

# Kenanga

**Kenanga Investors**

**INFORMATION MEMORANDUM  
IN RESPECT OF THE  
KENANGA GLOBAL UNICORN 2**

Manager:

**Kenanga Investors Berhad**

**Registration No: 199501024358 (353563-P)**

Trustee:

**RHB Trustees Berhad**

**Registration No: 200201005356 (573019-U)**

This Information Memorandum is dated 5 November 2019.

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 Global Unicorn 2.

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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>Base Currency</b>	Means the base currency of the Fund i.e. MYR.
<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 Day as a non-Business Day if it is not a business day in the country of domicile of the Target Fund.</p> <p>Note: In respect of the Target Fund, a business day has the same meaning as ascribed to it in the Offering Documents of the Target Fund and shall mean a day on which banks in Singapore are open for normal banking business.</p>
<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 a “Class of Units” means any one class of Units.
<b>CMSA</b>	Means the Capital Markets and Services Act 2007.
<b>Deed</b>	Means the deed entered into between the Manager and the Trustee dated 25 October 2019 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>financial institution</b>	<p>Means:</p> <ul style="list-style-type: none"><li>(a) if the institution is in Malaysia:<ul style="list-style-type: none"><li>(i) licensed bank;</li><li>(ii) licensed investment bank; or</li><li>(iii) licensed Islamic bank;</li></ul></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></ul>
<b>Fund</b>	Means the Kenanga Global Unicorn 2.
<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>Initial Closing Date</b>	In respect of the Target Fund, the initial closing date for subscriptions is on 31 January 2020 or when a minimum fund size of USD 30 million has been attained (whichever is earlier), or such other date as may be determined by the Target Fund Manager.
<b>IPO</b>	Means initial public offering.
<b>long term</b>	Means a period of more than three (3) years.
<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>MAS</b>	Means Monetary Authority of Singapore.
<b>Maturity Date</b>	Means 31 January 2023 unless the tenure of the Fund is extended for an additional one (1) year. The Maturity Date will mirror the expiry date of the charter life of the Target Fund.  <i>Note: The charter life of the Target Fund commenced on the Initial Closing Date and will continue until the third (3<sup>rd</sup>) anniversary of the Initial Closing Date unless extended by the Target Fund Manager for up to one (1) additional one (1) year extension period. The Target Fund will be terminated after the end of its charter life.</i>
<b>medium term</b>	Means a period of one (1) year to three (3) years.
<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>	<p>Means the price payable by an applicant for a Unit during the Offer Period.</p> <p>The Offer Price is also the price payable by the Manager in respect of any redemption of Units by a Unit Holder during the Offer Period.</p>
<b>Offering Documents of the Target Fund</b>	Means the private placement memorandum dated 16 October 2019 (as the same may be amended or supplemented from time to time) relating to the Target Fund.
<b>RM or MYR</b>	Means Ringgit Malaysia, the lawful currency of Malaysia.
<b>Securities Commission or SC</b>	Means the Securities Commission Malaysia established under the Securities Commission Malaysia Act 1993.
<b>Sophisticated Investor</b>	<p>Refers to: -</p> <ol style="list-style-type: none"> <li>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;</li> <li>2. an individual who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies per annum in the preceding twelve (12) months;</li> <li>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 twelve (12) months;</li> <li>4. a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts;</li> <li>5. a partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies;</li> <li>6. 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;</li> <li>7. 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 RM10 million ringgit or its equivalent in foreign currencies;</li> <li>8. a pension fund approved by the Director General of Inland Revenue under section 150 of the Income Tax Act 1967;</li> <li>9. a statutory body established by an Act of Parliament or an enactment of any State;</li> <li>10. Central Bank of Malaysia established under the Central Bank of Malaysia Act 2009;</li> <li>11. a holder of a Capital Markets Services License;</li> <li>12. an executive director or a chief executive officer of a holder of a Capital Markets Services License;</li> </ol>



13. a unit trust scheme or a prescribed investment scheme;
14. a closed-end fund approved by the SC;
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 Labuan bank as defined in the Labuan Financial Services and Securities Act 2010;
18. a licensed insurer as defined in the Financial Services Act 2013;
19. an insurance licensee as defined in the Labuan Financial Services and Securities Act 2010;
20. a takaful licensee as defined in the Labuan Islamic Financial Services and Securities Act 2010;
21. a licensed takaful operator as defined in the Islamic Financial Services Act 2013;
22. a private retirement scheme as defined in the CMSA; and
23. any other investor as may be defined by the SC from time to time.

**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 of Units, “**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.

**Target Fund**

Means the Ericsenz-K2 Global Unicorn Fund II.

**Target Fund Manager**

Refers to Ericsenz Capital Pte. Ltd.

**Trustee**

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

**Trustee Fee**

Is a percentage of the NAV of the Fund that is paid to the Trustee for acting as the trustee for the Fund.

**Unit(s)**

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.

**Unit Holder(s)**

Refers to Sophisticated Investor(s) for the time being registered as the holder of Units in the Fund, including a jointholder. In relation to the Fund, means all the unit

holders of every Class of Units in the Fund.

**USD**

US Dollar, the lawful currency of the United States of America.

**USD Class**

Means a Class of Units of the Fund which is denominated in USD.

## CHAPTER 1: KEY DATA

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

Classes of Units	MYR Class	USD Class
<b>Name of Fund</b>	Kenanga Global Unicorn 2	
<b>Fund Type</b>	Growth (closed-end)	
<b>Fund Category</b>	Equity (feeder)	
<b>Offer Period</b>	Up to forty five (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	USD 1.0000
<b>Commencement Date</b>	Means within seven (7) 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>	<p>The Fund will mature on 31 January 2023 unless the tenure of the Fund is extended for an additional one (1) year. The Maturity Date will mirror the expiry date of the charter life of the Target Fund.</p> <p><i>Note: The charter life of the Target Fund commenced on the Initial Closing Date and will continue until the third (3<sup>rd</sup>) anniversary of the Initial Closing Date unless extended by the Target Fund Manager for up to one (1) additional one (1) year extension period. The Target Fund will be terminated after the end of its charter life.</i></p> <p>The maturity proceeds from the Target Fund will be paid to the Fund within one (1) month from the Target Fund's receipt of the proceeds from the Target Fund's investments. Unit Holders will subsequently receive their maturity proceeds within two (2) months from the Fund's receipt of the maturity proceeds from the Target Fund and such maturity proceeds will be converted to the currency denomination of the respective Classes of Units based on the prevailing conversion rate.</p>	
<b>Investment Objective</b>	<p>The Fund seeks to provide capital appreciation at the end of the Fund's maturity by investing in the Target Fund.</p> <p><i>Any material change to the investment objective of the Fund would require the approval of Unit Holders.</i></p>	

<b>Investment Policy and Strategy</b>	The Fund will invest up to 100% of the Fund's NAV in the Target Fund, while any remaining NAV of the Fund will be invested in liquid assets.
<b>Asset Allocation</b>	<p>The Fund's portfolio will be structured as follows:</p> <ul style="list-style-type: none"> <li>▪ Up to 100% of the Fund's NAV to be invested in the Target Fund; and</li> <li>▪ The balance of the Fund's NAV to be invested in liquid assets comprising of 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>▪ Liquidity Risks</li> <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>▪ Country Risks</li> <li>▪ Currency Risks</li> <li>▪ Valuation Risks</li> <li>▪ Liquidity Risks</li> <li>▪ Equity Risks</li> <li>▪ Particular Security Risks</li> <li>▪ Systemic Risks</li> <li>▪ Material Investor Risks</li> <li>▪ Repatriation of Capital, Dividends, Interest and Other Income Risks</li> <li>▪ Asset Class Risks</li> <li>▪ Concentration Risks</li> <li>▪ Derivatives Risks</li> <li>▪ Liquidity Risk for Derivatives</li> <li>▪ Leverage Risks</li> <li>▪ Investments in Small Companies</li> <li>▪ Private Equity Investments</li> <li>▪ Limited Quality of Documents</li> <li>▪ Time Required for Maturity of Investments</li> <li>▪ Early Termination Risks</li> <li>▪ Subscription Monies</li> <li>▪ Restrictions on Redemption of Units</li> <li>▪ Restrictions on Transfer of Units</li> <li>▪ Illiquidity of Units</li> <li>▪ No Guarantee of Distributions</li> </ul>
<b>Benchmark</b>	<p>The Fund will be measured against a targeted return of 12% internal rate of return per annum.</p> <p>This is not a guaranteed return and serves as a guide to measure the Fund's performance. The Fund may or may not achieve 12% internal rate of return per annum in any particular financial year.</p>

	<i>Note: The risk profile of the Fund is not the same as the risk profile of the performance benchmark.</i>	
<b>Base Currency</b>	MYR	
<b>Investors' Profile</b>	The Fund is suitable for Sophisticated Investors who:- <ul style="list-style-type: none"> <li>▪ have medium to long term investment horizon; and</li> <li>▪ seeks growth in their investment.</li> </ul>	
<b>Financial Year</b>	The Fund's financial period is a 12-month period ending on the 31 <sup>st</sup> day of March of every calendar year, save and except that the first financial period shall commence on the date of the first Information Memorandum. For the avoidance of doubt, the first financial year must not be more than eighteen (18) months.	
<b>Transaction Information</b>		
<b>Minimum Initial Investment (during the Offer Period only)</b>	RM100,000 or such other amount as the Manager may prescribe from time to time.	USD25,000 or such other amount as the Manager may prescribe from time to time.
<b>Minimum Additional Investment (during the Offer Period only)</b>	RM50,000 or such other amount as the Manager may prescribe from time to time.	USD10,000 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 in 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 ten (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>	Up to 5.00% of the Offer Price.  <i>Note: The sales charge is applicable to all Classes of Units.</i>
<b>Redemption Charge</b>	Nil.
<b><i>Expenses indirectly incurred by Unit Holders.</i></b>	
<b>Management Fee</b>	Up to 1.00% per annum of the NAV of the Fund. The Management Fee is calculated and accrued on a daily basis and payable monthly.
<b>Trustee Fee</b>	Up to 0.03% per annum of the NAV of the Fund (excluding foreign sub-custodian fees and charges). The Trustee Fee is calculated and accrued on a daily basis 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>	Unit Holders will receive the following statements and reports in a financial year: <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 two (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 two (2) months from the close of the</li> </ul>

	financial year of the Fund.
<b>Distribution Policy</b>	Income distribution (if any) will be on an annual basis, subject to the availability of income**.  <i>** On an annual basis, subject to the availability of income, or at the end of the charter life of the Target Fund, the Target Fund Manager may declare and determine any distributions payable to the Fund out of the cash proceeds from the sale or disposal of such investments after deducting the necessary costs and expenses attributed thereto. Upon the Fund's receipt of the distributions from the Target Fund within one (1) month from the Target Fund's receipt of the proceeds from such investments, the Manager intends to subsequently distribute the distributions as income distribution to the Unit Holders.</i>
<b>Information about the Target Fund</b>	
<b>Name of the Target Fund</b>	Ericsenz-K2 Global Unicorn Fund II
<b>Target Fund Manager</b>	Ericsenz Capital Pte. Ltd.
<b>Regulatory Authority of the Target Fund</b>	Monetary Authority of Singapore
<b>Regulatory Authority of the Target Fund Manager</b>	Monetary Authority of Singapore
<b>Inception Date of the Target Fund</b>	16 October 2019
<b>Base Currency of the Target Fund</b>	USD

**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 7.**

**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.**

## 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 Target Fund Manager. 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:

**Liquidity Risks** – This risk refers to the possibility that the investments of the Fund cannot be readily sold or converted into cash as the Fund's investments in the Target Fund can only be redeemed at the sole and absolute discretion of the Target Fund Manager during or at the expiry of the charter life of the Target Fund (as defined in section 4.3 below).

**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-MYR denominated assets e.g. the Fund's investments in the Target Fund, subscriptions proceeds for USD Class, and liabilities e.g. USD-based expenses of the Fund. These non-MYR denominated exposures are subject to the exchange rate fluctuations against MYR (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 USD Class may result in an appreciation or depreciation of the Unit Holder's holdings when expressed in the currency of the USD 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 Singapore, 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 Singapore. 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 Target Fund Manager. The Manager has no control over the investment techniques and strategies, operational controls and management of the Target Fund Manager. 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** – Market risk is a risk that arises when the prices of investments in the marketplace are affected by circumstances such as political or economic events. These circumstances, which may be a local or global event, can affect a local market where the Target Fund is invested in or global markets and subsequently, the value of the investments of the Target Fund.

**Country Risks** – The Target Fund may be investing in foreign markets. The foreign investments portion of the Target Fund may be affected by risks specific to the country that the Target Fund invests in. Such risks include changes in the country's economic fundamentals, social and political stability, currency movements and foreign investments policies. These factors may have an impact on the prices of the securities that the Target Fund has invested in and ultimately lower the value of the investments of the Target Fund.

**Currency Risks** – The Target Fund will be valued in USD. Assets and liabilities denominated in other currencies will be translated at the rate of exchange in effect at the relevant day and translation adjustments will be reflected in the resulting valuation. Currency exchange rates generally are determined by the forces of supply and demand in the currency exchange markets and the relative merits of investment in different countries, actual or anticipated changes in interest rates and other complex factors as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention or failure to intervene by governments or central banks or by currency controls or political developments throughout the world. Likewise, investors dealing in a different local currency other than USD should be aware that the currency exchange rate fluctuations could cause the value of their investment to diminish. Further, transaction costs may be incurred in connection with the conversions between such other currencies and USD.

**Valuation Risks** – The investments of the Target Fund will consist of illiquid, unlisted and unquoted securities for which no public market exists, and for which no price quotation may be available from exchanges, brokers or other third party sources. However, these values may not reflect the actual prices which would be realised upon a sale of a particular asset. Valuations of assets undertaken or provided by the Target Fund will be conclusive and binding on all investors.

Prospective investors should be aware that the valuation or pricing of certain asset classes, particularly hard-to-price assets such as illiquid, unlisted and unquoted securities, may result in subjective prices being applied to the Target Fund's administrator's calculations of the net asset value of the Target Fund. This could materially affect the net asset value of the Target Fund, particularly if the judgments of the Target Fund Manager or their third party valuation agents regarding appropriate valuations or pricing should prove incorrect.

**Liquidity Risks** – Liquidity risk exists when a particular security is difficult to sell in an open market due to circumstances such as limited free-float shares or due to small capitalisation companies where stocks trade less frequently and in smaller volume. Should a security become illiquid, it might not be sold or the price at which it is sold is at a discount to its perceived fair value, i.e. the price that the security would hold under normal market conditions. Investors should note that the investments of the Target Fund may be illiquid in nature and may not be disposed during the duration of the investment and should therefore be viewed as illiquid and subject to risk.

The investments of the Target Fund are traded in the private market which does not possess sufficient liquidity and may not have a ready purchaser. In the event there is a delay or abortion of IPO proceedings, the Target Fund may face difficulty in disposing such investments to a willing purchaser in the private market. The holding period for such investments may hamper returns on investments (on a discounted basis) until exit conditions are met.

**Equity Risks** – The performance of the investments of the Target Fund is also dependent on company-specific factors like the investee company's business situation. If the company-specific factors deteriorate, the price of the specific security may drop significantly and permanently. Such event could possibly occur even in a positive equity market trend. The risk will be managed via portfolio diversification. In addition, where necessary, exposure to a particular security will be reduced in the event of an anticipated weakness in that particular security.

**Particular Security Risks** – The performance of each individual security that the Target Fund invests in will affect the price of the units. Not all companies issuing the securities are successful. The success or failure of the companies will cause its securities' value to rise or fall. Valued collectively, the performance of individual securities comprising the Target Fund's portfolio will cause the net asset value of the Target Fund to rise or fall accordingly.

**Systemic Risks** – Under certain market conditions, it may be difficult or impossible to liquidate or rebalance positions. For example, this may occur during volatile markets or crisis situations or where trading under the rules of the relevant stock exchange is suspended, restricted or otherwise impaired. During such times, the Target Fund may be unable to dispose of certain assets due to thin trading or lack of a market or buyers. Placing a stop-loss order may not necessarily limit the Target Fund's losses to intended amounts as market conditions may make it impossible to execute such an order at the ideal price. In addition, such circumstances may force the Target Fund to dispose of assets at reduced prices, thereby adversely affecting the Target Fund's performance. Further, such investments may be difficult to value with any degree of accuracy or certainty. The dumping of securities in the market could further deflate prices. If the Target Fund incurs substantial trading losses, the need for liquidity could rise sharply at the same time that access to liquidity is impaired. Further, in a market downturn, the Target Fund's counterparties' financial conditions could be weakened, thereby increasing the credit risk.

**Material Investor Risks** – In line with the intended clientele of the Target Fund, the Target Fund Manager may accept subscriptions from institutional investors (as defined under the Securities and Futures Act, Chapter 289 of Singapore) and such subscriptions may constitute a large portion of the total investments of the Target Fund. Whilst these institutional investors will not have any control over the Target Fund Manager's investment decisions, the actions of such investors may have a material effect on the Target Fund.

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

**Asset Class Risks** - The returns generated from the investments of the Target Fund may not provide returns equivalent to that of other asset classes. The investments of the Target Fund may be subject to cycles of underperformance relative to that of other asset classes.

**Concentration Risks** - Although it will be the policy of the Target Fund to diversify its investment portfolio, the Target Fund may at certain times hold large positions in a limited number of investments. The Target Fund could be subject to significant losses if it holds a relatively large position in a particular investment that declines in value, or is otherwise adversely affected.

**Derivatives Risks** - The Target Fund may engage in transactions in financial derivative instruments (or derivatives), such as options and futures transactions,

swaps, forward contracts, credit derivatives, caps and floors, contracts for differences or other derivative transactions, for the purposes of hedging and/or efficient portfolio management. The risks associated with derivatives are very different from those incurred in other investments. When buying a share, for example, the maximum loss is the amount originally paid for it. Derivatives, on the other hand, exhibit many different risk profiles.

Some derivatives provide limited risk and unlimited upside potential. For example, on purchasing a call option, the risk is limited to the amount paid to hold the call option whereas the potential profit is unlimited. On the other hand, some derivatives may display risk characteristics pursuant to which the potential gain is limited, whereas losses are potentially unlimited. Depending on its investment objective and policies, the Target Fund may invest in complex derivatives that seek to modify or replace the investment performance of particular securities, future interests, interest rates, indices or markets, with or without leverage. Furthermore, the Target Fund may use derivatives for hedging purposes or otherwise, for example, to reduce transaction costs, achieve greater liquidity, create effective exposure to international financial markets or a specific security, or increase speed and flexibility in making changes in the portfolio of the Target Fund. Although derivatives are often used to minimise risk, no derivatives activity can completely insulate the Target Fund. These derivatives activities may not have the desired beneficial impact on the results of operations or financial condition of the Target Fund as derivatives have their own kinds of additional risks, such as:

- the use of derivatives for hedging purposes may not be effective;
- some derivatives may limit the Target Fund's potential for gain, as well as for loss;
- the cost of entering and maintaining derivative contracts may reduce the Target Fund's total return to investors;
- the price of a derivative may not accurately reflect the value of its underlying asset;
- the value of the derivatives may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Downward adjustments and the significant loss in value of derivative instruments due to a write down to fair value would reduce the net asset value of the Target Fund;
- there is no guarantee that a market will exist when the Target Fund wants to buy or sell a derivative contract; and
- exchanges may set daily trading limits on certain derivative contracts. These could prevent the Target Fund from closing a contract.

**Liquidity Risk for Derivatives** - There is no assurance that a liquid market will exist for any particular derivative or at any particular time or that counterparties with which the Target Fund trades derivatives will not cease making markets or quoting prices in certain instruments. In such instances, the Target Fund may be unable to enter into a desired transaction with respect to an open position, which might adversely affect its performance.

**Leverage Risks** - The Target Fund is allowed to borrow cash on a short term basis. Although such borrowings are not expected to be major, they carry risks and may adversely affect the performance of the Target Fund.

**Investments in Small Companies** - There is no limitation on the size or operating experience of the companies in which the Target Fund may invest. Small companies in which the Target Fund may invest may lack management depth or the ability to

obtain the funds necessary for growth. Such companies may entail a greater risk than investment in larger companies.

**Private Equity Investments** - The Target Fund may acquire minority equity stakes in privately held companies. The Target Fund Manager may not always be in a position to effectively protect the interests of the holders of the Target Fund as the Target Fund may be a minority investor in some or all of the investments. The success of the investments of the Target Fund in such companies will depend in part of the performance and abilities of such companies' controlling shareholders and directors. This is because the Target Fund will not control such companies, the Target Fund Manager may not be in a position to effectively protect the Target Fund's investor's interests and the Target Fund's ability to exit from such investments may be limited. Additionally, the Target Fund is likely to have a limited ability to influence the management of such companies. The Target Fund Manager may also have disagreements with controlling shareholders over the strategy and operations of such companies. As a result of the foregoing, the Target Fund's equity investments in such companies may perform poorly.

**Limited Quality of Documents** - Due to the specific situation in the different countries, the Target Fund Manager may be forced to rely on documents provided by the relevant counterparties of the companies that the Target Fund Manager may invest in and the local authorities or local lawyers. Such documents may be of poorer quality than documents typically used in developed markets.

**Time Required for Maturity of Investments** - There can be no assurance as to when the investments of the Target Fund may mature so that gains, if any, can be realized. Successful private equity investments often take from three (3) to five (5) years from the date of investment before any liquidity event with good capital gain occurs. There may be a number of years when the Target Fund may not receive any income from its investments. Income received during the initial years of the tenure of the Target Fund may not be significant and may not be able to cover operating expenses of the Target Fund. In addition, there could be faster realisation of losses on unsuccessful investments normally.

**Early Termination Risk** – The investments, which the Target Fund principally invests in, may be liquidated at any time. In such circumstances, the Target Fund Manager would have to resort to an early exit to dispose or warehouse the particular investment of the Target Fund. At the same time, the Target Fund would commence downside protection practices and review the asset allocation and portfolio mix of the Target Fund. The impact of such circumstances would depend on the level of exposure to the underlying asset, difference in value and the holding period of the investment of the Target Fund. In such cases, the holders of the Target Fund's returns may be affected due to the review and the repositioning of the Target Fund.

**Subscription Monies** – Where a subscription for units of the Target Fund is accepted, the units will be treated as having been issued with effect from that day notwithstanding that the holder of the Target Fund may not be entered in the register until after such relevant day. The subscription monies paid by a holder of the Target Fund for the units will accordingly be subject to investment risk in the Target Fund from such relevant day.

**Restrictions on Redemption of Units** – Holders of the Target Fund have no right to request for the Target Fund to redeem their units. Accordingly, holders of the Target Fund may not be able to realise their investments in units until the end of the charter life of the Target Fund (as defined in section 4.3 below).

**Restrictions on Transfer of Units** – The units may only be transferred or disposed of under limited circumstances or only with the prior written consent of the Target Fund Manager, whose consent may be granted or withheld at its sole and absolute discretion. Each holder of the Target Fund must therefore consider its interest in the Target Fund to be illiquid and that it is acquiring its interest in the Target Fund for investment and not with a view to transfer or disposal.

**Illiquidity of Units** – The units of the Target Fund are not capital-safe products. There is no guarantee that holders of the Target Fund can regain the amount invested. If the Target Fund is terminated or liquidated, investors may lose a part or all of their investment in the units.

There is no public market for the units. As such, an investment in the Target Fund, compared to other investment options, is a relatively illiquid investment. Prospective investors must be prepared to hold their units for an indefinite length of time.

**No Guarantee of Distributions** – No assurance can be given as to the Target Fund's ability to pay or maintain distributions or that the level of distributions will increase over time. In addition, in the event that the Target Fund Manager chooses to make distributions to holders of the Target Fund in-kind (as opposed to in cash), such distributions may be in the form of securities or otherwise (whether publicly traded or not), such distributions may be subject to liquidity risk and/or equity risk.

## **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 capital appreciation at the end of the Fund's maturity by investing in the Target Fund.

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

### 3.2 Investment Policy and Strategy

The Fund will invest up to 100% of the Fund's NAV in the Target Fund, while any remaining NAV of the Fund will be invested in liquid assets.

The Target Fund aims to provide medium term capital appreciation by investing primarily in (i) the equity securities of globally recognized technology companies, or otherwise known as "unicorns", which have long term prospects for growth and have undergone transformational change from start-ups to IPO-ready entities , and (ii) up to 10% of invested capital in equity securities of companies that have, or will, develop products, processes or services that provide, or benefit from, technology and innovations (collectively the "Investments").

*Please refer to sections 4.5 and 4.6 for further details on the investment objective and investment strategy of the Target Fund.*

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 no longer meets 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:

- Up to 100% of the Fund's NAV to be invested in the Target Fund; and
- The balance of the Fund's NAV to be invested in liquid assets comprising of money market instruments and deposits with financial institutions.

### 3.4 Benchmark

The Fund will be measured against a targeted return of 12% internal rate of return per annum.

This is not a guaranteed return and serves as a guide to measure the Fund's performance. The Fund may or may not achieve 12% internal rate of return per annum in any particular financial year.

*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 Target Fund Manager 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 based on 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 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 Fund Size and Structure

Ericsenz-K2 Global Unicorn Fund II (“**Target Fund**”) is a private closed-end unit trust constituted under the laws of the Republic of Singapore.

The Target Fund targets to raise an amount of USD100 million (subject to the Target Fund Manager’s discretion to increase or decrease such amount) through the offering of units denominated in USD.

The base currency of the Target Fund is in USD.

### 4.2 Regulatory Authority of the Target Fund

Monetary Authority of Singapore (“MAS”).

### 4.3 Charter Life

The Target Fund continues until the third (3<sup>rd</sup>) anniversary of the Initial Closing Date, unless extended by the Target Fund Manager in its discretion for up to one (1) additional one (1) year extension period (“Charter Life”).

### 4.4 The Target Fund Manager

The Target Fund Manager is Ericsenz Capital Pte. Ltd., whose registered address is at 50 Raffles Place, #37-00, Singapore Land Tower, Singapore 048623.

The Target Fund Manager is a private limited company incorporated under the laws of the Republic of Singapore and is regulated as a holder of a capital markets services licence under the Securities and Futures Act, Chapter 289 of Singapore to conduct the regulated activity of fund management in Singapore by the MAS whose address is 10 Shenton Way, MAS Building, Singapore 079117.

The Target Fund Manager has been appointed with the overall responsibility for the management of the Target Fund and its assets. The Target Fund Manager may from time to time, in accordance with the Target Fund’s deed, delegate any or all of its functions, powers, discretions, privileges, duties and obligations under the Target Fund’s deed to other entities or third parties reasonably selected by the Target Fund Manager and/or employ other agents, including but not limited to strategic advisor(s), which may be affiliated with or independent from the Target Fund Manager, to assist in identifying and providing access to suitable investment or divestment opportunities, and in preparing and evaluating proposals for the Target Fund Manager, although all fees, costs and expenses incurred by the Target Fund Manager shall be borne by the Target Fund Manager unless otherwise stated in the Offering Documents of the Target Fund, and the Target Fund Manager shall remain liable for all acts and omissions by any person to whom it may delegate any of its functions thereunder.

#### **4.5 Investment Objective**

The investment objective of the Target Fund is to provide medium term capital appreciation by investing primarily in (i) the equity securities of globally recognized technology companies, or otherwise known as “unicorns”, which have long term prospects for growth and have undergone transformational change from start-ups to IPO-ready entities, and (ii) up to 10% of invested capital in equity securities of companies that have, or will, develop products, processes or services that provide, or benefit from, technology and innovations (collectively, the “**Investments**”).

The Target Fund also sees strong investment opportunities in growth or late stage investments. The Target Fund will consider the growth to risk aspects of the investment targets, including the outlook for exit through IPO or trade sales. The identified investees should be globally recognized, dominant in their field and have proven to have a disruptive impact in their chosen market.

The key to the performance of the Target Fund is the selection of the Investments. The Target Fund will leverage on the extensive network and expertise of the Target Fund Manager to gain access to invest in these exceptional companies which are otherwise inaccessible for most investors.

#### **4.6 Investment Strategy**

The investment strategy of the Target Fund has been developed by the Target Fund Manager with the goal to achieve medium term capital appreciation by opportunistically investing in the Investments. Specifically, the Target Fund aims to invest both directly and indirectly through special purpose vehicles in securities of non-listed entities and/or other assets.

As part of the investment process, the Target Fund Manager will conduct a research-driven approach to analyse multiple aspects of the potential investment opportunities. With disciplined analysis and thorough risk assessment, the Target Fund Manager will conduct its due diligence with high professional standards.

Notwithstanding the above, the Target Fund may invest from time to time in cash, deposits, short term bonds and other money market instruments for cash management purposes, as well as financial derivative instruments, including but not limited to options, futures contracts, forward contracts and swaps, for hedging purposes.

There is no guarantee that the investment strategies adopted will be successful and if the Target Fund will achieve any particular level of returns.

#### **4.7 Investment Restrictions**

The Target Fund is subject to the following investment limits and restrictions:

- the Target Fund shall not make investments in securities that have unlimited liability;
- the Target Fund shall neither borrow nor create any encumbrance over the Target Fund's assets, or mortgage, pledge, hypothecate or in any manner transfer as security for any indebtedness of any assets owned or held by the Target Fund, which may subject the holders of the Target Fund to additional liability beyond their investment in the Target Fund;
- the Target Fund shall not make investments in physical commodities; and

- the Target Fund shall not enter into any underwriting arrangement or agreement in respect of any IPO issuance.

#### **4.8 Leverage and Borrowings**

The Target Fund may borrow cash on a short term basis from financial institutions. The assets of the Target Fund may only be pledged as collateral with financial institutions for borrowing of this nature. The nature of the borrowing is for hedging purposes and/or to secure opportunities to participate in Investments which have significant discounts to their latest valuation and/or are closing their funding rounds prior to their IPOs.

#### **4.9 Targeted Return**

The Target Fund has a targeted return of 12% internal rate of return per annum.

#### **4.10 Exit Strategy**

The Target Fund's exit strategy is typically through the following methods:

- IPOs or reverse take-overs;
- mergers or acquisitions;
- trade sales and secondary buyouts;
- put options or redemptions;
- asset sales;
- self-liquidating structures; and
- re-capitalization or re-financing.

#### **4.11 Termination**

The Target Fund will automatically terminate or may be terminated after the end of its Charter Life. In addition, the Target Fund and each class of units of the Target Fund may be terminated prior to the end of its Charter Life, as provided under the Target Fund's deed.

#### **4.12 Valuation**

The net asset value of the Target Fund and net asset value per unit of each series will be calculated in USD by the Target Fund's administrator in accordance with the Target Fund's deed and on the last business day\* of each calendar month, or at such other time or day as the Target Fund Manager may from time to time determine, either generally or in any particular case, and notify to the holders of the Target Fund ("**Target Fund's Valuation Day**"). The net asset value of the Target Fund will be calculated by deducting the liabilities from the assets of the Target Fund while the net asset value per unit of the relevant series will be calculated by dividing the net asset value of the Target Fund attributable to the series to which such unit belongs, less the liabilities attributable to such series, by the number of units of such series in issue and rounding such amount to four (4) decimal places (or such other method of adjustment or number of decimal places as determined by the Target Fund Manager). The net asset value per unit will be published monthly and the published price thereafter will remain the same until the next valuation takes place.

The Target Fund Manager may, at its absolute discretion, permit such other method of pricing or valuation which, in its opinion, better reflects fair value and direct the Target Fund's administrator to apply this to the calculation of the net asset value of the Target Fund.

*Note:*

\* "business day" refers to a day on which banks in Singapore are open for normal banking business.

#### **4.13 Redemptions, Withdrawals and Transfers**

The units shall not be redeemable at the option of the holders of the Target Fund during the Charter Life. During the Charter Life, such units may only be redeemed at the sole and absolute discretion of the Target Fund Manager, and holders of the Target Fund may not withdraw from, sell, assign, transfer, pledge, exchange, convey or otherwise encumber or attempt to encumber or dispose of units without the prior written consent of the Target Fund Manager, whose consent may be granted or withheld at its sole and absolute discretion.

#### **4.14 Compulsory Redemption**

The Target Fund Manager shall have the right to compulsorily require the redemption or transfer of units in certain circumstances without prior notice, including but not limited to, in the event of any person directly or beneficially holding units, whether representing all the units held by such person or part thereof:

- (a) in breach or contravention of the applicable rules in any jurisdiction;
- (b) which in the reasonable opinion of the Target Fund Manager, in consultation with the Target Fund's trustee, may result in the Target Fund, Target Fund's trustee, Target Fund Manager (or any person connected with any of them) breaching any applicable rules in any jurisdiction;
- (c) which in the reasonable opinion of the Target Fund Manager, in consultation with the Target Fund's trustee, may cause the Target Fund, Target Fund's trustee, Target Fund Manager or any of the holders of the Target Fund to suffer any liability to taxation or any material pecuniary, fiscal or administrative disadvantage or affecting each of their tax status or residence;
- (d) which in the reasonable opinion of the Target Fund Manager, in consultation with the Target Fund's trustee, may affect the regulatory status of the Target Fund, Target Fund's trustee or Target Fund Manager (or any person connected with any of them) or any other service provider to the Target Fund (including but not limited to affecting any applicable restricted status, regulatory licence or exemption), or may result in the offer of units being subject to any authorisation, recognition, approval or registration requirements with any authority under the applicable rules in any jurisdiction which it would otherwise not be required to comply with;
- (e) who ceases to be an accredited investor or institutional investor (both as defined under the Securities and Futures Act, Chapter 289 of Singapore) for any reason;
- (f) where information (including but not limited to information regarding tax status, identity or residency), self-certifications or documents as may be requested by the Target Fund Manager pursuant to local laws, regulations or contractual obligations

with other jurisdictions' authorities cannot be obtained from the holder of the Target Fund or the holder of the Target Fund has refused to provide the same or the holder of the Target Fund has withdrawn his authorisation for the Target Fund Manager and/or Target Fund's trustee to disclose such information, documents or self-certifications as may be required by the Target Fund Manager and/or Target Fund's trustee;

- (g) in circumstances where the holder of the Target Fund has refused or withdrawn his consent for the Target Fund Manager and/or the Target Fund's trustee to collect, use, transfer and/or disclose information relating to the holder of the Target Fund; or
- (h) who fails any initial or on-going anti-money laundering and countering the financing of terrorism ("**AML/CFT**") checks, or who is unable or unwilling to provide information and/or documentary evidence requested by the Target Fund Manager and/or Target Fund's trustee for the purposes of any AML/CFT checks.

In exercising its rights under the Target Fund's deed, the Target Fund Manager and/or Target Fund's trustee may but is not obliged to give notice to such holder of the Target Fund requiring him to transfer the affected units to any person (at the Target Fund Manager's election) or may give a request in writing for the redemption of the affected units. If the relevant holder of the Target Fund does not satisfy the Target Fund Manager that the affected units are not held in contravention of the terms of the Target Fund's deed within one (1) week from the giving of notice by the Target Fund Manager and/or the Target Fund's trustee, notwithstanding any loss that this may cause to the holder of the Target Fund, the Target Fund Manager may notify and instruct the Target Fund's trustee in writing that the affected units subject to such a notice shall be redeemed at the applicable redemption price upon the expiration of a further one (1) week.

#### **4.15 Distributions**

Distribution may be made on an annual basis after the final closing date\* of the Target Fund (if any), subject to the availability of income, and/or at the end of the Charter Life. The Target Fund Manager retains the discretion to declare and determine any distributions (whether in cash, in-kind or otherwise) payable to the holders of the Target Fund out of the cash proceeds in respect of any Investment, including but not limited to interests, dividends, other income and/or profits from the sale or disposal of such Investment, after deduction of any costs, expenses, commissions, debts, and/or taxes incurred and/or attributed thereto ("**Profits**") in accordance with the terms of the Target Fund's deed and applicable laws. Additional investors who enter the Target Fund in subsequent closings after the realisation of, but before the distribution of, proceeds of an Investment will still be entitled to distributions arising from the realisation of such Investment.

*\*The final closing date of the Target Fund will be on 31 October 2020 or when a minimum fund size of USD100 million has been attained (whichever is earlier), or such other date as may be determined by the Target Fund Manager.*

During the Charter Life, where the Profits achieve a minimum investment return of 12% in the period between the acquisition and divestment of such realized Investment ("**Hurdle Rate**"), 80% of such Profits will be paid to the holders of the Target Fund in proportion to their holdings of units in respect of such realized Investment and 20% of such Profits will be set aside as the performance fee and paid to the Target Fund Manager in accordance with section 4.16 Performance Fee below. For the avoidance of doubt, where the Profits do not

achieve the Hurdle Rate, 100% of such Profits will be paid to the holders of the Target Fund in proportion to their holdings of units in respect of such realized Investment.

At the end of the Charter Life, upon any sale, disposition or liquidation of the remaining Investment(s), the principal portion of the cash proceeds received by the Target Fund net of any cost, expenses, fees, commissions, debts, and taxes incurred, subject to provisions for any liabilities, cost, expenses, fees, commissions, debts, and taxes incurred by the Target Fund, shall be distributed by the Target Fund to the holders of the Target Fund in proportion to their proportion to their holdings of units in accordance with the Target Fund's deed. The balance of the Reserves (as defined in section 4.16 below) shall be paid to the Target Fund Manager.

The Target Fund shall be entitled to withhold from any distribution to a holder of the Target Fund any tax withholdings, associated fees and expenses required in respect of distributions to such holder, which shall be paid to the relevant tax authority in a timely fashion.

A distribution payable to a holder of the Target Fund will be paid in USD by bank transfer at the risk and expense of the holder of the Target Fund. Every such bank transfer shall be made payable to the account of such holder, or in the case of joint holders, made payable to the account of the first named joint holder on the register at the risk of such holder or joint holders.

Proceeds generated from Investments may, at the Target Fund Manager's discretion, be retained and reinvested for twenty four (24) months from the Initial Closing Date ("**Reinvestment Period**") to the extent such proceeds represent invested capital.

Although there is no guarantee that distributions will be made, any income generated from Investments and unutilised capital, net of expenses and fees, during the Charter Life after the Reinvestment Period shall be distributed to holders of the Target Fund and there will be no reinvestment of such income.

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

##### Establishment Expenses

The Target Fund will bear the costs of its own establishment expenses (estimated to be in the region of USD 200,000), including but not limited to, expenses relating to the establishment of the Target Fund, legal and tax advice, and other general administrative and closing costs.

These expenses will be amortised over a period, which may not exceed thirty-six (36) months. While amortisation of the foregoing expenses over such thirty-six (36) month period is a divergence from the International Financial Reporting Standards ("**IFRS**"), and may, therefore, result in qualification of the financials for the Target Fund, the Target Fund Manager, in consultation with the Target Fund's trustee, believes that doing so is more equitable than requiring the initial holders of the Target Fund to bear all of the organisational expenses as would otherwise be required under IFRS.

##### Management Fee

The Target Fund will pay to the Target Fund Manager a management fee of 2% per annum of the net asset value of the Target Fund (prior to the deduction of the relevant management fee, performance fee and trustee's fee in respect of the relevant period) throughout the Charter Life ("**Target Fund's Management Fee**"). In the event of an extension of the Charter Life, the annual management fee for the extended period shall remain at the same 2% of the net asset value of the Target Fund in respect of this extended period.

The Target Fund's Management Fee accrues and is calculated monthly but payable quarterly in arrears as soon as practicable after the Target Fund has been set up.

All or part of the Target Fund's Management Fee may be waived by the Target Fund Manager from time to time in its sole and absolute discretion.

In the event that the Target Fund Manager is not acting as the manager of the Target Fund for an entire quarter, the Target Fund's Management Fee payable for such quarter will be prorated to reflect the portion of such quarter in which the Target Fund Manager is acting as such under the Target Fund's deed.

#### Performance Fee

Where the Profits achieve the Hurdle Rate, the Target Fund will pay to the Target Fund Manager an incentive fee of 20% of the Profits ("**Performance Fee**").

50% of the Performance Fee in respect of such Profits shall be payable as soon as practicable to the Target Fund Manager. The other 50% of such Performance Fee shall be set aside by the Target Fund to be accumulated as reserves ("**Reserves**").

Where there are losses in respect of realized Investments following such accumulation of the Reserves, the Target Fund will reimburse the holders of the Target Fund (in proportion to their holdings of units in respect of such realized Investments) an amount of up to 20% of the aggregate losses incurred in respect of such subsequent realized Investments out of the Reserves, limited to such amount remaining in the Reserves from time to time.

The balance of the Reserves at the end of the Charter Life shall be paid to the Target Fund Manager.

#### Trustee's Fee

The Target Fund's trustee shall be entitled to receive for its own account the amount not exceeding the rate of 0.075% per annum (subject to a minimum sum per annum to be agreed between the Target Fund Manager and the Target Fund's trustee) of the net asset value of the Target Fund (prior to the deduction of the Target Fund's Management Fee, Performance Fee and other relevant expenses) throughout the Charter Life, provided that such figures shall be subject to adjustment in accordance with the Target Fund's deed. The actual remuneration of the Target Fund's trustee shall be agreed in writing between the Target Fund's trustee and the Target Fund Manager from time to time. The Target Fund's trustee fee accrues and is calculated monthly but payable quarterly in arrears as soon as practicable after the Target Fund has been set up.

The Target Fund's trustee shall in addition to such remuneration be entitled to be paid out of the Target Fund all reasonable out-of-pocket expenses (including, without limitation, any time in attendance fees, a one-time establishment fee and any fees for the provision of custodial and accounting services, as may be agreed in writing between the Target Fund Manager and the Target Fund's trustee) incurred by it in the performance of its duties under the Target Fund's deed until the Target Fund is finally wound up.

#### Target Fund's Administrator's Fee

The Target Fund will pay to the Target Fund's administrator an annual fee of 0.10% per annum on the net asset value of the Target Fund (subject to a minimum sum per annum to be agreed between the Target Fund Manager and the Target Fund's administrator) throughout the Charter Life ("**Target Fund's Administrator's Fee**"). The Target Fund's Administrator's Fee accrues and is calculated monthly but payable quarterly in arrears as soon as practicable after the Target Fund has been set up.

In addition to the Target Fund's Administrator's Fee, the Target Fund shall also pay the Target Fund's administrator such remuneration, as agreed between the Target Fund Manager and the Target Fund's administrator, for the provision of any ad hoc services requested by the Target Fund from time to time.

#### Target Fund Manager's and Target Fund's trustee's Expenses

The Target Fund Manager and the Target Fund's trustee will bear the costs of their own day-to-day expenses, including compensation of their employees or others providing services on their behalf.

#### Organisational and Other Expenses

The Target Fund, except as noted above, will bear all expenses related to its own investments and management, including, but not limited to, legal and litigation expenses; accounting and auditing expenses; due diligence expenses; travel expenses; taxes and governmental fees; expenses in connection with the issuance, offering, distribution, marketing or sale of units; expenses relating to acquiring, custodizing or disposing of Investments; expenses relating to the holdings of meetings and expenses relating to the printing or dispatch of reports to the Holders.

To the extent that the Target Fund Manager has made payments for any of these expenses, the Target Fund shall reimburse the Target Fund Manager for such payments in arrears.

#### **4.17 Subscription Price of the Target Fund**

Prior to the Initial Closing Date, the issue price in respect of the units of the Target Fund would be USD1,000 per unit of the Target Fund.

***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 5.00% 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**

Up to 1.00% per annum of the NAV of the Fund. The Management Fee is calculated and accrued on a daily basis and payable monthly.

*Please refer to the illustration in section 6.2 below to see how the Management Fee is calculated.*

#### **5.4 Trustee Fee**

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

*Please refer to the illustration in section 6.2 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 or dealers and taxes that are also paid out of the Fund.

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

The Manager may, for any reason and/or 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 Fund will be valued at least once a month on a forward pricing basis and the NAV per Unit will be made available by the Manager within seven (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.

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

Example: Computation of NAV per Unit	The Fund	MYR Class	USD Class
	MYR	MYR	USD
Multi-class ratio <sup>#</sup>	100%	60%	40%
Value of the Fund (MYR)	30,000,000.00	18,000,000.00	12,000,000.00
Conversion rate MYR/USD @4.000			4.00
Value of the Classes of Units in their respective currency denomination		18,000,000.00	3,000,000.00
Add: Income		50,000.00	15,000.00
Less: Expenses		(30,600.00)	(6,000.00)
Gross Asset Value of the Fund		<b>18,019,400.00</b>	<b>3,009,000.00</b>
Less:			
Management Fee - Calculated on a daily basis (1.00% per annum/365 days)		(493.68)	(82.44)
Trustee Fee - Calculated on a daily basis (0.03% per annum/365 days)		(14.81)	(2.47)
NAV of the Fund		<b>18,018,889.51</b>	<b>3,008,915.09</b>
Units In Circulation		18,000,000.00	3,000,000.00
NAV per Unit of MYR Class and USD Class (rounded to 4 decimal places)		<b>RM1.0010</b>	<b>USD1.0030</b>

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

### 6.3 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.

Any application for Units received by the Manager after 4.00 p.m. on the last day of the Offer Period will not be accepted by the Manager.

**As the Fund is a close-ended fund, the subscription for Units of the Fund is available during the Offer Period only. After the end of the Offer Period, no Units will be available for subscription.**

#### **6.4 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 ten (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.

#### **6.5 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 two (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 two (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 30 September 2019, the Manager 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 bin Abdullah (Independent Director)  
Norazian binti Ahmad Tajuddin (Independent Director)  
Ismitz Matthew De Alwis (Executive Director/Chief Executive Officer)

**Note: Further information on the Manager and board of directors 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 Kenanga Investors 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.

De Alwis 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 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 Asset Management (MAAM) 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 the 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.

### 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

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