect of which a Class B Preferred Share is issued and ending on the earlier of the Class B Maturity Date or the end of the calendar quarter after such dealing day\*\* ("**Quarter**"); and
- (c) the payment date shall be the 15<sup>th</sup> day of the calendar month following the end of a Quarter or the following business day if the 15<sup>th</sup> day of the relevant calendar month is not a business day ("**Payment Date**").

The Class B Coupon shall be paid from the assets of the Target Fund and shall be declared and paid by the directors of the Company as a dividend. The declaration and payment of dividends shall be subject to, and carried out in accordance with, the laws of the Cayman Islands.

*\*\* A "dealing day" shall mean the first business day (any day on which the banks in Melbourne, Australia are open for business) of each month and such other day or days as the directors of the Company may from time to time determine either generally or in any particular case.*

#### **4.12 Redemption of Shares of the Target Fund**

Redemption of the Class B Preferred Shares may be made by completing the redemption form in writing and sending it by both registered mail and e-mail to the Administrator.

The redemption price for a Class B Preferred Share shall be equal to the Class B Issue Price plus any accrued but unpaid Class B Coupon less expenses, unless the Class B First Loss Limit has been reached, in which case, the redemption price shall be calculated in the same way but shall be adjusted in accordance with the Class B First Loss Protection Programme.

Subject to the ability of the directors of the Company to suspend redemptions and the payment of redemption proceeds (as detailed in Section 4.15 below), a Class B Preferred Share may be redeemed on a Redemption Day of the Target Fund by providing a redemption form to the Administrator at least forty five (45) days prior to the relevant Redemption Day of the Target Fund or within such other period as the director of the Company may in their absolute discretion determine from time to time ("**Redemption Notice Requirement for Class B Preferred Shares**").

The directors of the Company shall not be required to provide any notice to a Shareholder in relation to a compulsory redemption of the Class B Preferred Shares.

A Redemption Day of the Target Fund shall be the first business day of each month or such other day or days as the directors of the Company may from time to time determine either generally or in any particular case.

#### **4.13 In-kind Redemptions**

Amounts payable to a Shareholder in connection with the redemption of Class B Preferred Shares of the Target Fund will be paid out of the assets of the Target Fund in cash unless the directors of the Company determine to pay the redemption proceeds (or any amount thereof) by way of delivery of assets in specie, including, without limitation, interests in a special purpose vehicle holding assets of the Target Fund or holding entitlement to the proceeds of assets held by the Target Fund or in a liquidating vehicle structure. In the event that any amount of the redemption proceeds is paid to a Shareholder in specie, any asset(s) delivered to the Shareholder shall be valued by or on behalf of the directors of the Company on such basis and as at such date as the directors of the Company may determine.

#### **4.14 Transfer of Preferred Shares**

The directors of the Company may determine to decline to register any transfer of Class B Preferred Shares without assigning any reason therefor. The registration of transfers may

be suspended at such times and for such periods as the directors of the Company may from time to time determine. All instruments of transfer that are registered shall be retained by the Company, but any instrument of transfer that the directors of the Company decline to register shall (except in any case of fraud) be returned to the person depositing the same. If it comes to the notice of the directors of the Company that any Class B Preferred Shares are held by a prohibited person the directors of the Company may by notice in writing require the transfer of such Class B Preferred Shares in exercise of their powers under the Memorandum and Articles of Association of the Company.

#### **4.15 Suspension of the Target Fund**

The directors of the Company may declare a suspension of:

1. the determination of net asset value; and/or
2. the subscription for Shares; and/or
3. the redemption of Shares at the option of the Shareholder (either in whole or in part); and/or
4. the purchase of Shares; and/or
5. the payment of any amount to a Shareholder in connection with the redemption of his Shares, in each case for the whole or any part of any period and in such circumstances as the directors of the Company may determine.

If a redemption request is not withdrawn by a Shareholder following declaration of a suspension of a redemption of Shares at the option of the Shareholder, the redemption will be completed as of the valuation day next following the month in which such suspension is ended, unless the directors of the Company determine otherwise, on the basis of the net asset value per Share as at the last valuation day.

The directors of the Company may also postpone the payment of all or a part of the redemption proceeds relating to Shares of the Target Fund in circumstances where investments of such Target Fund cannot, without having a material adverse effect on the remaining Shareholders of the Target Fund, be liquidated in a timely fashion to meet redemption requests and/or until such time as the determination of the net asset value per Share in respect of the relevant Redemption Day of the Target Fund has been finalised to their sole satisfaction.

The Company reserves the right to refuse to make any redemption payment to a Shareholder if the Company, the directors of the Company, the Investment Manager of the Target Fund or the Administrator:

1. suspect or are advised that the payment of any redemption proceeds to such a Shareholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction;
2. consider such refusal necessary or appropriate to ensure the compliance by the Company, the Investment Manager of the Target Fund, the Administrator or any of their respective delegates, with any applicable anti-money laundering or other laws or regulations in any relevant jurisdiction; or
3. are required to do so pursuant to an agreement between the Company and/or Investment Manager of the Target Fund with any government division or department.

The Target Fund may withhold payment to any person whose Shares have been tendered for redemption until after any suspension has been lifted. If a redemption request is not

withdrawn by a Shareholder following declaration of a suspension, the redemption will be completed as of the valuation day next following the month in which such suspension is ended, unless the directors of the Company determine otherwise, on the basis of the net asset value per Share as at the last valuation day.

#### **4.16 Special Investments**

The Company may from time to time undertake Special Investments on behalf of the Target Fund.

In the event that any investment of the Target Fund becomes, in the opinion of the directors of the Company or the Investment Manager of the Target Fund, illiquid or lacks a readily assessable market value or should be held until a Realisation Event, the directors of the Company or the Investment Manager of the Target Fund may designate such investment as a Special Investment attributable to the Target Fund.

Whenever the Target Fund deems an investment to have become a Special Investment, a portion of the Shares held by each Shareholder at such time will be unilaterally converted (by way of compulsory redemption and subscription), if the class of Shares held by the Shareholder are Participating Shares, for a new class of Participating Shares and, if the class of Shares held by the Shareholder are Preferred Shares, for a new class of Preferred Shares, in each case, designated as Special Investment Shares representing a *pro rata* interest in the Special Investment, based on such Shareholder's relative ownership of the relevant class of Participating Shares or Preferred Shares, as applicable. Investors of the Target Fund should seek independent tax advice on the tax consequences of such conversion to Special Investment Shares.

Special Investment Shares are allocated only to those Shareholders holding the relevant class of Participating Shares or Preferred Shares, as applicable of the Target Fund at the time such Special Investment is designated.

Management fees will not be payable on Special Investment Shares.

The Target Fund may withhold a portion of the cash proceeds (if any) payable for a subscription of Special Investment Shares and use the reserved amount to pay the ongoing expenses with respect to the Shareholder's interest in the Special Investment. In the event that any reserved amounts remain at the time of the occurrence of a Realisation Event relating to the Special Investment Shares of the relevant class held by such Shareholders, the Target Fund shall pay the remaining unused reserved amounts (without interest) to the Shareholders.

In addition, payment expenses relating to the Special Investment may be made out of the Special Investment by, but not limited to, one or more of the following methods or other methods as determined by the directors of the Company:

- (a) compulsory redemption of the Special Investment Shares of the relevant Shareholder such that the redemption proceeds are paid directly to the Target Fund in settlement of the applicable expenses; or
- (b) deferment of expenses associated with the Special Investment until occurrence of the Realisation Event.

A new class of Special Investment Shares will be issued to Shareholders for each Special Investment.



The Special Investment Shares are not redeemable at the option of the relevant Shareholder. Accordingly, any redemption requests by a Shareholder received shall be deemed to apply only to Shares held by such Shareholder (as the case may be). The Investment Manager of the Target Fund shall notify Shareholders as soon as practicable following a Realisation Event or the designation by the Company or the Investment Manager of the Target Fund of a Special Investment with details of the number and class of Shares and Special Investment Shares redeemed or issued (as the case may be) to the relevant Shareholder.

Upon the occurrence of a Realisation Event, each Shareholder holding the relevant Special Investment Shares shall receive in the directors of the Company's sole discretion (at the time set forth below) either the redemption proceeds in cash or in specie or (by way of compulsory redemption and subscription) Shares of the same class as were redeemed when the Special Investment was designated, in an amount representing such Shareholder's interest in the Special Investment (or the relevant portion thereof). In such case, proceeds of a Special Investment (net of expenses, if any, payable with respect to such Special Investment) will be used to subscribe for Shares of the same class as were redeemed when the Special Investment was designated, on the next subscription day following the Realisation Event.

Given the illiquid nature of Special Investments, the fair value of a class of Special Investment Shares cannot be determined with the same degree of certainty as would be the case for the Target Fund's liquid investments. IFRS requires the fair valuation of the securities at the time of the designation as a Special Investment. Immediately prior to the determination that an investment is a Special Investment, the fair value of the investment should be determined. Special Investments will be carried on the books of the Fund at the fair value as reasonably determined by the directors of the Company. Prospective investors should note that if the method of valuation adopted by the directors of the Company, in consultation with the Administrator and the Investment Manager of the Target Fund is different to the valuation rules as set out in the Articles of Association, the relevant provisions of which are described in Section 4.10 above in the "Determination of Net Asset Value and Net Asset Value per Share of the Target Fund", the financial statements of the Target Fund may present a net asset value that is different to that used operationally by the Target Fund, for example, for subscriptions, redemptions and calculation of management fees (if any).

Even after a Shareholder redeems all of the Shares it holds in the Target Fund, if the Shareholder holds Special Investment Shares, the Shareholder will remain fully exposed to market risks associated with Special Investment Shares held by such Shareholder until a Realisation Event. In addition to their post-redemption exposure on Special Investments, redeeming Shareholders may be exposed to the Target Fund's liabilities generally if it should become necessary after their redemption to liquidate a Special Investment in order to pay a liability of the Target Fund that is unrelated to that Special Investment.

#### **4.17 Fees and Expenses of the Target Fund**

##### Subscription Fee

No subscription fee will be charged.

##### Redemption Fee

No redemption fee will be charged

#### Management Fee

The Target Fund will not pay the Investment Manager of the Target Fund a management fee in respect of the Class B Preferred Shares.

#### Expenses Cap

The Class B Preferred Shares shall be subject to an expenses cap of 0.0% per annum. Expenses attributable to Class B Preferred Shares shall be deducted from the net asset value of the Class B Preferred Shares.

#### Administration Fees

The Company on behalf and for the account of the Target Fund will pay the Administrator an administration fee, payable monthly in arrears, in accordance with the terms of the administration agreement.

The Administrator will receive a fee, out of the assets of the Target Fund, for providing administration services in respect of the Target Fund at rates agreed from time to time between the Administrator and the Company on behalf of and for the account of the Target Fund. The Administrator will also be entitled to various transaction and processing fees and to be reimbursed for all out of pocket expenses properly incurred by it in the performance of its duties.

#### Custody and Brokerage Fees

The custodian will receive a fee, out of the assets of the Target Fund, for providing custody services in respect of the Target Fund at rates agreed from time to time between the custodian and the Company on behalf of and for the account of the Target Fund. The custodian will also be entitled to various transaction and processing fees and to be reimbursed for all out of pocket expenses properly incurred by it in the performance of its duties.

#### Other Fees and Expenses

The Target Fund will also be liable for all expenses incidental to the management of the Target Fund, including but not limited to legal and audit fees, advisory fees, safe keeping, printing expenses and custody fees.

**AS THE FUND WILL BE INVESTING IN THE TARGET FUND, THE FUND WILL INCUR CERTAIN INDIRECT FEES CHARGED BY THE TARGET FUND.**

## **CHAPTER 5: FEES, CHARGES AND EXPENSES**

### ***Expenses directly incurred by Unit Holders.***

#### **5.1 Sales Charge**

Up to 1.00% of the Offer Price.

*Note:*

*The sales charge is applicable to all Classes of Units.*

#### **5.2 Redemption Charge**

Nil.

### ***Expenses indirectly incurred by Unit Holders.***

#### **5.3 Management Fee**

The Manager does not intend to charge a management fee.

#### **5.4 Trustee Fee**

Up to 0.03% per annum of the NAV of the Fund. The Trustee Fee is calculated daily and payable monthly.

*Please refer to the illustration in section 6.3 below to see how the Trustee Fee is calculated.*

#### **5.5 Other Expenses Directly Related to the Fund**

In administering the Fund, there are expenses directly related to the Fund. These expenses include auditor's fees and other relevant professional fees, foreign custodial charges (if applicable), cost of distribution of quarterly or annual reports, tax certificates and other notices to Unit Holders. In addition, there are fees and expenses that are directly related and necessary to the business of the Fund such as commissions paid to brokers and taxes that are also paid out of the Fund.

#### **5.6 Reduction or Waiver of Fees**

The Manager may, for any reason at any time, waive or reduce the amount of any fees or other charges payable by the Unit Holders in respect of the Fund, either generally or specifically and for any period of time at its absolute discretion.

***ALL FEES AND CHARGES PAYABLE TO THE MANAGER AND THE TRUSTEE ARE SUBJECT TO ANY APPLICABLE TAX WHICH MAY BE IMPOSED BY THE GOVERNMENT OR OTHER AUTHORITIES FROM TIME TO TIME.***

## CHAPTER 6: TRANSACTION INFORMATION

### 6.1 Pricing Policy

The Manager will adopt a single pricing policy when calculating the value of your Units which means that each Unit will be transacted and quoted on a single price i.e., the NAV per Unit of the Fund.

The NAV per Unit of the Fund will be valued at least once a month on a forward pricing basis and will be made available by the Manager within 7 Business Days from the day on which the NAV per Unit of the Fund is determined.

Unit Holders may obtain the NAV per Unit of the Fund by contacting the Manager directly.

**As the Fund is a close-end fund, the subscription for Units of the Fund is available during the Offer Period only.**

### 6.2 Valuation Point of the Fund

The Fund will be valued at least once a month.

### 6.3 Computation of NAV and how the Management Fee and Trustee Fee are calculated

Example: Computation of NAV per Unit	The Fund	MYR Class	AUD Class
	AUD	MYR	AUD
Multi-class ratio <sup>#</sup>	100%	60%	40%
Value of the Fund (AUD)	30,000,000.00	18,000,000.00	12,000,000.00
Conversion rate AUD/MYR @3.400		3.400	
Value of the classes of Units in their respective currency denomination		61,200,000.00	12,000,000.00
Add: Income		50,000.00	15,000.00
Less: Expenses		(30,600.00)	(6,000.00)
Gross Asset Value of the Fund		<b>61,219,400.00</b>	<b>12,009,000.00</b>
Less:			
Management Fee - Calculated on a Daily Basis (0% per annum/365 days)		(0)	(0)
Trustee Fee - Calculated on a Daily Basis (0.03% per annum/365 days)		(50.32)	(9.87)
NAV of the Fund		<b>61,219,349.68</b>	<b>12,008,990.13</b>
Units In Circulation		60,000,000.00	11,500,000.00
NAV per Unit of MYR Class and AUD Class (rounded to 4 decimal places)		<b>RM1.0203</b>	<b>AUD1.0443</b>

<sup>#</sup> Multi-class ratio (or MCR) is apportioned based on the size of the Class relative to the entire Fund.

#### **6.4 Subscription of Units**

Application for Units may be made during the Offer Period only. The subscription form is available at the office of the Manager.

During the Offer Period, Units of the Fund will be issued at the Offer Price.

**After the end of the Offer Period, no Units will be available for subscription.**

#### **6.5 Redemption of Units**

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. The redemption price will be 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.

#### **6.6 Periodic Reporting to Unit Holders**

Unit Holders will receive the following statements and reports in a financial year:

- Monthly statements of account which shows the balance of Unit Holders' investments and all transactions made during the month, distribution details and investment value;
- Quarterly reports containing information of the Fund, a report on the Fund's performance and financial statements for the accounting period. The quarterly reports will be dispatched to all Unit Holders within 2 months from the close of each financial quarter; and
- An annual report containing information of the Fund, a report on the Fund's performance, audited financial statements for the accounting period and auditor's report. The annual report will be dispatched to all Unit Holders within 2 months from the close of the financial year of the Fund.

## CHAPTER 7: MANAGEMENT COMPANY

### 7.1 The Manager

The Manager, was incorporated as a public limited company on 2 August 1995 with issued share capital of RM18,465,300.00 comprising 13,465,300 ordinary shares and 5,000,000 preference shares. KIB is a wholly-owned subsidiary of Kenanga Investment Bank Berhad.

The Manager is licensed and authorised to conduct business in distributing unit trust funds and fund management on behalf of corporate, institutional and individual clients under the CMSA. The Manager established its maiden fund, the Kenanga Premier Fund, on 26 November 1996 and has since then been managing an array of unit trust funds and private mandates.

As at 15 January 2020, the Management Company manages 39 unit trust funds, 2 private retirement schemes (consisting of 6 core funds and 1 non-core fund), 28 wholesale funds and other funds from government agencies, pension funds, insurance, corporate and individual clients with a total fund size of RM13.24 billion.

### 7.2 Functions of the Manager

The Manager is responsible for the day-to-day management, marketing and administration of the Fund, where its key functions include:

- a) Endeavouring to manage the Fund in a sound and professional manner in accordance with its investment objectives, the provisions of this Information Memorandum and the Deed;
- b) Arranging for sale and redemption of Units of the Fund;
- c) Issuing the Fund's quarterly and annual reports to Unit Holders;
- d) Keeping proper records of the Fund; and
- e) Keeping Unit Holders informed on material matters relating to the Fund.

### 7.3 Board of Directors

Datuk Syed Ahmad Alwee Alsree (Chairman)  
Syed Zafilen Syed Alwee (Independent Director)  
Peter John Rayner (Independent Director)  
Imran Devindran Abdullah (Independent Director)  
Norazian binti Ahmad Tajuddin (Independent Director)  
Ismitz Matthew De Alwis (Executive Director/Chief Executive Officer)

***Note: Further information on the Manager, board of directors and investment committee members are provided in the Manager's website at [www.kenangainvestors.com.my](http://www.kenangainvestors.com.my)***

## 7.4 Key Personnel of the Manager

### **Ismitz Matthew De Alwis** **Executive Director / Chief Executive Officer**

**Ismitz Matthew De Alwis** is the Chief Executive Officer for Kenanga Investors Berhad (“KIB”) responsible for the overall asset and investment management business of KIB and its subsidiaries. He joined KIB in June 2013 upon the acquisition of ING Funds Berhad, where he was the Executive Director and country head for ING Investment Management business in Malaysia. He started as an Investment Analyst with a regional research & advisory firm, where he obtained vast regional exposure in Hong Kong, Philippines, Dubai and Singapore. He brings with him more than 25 years of experience, expertise and several leadership roles in the fields of financial and investment management both regionally and locally.

He is a member of University of Cambridge, Judge Business School – ABSEP alumni network and also attended the Advanced Business Management Program (ABMP) by International Institute for Management Development (IMD), Lausanne, Switzerland. He holds an MBA and professional qualifications from the Chartered Institute of Marketing UK (CIM UK). He is also a Certified Financial Planner (CFP) and an Islamic Financial Planner (IFP). He has a Capital Markets Services Representative’s License (CMSRL) from the Securities Commission for fund management, investment advice and financial planning.

He is currently on the board of the Federation of Investment Managers Malaysia (FIMM), Committee Member of Malaysia Association of Asset Managers (MAAM), and member of the Licensing Examinations Review Committee (LERC) for the Securities Commission Licensing Examination Module 10: Asset & Funds Management. He was also appointed to the Industry Competency Framework (ICF) Advisory Panel for the Malaysian Capital Market project undertaken by the Securities Industry Development Corporation (SIDC). He is also currently the President of Financial Planning Association of Malaysia (FPAM).

### **Dr. Sahar Effendi bin Hj Daud** **Head of Compliance**

**Dr. Sahar** joined KIB on 3 November 2014 as the Head of Compliance. He started his career in 1997 with an international affiliated accounting firm before joining the Securities Commission in 2001. Whilst with the SC, he was attached to the Trust and Investment Management Department for about 2 years prior to joining the Investigation Department until his departure from the SC in October 2014. During his tenure with the Investigation Department, he was exposed to numerous high profile cases in various areas involving insider trading, market manipulation, illegal investment schemes, corporate fraud and forensic accounting as well as money laundering related offences.

Dr. Sahar, a Chartered Accountant (Malaysia), holds a Bachelor of Accountancy (Hons) from Universiti Putra Malaysia, MBA (Management and Finance) and Doctor of Business Administration (Accounting: Financial Disclosure, Corporate Governance and Performance Measurement); both from Universiti Utara Malaysia. Dr. Sahar is also a member of the Malaysian Institute of Accountants (MIA), Chartered Tax Institute of Malaysia (CTIM), Association of Certified Fraud Examiner (ACFE) as well as the Certified Financial Investigator Alumni (CFIA).

Dr. Sahar is the designated person responsible for compliance matters of the Fund.

## **7.5 Designated fund manager**

### **Lee Sook Yee Chief Investment Officer**

**Lee Sook Yee** joined KIB as Chief Investment Officer in March 2013, bringing with her more than sixteen (16) years of experience in local and regional equities investment. Prior to this, Sook Yee was Head of Equities at Meridian Asset Management, where she managed various local and regional funds. Before joining Meridian, Sook Yee was Vice President/Senior Portfolio Manager at Credit-Suisse Asset Management in Singapore where she co-managed mutual funds focusing on emerging Asian markets. She was also Associate Director/ Portfolio Manager with UOB-OSK Asset Management.

Sook Yee graduated with a Bachelor of Science (First Class Honours) in Economics from the London School of Economics, United Kingdom, and later obtained her Master of Philosophy (M.Phil) in Economics from the University of Cambridge, UK.



## CHAPTER 8: TRUSTEE

### 8.1 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.

### 8.2 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 (UTF), private retirement schemes 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).

### 8.3 Duties and Responsibilities of the Trustee

RHB Trustees Berhad's functions, duties and responsibilities are set out in the Deed. The general function, duties and responsibility of RHB Trustees Berhad 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.

RHB Trustees Berhad 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.

### 8.4 Trustee's Statement of Responsibility

RHB Trustees Berhad has given its willingness to assume the position as trustee of the Fund and all the obligations in accordance with the Deed, the Guidelines, securities laws and other relevant laws, and also its willingness to provide indemnity to the Manager for the benefit of the Unit Holders of the Fund for any loss incurred as a result of any non-performance of RHB Trustees Berhad.

## **8.5 Trustee's Declaration**

RHB Trustees Berhad is independent of the Manager. RHB Trustees Berhad will carry out transactions on an arm's length basis and on terms which are best available to the Fund, as well as act at all times in the best interest of the Unit Holders. RHB Trustees Berhad also has adequate procedures and processes in place to prevent or control conflicts of interest.

RHB Trustees Berhad confirms that the requirements of the guidelines on allowing a person to be appointed or to act as trustee under subsection 290(1) of the CMSA have been complied with at the point of application.

## CHAPTER 9: SALIENT TERMS OF THE DEED

### 9.1 Unit Holders' Rights and Liabilities

#### Unit Holders' Rights

A Unit Holder has the right, amongst others:

- (a) to receive distributions of income (if any);
- (b) to participate in any increase in the value of the Units;
- (c) to call for Unit Holders' meetings and to vote for the removal of the Trustee through a Special Resolution;
- (d) to receive annual and quarterly reports on the Fund; and
- (e) to enjoy such other rights and privileges as are provided for in the Deed.

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

#### Unit Holders' Liabilities

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

### 9.2 Termination of the Fund

The Fund shall terminate on the Maturity Date.

However, the Fund may be terminated or wound up should a Special Resolution be passed at a Unit Holders' meeting to terminate or wind up the Fund prior to the Maturity Date.

### 9.3 Termination of a Class of Units

The Manager may only terminate a particular Class of Units if the termination of that Class of Units does not prejudice the interests of Unit Holders of any other Class of Units. For the avoidance of doubt, the termination of a Class of Units shall not affect the continuity of any other Class of Units of the Fund.

If at a meeting of Unit Holders to terminate a Class of Units, a Special Resolution to terminate a particular class Units is passed by the Unit Holders:

- (a) the Trustee shall cease to create and cancel Units of that Class of Units;

- (b) the Manager shall cease to deal in Units of that Class of Units;
- (c) the Trustee and the Manager shall notify the relevant authorities in writing of the passing of the Special Resolution;
- (d) the Trustee or the Manager shall as soon as practicable inform all Unit Holders of the Fund of the termination of that Class of Units; and
- (e) the Trustee or the Manager shall publish a notice on the termination of that Class of Units in at least one national Bahasa Malaysia newspaper and one national English newspaper, if those Units are available in Malaysia.

The Trustee shall then arrange for a final review and audit of the final accounts of the Fund attributable to that class of Units by the auditor of the Fund. Upon the completion of the termination of that Class of Units, the Trustee and the Manager shall notify the relevant authorities of the completion of the termination of that Class of Units.

#### **9.4 Power to Call for a Meeting**

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

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

- (a) requiring the retirement or removal of the Manager;
- (b) requiring the retirement or removal of the Trustee;
- (c) considering the most recent audited financial statements of the Fund;
- (d) giving to the Trustee such directions as the meeting thinks proper; or
- (e) considering any matter in relation to the Deed,

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

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

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

## CHAPTER 10: OTHER INFORMATION

### 10.1 Unclaimed Moneys

Any monies payable to Unit Holders which remain unclaimed after more than one (1) year will be handled in accordance with the requirements of the Unclaimed Moneys Act, 1965 (revised 1989) and Unclaimed Moneys (Amendment) Act 2002.

### 10.2 Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (“AMLATFPUAA”)

Application for Units must be accompanied by proper identification documents for our verification. All investors will be checked against various reliable sources for money laundering information. Any cases which are suspicious will be reported to our compliance officer who will then report the matter to the SC and BNM.

Money laundering is a process intended to conceal the benefits derived from unlawful activities which are related, directly or indirectly, to any serious offence so that they appear to have originated from a legitimate source.

The AMLATFPUAA is the act that provides for the offence of money laundering and also the measures to be taken for the prevention of money laundering and terrorism financing offences. The Financial Intelligence and Enforcement Department of BNM has been established to carry out the functions as the competent authority under the AMLATFPUAA. All market intermediaries under the CMSA and fund management companies approved by the SC under the CMSA are obliged to comply with the provisions of the AMLATFPUAA.

### 10.3 No Guarantee

The Manager of the Fund does not guarantee the performance or success of the Fund. Investors are advised to read the Information Memorandum and obtain professional advice before subscribing to the Fund.

### 10.4 Enquiries

All enquiries about the Fund and its investment should be directed in writing to:-

Kenanga Investors Berhad  
Level 14, Kenanga Tower,  
237 Jalan Tun Razak,  
50400 Kuala Lumpur  
Website: [www.kenangainvestors.com.my](http://www.kenangainvestors.com.my)  
Email: [investorservices@kenanga.com.my](mailto:investorservices@kenanga.com.my)  
Toll free Line: 1-800-88-3737  
Facsimile No.: 03-2172 3133

Kenanga Investors Berhad  
Level 14, Kenanga Tower,  
237 Jalan Tun Razak,  
50400 Kuala Lumpur

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Email: [investorservices@kenanga.com.my](mailto:investorservices@kenanga.com.my)

Toll free Line: 1-800-88-3737