



PROSPECTUS KENANGA WAQF AL-IHSAN FUND

THIS PROSPECTUS IS DATED 13 APRIL 2021

DATE OF CONSTITUTION OF THE FUND: 25 FEBRUARY 2021

MANAGER

Kenanga Investors Berhad

Registration No. 199501024358 (353563-P)

TRUSTEE

RHB Trustees Berhad

Registration No. 200201005356 (573019-U)

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

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

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Kenanga Investors

RESPONSIBILITY STATEMENT

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

STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia has authorised the Kenanga Waqf Al-Ihsan Fund (“Fund”) and a copy of this Prospectus has been registered with the Securities Commission Malaysia.

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

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

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

ADDITIONAL STATEMENTS

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

Kenanga Waqf Al-Ihsan Fund has been certified as Shariah-compliant by the Shariah adviser appointed for the Fund.

This Prospectus is not intended to and will not be issued and distributed in any country or jurisdiction other than Malaysia (“**Foreign Jurisdiction**”). Consequently, no representation has been and will be made as to its compliance with the laws of any Foreign Jurisdiction. Accordingly, no offer or invitation to subscribe or purchase Units of Kenanga Waqf Al-Ihsan Fund to which this Prospectus relates may be made in any Foreign Jurisdiction or under any circumstances where such action is unauthorised.

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1. DEFINITIONS

BNM	Bank Negara Malaysia.
Bursa Malaysia	the stock exchange managed or operated by Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W)).
Business Day	a day on which Bursa Malaysia is open for trading.
CIS	collective investment scheme.
CMSA	Capital Markets and Services Act 2007.
Deed	the deed in respect of the Fund and any other supplemental deed that may be entered into between the Manager and the Trustee and registered with the SC.
Fund	Kenanga Waqf Al-Ihsan Fund.
Guidelines	Guidelines on Unit Trust Funds issued by the SC.
Islamic deposits	has the same meaning as defined in the Islamic Financial Services Act 2013.
LPD	31 January 2021, which is the latest practicable date of this Prospectus.
KIB or Manager	Kenanga Investors Berhad (Registration No.: 199501024358 (353563-P)).
MARC	Malaysian Rating Corporation Berhad.
Net Asset Value or NAV	the total value of the Fund's assets minus its liabilities at the valuation point.
OTC	over-the-counter.
Prospectus	this prospectus for this Fund.
RAM	RAM Rating Services Berhad.
Repurchase Price	the NAV per Unit as at the next valuation point (forward pricing) after a redemption request is received by the Manager.
RM	Ringgit Malaysia.
SACBNM	Shariah Advisory Council of BNM.
SACSC	Shariah Advisory Council of the SC.
SC	Securities Commission Malaysia.
Selling Price	the NAV per Unit as at the next valuation point (forward pricing) after a written request to buy Units is received by the Manager.

Shariah	Islamic law comprising the whole body of rulings pertaining to human conducts derived from the sources of Shariah namely the Qur`an (the holy book of Islam) and Sunnah (practices and explanations rendered by the Prophet Muhammad (pbuh) and other sources of Shariah.
Shariah Adviser	IBFIM (Registration No.: 200701005076 (763075-W)).
Shariah-compliant warrants	Shariah-compliant warrants that are capable of being converted into new shares.
Sukuk	sukuk refers to certificates of equal value which evidence undivided ownership or investment in the assets using Shariah principles and concepts endorsed by the SACSC and/or any relevant Shariah Advisory Boards.
Shariah requirements	a phrase or expression which generally means making sure that any human conduct must not involve any elements which are prohibited by the Shariah and that in performing that conduct all the essential elements that make up the conduct must be present and each essential element must meet all the necessary conditions required by the Shariah for that element.
Trustee	RHB Trustees Berhad (Registration No.: 200201005356 (573019-U)) including its permitted assigns and successors in title and any new or replacement trustee of the Fund.
Unit	a measurement of the right or interest of a Unit Holder in the Fund and means a unit of the Fund.
Unit Holders	the person for the time being registered under the provisions of the Deed as the holder of a Unit or Units, including jointholders.
Waqf	derived from the Arabic words " <i>Waqf</i> " or " <i>Habs</i> " which means to stop or hold. Technically, waqf refers to making a property invulnerable to any disposition that leads to transfer of ownership, and donating the <i>usufruct</i> (right to use and enjoy the benefits) of that property to beneficiaries.
Waqf Asset	50% of the annual income distribution (if any) of the Fund in the form of cash which is meant for waqf purposes.
Waqf Institution or YWM	Yayasan Waqaf Malaysia.

All references to "we", "us" and "our" in this Prospectus mean KIB, the Manager of the Fund.

Words denoting the singular shall, where applicable, include the plural and *vice versa*, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and *vice versa*.

Any reference to any legislation or guideline in this Prospectus is a reference to that legislation or guideline as for that time being amended or re-enacted.

2. CORPORATE DIRECTORY

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

REGISTERED OFFICE Level 17, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur
Tel No.: 03-2172 2888
Fax No.: 03-2172 2999

BUSINESS OFFICE Level 14, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur
Tel No.: 1800 88 3737
Fax No.: 03-2172 3080
E-mail: investorservices@kenanga.com.my
Website: www.kenangainvestors.com.my

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

REGISTERED OFFICE Level 10, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel No.: 03-9287 8888
Fax No.: 03-9280 6507

BUSINESS OFFICE Level 11, Tower Three
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

Tel No.: 03-9280 5933
Fax No.: 03-9280 5204
E-mail: rhbtrustees@rhbgroup.com
Website: www.rhbgroup.com

SHARIAH ADVISER IBFIM
Registration No.: 200701005076 (763075-W)

REGISTERED OFFICE Suite 13.03, 13th Floor
Menara Tan & Tan
207 Jalan Tun Razak
50400 Kuala Lumpur

BUSINESS OFFICE 3rd Floor, Menara Takaful Malaysia
Jalan Sultan Sulaiman
50000 Kuala Lumpur

Tel No.: 03-2031 1010
Fax No.: 03-2078 5250
E-mail: info@ibfim.com
Website: www.ibfimonline.com

WAQF INSTITUTION

Yayasan Waqaf Malaysia (PPAB-02/2008)

**REGISTERED OFFICE &
BUSINESS OFFICE**

Aras 8, Blok D,
Kompleks Islam Putrajaya,
Jalan Tun Abdul Razak,
Presint 3, 62100, Putrajaya.

Tel No.: 03-8871 0800

Fax No.: 03-8861 0803

E-mail: info@ywm.gov.my

Website: www.ywm.gov.my

3. KENANGA WAQF AL-IHSAN FUND

Fund Category	: Mixed Asset (Shariah-compliant).
Fund Type	: Income and growth.
Benchmark	: A composite of 60% FTSE Bursa Malaysia Emas Shariah Index and 40% Maybank 12-month Islamic Fixed Deposit-i rate ⁽¹⁾ .
Base Currency	: RM.
Initial Offer Price	: RM 0.5000
Initial Offer Period	: 21 days from the date of this Prospectus ⁽²⁾ .
Commencement Date	: Within seven (7) Business Days after the end of the initial offer period.
Distribution Policy	: Subject to the availability of income, the Fund will distribute income annually, with 50% of the income distribution to be allocated as Waqf Asset and the remaining 50% ⁽³⁾ payable to Unit Holders.

Notes:

- (1) The benchmark was developed to be in line with the Fund's investment strategy of maintaining up to 60% and 40% of the Fund's NAV in Shariah-compliant equities and sukuk respectively. Information on the benchmark can be obtained from www.bursamalaysia.com and www.maybank2u.com.my. Unit Holders can obtain information on the composite benchmark from us by request.*
- (2) We may shorten the initial offer period if we determine that it is in the investors' best interest for the Fund to commence investments.*
- (3) The remaining 50% of the income distribution payable to Unit Holders may be in the form of cash payout or reinvestment into the Fund.*

Investment Objective, Policy and Strategy

The Fund aims to primarily provide income distribution as well as achieve capital growth by investing in a diversified portfolio in accordance with Shariah requirements, and channel a portion of the income distribution of the Fund for waqf purposes.

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

The Fund seeks to achieve its objective by investing in a diversified portfolio of Shariah-compliant equities, Shariah-compliant equity-related securities, sukuk, Islamic money market instruments and/or Islamic deposits.

The investments of the Fund in Shariah-compliant equities shall not exceed 60% of the Fund's NAV and investments in sukuk with a minimum credit rating BBB3 or P2 by RAM or an equivalent rating by MARC shall not exceed 40% of the Fund's NAV with up to 5% in unrated sukuk. The remainder of the Fund's NAV will be invested in Islamic money market instruments and placed in Islamic deposits.

The Fund may also invest up to 20% of its NAV in foreign markets where the regulatory authority of such markets are ordinary or associate members of the International Organization of Securities Commissions.

The Fund may also invest in Islamic CIS, including Islamic exchange-traded funds.

The Fund may use Islamic derivatives such as Islamic futures and Islamic option contracts for hedging purposes.

Asset Allocation

- Up to 60% of the Fund's NAV will be invested in Shariah-compliant equities and Shariah-compliant equity-related securities;
- Up to 40% of the Fund's NAV will be invested in sukuk (with up to 5% in unrated sukuk); and
- The remainder of the Fund's NAV will be invested in Islamic money market instruments and placed in Islamic deposits.

We adopt an active investment management strategy by conducting research on macro fundamentals, sector outlook, company fundamentals and securities valuation to mitigate investment risks. Any one factor or combination of factors may rapidly change: Shariah-compliant securities may be bought and sold as and when the factors warrant and the frequency of the Fund's trading of the Shariah-compliant securities will also depend on market opportunities and our assessment of the market outlook. Simultaneously, this strategy helps to mitigate risks associated with general market, stock-specific and liquidity risks.

We also seek to mitigate risks associated with investing in this Fund, by varying exposure to asset allocation within the asset allocation ranges set out above, sector and/or Shariah-compliant security weightings, based on the prevailing investment outlook at the time. The Fund also imposes single-issuer limits to restrict over-investment in a single company or group of companies, hence limiting the stock-specific risk and to ensure diversification.

In addition, we will utilise risk management tools to perform pre-trade compliance checks and performance attribution to ensure investment risks are identified, understood and that securities are appropriately priced given the risks identified.

Temporary Defensive Measures

We may, in compliance with the applicable investment limits and restrictions imposed, temporarily adopt a more defensive attitude by increasing the Fund's allocation to Islamic deposits when we believe that the market or the economy is experiencing excessive volatility, a persistent general decline or other negative conditions.

Types and Characteristics of Instruments

The Fund's investments focus on Shariah-compliant equities which provide long-term capital appreciation potential through investing in growth and/or dividend-paying equities.

For investments in sukuk, credit evaluation and interest rate direction are the most critical risk factors to be considered. We set stringent investment criteria in assessing sukuk, covering mainly the nature of business, management, cash flow, gearing level and collateralisation. Where the Fund invests in rated instruments, only sukuk with a minimum credit rating BBB3 or P2 by RAM or an equivalent rating by MARC will be considered. The Fund may also invest up to 5% of the Fund's NAV in unrated sukuk.

Permitted Investments

The Fund is permitted to invest in any of the following investments, which are permitted by the SC and is consistent with its objective and asset allocation:

1. Shariah-compliant equities;
2. Shariah-compliant equity-related securities such as Shariah-compliant warrants and rights issues;
3. Sukuk;
4. Government investment issue (GII), Cagamas Sukuk, BNM monetary notes-i, Malaysian Islamic treasury bills, Islamic accepted bills and other obligations issued or guaranteed by the Malaysian

government, BNM and any other government-related agencies that comply with Shariah requirements;

5. Islamic deposits placed with financial institutions;
6. Islamic money market instruments;
7. Islamic CIS, including but not limited to Islamic exchange-traded funds;
8. Islamic derivatives for hedging purposes; and
9. Any other form of Shariah-compliant investments as may be agreed upon by the Manager and the Trustee from time to time and permitted by the SC.

Investment Restrictions and Limits

The Fund is subject to the following investment restrictions and limits stipulated in the Guidelines:

1. The aggregate value of the Fund's investments in unlisted Shariah-compliant securities, units or shares in Islamic leveraged exchange-traded funds and units or shares in Islamic inverse exchange-traded funds must not exceed 10% of the Fund's NAV. However, this limit does not apply to unlisted Shariah-compliant securities that are:
 - a. Shariah-compliant equities not listed and quoted on a stock exchange but have been approved by the relevant regulatory authority for such listing and quotation, and are offered directly to the Fund by the issuer; and
 - b. Sukuk traded on an organised OTC market.
2. The value of the Fund's investments in Shariah-compliant ordinary shares issued by any single issuer must not exceed 10% of the Fund's NAV.
3. The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any single issuer must not exceed 15% of the Fund's NAV.
4. The Fund's investments in Shariah-compliant transferable securities (other than sukuk) must not exceed 10% of the Shariah-compliant transferable securities issued by any single issuer.
5. The Fund's investments in sukuk must not exceed 20% of the sukuk issued by any single issuer.
6. For investment in Islamic derivatives:
 - a. the exposure to the underlying assets must not exceed the investment spread limits stipulated in the Guidelines; and
 - b. the value of the Fund's OTC Islamic derivative transactions with any single counterparty must not exceed 10% of the Fund's NAV.
7. The Fund's exposure from Islamic derivatives position should not exceed its NAV at all times.
8. The aggregate value of the Fund's investments in Shariah-compliant transferable securities, Islamic money market instruments, Islamic deposits, OTC Islamic derivatives issued by or placed with (as the case may be) any single issuer/ financial institution must not exceed 25% of the Fund's NAV.
9. The value of the Fund's investments in units or shares of any Islamic CIS must not exceed 20% of the Fund's NAV.
10. The Fund's investments in Islamic CIS must not exceed 25% of the units or shares in any one (1) Islamic CIS.

11. The Islamic CIS has to be regulated and registered or authorised or approved by the relevant regulatory authority in its home jurisdiction.
12. There must not be any cross-holding between the Fund and the Islamic CIS.
13. The value of the Fund's investments in Shariah-compliant transferable securities and Islamic money market instruments issued by any one (1) group of companies must not exceed 20% of the Fund's NAV.
14. The value of the Fund's placement in Islamic deposits with any single financial institution must not exceed 20% of the Fund's NAV.
15. The Fund's investments in Islamic money market instruments must not exceed 10% of the instruments issued by any single issuer. This limit does not apply to Islamic money market instruments that do not have a pre-determined issue size.

The above stated limits and restrictions shall be complied with at all times based on the most up-to-date value of the Fund's investments. However, a 5% allowance in excess of any limit or restriction is permitted where the limit or restriction is breached through the appreciation or depreciation in the NAV of the Fund (as a result of an appreciation or depreciation in value of investments or as a result of the redemption of Units or payment made from the Fund).

Once the relevant limit is breached, no further acquisitions of the particular security involved shall be made and we will, within a reasonable period of not more than three (3) months from the date of the breach, take all necessary steps and actions to rectify the breach.

There is no restriction and limit imposed on securities or instruments issued or guaranteed by the Malaysian government or BNM.

Shariah Investment Guidelines

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

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

1. Shariah-compliant Equities

1.1. Local Equities

For investment in local listed securities, reference is made to the list of Shariah-compliant securities issued by the SACSC on a half-yearly basis (i.e. the last Friday of May and November) which is readily available at the SC's website.

The Fund's investments in unlisted Shariah-compliant equities in the domestic and foreign markets will be selected in accordance with the equities classified as Shariah-compliant by the Shariah Adviser. For Shariah-compliant equities to be reviewed by the Shariah Adviser, the Manager will first identify the Shariah-compliant equities which fulfil their investment criteria. All the relevant documents with the latest information pertaining to the business activities, financial statements and other related information will be submitted to the Shariah Adviser for Shariah stock screening process which involves both quantitative and qualitative analysis.

For local unlisted Shariah-compliant equities, including initial public offering companies which the Shariah status have yet to be determined by the SACSC, the Shariah Adviser will adopt the following analysis in determining the Shariah status of the companies:

1.1.1. Quantitative Analysis

The Shariah Adviser adopts a two-tier quantitative approach which applies the business activity benchmark and the financial ratio benchmark in determining the Shariah status of the securities. Hence, the securities will be classified as Shariah-compliant if they are within the business activity benchmarks and the financial ratio benchmarks.

1.1.1.1. Business Activity Benchmarks

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

(a) The five-per cent (5%) benchmark

The 5% benchmark is applicable to the following business/activities:

- Conventional banking and lending;
- Conventional insurance;
- Gambling;
- Liquor and liquor-related activities;
- Pork and pork-related activities;
- Non-halal food and beverages;
- Shariah non-compliant entertainment;
- Tobacco and tobacco-related activities;
- Interest income¹ from conventional accounts and instruments (including interest income awarded arising from a court judgement or arbitrator);
- Dividends² from Shariah non-compliant investments; and
- Other activities considered non-compliant according to Shariah principles as determined by the SACSC.

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

(b) The 20-per cent benchmark

The 20% benchmark is applicable to the following business/activities:

- Share trading;
- Stockbroking business;
- Rental received from Shariah non-compliant activities; and
- Other activities considered non-compliant according to Shariah principles as determined by the SACSC.

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

¹ Interest income from Shariah non-compliant investments will be compared against Group revenue.

² Dividends from Shariah non-compliant investments will be compared against the Group revenue. However, if the main activity of the company is holding of investments, the dividends from Shariah non-compliant investments will be compared against the Group revenue and Group profit before taxation.

1.1.1.2. Financial Ratio Benchmarks

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

(a) Cash over Total Assets

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

(b) Debt over Total Assets

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

Each ratio, which is intended to measure *riba* and *riba*-based elements within a company's statements of financial position, must be less than 33 per cent (33%).

Should any of the above benchmarks are exceeded, the Shariah Adviser will not accord Shariah-compliant status for the companies.

1.1.2. Qualitative Analysis

In addition to the above two-tier quantitative criteria, the Shariah Adviser also takes into account the qualitative aspect, which involves public perception or image of the company's activities from the perspective of Islamic teaching.

The Shariah Adviser will look into aspects of general public perception of the companies' images, core businesses which are considered important and *maslahah* (beneficial) to the Muslim ummah and the country, the non-permissible elements are very small and involve matters like *umum balwa* (common plight and difficult to avoid), *'uruf* (custom) and rights of the non-Muslim community which are accepted by the Shariah.

1.2. Foreign Equities

For foreign listed Shariah-compliant equities, reference is made to the list of the approved Islamic indices available in the market. For the Fund's investments in unlisted equities in the foreign markets which are not within the list of approved Islamic indices, the Shariah Adviser will apply the following analysis in determining the Shariah status of the equities.

1.2.1. Core Business Activities Analysis

Companies whose activities are not contrary to the Shariah will be classified as Shariah-compliant securities. On the other hand, companies will be classified as Shariah non-compliant if they are involved in the following core business activities:

- a) Conventional financial services;
- b) Gambling and gaming;
- c) Manufacture or sale of non-halal products or related products (e.g. pork and liquor);
- d) Manufacture or sale of tobacco-based products or related products;
- e) Pornography;
- f) Weaponry;
- g) Entertainment activities that are not permitted by the Shariah; and
- h) Other activities considered non-permissible according to the Shariah.

1.2.2. Mixed Business Activities Analysis

For companies with activities comprising both permissible and non-permissible elements, the Shariah Adviser will apply the following analysis in determining the Shariah-compliant status:

1.2.2.1. Quantitative Analysis

The Shariah Adviser takes into account the following parameters in determining the Shariah status of the listed companies:

- Contribution of interest income to the total income is lower than 5% of the total income;
- Total debt of the companies (including all interest-bearing loans/debentures and their respective payables such as short term/long term debts, short term/long term debentures and all debentures payables) is lower than 30% of the total assets of the companies;
- Total sum of companies' cash and receivables is lower than 50% of its total assets;
- Total sum of companies' cash and interest bearing securities is lower than 30% of its total assets; and
- Income generated from other prohibited components from Shariah perspective is lower than 5% of the companies' total income.

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

1.2.2.2. Qualitative Analysis

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

2. Sukuk

The Fund's investments in local sukuk will be selected from the list of sukuk approved or authorised by, or lodged with, the SC. The Shariah Adviser will review based on the data available at Bond Info Hub (www.bondinfo.bnm.gov.my) and at the websites of the SC and/or BNM.

The Fund's investments in foreign sukuk will be selected after consultation with the Shariah Adviser. The Shariah Adviser would accept resolutions and/or rulings as decided by the respective Shariah advisors for the instruments. Prospectus or information memorandum of the sukuk and resolutions and/or rulings and/or pronouncements by the respective Shariah advisors for the instruments must be presented to the Shariah Adviser for notification and due diligence.

3. Islamic Deposits and Islamic Money Market Instruments:

The Fund can invest in Islamic deposits and Islamic money market instruments issued by financial institutions that are acceptable as Shariah-compliant or those Islamic deposits and Islamic money market instruments that have been approved by SACBNM.

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

4. Islamic CIS

The Fund can invest in local and foreign Islamic CIS available in the market. The local Islamic CIS must be approved by the SC. For foreign Islamic CIS, it must be approved by the Shariah Adviser upon review of the relevant documentations. In confirming the Shariah status of the Islamic CIS, the Shariah Adviser shall review relevant documentations of the Islamic CIS including and not limited to the Shariah adviser's report and confirmation on the activities and transactions undertaken by the Islamic CIS.

5. Any other instruments

For avoidance of doubt, any instruments which are not within the approved list above should be informed to the Shariah Adviser for the Shariah Adviser's approval. Where the Shariah Adviser request a change to the Shariah investment guidelines, it shall give the Manager a reasonable period of time to effect such change in the Prospectus in accordance with the requirements of any applicable law and regulation.

Cleansing Process for the Fund

a) Wrong Investment

This refers to Shariah non-compliant investment made by the Manager. The said investment will be disposed of/withdrawn within one (1) month of knowing the status of the securities. In the event that the investment resulted in gain (through capital gain, dividend and/or profit) received before or after the disposal, the gain is to be channelled to *baitulmal* and/or any other charitable bodies as advised by the Shariah Adviser. The Fund has a right to retain only the investment cost. If the disposal of the investment resulted in losses to the Fund, the losses are to be borne by the Manager.

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

b) Reclassification of Shariah Status of the Fund's Investment

This refers to securities which were earlier classified as Shariah-compliant but due to certain factors, such as changes in the company's business operations and financial positions, are subsequently reclassified as Shariah non-compliant.

In this regard, if on the announcement or review date, the market value of the securities exceeds or is equal to the investment cost, the Shariah non-compliant securities must be disposed of. Any dividends received up to the date of the announcement or review and capital gains arising from the disposal of Shariah non-compliant securities on the date of the announcement/review can be kept by the Fund.

However, any dividends received and excess capital gains derived from the disposal of Shariah non-compliant securities after the date of the announcement or review are to be channelled to *baitulmal* and/or any charitable bodies as advised by the Shariah Adviser.

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

Zakat for the Fund

The Fund does not pay zakat on behalf of Muslim individuals and Islamic legal entities who are investors of the Fund. Thus, investors are advised to pay zakat on their own.

4. RISK FACTORS

General Risks of Investing in the Fund

Market Risk

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

Manager's Risk

This risk refers to our day-to-day management of the Fund which will impact the performance of the Fund. For example, investment decisions undertaken by us, as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the Deed, relevant law or guidelines due to factors such as human error or weaknesses in operational process and systems, may adversely affect the performance of the Fund. We aim to reduce this risk by placing stringent internal policies and procedures and compliance monitoring processes to ensure that the Fund complies with the relevant fund regulations or guidelines.

Liquidity Risk

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

Inflation Risk

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

Loan / Financing Risk

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

Specific Risks of the Fund

Stock-specific Risk

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

Credit and Default Risk

This risk relates to the creditworthiness of an issuer and its expected ability to make timely payments of profits and/or principal. Any adverse situations faced by the issuer may impact the value as well as liquidity of the sukuk or Islamic money market instruments. In the case of rated sukuk or Islamic money market instruments, this may lead to a credit downgrade. Default risk relates to the risk that an issuer either defaulting on payments or failing to make payments in a timely manner which will in turn adversely affect the value of the sukuk or Islamic money market instruments. This risk can be mitigated by performing fundamental research and analysis to determine the creditworthiness of the issuer.

Islamic deposits that the Fund places with financial institutions are also exposed to default risk. If the financial institutions become insolvent, the Fund may suffer capital losses with regard to the capital invested and profits foregone, causing the performance of the Fund to be adversely affected. To mitigate this risk, the Fund will diversify its deposits with financial institution regulated by BNM.

Interest Rate Risk

Interest rate risk refers to the impact of interest rate changes on the valuation of sukuk, Islamic money market instruments and deposits. When interest rates rise, sukuk and Islamic money market instrument prices generally decline and this may lower the market value of the Fund's investment in sukuk and Islamic money market instruments. The reverse may apply when interest rates fall.

Interest rate movements affect the returns of Islamic deposits. Interest rates offered by the financial institutions will fluctuate according to the overnight rate policy determined by BNM and this has direct correlation with the Fund's investment in Islamic deposits. In the event of rising interest rates, the Fund's future reinvestment in Islamic deposits will benefit from the higher interest rate and in the event of falling interest rates, the Fund's future investment in Islamic deposits will be reinvested at lower interest rates which in turn will reduce the Fund's potential returns.

The interest rate mentioned above will have an impact on the management of the Fund, regardless of whether it is an Islamic fund or otherwise. It does not in any way suggest that the Fund will invest in conventional financial instruments. All the investments and placements carried out for the Fund are in accordance with the Shariah requirements.

Currency Risk

As the Fund's investments may be denominated in currencies other than RM, the base currency of the Fund, any fluctuation in the exchange rate between RM and the currencies in which the investments are denominated may have an impact on the value of these investments. You should be aware that if the currencies in which the investments are denominated depreciate against RM, this will have an adverse effect on the NAV of the Fund in RM and *vice versa*. In addition, any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment.

Country Risk

The Fund's investments in any country may be affected by changes in the economic and political climate, restriction on currency repatriation or other developments in the law or regulations of the country in which the Fund invests in. For example, the deteriorating economic condition of a country may adversely affect the value of the investments of the Fund in the affected country. This in turn may cause the NAV of the Fund or the price of Units to fall.

Islamic Derivatives Risk

We may use Islamic derivatives for hedging purposes. We will only enter into hedging transactions such as Islamic futures and Islamic option contracts where the counterparty is a financial institution with minimum long-term credit rating by any domestic or global rating agency that indicates strong capacity for timely payment of financial obligations. The use of Islamic derivatives involves counterparty risk arising from the counterparty's default or a decline in the counterparty's credit rating, which may have an adverse impact on the Fund's NAV. If the counterparty's rating falls below the minimum required or it ceases to be rated, we will liquidate our position according to the regulatory requirements, unless the Trustee considers it to be in Unit Holders' best interest to do otherwise.

Shariah-compliant Warrant Risk

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

Reclassification of Shariah Status Risk

This risk refers to the risk that the currently held Shariah-compliant equities in the Fund may be reclassified as Shariah non-compliant in the periodic review of the equities by the SACSC, the Shariah Adviser or the Shariah boards of the relevant Islamic indices. If this occurs, we will take the necessary steps to dispose of such equities. There may be opportunity loss to the Fund due to the Fund not being allowed to retain the excess capital gains derived from the disposal of the Shariah non-compliant equities. Please refer to the "Shariah Investment Guidelines" for details on the treatment of gains and losses as a result of the reclassification of Shariah non-compliant equities.

It is important to note that events affecting the Fund's investments cannot always be foreseen. Therefore, it is not always possible to protect the Fund's investments against all risks. Different investment instruments generally exhibit different levels of risk.

The investment of the Fund carries risk and you should read the whole Prospectus to assess the risks of the Fund. You are also reminded that the risks listed above may not be exhaustive. If in doubt, please consult your advisers, e.g. bankers, Shariah advisers, lawyers, stockbrokers or independent professional advisers for a better understanding of the risks.

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5. WAQF MECHANISM FOR THE FUND

5.1 Establishing a Waqf

In Arabic language the word “*Waqf*” or “*Habs*” means to stop or hold. Technically, waqf refers to making a property invulnerable to any disposition that leads to transfer of ownership and donating the benefit of that property to beneficiaries. In this regard, waqf can be described as the confinement of a property (movable or immovable) by a donor(s) and the dedication of its use and benefits in perpetuity for the well-being of society over generations.

As a continuous charitable contribution given away for goodwill, waqf is a binding commitment and once created, must stay permanent. This inherent perpetuity gives waqf the flexibility to accommodate the changing needs of society over time.

The Shariah places the following four (4) pillars for purposes of establishing a waqf:

(a) The *waqif* (a party who waqf the asset)

Refers to the donor of the waqf asset, i.e. the Unit Holder(s) of the Fund.

- (i) The waqif can be a natural or legal person. If the waqif is a legal person, the waqf decision should be made by the members and/or shareholders and not the board of directors.
- (ii) The waqif must be legally entitled to dispose of his property.
- (iii) The decision of a person whose legal competence is restricted because of irrationality is invalid.
- (iv) The validity of waqf decision of a person whose legal competence is restricted because of indebtedness shall be subject to the confirmation by his creditors. When the creditors refuse or decline the waqf of the indebted person, the waqf becomes invalid.

(b) *Mauquf* (waqf asset)

Refers to the waqf asset, i.e. the portion of annual income distribution of the Fund transferred by the Unit Holder(s) in the form of cash which is meant for waqf purposes.

- (i) The waqf asset should fulfil the following conditions:
 - 1) it shall be a Shariah-accepted asset;
 - 2) it shall be known; and
 - 3) the waqif shall be the sole owner of the asset in which nobody else should have a right of disposition at the time of establishing the waqf;
- (ii) Waqf asset can also be in the form of money. The income generated from utilisation of the money will be distributed to identified beneficiaries, while retaining the principal amount.

(c) *Mauquf a'laih* (beneficiaries)

Refers to the recipient of the waqf asset. For the purpose of this Fund, it refers to YWM as the recipient of the waqf contribution.

- (i) The waqf should not be made for any impermissible purpose.
- (ii) It is permissible to make waqf for the benefit of non-muslims, provided that the cause to be served does not involve activities which are contrary to Shariah. It is also permissible to make waqf for the benefit of the rich.

- (d) Sighah (the form of the waqf)
 - (i) Formation of waqf can take place verbally, in writing, or in any form of disposition which is normally considered as indicating it.
 - (ii) Waqf can be declared as effective starting from a future date, such as when the donor declares his property to become waqf starting from next year.

The distribution of Waqf Asset is further elaborated in Section 5.4 of this Prospectus.

5.2 Selection of Waqf Institution

We will select a waqf institution as a recipient of the waqf contribution based on the following criteria:

- (a) the waqf institution shall be authorised by the Federal or State Islamic religious council to act as a mutawalli (waqf administrator) or collection agent for waqf purposes;
- (b) the waqf institution shall have a proper governance structure and framework;
- (c) the waqf institution shall have an audited annual financial statement; and
- (d) the waqf institution shall have a published annual report on its waqf distribution and/or utilisation.

Subject to the approval from the Shariah Adviser, if the appointed waqf institution no longer meets the above criteria, we will take immediate action to remove and replace the waqf institution with another waqf institution that meets the criteria. In addition, we may appoint more than one (1) waqf institution as a recipient of the waqf contribution of the Fund, for example, in the event we deem it to be more efficient to have more than one (1) waqf institution receiving the waqf distribution. The Unit Holders, in subscribing to the Fund, agree to delegate the right to select or remove the waqf recipient to the Manager, subject to the approval from the Shariah Adviser.

We have appointed YWM as the recipient and administrator of the waqf contribution, based on the fulfilment of the above criteria and considering YWM was established as a result of the efforts undertaken by 13 State Islamic Religious Councils (SIRC) and Department of Waqf, Zakat and Hajj of the Prime Minister's Department ("JAWHAR") as Malaysia's national waqf entity. Currently, YWM is appointed mutawalli (manager or custodian of waqf) by eight (8) SIRC in Malaysia.

In selecting YWM as the waqf recipient, we also considered its main function of helping SIRC to develop existing waqf properties, create new waqfs, and develop the ummah economy through waqf instruments. Besides, YWM is the primary reference centre on waqf for domestic/foreign institutions, and is the liaison institution for foreign waqf and institutions who want to implement waqf in Malaysia.

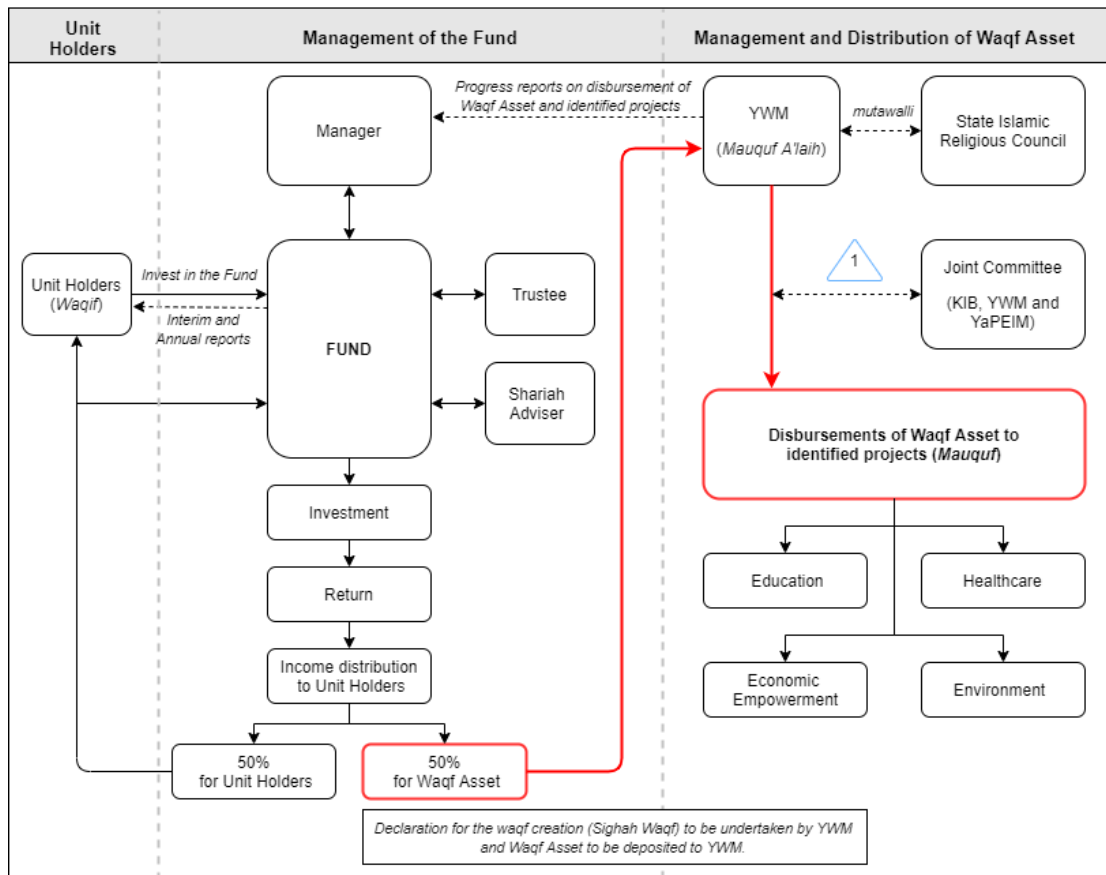
5.3 Waqf Institution

YWM is a national waqf entity. It was officially established on 23 July 2008 under the Trustees [Incorporation] Act 1952 through Legal Affairs Division of the Prime Minister's Department. Its establishment was initiated by the JAWHAR.

The Chairman of the Board of Trustees of YWM is the Minister in the Prime Minister's Department (Religious Affairs) and the Vice-Chairman is the Director-General of JAWHAR. The other members of the Board of Trustees consist of representatives of 13 State Islamic Religious Councils, one (1) representative from the Ministry of Finance, one (1) representative from the Ministry of Economic Affairs, and representatives from the corporate sector.

YWM is responsible for assisting, supporting and providing advisory services to SIRC on matters related to the development and reengineering of waqf assets and properties through traditional and contemporary Shariah-compliant structures and instruments.

5.4 Waqf Arrangement



Note 1:

The Joint Committee will oversee the distribution of the Waqf Asset by the Waqf Institution to the identified projects. The Joint Committee will comprise of representatives from KIB, YWM and Yayasan Pembangunan Ekonomi Islam Malaysia ("YaPEIM"). The Joint Committee is responsible for:

- determining the manner in which the Waqf Asset is to be distributed;
- approving the identified projects that the Waqf Asset is to be distributed;
- monitoring the progress of the identified projects; and
- approving the financial report prepared by the Waqf Institution on the administration of the Waqf Asset on a semi-annual basis prior to such report being sent to us.

An administrative fee at the rate of 2% of the amount of Waqf Asset deposited each time with YWM is payable to YWM for administering and distributing the Waqf Asset. The following expenses (or part thereof) may also be payable from the Waqf Asset or in such other manner as may be determined by the Joint Committee:

- remuneration and out of pocket expenses of the members of the Joint Committee; and
- any other expenses as may be approved by the Joint Committee.

5.5 General Guideline on Disbursement of Waqf Asset to Identified Projects

The Waqf Asset shall be distributed by the Waqf Institution to any identified projects in the following sectors:

- Education;
- Healthcare;
- Economic empowerment;
- Environment; and
- Any other project in any other sector which may be determined by the Joint Committee from time to time.

Generally, Waqf Asset disbursement projects under sectors mentioned above shall cover various layers of services or areas of those sectors wherever applicable.

The Waqf Asset shall be converted into tangible, movable or non-movable assets. In the case that the disbursement involves multiple cost elements such as labours and raw materials, the total costs involved shall be taken as the project costs.

For each sector, the general disbursement criteria shall include but are not limited to the following:

Education

- (a) Providing new or improving existing education related facilities; and
- (b) Providing new or improving existing education related equipment.

Healthcare

- (a) Providing new or improving existing healthcare related facilities; and
- (b) Providing new or improving existing healthcare related equipment.

Economic empowerment

- (a) Establishing business platforms for micro enterprisers;
- (b) Providing new or improving existing economic empowerment related facilities; and
- (c) Providing new or improving existing economic empowerment related equipment.

Environment

Establishing or improving existing environmental related project such as in:

- (a) Renewable energy;
- (b) Solid waste management;
- (c) Waste water management;
- (d) Reforestation;
- (e) Clean water; and
- (f) Affordable and clean energy.

Investors may obtain information relating to YWM and the progress of the waqf initiatives from www.ywm.gov.my and our website at www.kenangainvestors.com.my.

6. FEES, CHARGES AND EXPENSES

6.1 Charges

The charges that you may **directly** incur when buying or redeeming Units are as follows:

6.1.1 Sales Charge

Up to 5.00% of the NAV per Unit.

Note: We may waive or reduce the sales charge imposed. You may also negotiate for a lower sales charge with your preferred distributor, subject to the respective channels' qualifying criteria.

6.1.2 Repurchase Charge

Nil.

6.1.3 Transfer Fee

Nil.

6.1.4 Switching Fee

Nil.

6.2 Fees and Expenses

The fees and expenses that you may **indirectly** incur when investing in the Fund are as follows:

6.2.1 Management Fee

Up to 1.50% per annum of the NAV of the Fund.

The management fee is computed and accrued on a daily basis and is payable monthly to us.

6.2.2 Trustee Fee

Up to 0.10% per annum of the NAV of the Fund (excluding foreign custodian fees and charges).

The trustee fee is computed and accrued on a daily basis and is payable monthly to the Trustee.

Please refer to Section 7.3 of this Prospectus for an illustration of the computation of management fee and trustee fee and their impact on NAV and NAV per Unit.

6.2.3 Fund's Expenses

These would include (but are not limited to) the following:

- (i) commissions or fees paid to brokers or dealers;
- (ii) taxes;
- (iii) auditor's fee;
- (iv) tax adviser's fee;
- (v) valuation fee;
- (vi) remuneration and out of pocket expenses of the independent members of the investment committee of the Fund
- (vii) (where the custodial function is delegated by the Trustee) foreign sub-custodians fees and charges;
- (viii) Shariah advisory fee;

- (ix) expenses and charges incurred for the annual or interim report;
- (x) independent investment committee member fee; and
- (xi) any other expenses as may be permitted to be charged to the Fund by the Deed.

6.3 Policy on Rebates and Soft Commissions

It is our policy to credit any rebates received into the account of the Fund. Soft commissions are retained by us for purchasing goods and services that are of demonstrable benefit to the Unit Holders and are in the form of research and advisory services that assist in the decision-making process relating to the investment of the Fund (i.e. research materials, data and quotation services and investment advisory services).

Any dealing with the broker or dealer is executed on terms that are the most favourable for the Fund.

6.4 Tax

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

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

7. TRANSACTION INFORMATION

7.1 Valuation of Assets

We will ensure that all the assets of the Fund are valued at fair value and comply at all times with Schedule C of the Guidelines. The valuation bases for the investments permitted by the Fund are as follows:

- **Quoted Shariah-compliant securities and suspended Shariah-compliant securities**

Investments in quoted Shariah-compliant securities will be valued based on the last transacted prices as at the close of the Business Day of the respective markets on the same calendar day. In the event of a suspension in the quotation of the Shariah-compliant securities for a period exceeding 14 days, or such shorter period as agreed by the Trustee, or when the market price is not reflective of the fair value of the Shariah-compliant securities due to abnormal market situation, then the Shariah-compliant securities should be valued at fair value, as determined in good faith by us based on methods or bases approved by the Trustee after appropriate technical consultation.

- **Unquoted sukuk**

Investments in unquoted RM-denominated sukuk will be valued based on the indicative market prices quoted by a bond pricing agency registered with the SC. However, where we are of the opinion that the value of the unquoted sukuk differs from the indicative prices quoted by the bond pricing agency by more than 20 basis points, we will value the unquoted sukuk based on a pricing model that reflects the prevailing market conditions provided we comply with the requirements in the Guidelines.

Investments in other unquoted sukuk will be valued at fair value by reference to the average indicative price quoted by three (3) independent and reputable institutions.

- **Islamic derivatives**

Islamic derivatives will be valued at fair value, as determined in good faith by us on methods or bases which have been verified by the auditor of the Fund and approved by the Trustee. Any changes in the value of the contracts are adjusted for directly in the margin accounts, with a corresponding recognition in the unrealised reserves.

- **Islamic CIS**

Investments in Islamic CIS will be valued based on the last published net asset value per unit or if unavailable, such other appropriate method as determined by us and approved by the Trustee.

- **Islamic deposits**

Investments in Islamic deposits will be valued based on a fixed rate with profit accrued on a daily basis.

- **Islamic money market instruments**

Investments in Islamic financial instruments such as Islamic accepted bills, Bank Negara monetary notes-*i*, Islamic negotiable instruments or other short-term Islamic financial instruments issued by government or government-related agencies will be valued by reference to the value of such investments and the profits accrued thereon for the relevant period.

For investments in Islamic commercial papers, valuation will be performed by reference to the prices quoted by the bond pricing agency registered with the SC.

- **Any other Shariah-compliant investments**

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

7.2 Valuation Point

The Fund must be valued at least once every Business Day.

As the Fund has foreign market investments, the valuation of the Fund will be done only on T+1 day due to the different time zones of foreign markets. The valuation of the Units in respect of a particular Business Day can only be carried out on the following Business Day at the close of business of the last relevant foreign market in which the Fund invests in.

The foreign exchange rate used for valuation of foreign investment is based on bid rate obtained from Reuters or Bloomberg at 4:00 p.m. United Kingdom time on the same day.

If you want to know the latest prices of the Units, please contact us directly or refer to our website www.kenangainvestors.com.my.

7.3 Pricing Policy

We adopt a single pricing policy for any transactions, that is both the Selling Price and Repurchase Price will be quoted based on the NAV per Unit. The NAV per Unit will be rounded to four (4) decimal points for the purposes of publishing the NAV per Unit.

When you invest in the Fund, the investment amount payable to us is rounded to two (2) decimal points. The Units allocated to your investment account will be rounded to two (2) decimal points. Your redemption value will also be rounded to two (2) decimal points.

• Computation of NAV and NAV per Unit

The NAV of the Fund is calculated at the end of each Business Day, and is defined as the total value of the Fund's assets less the total value of its liabilities at the valuation point. Where applicable, investment income, profit payable, fees and other liabilities (including management fee) will be accrued daily in arriving at the NAV of the Fund.

$$\text{NAV per Unit} = \frac{\text{NAV of the Fund}}{\text{No. of Units in circulation}}$$

Illustration :			
Computation of NAV and NAV per Unit			
	NAV before deducting management fee and trustee fee for the day	RM	20,000,000.00
Less:	Management fee for the day (1.50% per annum) 20,000,000 x 1.50% / 365	RM	821.92
Less:	Trustee fee for the day (0.10% per annum) 20,000,000 x 0.10% / 365	RM	54.79
	NAV	(a) RM	19,999,123.29
	Units in circulation	(b)	40,000,000.00
	NAV per Unit (a) / (b)	RM	0.49997808
	NAV per Unit (rounded up to 4 decimal places)	RM	0.5000

• Computation of the Selling Price

You may invest in Units of the Fund on any Business Day.

The number of Units invested is determined by dividing the investment amount (excluding sales charge) with the NAV per Unit at the next valuation point after we receive the investment application, rounded to the nearest 2 decimal places.

Illustration : Determining Investment Amount & Units Entitlement			
	Investment amount	RM	10,000.00
Add :	Sales charge (5.00%)	RM	500.00
	Total amount payable by investor	RM	10,500.00
If the NAV per Unit calculated at the next valuation point was RM0.5000, the number of Units invested would be:			
	Investment amount	RM	10,000.00
Divide :	NAV per Unit	RM	0.5000
	Number of Units invested		20,000.00

- **Computation of the Redemption Proceeds**

You may redeem your investment on any Business Day.

The redemption proceeds are calculated by multiplying the NAV per Unit at the next valuation point after we receive the redemption request, by the number of Units held.

Illustration : Determining the Redemption Proceeds			
	Number of Units to be redeemed		10,000.00
If the NAV per Unit calculated at the next valuation point was RM0.5050, the redemption proceeds would be:			
Multiply :	NAV per Unit	RM	0.5050
	Redemption Proceeds	RM	5,050.00
Less :	Repurchase charge (Nil)		NIL
	Net amount payable to investor	RM	5,050.00

- **Movement between Funds – Determining Investment Amount and Units Entitlement**

Example : Movement from the Fund to another fund that you intend to switch into

Step 1 : To determine the switching amount of the Fund

The switching amount is determined by multiplying the NAV per Unit of the Fund at the end of the Business Day with the number of Units to be switched.

Step 2 : A switching fee is deducted from the switching amount derived in Step 1.

Step 3 : To determine the number of units in the other fund that you intend to switch into (i.e., Fund A)

The number of units is calculated by dividing the switching amount with the NAV per Unit of Fund A at the end of the Business Day and rounded to the nearest 2 decimal places.

Illustration : Determining the Switching Amount			
Assuming an investor wishes to switch 20,000 Units in the Fund to Fund A			
	Units in the Fund to be switched out		20,000.00
Multiply:	NAV per Unit of the Fund	RM	0.5862

	Switching amount	RM	11,724.00
Less:	Switching fee (0%)		NIL
	Net switching amount	RM	11,724.00
Divide:	NAV per Unit of Fund A	RM	0.5233
	Number of units in Fund A		22,403.97
	Therefore:	Fund	Fund A
	Units before switch	20,000.00	0.00
	Units switch (out) / in	(20,000.00)	22,403.97
	Units after switch	0.00	22,403.97

- **Incorrect Pricing Policy**

Subject to any relevant law, if there is an error in the pricing of the NAV per Unit, we will take immediate remedial action to correct the error. Rectification shall, where necessary, extend to the reimbursements of monies in the following manner if the error is at or above the significant threshold of 0.5% of the NAV per Unit:

- if there is an over-pricing in relation to the purchase and creation of Units, the Fund shall reimburse the Unit Holder;
- if there is an over-pricing in relation to the redemption of Units, we shall reimburse the Fund;
- if there is an under-pricing in relation to the purchase and creation of Units, we shall reimburse the Fund; and
- if there is an under-pricing in relation to the redemption of Units, the Fund shall reimburse the Unit Holder or former Unit Holder.

7.4 Application and Redemption of Units

Who Can Invest

- Local and foreign individuals, investing in single or joint names (joint-holders). Persons under the age of 18 are to jointly hold the investment with an adult.
- Corporate entities, trusts, co-operatives and foundations.

How can I Purchase or Redeem an Investment?

- You are required to complete application forms or repurchase forms, which are available at our head office, regional offices, approved Institutional Unit Trust Scheme Advisers (IUTAs) and our tied agents throughout Malaysia. Please refer to Directory of the Manager's Offices and List of IUTAs at the end of this Prospectus.
- Investors are recognised as Unit Holders only after they have been registered in the Unit Holders' register. The registration takes effect from the date we receive and accept the application to purchase Units from you together with the payment thereof.

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

Transaction Details

Minimum Initial Investment	RM1,000
Minimum Additional Investment	RM100
Minimum Units for Redemption	500 Units
Minimum holdings	500 Units
Minimum Switching of Units	500 Units

Note: We reserve the right to change the minimum amounts and number of Units stipulated above from time to time.

Redeeming Your Investment

- The Fund does not have any restriction on the frequency of redemption.
- You may redeem all or a minimum of 500 Units per transaction (with a minimum of 500 Units to remain in your account at any time) at any time by simply completing the repurchase form and returning it to us through our appointed agents or directly to our business office.
- The cut-off time for making a redemption request is 4:00 p.m. on any Business Day. The cut-off time will be determined based on the time and date stamp made by us.
- Redemption requests received by us before the cut-off time will be transacted at the Repurchase Price calculated at the next valuation point after such request is received by us (i.e. "forward pricing"). Any redemption request received by us after the cut-off time will be deemed to have been received on the next Business Day.
- Payment of redemption proceeds will be made within 10 days from the date on which a redemption request is deemed received.
- If you will hold less than 500 Units (Minimum Holdings) after the redemption request, we will automatically repurchase the balance of the Units held in your account and pay the redemption proceeds to you.

Transfer of Units

- Units of the Fund are transferable without any fee and restrictions.
- A copy of the "Transfer Form" can be obtained from our office.
- If you will hold less than 500 Units (Minimum Holdings) after the transfer request, we will not proceed with the transfer request and the transaction is considered void until you make a fresh transfer request.

Switching Facility

- You may move your investments between equity funds and non-equity funds, whereby a movement from a non-equity fund into an equity fund will attract a switching fee of up to 5% of the net asset value per unit. All switches are subject to the availability of Units.
- Switching from an Islamic fund to a conventional fund is not encouraged especially for Muslim Unit Holders.

Cooling-Off Right

- A cooling-off right refers to the right of the investor to obtain a refund of his/her investment if he/she so requests within the cooling-off period (within six (6) Business Days from the date of receipt of application to purchase Units). This is to allow investors the opportunity to reverse their investment decision that could have been unduly influenced by certain external elements or factors.
- The cooling-off right is only given to an individual investor, other than those listed below, who is investing for the first time in any unit trust funds managed by us:
 - (a) our staff; and
 - (b) persons registered with a body approved by the SC to deal in unit trust funds.
- Within the cooling-off period, the refund to the investors shall not be less than the sum of:
 - (a) the NAV of the Units on the day the Units were purchased; and
 - (b) the sales charge originally imposed on the day the Units were purchased.
- In other words, the investors shall be refunded their “original investment proceeds” within 10 days from the date of receipt of the cooling-off notice by the investors. Any application for cooling-off must be made before the cut-off time of 4:00 p.m. on any Business Day.

7.5 Distribution Policy

Subject to the availability of income, the Fund will distribute income annually, with 50% of the income distribution to be allocated as Waqf Asset and the remaining 50% payable to Unit Holders.

Mode of Distribution

50% of the income distribution will be allocated as Waqf Asset. The remaining 50% of the income distribution will be paid to Unit Holders in the form of cash payout or reinvestment into the Fund as Unit Holders may indicate in the application form.

Cash Payout Policy

Unit Holders who opt for income distribution in the form of cash payout will receive their Income distribution by way of electronic transfer into their designated bank account.

Reinvestment Policy

Units will be created based on the NAV per Unit at the end of the income distribution day (at ex-distribution price) with no sales charge.

7.6 Unclaimed Moneys Policy

Under the provision of the Unclaimed Moneys Act 1965, any distribution/money that remains unsettled after more than 12 months as at 31 December of each year from its payment date have to be gazetted and surrendered to the Registrar of Unclaimed Moneys, Accountant General's Department by 31 March in the following year.

Thereafter, you will have to claim your money directly from the Registrar of Unclaimed Moneys by completing Form UMA7 (Claim form to refund unclaimed moneys from the Consolidated Trust Account) together with supporting documents, i.e., identity card, original documents (example: distribution warrant) and a copy of bank statement. Form UMA7 can be obtained from the office of Registrar of Unclaimed Moneys or downloaded from the website: <http://www.anm.gov.my/index.php/en/khidmat/wang-tak-dituntut>.

7.7 Anti-Money Laundering Policy

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 Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA) 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 (FIED) of BNM has been established to carry out the functions as the competent authority under the AMLA. All market intermediaries under the CMSA and management companies approved by the SC under the CMSA are obliged to comply with the provisions of the AMLA.

Under the AMLA, any person who:

- (a) engages, directly or indirectly, in a transaction that involves proceeds of an unlawful activity or instrumentalities of an offence;
- (b) acquires, receives, possesses, disguises, transfers, converts, exchanges, carries, disposes of or uses proceeds of an unlawful activity or instrumentalities of an offence;
- (c) removes from or brings into Malaysia, proceeds of an unlawful activity or instrumentalities of an offence; or
- (d) conceals, disguises or impedes the establishment of the true nature, origin, location, movement, disposition, title of, rights with respect to, or ownership of, proceeds of an unlawful activity or instrumentalities of an offence,

commits a money laundering offence and shall on conviction be liable to imprisonment for a term not exceeding 15 years and shall also be liable to a fine of not less than five (5) times the sum or value of the proceeds of an unlawful activity or instrumentalities of an offence at the time the offence was committed or RM5 million, whichever is the higher.

When opening new accounts and entering into a transaction with a client, we identify and verify the client through documents such as identity card, passport, birth certificate, driver's licence, constituent documents or any other official documents, whether in the possession of a third party or otherwise. Such documents shall be filed by us in accordance with the requirements of the relevant laws. Where we suspect that a particular transaction may not be genuine, a report will be made to the FIED.

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

8. THE MANAGER

8.1 Background

The Manager, Kenanga Investors Berhad (“KIB”) was incorporated as a public limited company on 2 August 1995 and holds the capital markets and services licence for fund management in Malaysia under the CMSA. KIB has more than 20 years’ experience in providing fund management and fund advisory services, for both institutional and retail clients. KIB is a wholly-owned subsidiary of Kenanga Investment Bank Berhad and is licensed to perform regulated activities of fund management, dealing in securities (restricted to unit trust), investment advice, financial planning and dealing in private retirement scheme under the CMSA.

8.2 Functions

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

- (a) managing the Fund in a sound and professional manner in accordance with its investment objective, the provisions of this Prospectus and the Deed;
- (b) arranging for sale and redemption of Units of the Fund;
- (c) issuing the Fund’s interim 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.

8.3 Board of Directors

The functions of the board of directors are to elaborate, decide, endorse or resolve all matters pertaining to the Manager and the Fund at the board meetings that are held formally four (4) times yearly or as and when circumstances require.

Names	Designation (Independent / Non-Independent)
Datuk Syed Ahmad Alwee Alsree	Chairman & Non-Independent Director
Syed Zafilen Syed Alwee	Independent Director
Imran Devindran Abdullah	Independent Director
Norazian Ahmad Tajuddin	Independent Director
Ismitz Matthew De Alwis	Non-Independent Director

8.4 Material Litigation

As at LPD, the Manager is not engaged in any litigation or arbitration proceedings, either as plaintiff or defendant which has a material effect on its financial position, and the board of directors is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any such proceedings which might materially and adversely affect the position or business of the Manager.

8.5 Roles and Functions of the Investment Committee

The investment committee is responsible for the following:

- (a) ensuring the Fund is managed in accordance with the respective:
 - relevant regulatory requirements;
 - investment objective as stated in this Prospectus and Deed; and
 - internal investment restrictions and policies.

- (b) selecting appropriate strategies to achieve the proper performance of the Fund in accordance with the fund management policies;
- (c) ensuring that the strategies selected are properly and efficiently implemented by the Manager; and
- (d) actively monitoring, measuring and evaluating the fund management performance of the Manager.

The investment committee meets four (4) times yearly or as and when circumstances require.

8.6 Investment Management Team

The investment management team is responsible to actively manage the Fund in accordance with the investment objective of the Fund and the provision of the Deed. The investment management team shall have discretionary authority over the investment of the Fund subject to the rules and guidelines issued by the relevant authorities. Chief Investment Officer, Ms Lee Sook Yee heads the investment management team and is the designated person responsible for the fund management of the Fund. She is assisted by a team of investment management professionals.

Lee Sook Yee, Chief Investment Officer

Lee Sook Yee joined as Chief Investment Officer in March 2013, bringing with her more than 18 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.

Further information and updates on KIB, our board of directors and our investment committee members and the Shariah Adviser are provided in our website at www.kenangainvestors.com.my

9. THE SHARIAH ADVISER

9.1 Background

Islamic Banking & Finance Institute Malaysia (IBFIM) is a registered Shariah adviser with the SC to act as a Shariah adviser for Shariah-compliant collective investment schemes, private mandates, Islamic REITs and Islamic asset management houses. IBFIM also has been providing a wide range of Shariah advisory and consultancy services for Islamic financial services industry since 2001.

9.2 Roles and Responsibilities

As the Shariah Adviser, the role of IBFIM is to ensure that the operations and investments of the Fund are in compliance with Shariah requirements. The Shariah Adviser reviews the Fund's investments on a monthly basis to ensure compliance with Shariah requirements at all times and meets with the Manager on a quarterly basis to review and advise on the Fund's compliance with Shariah requirements. Final responsibility for ensuring Shariah compliance of the Fund with Shariah requirements in all relevant aspects rests solely with the Manager.

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

- a) Ensuring that the Fund is managed and administered in accordance with Shariah principles and complies with the additional requirements for an Islamic fund with waqf feature as stipulated in Chapter 14 of the Guidelines.
- b) Providing Shariah expertise and guidance on all matters in relation to the Fund, particularly on the Deed and Prospectus, structure and investment instruments, and ensuring compliance with relevant securities laws and guidelines issued by the SC;
- c) Reviewing the Fund's compliance report as provided by the compliance officer, investment transaction report provided by or duly approved by the Trustee and any other report deemed necessary for the purpose of ensuring the Fund's investments are in line with the Shariah principles;
- d) Ensuring that the Fund complies with the applicable Shariah principles, concepts and rulings endorsed by SACSC;
- e) Preparing a report to be included in the Fund's interim and/or annual report (where applicable), confirming that the Fund has been managed and administered in compliance with Shariah; including Shariah principles, concepts and rulings endorsed by the SACSC;
- f) Consulting the SC and/or any other relevant authority (which includes attending to any ad-hoc meeting called by them) where there is any ambiguity or uncertainty relating to any Shariah matters;
- g) Providing response and/or answer to any query(ies) and question(s) by the Manager pertaining to the Fund, including procuring advices from IBFIM's appointed Subject Matter Experts, as and when required, in a timely manner;
- h) Vetting and advising on the promotional materials of the Fund; and
- i) Attending a maximum of four (4) meetings per year with the Manager to discuss any arising Shariah matters.

9.3 Profile of the Designated Persons Responsible for Shariah Matters of the Fund

IBFIM's designated persons responsible for Shariah matters relating to the Fund comprises the following members:

Dr. Aznan Hasan (IBFIM's Panel of Subject Matter Expert)

Dr Aznan Hasan is an Associate Professor in Shariah at Institute of Islamic Banking and Finance (IIBF), IIUM. He is the Founding President, Association of Shariah Advisors in Islamic Finance (ASAS). He is also the Deputy Chairman, Shariah Advisory Council, Securities Commission and Deputy Chairman, Shariah Advisory Committee, Employee Provident Fund (EPF). He is also a member, Shariah Advisory Council, AAOIFI, Bahrain and Higher Shariah Authority, Central Bank of UAE.

He also serves as a member of Board of Directors, Maybank Islamic Berhad. Before that, he served as Independent Non-Executive Director, Hong Leong MISG Takaful Berhad (2016-2019). He was a member, Shariah Advisory Council of Bank Negara Malaysia for two terms (2006-2008, 2010-2013). Prior to joining SAC of Bank Negara Malaysia, he was the Chairman, Shariah Advisory Board, ACR Retakaful MEA, Bahrain and SEA, Malaysia, where he was instrumental in the setting up of ACR Retakaful model from a Shariah point of view. Currently, he is the Chairman, Shariah Committee, Maybank Islamic Berhad, Bank Pembangunan Malaysia Berhad, Etiqa General Takaful and Etiqa Family Takaful.

He is also a member, Board of Trustee, YAPEIM and the Chairman, Board of Director, YaPEIM Holding Sdn. Bhd. He also serves as the Chairman, Shariah Advisory Board, FNB Bank (South Africa), and Shariah Advisory Council, HSBC Amanah (Dubai), a member, Shariah Advisory Board, Standard Chartered (Global-DIFC-Dubai), Shariah Advisory Board, ABSA Islamic Bank (South Africa), Yasaar Limited (London), Khalij Islamic (UK) Limited (London), Bank Nizwa (Oman) and Amanah Raya Asset Management, as well as other financial institutions and corporate bodies located locally and internationally. He also serves as Shariah consultant to Maybank Investment Bank.

He also serves as the Chairman, Shariah Advisory Board, Amanah Hartanah Bumiputra and the Shariah Adviser for, Hong Leong Islamic Bhd, Public Investment Bank Bhd, Malacca Securities Bhd, Jupiter Securities Bhd, Inter-Pacific Bhd, OUB KayHian Sdn. Bhd for their Islamic Stockbroking Window (ISW).

He is also a member, Shariah Supervisory Board, Waqaf Foundation, a corporate entity formed by the Government to oversee the application of Waqaf in Malaysia. He is also invited by several Zakat Centres in Malaysia to give advice on zakat matters in Malaysia.

Dr. Azman Mohd Noor (IBFIM's Panel of Subject Matter Expert)

Dr. Azman is a senior lecturer at Institute of Islamic Banking and Finance ("IIBF"), International Islamic University Malaysia ("IIUM"). His areas of expertise include Islamic law of Transactions, Islamic Banking and Capital Markets, Takaful and Retakaful, Zakat Management and Calculation. He has been supervising MA and PhD students in the field of Islamic Banking and Capital Market at Department of Fiqh, IIBF since 2006.

Dr. Azman is currently the Deputy Chairman of Al-Rajhi Bank Malaysia Shariah Board and a member of the Shariah Committees of Bank Rakyat Malaysia Berhad and Etiqa Family Takaful Berhad. He served as a Shariah Committee member of SME Bank (2012-2014), Shariah advisor to Kenanga Capital Sdn Bhd (2013-2016) and as a Shariah Committee Member of MNRB Retakaful (2009-2011).

Dr. Azman is a registered Shariah Adviser with the SC for Islamic capital market products and services.

Muhammad Shahier Sa'min

Muhammad Shahier is currently the Head of Business Development, Business Advisory, IBFIM. He started his career in IBFIM as Consultant (Shariah) in January 2015 and was a member of IBFIM Shariah Committee in 2015 – 2017. He later pursued his career as Senior Executive, Shariah Compliance at Malaysia Debt Ventures Berhad until June 2019. Afterwards, rejoined IBFIM as the Head of Business Development, a role he holds as at the LPD.

At IBFIM, he is responsible in providing input on the advisory, consultancy and research functions with regard to Islamic banking, takaful, Islamic capital market and Shariah-compliant unit trust funds. He is experienced in conversion of conventional product to Islamic as well as audit and review for financial institutions. He is also actively providing training for various in-house training workshops organized by IBFIM.

Muhammad Shahier graduated with Bachelor of Shariah (Economics and Islamic Banking) (Hons.) from Yarmouk University, Jordan. At present, he is pursuing the Certified Professional Shariah Auditor (CPSA) qualification. He is registered with the SC as IBFIM's designated person responsible for Shariah matters related to the Islamic funds management-related activities.

Irma Namira Missnan

Irma Namira is currently a Manager, Business Advisory, IBFIM. She joined IBFIM in June 2020. She started her career at RHB Islamic Bank Berhad in 2012. Specialising in Shariah advisory, governance and management portfolios, she was entrusted to lead Shariah Secretariat unit of RHB Islamic Bank as Section Head from May 2015 until March 2020.

At IBFIM, she is responsible in providing input on the advisory, consultancy and research functions with regard to Islamic banking, takaful, Islamic capital market and Shariah-compliant unit trust funds. She is experienced in the Shariah application in Islamic products and services which includes retail banking, non-retail banking and Islamic capital markets.

Irma Namira graduated with Bachelor of Syariah and Laws (With Honours) from Universiti Sains Islam Malaysia. She also obtained Certificate in Islamic Law of Banking & Finance from IIUM. She is a member of Association of Shariah Advisors in Islamic Finance. She is registered with the SC as IBFIM's designated person responsible for Shariah matters related to the Islamic fund management-related activities.

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10. THE TRUSTEE

10.1 Background

RHB Trustees Berhad (“**RHB Trustees**”) 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 is providing retail and corporate trustee services, and it has been in the trustee business since 2002.

10.2 Experience in Trustee Business

RHB Trustees undertakes all types of trustee business allowed under the Trust Companies Act, 1949, ranging from corporate trustee services to retail services. RHB Trustees offers corporate trustee services such as trustee for real estate investment trusts (REITS), unit trust funds, 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).

10.3 Duties and Responsibilities

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

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

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

10.4 Litigation and Arbitration

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

10.5 The Trustee’s Delegate

RHB Trustees has appointed Standard Chartered Bank Malaysia Berhad (“SCBMB”) as custodian of the quoted and unquoted investments of the Fund. The assets are held in the name of the Fund through the custodian’s wholly owned subsidiary and nominee company, Cartaban Nominees (Tempatan) Sdn Bhd. The assets are also automatically registered into the name of the Fund. SCBMB was incorporated in Malaysia on 29 February 1984 under the Companies Act 1965 (now known as Companies Act 2016) as a public company and is a subsidiary of Standard Chartered plc (the holding company of a global banking group). SCBMB was granted a license on 1 July 1994 under the Banking and Financial Institutions Act 1989 (which has been repealed and replaced by Financial Services Act 2013).

SCBMB has been providing custody services for more than twenty (20) years. SCBMB has been providing sub-custody services to local investors in Malaysia since 1995.

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

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11. SALIENT TERMS OF THE DEED

11.1 Unit Holders' Rights and Liabilities

Unit Holders' Rights

A Unit Holder has the right, among others, to:

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

A Unit Holder would not, however, have the right to require the transfer to the Unit Holder of any of the Fund's assets. Neither would a Unit Holder have the right to interfere with or to question the exercise by the Trustee (or the Manager on the Trustee's behalf) of the rights of the Trustee as registered owner of the Fund's 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 in accordance with 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 Fund's assets, and any right of indemnity of the Manager and/or the Trustee shall be limited to recourse to the Fund.

11.2 Maximum Fees and Charges Permitted by the Deed

Maximum Sales Charge	Maximum Repurchase Charge	Maximum Management Fee	Maximum Trustee Fee
5.00% of the NAV per Unit	5.00% of the NAV per Unit	3.00% per annum of the NAV of the Fund	Up to 0.10% per annum of the NAV of the Fund per annum (excluding foreign custodian fees and charges).

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

11.3 Procedures to Increase the Direct and Indirect Fees and Charges

Sales Charge

The Manager may not charge a sales charge at a rate higher than that disclosed in this Prospectus unless:

- (a) the Manager has notified the Trustee in writing of and the effective date for the higher charge;

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

Repurchase Charge

The Manager may not charge a repurchase charge at a rate higher than that disclosed in this Prospectus unless:

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

Management Fee

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

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

Trustee Fee

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

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

11.4 Expenses Permitted by the Deed

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

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

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

11.5 Retirement, Removal and Replacement of the Manager

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

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

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

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

11.6 Retirement, Removal and Replacement of the Trustee

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

The Trustee may be removed and another trustee may be appointed by special resolution of the Unit Holders at a Unit Holders' meeting convened in accordance with the Deed or as stipulated in the CMSA.

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

- (a) the Trustee has ceased to exist;
- (b) the Trustee has not been validly appointed;
- (c) the Trustee is not eligible to be appointed or to act as trustee under any relevant law;
- (d) the Trustee has failed or refused to act as trustee in accordance with the provisions or covenants of the Deed or any relevant law;
- (e) a receiver has been appointed over the whole or a substantial part of the assets or undertaking of the Trustee and has not ceased to act under the appointment, or a petition is presented for the winding up of the Trustee (other than for the purpose of and followed by a reconstruction, unless during or following such reconstruction the Trustee becomes or is declared to be insolvent); or
- (f) the Trustee is under investigation for conduct that contravenes the Trust Companies Act 1949, the Trustee Act 1949, the Companies Act 2016 or any relevant law.

11.7 Termination of the Fund

Termination of the Fund

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

- (a) the authorisation of the Fund has been revoked by the SC; or
- (b) a special resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund.

The Manager may, in its sole discretion and without having to obtain the prior consent of the Unit Holders, terminate and wind up the Fund if the Manager deems it to be uneconomical for the Manager to continue managing the Fund.

11.8 Unit Holders' Meeting

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

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

Quorum

- (a) The quorum required for a meeting of the Unit Holders shall be five (5) Unit Holders, whether present in person or by proxy, however:
 - (i) if the Fund has five (5) or less Unit Holders, the quorum required for a meeting of the Unit Holders shall be two (2) Unit Holders, whether present in person or by proxy; or
 - (ii) if the Fund has only two (2) Unit Holders, the quorum required for a meeting of the Unit Holders of the Fund shall be one (1) Unit Holder, whether present in person or by proxy.
- (b) 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 25% of the Units in circulation of the Fund at the time of the meeting.

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12. RELATED-PARTY TRANSACTIONS AND CONFLICT OF INTERESTS

12.1 Related-Party Transactions

As at the LPD, we are not aware of any existing or proposed related party transactions or conflict of interest situations or other subsisting arrangements involving the Fund.

12.2 Policy on Conflict of Interest

Manager

A situation of conflict of interest may erode the trust and confidence of the public in dealing with us. Hence, our directors and investment committee members must be alert and avoid or declare any conflict of interest's situations to the company secretary. Our staff will declare to the compliance officer in the event of all conflicts or any potential conflict of interest's situations.

Any conflict of interest situation will be forwarded to the audit committee (AC) for deliberation before a fair and equitable decision is reached.

None of our directors have any direct or indirect interests in other corporations carry on a similar business as us

Kenanga Investment Bank Berhad, which is our sole shareholder has direct or indirect interests in the following corporation which is carrying on a similar business as us:

- *i*-VCAP Management Sdn Bhd.

Dealing in Securities

- (a) Trading in securities by employees for their personal account or for a connected person or under the name of a nominee is not encouraged and if done so, they should ensure that the dealing is not taking advantage or be viewed as taking advantage of information not generally known to the public.
- (b) Dealings by employees in their own name or on behalf, and for the benefit, of another person may only be carried out with the prior approval of compliance officer.
- (c) An employee, when dealing in securities whether for the company, the client or personal account, shall consistently adhere to ethical standards in such dealings. An employee shall not engage in share dealing transactions of a nature that is questionable or illegal and therefore shall not engage in share dealing transactions, either by himself or with others that are, or that will give resemblance of false trading, market rigging or market manipulation.

12.3 Cross-Trade

Investment manager may perform cross trades between funds and/or its private mandate clients subject to the relevant client's, internal and regulatory requirements. However, cross trades between the personal account of our employee and any funds' account or between our proprietary accounts and our client's accounts are strictly prohibited. Compliance with the relevant internal and regulatory requirements on cross trades is closely monitored and is reported to the Investment Committee accordingly.

12.4 Other Declarations

Advisers

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

The remainder of this page has been intentionally left blank

13. ADDITIONAL INFORMATION

13.1 Fund Updates

You can refer to our website: www.kenangainvestors.com.my for pricing information.

We will issue you a statement of accounts on a half-yearly basis. The statement will summarise all transactions effected within the Fund for the past six (6) months and/or since inception as a Unit Holder.

13.2 Customer Service

You can seek the assistance of our marketing personnel on Fund-related issues at our business office during our business hours from 8.30 a.m. to 5.30 p.m. from Monday to Friday (refer to the *Directory of the Manager's Office and List of IUTAs* section for contact numbers).

13.3 Financial Year End of the Fund

30 November.

The latest annual and interim reports of the Fund will be made available (without charge) to you within 2 months after the end of financial period of the Fund.

The Fund's annual report is available upon request.

13.4 Deed of the Fund

The Deed is dated 25 February 2021.

13.5 Consents

- (i) The Trustee, Shariah Adviser and YWM have consented in writing to the inclusion of their names in this Prospectus in the form and context in which their names appear in this Prospectus, and they have not subsequently withdrawn their written consents.
- (ii) The tax adviser has consented in writing to the inclusion of its name and the Tax Adviser's Letter on Taxation of the Fund and Unit Holders in the form and context in which they appear in this Prospectus, and has not subsequently withdrawn its written consent.

13.6 Documents Available for Inspection

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

- (a) the Deed;
- (b) this Prospectus;
- (c) the latest annual and interim reports for the Fund;
- (d) each material contract disclosed in this Prospectus and, in the case of a contract not reduced into writing, a memorandum which gives full particulars of the contract;
- (e) where applicable, the audited financial statements of the Manager and the Fund for the current financial year and the last three (3) financial years or if less than three (3) years, from the date of incorporation or commencement;
- (f) any report, letter or other document, valuation and statement by an expert, any part of which is extracted or referred to in this Prospectus;

- (g) writ and relevant cause papers for all material litigation and arbitration disclosed in this Prospectus;
and
- (h) consent given by an expert disclosed in this Prospectus.

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14. TAXATION ADVISER'S LETTER



Ernst & Young Tax Consultants Sdn. Bhd.
179793-K
SST ID: W10-1808-31044478
Level 23A Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 7043
ey.com

Taxation adviser's letter in respect of the taxation
of the unit trust fund and the unit holders
(prepared for inclusion in this Prospectus)

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

25 February 2021

The Board of Directors
Kenanga Investors Berhad
Level 14, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur

Dear Sirs

Taxation of the unit trust fund and unit holders

This letter has been prepared for inclusion in this Prospectus in connection with the offer of units in the unit trust known as Kenanga Waqf Al-Ihsan Fund (hereinafter referred to as "the Fund").

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

Taxation of the Fund

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

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

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

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



The Board of Directors
Kenanga Investors Berhad
25 February 2021

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

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

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

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

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

- where
- A is the total of the permitted expenses incurred for that basis period;
 - B is gross income consisting of dividend¹, interest and rent chargeable to tax for that basis period; and
 - C is the aggregate of the gross income consisting of dividend¹ and interest (whether such dividend or interest is exempt or not) and rent, and gains made from the realisation of investments (whether chargeable to tax or not) for that basis period,

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

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

Exempt income

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

- **Malaysian sourced dividends**

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

- **Malaysian sourced interest (profits)**

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

- **Discount**

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

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

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

Foreign sourced income

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

Gains from the realisation of investments

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

Implementation of Sales and Service Tax (“SST”)

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

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

Taxation of unit holders

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

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

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

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

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

1. Taxable distributions

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

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

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

2. Non-taxable and exempt distributions

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

Rates of tax

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

Unit holders	Malaysian income tax rates
<p>Malaysian tax resident:</p> <ul style="list-style-type: none"> • Individual and non-corporate unit holders (such as associations and societies) • Co-operatives⁴ • Trust bodies 	<ul style="list-style-type: none"> • Progressive tax rates ranging from 0% to 30% • Progressive tax rates ranging from 0% to 24% • 24%
<ul style="list-style-type: none"> • Corporate unit holders <ul style="list-style-type: none"> (i) A company with paid up capital in respect of ordinary shares of not more than RM2.5 million (at the beginning of the basis period for the year of assessment) and gross income from a source or sources consisting of a business not exceeding RM50 million for the basis period for the year of assessment^{5 6} (ii) Companies other than (i) above 	<ul style="list-style-type: none"> • First RM600,000 of chargeable income @ 17% • Chargeable income in excess of RM600,000 @ 24% • 24%

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

⁵ A company would not be eligible for the 17% tax rate on the first RM600,000 of chargeable income if:-
(a) more than 50% of the paid up capital in respect of the ordinary shares of the company is directly or indirectly owned by a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
(b) the company owns directly or indirectly more than 50% of the paid up capital in respect of the ordinary shares of a related company which has paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment;
(c) more than 50% of the paid up capital in respect of the ordinary shares of the company and a related company which has a paid up capital in respect of ordinary shares of more than RM2.5 million at the beginning of a basis period for a year of assessment is directly or indirectly owned by another company.

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



The Board of Directors
 Kenanga Investors Berhad
 25 February 2021

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Unit holders	Malaysian income tax rates
Non-Malaysian tax resident (Note 1):	
<ul style="list-style-type: none"> • Individual and non-corporate unit holders • Corporate unit holders and trust bodies 	<ul style="list-style-type: none"> • 30% • 24%

Note 1:

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

Gains from sale of units

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

Unit splits and reinvestment of distributions

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

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



The Board of Directors
Kenanga Investors Berhad
25 February 2021

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

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

Yours faithfully
Ernst & Young Tax Consultants Sdn Bhd



Bernard Yap
Partner

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

15. DIRECTORY OF OUR OFFICES AND LIST OF IUTAs

REGIONAL OFFICES

Kuala Lumpur

Level 13, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur, Malaysia
Toll Free: 1800 88 3737
Tel: 03-2172 3123
Fax: 03-2172 3133

Petaling Jaya

44B, Jalan SS21/35
Damansara Utama
47400 Petaling Jaya, Selangor
Tel: 03-7710 8828
Fax: 03-7710 8830

Klang

No. 12, Jalan Batai Laut 3, Taman Intan
41300 Klang, Selangor Darul Ehsan
Tel: 03-3341 8818 / 03-3348 7889
Fax: 03-3341 8816

Penang

5.04, 5th Floor, Menara Boustead Penang
39, Jalan Sultan Ahmad Shah
10050 Penang
Tel: 04-210 6628
Fax: 04-210 6644

Ipoh

Suite 1, 2nd Floor
63 Persiaran Greenhill
30450 Ipoh
Perak Darul Ridzuan
Tel: 05-254 7570 / 05-254 7573 / 05-254 7575
Fax: 05-254 7606

Melaka

No. 43, Jalan KSB 11
Taman Kota Syahbandar
75200 Melaka
Tel: 06-240 2310
Fax: 06-240 2287

Johor Bahru

No. 63, Jalan Molek 3/1
Taman Molek
81100 Johor Bahru, Johor
Tel: 07-288 1683
Fax: 07-288 1693

Seremban

2nd Floor, No. 1D-2,
Jalan Tuanku Munawir
70000 Seremban, Negeri Sembilan
Tel: 06-761 5678
Fax: 06-761 2242

Kuantan

Ground Floor Shop
No. B8, Jalan Tun Ismail 1
25000 Kuantan, Pahang
Tel: 09-514 3688
Fax: 09-514 3838

Miri

2nd Floor, Lot 1264
Centre Point Commercial Centre
Jalan Melayu
98000 Miri, Sarawak
Tel: 085-416 866
Fax: 085-322 340

Kuching

1st Floor, No 71
Lot 10900, Jalan Tun Jugah
93350 Kuching, Sarawak
Tel: 082-572 228
Fax: 082-572 229

Kota Kinabalu

Level 8, Wisma Great Eastern
No. 68, Jalan Gaya
88000 Kota Kinabalu, Sabah
Tel: 088-203 063
Fax: 088-203 062

THIRD PARTY DISTRIBUTORS / INSTITUTIONAL UNIT TRUST SCHEME ADVISERS

1. RHB Bank Berhad
2. Standard Chartered Bank Malaysia Berhad
3. OCBC Bank Malaysia Berhad
4. Alliance Bank (Malaysia) Berhad
5. AmBank (M) Berhad
6. CIMB Bank Berhad
7. Hong Leong Bank Berhad
8. Malayan Banking Berhad
9. United Overseas Bank (Malaysia) Berhad
10. Kuwait Finance House (Malaysia) Berhad
11. Kenanga Investment Bank Berhad
12. TA Investment Management Berhad
13. iFast Capital Sdn Bhd
14. Phillip Mutual Berhad
15. Areca Capital Sdn Bhd
16. Apex Investment Services Berhad

We may appoint additional third-party distributors and/or Institutional Unit Trust Scheme Advisers (IUTA). Please contact us at 03-2172 3123 for the updated list of appointed third party distributors/IUTAs.

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Kenanga Investors Berhad

Registration No. 199501024358 (353563-P)

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