

INFORMATION MEMORANDUM IN RESPECT OF THE **KENANGA** **SUSTAINABILITY SERIES:** **EMERGENCY** **WAQF MUSA'ADAH FUND**

(FORMERLY KNOWN AS KENANGA ISLAMIC BALANCED WHOLESALE FUND – SERIES 1)

THIS INFORMATION MEMORANDUM IS DATED 6 OCTOBER 2022.
THIS INFORMATION MEMORANDUM REPLACES AND SUPERSEDES THE
INFORMATION MEMORANDUM DATED 20 NOVEMBER 2015.

MANAGER

Kenanga Investors Berhad

Registration No.: 199501024358

TRUSTEE

CIMB Islamic Trustee Berhad

Registration No.: 198801000556

KENANGA SUSTAINABILITY SERIES: EMERGENCY WAQF MUSA'ADAH FUND IS A QUALIFIED SUSTAINABLE AND RESPONSIBLE INVESTMENT (SRI) FUND UNDER THE GUIDELINES ON SUSTAINABLE AND RESPONSIBLE INVESTMENT FUNDS.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS INFORMATION MEMORANDUM. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER BEFORE SUBSCRIBING TO UNITS OF THE KENANGA SUSTAINABILITY SERIES: EMERGENCY WAQF MUSA'ADAH FUND.

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Kenanga Investors

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RESPONSIBILITY STATEMENT

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

STATEMENTS OF DISCLAIMER

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

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

ADDITIONAL STATEMENTS

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

Kenanga Sustainability Series: Emergency Waqf Musa'adah Fund has been certified as Shariah-compliant by the Shariah adviser appointed for the Fund.

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

DEFINITIONS

BNM	:	Bank Negara Malaysia
Bursa Malaysia	:	The stock exchange managed and operated by Bursa Malaysia Securities Berhad and includes any changes to the name or the operator of the Malaysian stock exchange
Business Day	:	A day (excluding Saturdays, Sundays and public holidays in Malaysia) on which banks in Kuala Lumpur are open for business and a day on which Bursa Malaysia is open for trading. The Manager may declare certain Business Days to be a non-Business Day as it deems appropriate to ensure investors are given a fair valuation of the Fund when making subscription or redemption.
CMSA	:	Capital Markets and Services Act 2007
Deed	:	The deed entered into between the Manager and the Trustee dated 18 June 2014, including any supplemental deeds thereto
financial institution	:	(a) If the institution is in Malaysia: (i) licensed bank; (ii) licensed investment bank; or (iii) licensed Islamic bank; (b) If the institution is outside Malaysia, any institution that is licensed, registered, approved or authorised by the relevant banking regulator to provide financial services
External Fund Manager	:	Kenanga Islamic Investors Berhad (Registration No.: 199701036457)
Fund	:	Kenanga Sustainability Series: Emergency Waqf Musa'adah Fund
Guidelines	:	Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC and any other relevant guidelines issued by the SC
Information Memorandum	:	This replacement information memorandum of the Fund
Islamic deposits	:	Has the same meaning as defined in the Islamic Financial Services Act 2013
Joint Committee	:	A committee comprising of representatives from KIB, YWM and MATCH Foundation
Manager / KIB	:	Kenanga Investors Berhad (Registration No.: 199501024358)
MARC	:	Malaysian Rating Corporation Berhad
MATCH Foundation	:	Malaysia Humanitarian Coordination & Action Hub (Registration No.: 202101036540), a foundation which focuses on channelling humanitarian, medical and disaster relief aid in targeted and efficient ways via the use of big data and real time analytics to coordinate collaborative efforts between donors, independent aid bodies, and governmental organisations

Net Asset Value or NAV	:	The value of all the Fund's assets less the value of all the Fund's liabilities at the valuation point
RAM	:	RAM Rating Services Berhad
RM or MYR	:	Ringgit Malaysia
SACBNM	:	Shariah Advisory Council of BNM
SACSC	:	Shariah Advisory Council of the SC
Securities Commission or SC	:	Securities Commission Malaysia
Shariah	:	Islamic law comprising the whole body of rulings pertaining to human conducts derived from the sources of Shariah namely the <i>Qur'an</i> (the holy book of Islam) and <i>Sunnah</i> (practices and explanations rendered by the Prophet Muhammad (<i>pbuh</i>) and other sources of Shariah)
Shariah Adviser	:	Kenanga Investment Bank Berhad (Registration No.: 197301002193)
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
Sophisticated Investor	:	<ul style="list-style-type: none"> (a) An individual whose total net personal assets, or total net joint assets with his or her spouse, exceeding RM3 million or its equivalent in foreign currencies, excluding the value of the individual's primary residence; (b) an individual who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies in the preceding twelve (12) months; (c) an individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies in the preceding twelve (12) months; (d) an individual whose total net personal investment portfolio or total net joint investment portfolio with his or her spouse, in any capital market products exceeding RM1 million or its equivalent in foreign currencies; (e) a company that is registered as a trust company under the Trust Companies Act 1949 and has assets under its management exceeding RM10 million or its equivalent in foreign currencies; (f) a corporation that is a public company under the Companies Act 2016 which is approved by the SC to be a trustee under the CMSA and has assets under its management, exceeding RM10 million or its equivalent in foreign currencies; (g) a corporation that is carrying on the regulated activity of fund management solely for the benefit of its related corporations and has assets under its management exceeding RM10 million or its equivalent in foreign currencies; (h) a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts; (i) a partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies; (j) a statutory body established under any laws unless otherwise determined by the SC; (k) a pension fund approved by the Director General of Inland Revenue under the Income Tax Act 1967;

- (l) a unit trust scheme, private retirement scheme or prescribed investment scheme;
- (m) BNM;
- (n) a licensed person or a registered person;
- (o) an exchange holding company, a stock exchange, a derivatives exchange, an approved clearing house, a central depository or a recognised market operator;
- (p) a corporation that is licensed, registered or approved to carry on any regulated activity or capital market services by an authority in Labuan or outside Malaysia which exercises functions corresponding to the functions of the SC;
- (q) a bank licensee or an insurance licensee as defined under the Labuan Financial Services and Securities Act 2010;
- (r) an Islamic bank licensee or a takaful licensee as defined under the Labuan Islamic Financial Services and Securities Act 2010;
- (s) a chief executive officer or a director of any person referred to in paragraphs (n) to (r);
- (t) a closed-end fund approved by the SC;
- (u) any person who acquires unlisted capital market products where the consideration is not less than RM250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise; and
- (v) any other investor as may be defined by the SC from time to time

Special Resolution	:	A resolution passed at a meeting of Unit Holders duly convened in accordance with the Deed and carried by a majority in number representing at least three-fourths of the value of the Units held by the Unit Holders present and voting at the meeting in person or by proxy
SRI	:	Sustainable and responsible investment
sukuk	:	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
Trustee	:	CIMB Islamic Trustee Berhad (Registration No.: 198801000556)
Unit	:	An undivided share in the beneficial interest and/or right in the Fund and a measurement of the interest and/or right of a Unit Holder in the Fund
Unit Holder	:	A Sophisticated Investor for the time being registered as the holder of Units in the Fund, including a jointholder
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	:	70% of the annual income distribution (if any) of the Fund in the form of cash which is meant for waqf purposes
Waqf Administrator or YWM	:	Yayasan Waqaf Malaysia

All references to "we", "us" and "our" in this Information Memorandum 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 Information Memorandum is a reference to that legislation or guideline as for that time being amended or re-enacted.

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CHAPTER 1: ABOUT KENANGA SUSTAINABILITY SERIES: EMERGENCY WAQF MUSA'ADAH FUND

Fund Category	: Mixed Asset (Shariah-compliant)
Fund Type	: Income and growth
Benchmark	: The Fund will be measured against an income distribution of 4% per annum. This is not a guaranteed return and serves as a guide to measure the Fund's performance. The Fund may or may not achieve the income distribution of 4% per annum in any particular financial year.
Initial Offer Price:	: RM 1.0000
Launch Date	: 20 November 2015
Distribution Policy	: Subject to the availability of income, the Fund will distribute income annually, with 70% of the income distribution to be allocated as Waqf Asset and the remaining 30% payable to Unit Holders. Distribution of income is made from the realised gains and/or realised income. <i>Please refer to section 5.10 for further details on the distribution policy of the Fund.</i>
Financial Year End	: 31 January

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.

The Fund seeks to achieve its objective by investing in local and global diversified portfolio of Shariah-compliant equities, Shariah-compliant equity-related securities, sukuk, Islamic money market instruments, and/or Islamic deposits that integrates both Shariah principles as well as principles of sustainable investing.

The investments in Shariah-compliant equities and Shariah-compliant equity-related securities are to achieve growth, and the investments in sukuk are to generate income. Accordingly, the Fund may invest in Shariah-compliant equities and Shariah-compliant equities-related securities issued by a single issuer and/or invest in sukuk issued by a single issuer.

For investments in Shariah-compliant equities and sukuk, the External Fund Manager adopts an active management strategy and a disciplined investment process whereby thorough research is undertaken, and Shariah-compliant equities and sukuk are analysed utilising a fundamental top-down and bottom-up investment process. Shariah-compliant equities are evaluated in a disciplined manner carefully balancing business outlook valuations, financial performance and management quality. The Fund will be active in the credit selection process and in managing the duration of the sukuk portfolio.

The Fund seeks to achieve its objective by investing in sukuk with a minimum credit rating of "BBB3" or "P2" by RAM or an equivalent credit rating by MARC, or with a minimum credit rating of "BBB-" by Standard & Poor's or equivalent credit rating by Moody's or Fitch Ratings. Notwithstanding that, the

Fund may invest up to 5% of its NAV 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 in local and global Islamic collective investment schemes, including Islamic exchange-traded funds that integrates both Shariah principles as well as principles of sustainable investing.

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

In very bearish market conditions, the Fund may place cash only in Islamic deposits with financial institutions and/or overnight Islamic money market instruments that may result in the Fund underperforming the benchmark.

Sustainable and Responsible Investment Strategy

As the Fund is a qualified SRI fund, the investments of the Fund will be subject to the integration of Environmental, Social and Governance ("ESG") methodology. This includes the selection, monitoring and realisation of the Fund's investments.

The External Fund Manager integrates ESG considerations in each step of its investment and decision-making process to generate positive ESG impact through the investments of the Fund.

The External Fund Manager adopts the following ESG methodology throughout its investment and decision-making process and to ensure that the overall impact of the investments of the Fund is not inconsistent with any other sustainable considerations:

- **ESG Integration:** ESG integration involves evaluation of ESG criteria on companies in which the Fund invests. Apart from analysing companies based on fundamentals and other value creation matrices, the External Fund Manager incorporates relevant ESG factors as part of the securities analysis, stock selection and post-investment portfolio monitoring.
- **Positive Screening:** Positive screening involves assessment and scoring of companies based on the relevant ESG factors to ensure that the Fund invests only in companies with good ESG quality and ESG scores.
- **Negative Screening:** Negative screening aims to exclude investing in sectors or companies with principal activities that are deemed to be not aligned with international norms or the External Fund Manager's ESG core values.

If the companies in which the Fund invests show persistent decline in their ESG factors and/or ESG scores, the External Fund Manager will seek to dispose of the Fund's investments in such companies within an appropriate timeframe.

For the Fund's investment in sukuk, the External Fund Manager may also invest in green, social and sustainability (GSS) sukuk issued based on recognised GSS sukuk standards such as the SC's SRI Sukuk Framework and the ASEAN standards under the Guidelines, or the respective International Capital Market Association principles. If the sukuk no longer complies with the Guidelines and/or become inconsistent with the investment policy and strategy of the Fund, the External Fund Manager will seek to dispose the investment within an appropriate timeframe.

For Islamic collective investment schemes (including Islamic exchange-traded funds), the External Fund Manager will rely on the ESG methodology of the said Islamic collective investment schemes. If the Islamic collective investment schemes no longer meet the relevant ESG, the External Fund Manager may choose to replace the Islamic collective investment schemes.

The Fund is allowed to hold the investment if the value of the investment is below the investment cost. The Fund is also permitted to retain the profit received during the holding period until such time when the market value of the investment held is equal to the investment cost.

The ESG methodology will not apply to the remaining portion of the Fund's NAV (i.e., at least 2% of the Fund's NAV) which are held for the purpose of liquidity management.

Asset Allocation

- Up to 98% of the Fund's NAV will be invested in Shariah-compliant equities and Shariah-compliant equity-related securities;
- Up to 98% of the Fund's NAV will be invested in sukuk (with up to 5% in unrated sukuk);
- Up to 98% of the Fund's NAV will be invested in Islamic collective investment schemes (including Islamic exchange-traded funds); and
- At least 2% of the Fund's NAV will be invested in Islamic liquid assets such as Islamic money market instruments and Islamic deposits.

Permitted Investments

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

- Shariah-compliant equities;
- Shariah-compliant equity-related securities such as Shariah-compliant warrants and rights issues;
- sukuk;
- government investment issues, Islamic accepted bills, BNM monetary notes-i, Cagamas sukuk and other obligations issued or guaranteed by the government of Malaysia, BNM and other government-related agencies that comply with Shariah requirements;
- Shariah-compliant securities traded on eligible markets and/or approved stock exchanges;
- placements of Islamic deposits with financial institutions;
- Islamic money market instruments;
- Islamic collective investment schemes, including but not limited to Islamic exchange-traded funds;
- Islamic financial derivatives for hedging purposes as approved by the Shariah Adviser;
- foreign Shariah-compliant securities of an approved foreign markets approved by the Shariah Adviser; and
- any other form of Shariah-compliant investments as may be determined by the Manager from time to time that is permitted by the SC and approved by the SACSC and/or Shariah Adviser and in line with the Fund's investment objective.

Investment Restrictions and Limits

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

Investors' Profile

The Fund is suitable for Sophisticated Investors who:

- are seeking an income distribution as well as to achieve capital growth; and
- are willing to contribute part of their investment returns for waqf purposes.

Shariah Investment Guidelines

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

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.

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.

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%.

1.1.1.2. 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 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.

1.2. 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:

- Conventional financial services;
- Gambling and gaming;
- Manufacture or sale of non-halal products or related products (e.g. pork and liquor);
- Manufacture or sale of tobacco-based products or related products;
- Pornography;
- Weaponry;
- Entertainment activities that are not permitted by the Shariah; and
- 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 authorized 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 advisers for the instruments. Prospectus or information memorandum of the sukuk and resolutions and/or rulings and/or pronouncements by the respective Shariah advisers 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 Collective Investment Schemes

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

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 Information Memorandum 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 shall be disposed of/withdrawn with immediate effect if possible; or otherwise within one (1) calendar month of knowing the status of the investment. In the event that the investment resulted in Shariah non-compliant income, it has to be channeled to *baitulmal* and/or charitable bodies approved by the Shariah Adviser. The Shariah Adviser advises that this cleansing process (i.e. channeling of income from wrongful investment to *baitulmal* and/or approved charitable bodies) shall be carried out within two (2) calendar months from the said disposal/withdrawal date. If the disposal of the investment resulted in losses to the Fund, the losses are to be borne by the Manager.

(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 or 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 both Muslim individuals and Islamic legal entities who are investors of the Fund. Thus, investors are advised to pay zakat on their own.

Sophisticated Investors are advised to read this Information Memorandum and obtain professional advice before subscribing to the Units of the Fund.

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CHAPTER 2: RISK FACTORS

2.1 General Risks of Investing in the Fund

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

Market 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.

Management Risk – The performance of the Fund is affected by the experience, expertise and investment strategy of the Manager and/or the External Fund Manager. A lack of experience, knowledge and expertise, as well as poor execution of the investment strategy of the Manager and/or the External Fund Manager may affect the returns of the Fund and may result in a loss of the capital invested.

Inflation Risk – Inflation creates uncertainties over the future value of investments. There is a risk that the Fund may generate a return on investment lower than the inflation rate. This would reduce investors' purchasing power even though the nominal value of the investment in monetary terms has increased.

Risk of Non-compliance – This risk refers to the possibility that the Manager may not follow the provisions set out in this Information Memorandum or the Deed or the laws, rules, Guidelines or internal operating policies which governs the Fund. Non-compliance may occur directly due to factors such as human error or system failure and can also occur indirectly due to amendment on the relevant regulatory frameworks, laws, rules and other legal practices affecting the Fund. This risk may result in operational disruptions and potential losses to the Fund.

2.2 Specific Risks related to the Fund

The specific risks affecting investments of the Fund include but are not limited to:

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 Islamic 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 Islamic 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.

Liquidity Risk - Liquidity risk refers to the ease of liquidating an asset depending on the asset's volume traded in the market. Generally, unrated sukuk are not as liquid as rated sukuk. 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. This risk can be partly mitigated through the process of security selection and portfolio diversification.

Concentration Risk - This risk arises where the Fund invests wholly or substantially in a single issuer. As a result, there may be lack of diversification in the Fund. The value of the Fund is thus dependent solely on the performance of the investment instrument.

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 Financial Derivatives Risk - We may participate in Islamic financial 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 financial 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.

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.

Shariah-compliant Equity-Related Securities 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.

Risk Associated with Investing in Islamic Collective Investment Schemes - Investing in Islamic collective investment schemes may be more costly to the Fund than if the Fund had invested in the underlying investments directly as the Fund will indirectly be paying the fees and expenses of the Islamic collective investment schemes in addition to the Fund's direct fees and expenses. Investing in other Islamic collective investment schemes may subject the Fund to the risk that (i) the valuations of the Fund may not reflect the true value of the underlying Islamic collective investment schemes at a specific time which could result in significant losses or inaccurate pricing for the Fund and/or (ii) the valuation of the underlying Islamic collective investment schemes may not be available as at the relevant valuation point for the Fund. The Fund's investments in Islamic collective investment schemes may also subject the Fund to risks associated with the investment manager of the Islamic collective investment schemes including but not limited to the risk of non-adherence to the investment objective, strategy and policies of the Islamic collective investment schemes, the risk of direct or indirect losses resulting from inadequate or failed operational and administrative processes and systems of the investment manager of the Islamic collective investment schemes, and the risk that the Islamic collective investment schemes may underperform due to poor investment decisions by the investment manager of the Islamic collective investment scheme.

2.3 Risk Management

The Manager adopts an active management by conducting research on macro fundamentals, market valuations, sector outlook, company financial position and valuation, as well as the sukuk structure to mitigate investment risks.

The abovementioned risk factors should not be considered as an exhaustive list of risks. Investors should be aware that an investment in the Fund may be exposed to other risks from time to time.

You should rely on your own evaluation to assess the merits and risks of an investment. If in doubt, please consult your advisers, e.g. bankers, lawyers, Shariah advisers, stockbrokers or independent professional advisers for a better understanding of the risks.

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CHAPTER 3: WAQF MECHANISM FOR THE FUND

3.1 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* (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:
 - it shall be a Shariah-accepted asset;
 - it shall be known; and
 - 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 emergency beneficiaries 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 3.4 of this Information Memorandum.

3.2 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.

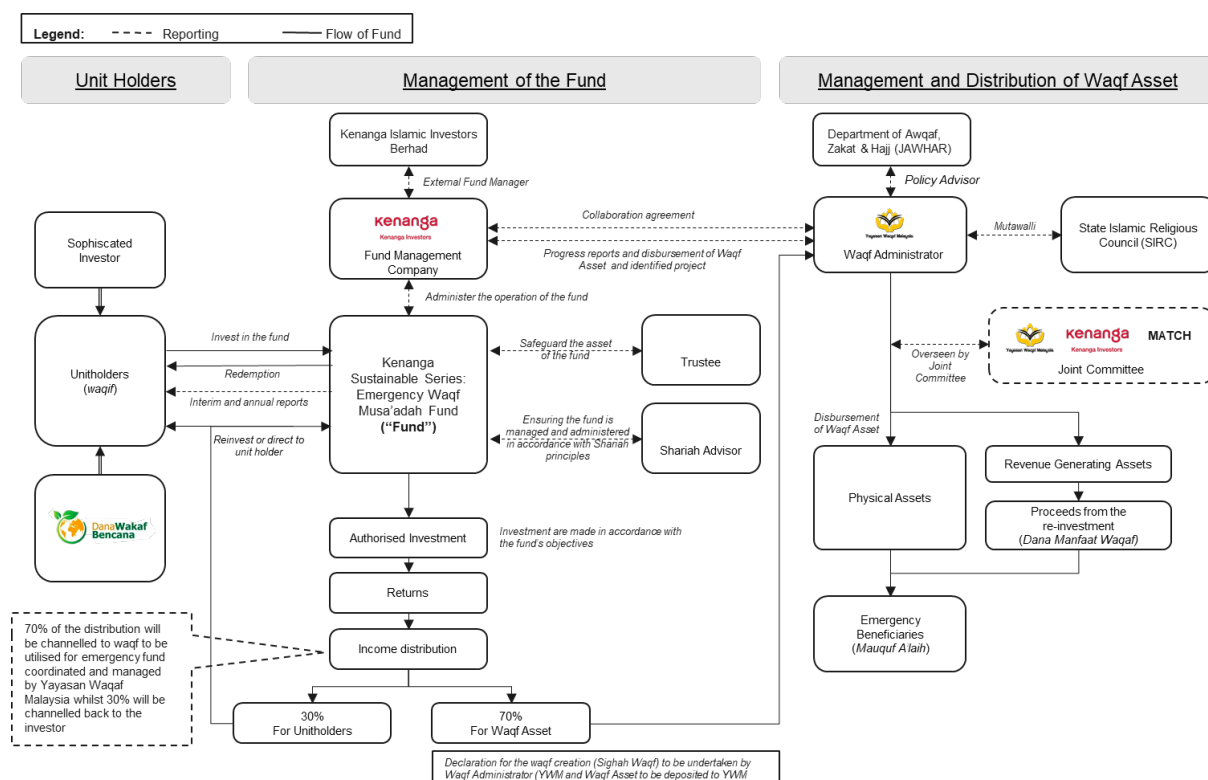
3.3 Waqf Administrator

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.

3.4 Waqf Arrangement



Note:

The Joint Committee will oversee the distribution/disbursement of the Waqf Asset by the Waqf Administrator. The Joint Committee will comprise of representatives from KIB, YWM and MATCH Foundation. The Joint Committee is responsible for:

- (a) determining the manner in which the Waqf Asset is to be distributed;
- (b) approving the identified projects that the Waqf Asset is to be distributed;
- (c) monitoring the progress of the identified projects;
- (d) approving the report prepared by the Waqf Administrator on the administration of the Waqf Asset on a semi-annual basis prior to such report being sent to us;
- (e) approving the amount in the Waqf Asset which shall be placed by the Waqf Administrator into Islamic deposits with financial institutions and/or Islamic collective investment schemes pending the full disbursement of the Waqf Asset to the identified projects as well as the duration of such placement; and
- (f) any other duties or responsibilities as may be agreed by the Joint Committee from time to time.

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:

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

3.5 General Guideline on Disbursement of Waqf Asset

The Waqf Asset (which includes physical waqf asset and proceeds from the re-investment from revenue generating waqf asset) shall be distributed by the Waqf Administrator to emergency beneficiaries with assistance from MATCH Foundation which consists of a group of non-governmental organizations focusing on humanitarian aid and emergency relief to emergency beneficiaries. Emergency beneficiaries refer to those affected by climate change-related disasters as well as possible future pandemics.

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

The general disbursement criteria shall be as follows:

- (a) Climate Change-related Disasters Control
 - (i) Providing new or improving existing climate change-related disasters-control related facilities; and
 - (ii) Providing new or improving existing climate change-related disasters-control related equipment.
- (b) Pandemic Control
 - (i) Providing new or improving existing pandemic-control related facilities; and
 - (ii) Providing new or improving existing pandemic-control related equipment.

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.

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CHAPTER 4: FEES, CHARGES AND EXPENSES

4.1 Charges

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

Sales Charge	:	Up to 5.00% of the NAV per Unit of the Fund
Redemption Charge	:	Nil
Transfer Fee	:	Nil
Switching Fee	:	Not applicable as switching is not allowed

4.2 Fees and Expenses

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

4.2.1 Management Fee

Up to 1.90% per annum of the NAV of the Fund.

The management fee is calculated and accrued on a daily basis and payable to the Manager on a monthly basis.

4.2.2 Trustee Fee

Up to 0.05% per annum of the NAV of the Fund (excluding foreign sub-custodian fees and charges).

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

4.2.3 Other Expenses

Only expenses directly incurred by the Fund will be charged to the Fund.

4.3 Reduction or Waiver of Fees

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

All fees and charges payable to the Manager and the Trustee are subject to any applicable tax which may be imposed by the government or other authorities from time to time.

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CHAPTER 5: TRANSACTION INFORMATION

5.1 Valuation Point of the Fund

The Fund will 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 in accordance with the Investment Management Standards issued by the Federation of Investment Managers Malaysia, as may be amended from time to time.

If you want to know the latest prices of the Units, please contact the Manager directly or refer to the Manager's website at www.kenangainvestors.com.my.

5.2 Valuation of Assets of the Fund

Investment Instruments	Valuation Basis
Quoted 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. 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 financial derivatives	Islamic financial 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 collective investment schemes	Islamic collective investment schemes which are quoted on an approved exchange will be valued based on the last done market price. When investing in unlisted Islamic collective investment schemes, the value will be determined by reference to the last published repurchase price of a unit of that unlisted Islamic collective investment scheme.

Islamic deposits	Islamic deposits placed with financial institutions will be valued by reference to the value of such investments and the profits accrued thereon for the relevant period.
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, such investments will be valued based on the price quoted by a bond pricing agency registered with the SC.
Any other Shariah-compliant instruments	Fair value as determined in good faith by the Manager, on methods or bases which have been verified by the auditors of the Fund and approved by the Trustee.

5.3 Pricing Policy

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

5.4 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 (1.90% per annum) 20,000,000 x 1.90% / 365	RM	1,041.10
Less:	Trustee fee for the day (0.05% per annum) 20,000,000 x 0.05% / 365	RM	27.40
	NAV	(a) RM	19,998,931.50
	Units in circulation	(b)	20,000,000.00
	NAV per Unit (a) / (b)	RM	0.9999466
	NAV per Unit (rounded up to 4 decimal places)	RM	0.9999

5.5 Minimum Initial Investment, Minimum Additional Investment, Minimum Redemption Amount and Minimum Holding

Minimum Initial Investment	RM10,000 or such other amount as the Manager may prescribe from time to time.
Minimum Additional Investment	RM5,000 or such other amount as the Manager may prescribe from time to time.
Minimum Redemption Amount	10,000 Units or such other number of Units as the Manager may prescribe from time to time. If you hold less than the minimum holding of Units after the redemption request, the Manager will automatically repurchase the balance of the Units held in your account and pay the redemption proceeds to you.
Minimum Holding	10,000 Units or such other number of Units as the Manager may prescribe from time to time.

5.6 Subscription of Units

Application for Units may be made on or before the cut-off time of 4:00 p.m. on any Business Day. The subscription form is available at the office of the Manager. Any application for Units received by the Manager after the cut-off time will be deemed to have been received on the next Business Day.

Investors will purchase the Units at the NAV per Unit of the Fund at the next valuation point after their application is accepted by the Manager (i.e. "forward pricing").

5.7 Redemption of Units

Unit Holders may redeem their investments in the Fund on any Business Day by completing the prescribed redemption request form or in such other manner as the Manager may accept and returning it to the Manager on or before the cut-off time of 4:00 p.m. on any Business Day. Any redemption request received by the Manager after the cut-off time will be deemed to have been received on the next Business Day.

There is no restriction on the frequency of redemption.

Redemption requests received by the Manager on or before the cut-off time will be transacted at the redemption price calculated at the next valuation point after such redemption request is received by the Manager (i.e. "forward pricing").

Payment of redemption proceeds will be made within seven (7) Business Days from the date on which a redemption request is deemed received by the Manager.

5.8 Switching of Units

Not available.

5.9 Transfer of Units

Units of the Fund are transferable to Sophisticated Investor only. A copy of the "Transfer Form" can be obtained from the Manager's office.

If the transferor will hold less than 10,000 Units (Minimum Holding) after the transfer request, the Manager will not proceed with the transfer request and the transaction is considered void until the Unit Holder makes a fresh transfer request.

5.10 Distribution Policy

Subject to the availability of income, the Fund will distribute income annually, with 70% of the income distribution to be allocated as Waqf Asset and the remaining 30% payable to Unit Holders.

Distribution of income is made from the realised gains and/or realised income.

Mode of Distribution

70% of the income distribution will be allocated as Waqf Asset. The remaining 30% 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.

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CHAPTER 6: MANAGER

6.1 The Manager

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.

6.2 Functions of the Manager

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

- (a) managing the Fund in a sound and professional manner in accordance with its investment objectives, the provisions of this Information Memorandum and the Deed;
- (b) arranging for sale and redemption of Units of the Fund;
- (c) issuing the Fund’s quarterly and annual reports to Unit Holders;
- (d) keeping proper records of the Fund; and
- (e) keeping Unit Holders informed on material matters relating to the Fund.

6.3 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 will have discretionary authority over the investment of the Fund subject to the rules and guidelines issued by the relevant authorities.

The **designated person responsible for the fund management of the Fund** is KIB’s Chief Investment Officer, Ms Lee Sook Yee, who heads the investment management team and is assisted by a team of investment management professionals.

Lee Sook Yee joined as Chief Investment Officer in March 2013, bringing with her more than eighteen (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, United Kingdom.

6.4 External Fund Manager

The Manager has delegated the investment management functions for the Fund to Kenanga Islamic Investors Berhad (“KIIB”), an Islamic fund management company. KIIB shall manage, realise, invest, reinvest or deal with the Fund according to the objective of the Fund and requirements of the Shariah.

KIIB will at all times act with bona fides and in the best interests and for the benefit of the Fund and shall ensure that all investment transactions will be effected in accordance with the objective of the Fund and requirements of the Shariah.

KIIB was incorporated as a public company in 1997 under the Companies Act 1965 (now known as the Companies Act 2016) as Kenanga Unit Trust Berhad (“KUTB”) to solely conduct a unit trust business in Malaysia.

In 2009, pursuant to the rationalization and re-organization of the asset and unit trust management businesses of the K & N Kenanga Holdings Berhad group of companies (“Kenanga Group”), the business and assets of Kenanga Asset Management Sdn Bhd (“KAM”) a fund management company within the Kenanga Group was transferred to KUTB. KUTB subsequently applied for and was licensed as a fund manager under the CMSA. KUTB was renamed as Kenanga Fund Management Berhad (“KFMB”) following the completion of the rationalization and re-organization exercise.

In November 2010, KFMB transferred its business and employees to KIB and subsequently changed its name to KIIB in August 2011.

Pursuant to the Kenanga Group business plans for KIIB to become a fully operational Islamic fund management business, KIIB applied for and received its Islamic fund management licence from the SC in April 2012. KIIB is the Kenanga Group’s asset management arm focused on exclusively providing Shariah-compliant investment products to both domestic and regional markets. Effective 1 April 2013, KIIB is a wholly owned subsidiary of KIB.

Functions, Duties and Responsibilities of the External Fund Manager

The External Fund Manager’s functions, duties and responsibilities include, but are not limited to, the following:

- (a) carrying out and conducting business in a proper and diligent manner and be responsible for the management of the Fund in accordance with the Deed, the CMSA and the relevant guidelines and other applicable laws at all times and acceptable and efficacious business practices within the industry;
- (b) observing high standards of integrity and fair dealing in managing the Fund to the best and exclusive interest of the Unit Holders; and
- (c) acting with due care, skill and diligence in managing the Fund and effectively employing the resources and procedures necessary for the proper performance of the Fund.

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CHAPTER 7: TRUSTEE

7.1 Background Information

CIMB Islamic Trustee Berhad (“CITB”) was incorporated on 19 January 1988 and registered as a trust company under the Trust Companies Act, 1949 and having its registered office at Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470, Kuala Lumpur, Malaysia.

7.2 Experience in Trustee Business

CITB has been involved in unit trust industry as trustee since 1990. It acts as trustee to various unit trust funds, real estate investment trusts, wholesale funds, private retirement schemes and exchange-traded funds.

7.3 Duties and Responsibilities of the Trustee

CITB’s main functions are to act as trustee and custodian of the Fund Assets and to safeguard the interests of Unit Holders of the Fund. In performing these functions, the Trustee has to exercise due care and vigilance and is required to act in accordance with the relevant provisions of the Deed, the CMSA, the ETF Guidelines and all relevant laws.

7.4 Trustee's Delegate

CITB has delegated its custodial function to CIMB Islamic Bank Berhad (“CIMB Islamic Bank”). CIMB Islamic Bank’s ultimate holding company is CIMB Group Holdings Berhad, a listed company on Bursa Securities. CIMB Islamic Bank provides full-fledged custodial services, typically clearing settlement and safekeeping of all types of investment assets and classes, to a cross section of investors and intermediaries client base, both locally and overseas.

For the local Ringgit Malaysia assets, they are held through its wholly owned nominee subsidiary, CIMB Islamic Nominees (Tempatan) Sdn Bhd. For foreign non-Ringgit Malaysia assets, CIMB Islamic Bank appoints global custodian as its agent bank to clear, settle and safekeep on its behalf and to its order.

All investments are automatically registered in the name of the custodian to the order of the Trustee. CIMB Islamic Bank acts only in accordance with instructions from the Trustee.

7.5 Material Litigation and Arbitration

As at 1 September 2022, the Trustee is not engaged in any material litigation and arbitration, including those pending or threatened, and is not aware of any facts likely to give rise to any proceedings which might materially affect the business or financial position of the Trustee.

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CHAPTER 8: SHARIAH ADVISER

8.1 Background

Kenanga Investment Bank Berhad (KIBB) is a licensed investment bank approved by the SC to carry on Islamic banking business. KIBB Shariah Committee was formed on 12 November 2012 after the approval from Bank Negara Malaysia. KIBB Shariah Committee is also involved in Islamic private mandates as well as the Shariah adviser for sukuk.

8.2 Roles and Responsibilities

As the Shariah Adviser, the role of KIBB 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 Part 1, Chapter 6 of Section B of the Guidelines.
- (b) Providing Shariah expertise and guidance on all matters in relation to the Fund, particularly on the Deed and this Information Memorandum, 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 quarterly 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 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.

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

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

Dr. Ghazali Jaapar

Dr. Ghazali Jaapar is the Chairman of Shariah Committee of KIBB. He is currently an Assistant Professor at the Department of Islamic Law, Ahmad Ibrahim Kulliyah of Laws of International Islamic University Malaysia (IIUM). He holds a Bachelor of Shariah from University of Malaya, Master in Comparative Law (MCL) from International Islamic University Malaysia (IIUM) and PhD in Islamic Jurisprudence from University of Birmingham United Kingdom. He is also the Shariah Committee of FWD Takaful Malaysia.

Dr. Mohammad Firdaus Mohammad Hatta

He is a Senior Lecturer of Arshad Ayub Graduate Business School, Universiti Teknologi Mara (UiTM) Shah Alam, Selangor. He received his first degree in Shariah Islamiyyah from University of Medina, Saudi Arabia. He then successfully completed his Masters in Fiqh and Usul Fiqh from the International Islamic University of Malaysia (IIUM) and obtained his PhD in Islamic Banking from University of Wales, Lampeter, United Kingdom. He also received a Diploma in Islamic Finance from Markfield Institute of Higher Education, United Kingdom. He is also the Shariah Committee of Great Eastern Takaful Berhad.

Dr. Fadillah Mansor

Dr. Fadillah Mansor is the Shariah Committee of KIBB. She is currently a Head of Department of Shariah and Management, University of Malaya. She holds a Bachelor of Shariah (Honours) specialized in economics and a Master of Business Administration (MBA) in finance from University of Malaya, Kuala Lumpur. She obtained her PhD in Islamic finance from the La Trobe University, Australia. Her areas of research include Islamic banking and finance, Islamic investment and capital market, takaful and also Islamic management. She is also the panel assessor of the Malaysian Qualifications Agency (MQA) that is responsible for programme accreditation in the areas as mentioned above.

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CHAPTER 9: SALIENT TERMS OF THE DEED

9.1 Unit Holders' Rights and Liabilities

Unit Holders' Rights

A Unit Holder has the right, amongst others:

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

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

Unit Holders' Liabilities

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

9.2 Termination of the Fund

The Fund may be terminated or wound up should a Special Resolution is passed at a Unit Holders' meeting to terminate or wind up the Fund.

9.3 Power to Call for a Meeting

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

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

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

provided always that the Manager shall not be obliged to summon such a meeting unless a direction has been received from not less than fifty (50) or one-tenth (1/10) whichever is the lesser number.

Every question arising at any Unit Holders' meeting shall be decided in the first instance by a show of hands unless a poll is demanded or, if it be a question which under the Deed requires a Special Resolution, in which case a poll shall be taken. On a voting by show of hands every Unit Holder who is present in person or by proxy shall have one (1) vote.

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

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CHAPTER 10: OTHER INFORMATION

10.1 Unclaimed Moneys

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: <https://ewtd.anm.gov.my/index.php>.

10.2 Reports

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

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

10.3 Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001

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 fifteen (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.

10.4 No Guarantee

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

10.5 Enquiries

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

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

10.6 Disputes

If you have any monetary dispute or are dissatisfied with the outcome of the internal dispute resolution process, you may refer the case to the Securities Industry Dispute Resolution Center ("SIDREC") within 180 days from the date of our last response.

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Kenanga Investors Berhad

Registration No. 199501024358

Head Office

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